



# AID-FOR-TRADE CASE STORY

BOTSWANA

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## Background

Botswana gained independence in 1966. The country depended on a few commodities such as beef and its by-products since her early years of independence and with the discovery of minerals in the mid 1970's, these became predominant economic activities. In realisation of this challenge, Botswana Government started in the early 1980's to formulate policies, laws and regulations which have proven liberal and supportive of developing other industries with a view to diversifying the economy. The Industrial Policy was first formulated in 1980 and is currently under second review to ensure that market demands and global trends are taken into account. The country initiated some strategies that can contribute to the diversification and acceleration of economic growth, which will eventually eradicate poverty.

The Botswana Government further recognised that trade reform can boost the country's economic growth prospects and contribute to poverty reduction. However, there was lack of capacity for trade policy development and analysis, trade negotiation skills and policy implementation skills for ensuring that the maximum benefits to trade are derived. Lack of capacity in terms of ensuring that trade reforms serve poverty reduction and environmental sustainability objectives, as well as linking trade policy in the broader budgetary planning processes were identified as stumbling blocks.

In light of the above, Botswana, in 2002, was one of the Southern African countries that took advantage of the national programmes designed under the umbrella of the Africa Trade and Poverty Programme in order to promote dialogue on trade and poverty issues in the country among the public and private sectors as well as the civil society. In 2003, the Botswana Trade and Poverty Programme (BTPP), sponsored by the United Kingdom's Department for International Development (DFID), was launched. The programme was designed to enhance capacity in appropriate Botswana institutions to formulate, negotiate, and implement trade reform strategies that are inclusive and pro-poor. The programme was, in particular, intended to develop capacity both in Government and outside Government, in the areas of trade policy analysis, formulation and implementation. The specific objectives of the BTPP were for Botswana to:

1. Adopt and implement trade policies that positively impact on the poor and contribute to environmentally sustainable development.
2. Have an increased participation by the private sector and civil society stakeholders in policy formulation and negotiation.

## Programme management

The Ministry of Trade and Industry (MTI) provided an effective chair of the Programme Steering Committee (PSC). The PSC itself was well structured with broad representation from a range of public sector, private sector and civil society institutions. The private sector was well represented with effective participation from Botswana Exporters and Manufacturers Association (BEMA) and the Botswana Confederation of Commerce Industry and Manpower (BOCCIM). Civil society was represented through the Botswana Council of Non-Governmental Organisations (BOCONGO).

The PSC appointed an Executive Committee with responsibility for selection, approval and overseeing the programme-supported activities. Transparency was maintained in this area which helped build credibility. Reference groups were established to review all the project outputs.

Botswana Institute for Development and Policy Analysis (BIDPA) was the implementation coordinator and secretariat to the PSC. The Secretariat was able to engage the stakeholders and interpret trade policy issues for non-specialists, such as NGOs. They showed flexibility in implementation to find ways to bring in those who knew little about trade policy issues.

## Outputs

A summary of the various activities undertaken with support of the BTPP is given below:

Components	Achievements/ Impacts	Benefits	Future Need Assistance
1. Study on the linkages between Trade Policy and Poverty Reduction	The study was completed.	<ul style="list-style-type: none"> <li>❖ The study assisted in determining how Trade Policy will help in the reduction of Poverty</li> <li>❖ It identified ways of linking Trade Policy and Poverty</li> </ul>	<ul style="list-style-type: none"> <li>❖ Clustering of Small Scale Business</li> <li>❖ Promotion of Female led Business</li> <li>❖ Development of export culture</li> </ul>

		Reduction	
2. Situation analysis to Assist in the Development of a National Export Strategy for Botswana	<p>The situational study for the National Export Strategy (NES) was completed. Stakeholder consultation Workshops and Seminars during the development of the NES were undertaken.</p> <p>The National Export Strategy has been developed and was approved by Cabinet in March 2010. A National Investment and Export Strategy Implementation Council has been established to oversee implementation</p>	<ul style="list-style-type: none"> <li>❖ the study was utilized in the development of the National Export Strategy (NES)</li> <li>❖ Seven priority sectors, have been identified as they have export potential and it is expected that their promotion will assist in achieving Botswana's Economic diversification efforts.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Promotion of industries in the priority sectors, that is, leather and leather products, beef and beef products, jewelry, glass and glass products, arts &amp; crafts and Garments and textile.</li> <li>❖ Addressing supply side constraints of industries in Botswana</li> </ul>
3. Preparation of zero draft of National Trade Policy document	The document was developed by BIDPA after being scrutinized by the National	❖ The Zero draft National Trade Policy assisted in the development of the National	<ul style="list-style-type: none"> <li>❖ Implementation of the National Trade Policy <ul style="list-style-type: none"> <li>❖ .</li> <li>❖ Diversification of</li> </ul> </li> </ul>

	<p>Committee on Trade Policy and Negotiations in November 2006. The National Trade Policy has been finalized and was adopted by parliament in March 2010</p>	<p>Trade Policy document. The Trade Policy will guide Botswana's Trade agenda.</p> <p>❖</p>	<p>the export base of the economy</p> <p>❖</p>
<p>4. Trade related capacity building</p>	<p>Workshop on WTO tariff reduction formulas as well as that on WTO Trade and Tariff Data Analysis were held from 27-29 March 2006</p>	<p>❖ Contributed to the improvement and capacity building initiatives of relevant stakeholders and staff of International Trade on tariff management, sensitivities of some goods and flexibilities.</p> <p>❖ The workshops equipped staff with relevant information on WTO tariff reduction and Trade as well as Tariff Data</p>	<p>❖ Strengthen/develop analytical capacity</p> <p>❖ Refresher courses and strengthen trade data analytical capacity</p> <p>❖ Capacity on Trade Facilitation</p> <p>❖ Capacity on Agriculture and NAMA</p> <p>❖ Capacity in six priority services sectors identified for SADC region; that is, Tourism, Finance, Transport, Telecommunications, Construction and Energy related.</p>

		Analysis	
5. Fact Finding Mission on Tariff Administration	Fact Finding Missions were undertaken in South Africa and Australia	❖ The Missions assisted the country on the choice and structure of the National Body as required by the SACU Agreement. The Bill establishing the National Body is being finalized.	<ul style="list-style-type: none"> <li>❖ Establishment of the National Body</li> <li>❖ Enact national Legislation to support the operations of the National Body.</li> <li>❖ Enact other Trade remedies legislation</li> </ul>
6. Study on the development of Trade and Production Database of goods and services for Botswana	The study has been completed	❖ Capacity building on the development of a trade database.	❖ Support for further work to develop trade Database
7. Study on SACU Single Origin	The study was completed	❖ The study assisted Botswana to make a decision on the development of an Annex on SACU Single Origin.	❖ Recommendations used to strengthen Botswana's position at SACU level
8. Consultancy to develop	The studies were completed	❖ Botswana positions on the	❖ WTO negotiations are resuming this year,

Botswana country position on Agriculture and NAMA at the WTO		ongoing WTO Agriculture and NAMA Negotiations was developed	therefore the recommendations of the studies will be used to review the country position
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**Observations:**

There has been a very noticeable overall positive impact as shown in the table above. The programme has displayed excellent value for money. However there are still some challenges to be addressed as outlined below:

- There is need for continued capacity building initiatives amongst various stakeholders to ensure mainstreaming of trade across various sectors which cannot be achieved in a short period of time
- Analytical capacity is still generally weak; technical assistance will be required in the on-going negotiations.(Maybe we need to mention some of those on-going negotiations )
- With the impact of the global recession on Botswana’s budget, effective participation by stakeholders in the many on-going trade policy arenas was affected, to the extent that a number of Ministries had to cut on critical meetings and negotiating forums.
- Whilst this project has concentrated mostly on trade policy formulation and negotiations, little has been done concerning implementation. There is an on-going need for assistance with implementation, particularly focusing on private sector programmes aimed at effective implementation of concluded agreements.

**Way Forward**

The Botswana Trade and Poverty programme was a successful in attaining its objectives. The programme was well managed with the involvement of the private sector and the civil society.

Despite the benefits accrued from the BTPP, there is still need for Aid for Trade assistance programmes to help Botswana to fully integrate into the multilateral trading system. While the BTPP and other donor assistance programmes have focused more on trade related capacity building

initiatives, there is still more need for programmes that are targeted at resolving supply side bottlenecks and boost Botswana's productive capacity in the long run. This will go a long way in assisting the country to achieve its long term policy thrust of economic diversification.