

Private sector development program in Botswana: how SME's are facing challenges

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Historically, Botswana's economy is government-led and -run, with the private sector playing a peripheral role. In an effort to facilitate private sector activity, government institutions provide private sector development services such as training, mentoring, product development, market research and financial support. Nonetheless, the public sector employs over 40% of the formal workforce.

International Monetary Fund estimates indicate that the private sector's contribution to gross investment (measured as a percentage of Gross Domestic Product (GDP)) declined from 18% in 2007 to 8.9% in 2009 while the same ratio for the public sector increased from 7.8% to 15.1% over the same period. The private sector's contribution to gross savings declined from 20.3% in 2007 to 9.9% in 2009, while the public sector's contribution declined from 20.1% to 12% over the same period.

To a large extent, this situation reflects the impact of the global financial crisis and the vulnerability of the private sector to external shocks. To encourage the participation of the private sector in the economy, a privatization initiative was launched. In 2009, a Public-Private Partnerships (PPPs) framework was established to spur private sector participation in the economy. The Botswana Private Sector Development Strategy (PSDP) was developed after comprehensive discussions with the Ministry of Trade and Industry, Business Botswana, the European Commission and the experience acquired by CDE in the area of support for the private sector. This article provides insights on the Program whose overall objective was to increase the competitiveness of private sector small, medium and micro Enterprises (SMMEs) and Community Based Organizations (CBOs) by facilitating access to finance and to markets – resulting in greater participation and contribution to the local economy.

In March 2013, a Contribution Agreement was signed between the European Union (EU), represented by the European Commission (EC), and the Centre for the Development of Enterprise (CDE). The purpose of the Agreement was to contribute to the implementation of the Action entitled: Support to the implementation of the Private Sector Development Strategy (PSDS) of Botswana and the Economic Diversification Drive (EDD).

The PSDS, a framework for support to private sector development in Botswana, was elaborated in 2008 through extensive consultations with various stakeholders. The PSDS is built on four priority areas:

- Trade expansion
- Improving labor productivity
- Support to trade institutions
- Improving the business climate.

Implementation of the PSDP is expected to strengthen the competitiveness of SMMEs and CBOs as well as intermediary organizations (IOs) and sector associations to ensure that they contribute to the diversification of the economy. The program also aims to help the Ministry of Trade and Industry create an enabling environment for enterprise development under the framework of the EDD strategy. The following areas are targeted under the PSDP:

- Strengthening the capacity and competitiveness of SMMEs and Community-Based Organizations (CBOs), including value chains;
- Enhancing service delivery of targeted Intermediary Organizations (IOs) and Business Development Service Providers (BDSPs);



- Improving the business environment for enterprises (reduction of red tape and pilot on improved access to financing for SMMEs).

The Private Sector Development Strategy supports 100 SMMEs, including CBOs with a strong growth potential, and Intermediary Organizations (IOs) focusing on and supporting trade, and entrepreneurial groups that are likely to spur economic diversification, modernize the private sector and increase employment creation.

Beneficiaries were selected through a competitive process advertised through various media channels, including radio, television and newspapers.

After careful benchmarking and analysis of best practice SMME classifications and definitions, PSDP recommended the following criteria for selecting SMMEs under the PSDP framework:

Diagnostic: key action for assessment of challenges facing SMEs

Following the selection of beneficiaries, PSDP undertook a diagnostic audit of SMMEs in partnership with Botswana Intermediary Organizations (IOs). The identified challenges were shared with respective beneficiaries and IOs; and they facilitated the design of a capacity building roadmap to empower the SMMEs. The challenges varied from one business to another; however, some, like business financials and human resource management, were common among a majority of the businesses. The roadmap capitalized on partnerships with programs such as “Tokafala”, which assists micro enterprises in the Gaborone area; international technical sector specialists and management consultants from Europe; and, teamed them with local mentors. Workshops were additionally planned to assist beneficiaries with business planning and human resource issues.

The model used in the diagnostic analysis considers the company at three levels:

1. Strategic level

- Strategic Management
- Management and Leadership
- Understanding of the Industry

2. Processes level

- Marketing and Sales
- Production and Operations
- Environmental Management

3. Support level

- Organizational Structure
- Financial Area
- Human Resources
- Information Management
- Quality Management
- Technological Innovation

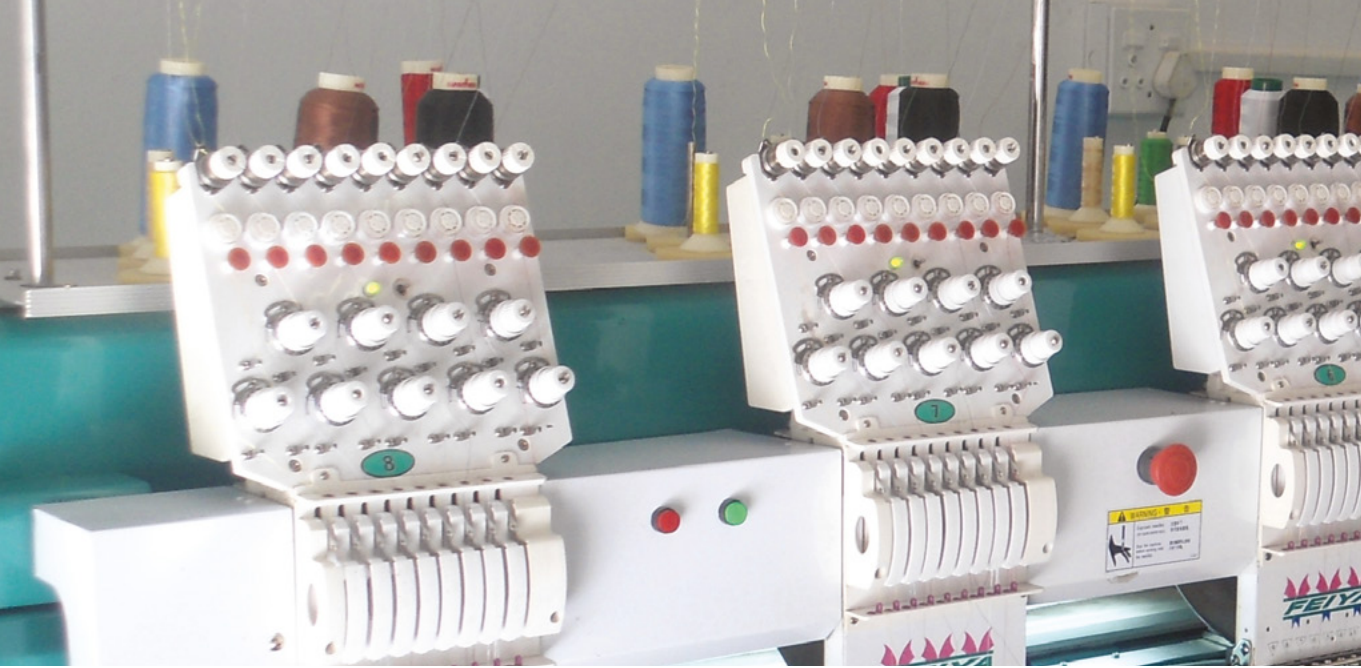
To ensure sustainability, PSDP capacitated a number of pertinent IOs, including Botswana National Productivity Center (BNPC), Business Botswana (BB), Botswana Innovation Hub (BIH), Botswana Investment and Trade Center (BITC), Local Enterprise Authority (LEA), Citizen Entrepreneurial Development Agency (CEDA), Hospitality and Tourism Association of Botswana (HATAB), Human Resource Development Council (HRDC), Botswana Bureau of Standards (BOBS), Public Enterprise Evaluation and Privatization Agency (PEEPA), Botswana Institute for the Development Policy Analysis (BIDPA), PSDP Team and BDSPs. The intention was to engage the IOs and BDSPs towards beneficiary Diagnostic Reports. To date, several of the IOs and BDSPs have adopted the Diagnostic Tool to assist their future respective clients.

In general, each audit followed five steps: (1) preparation and desk reviews, (2) field interviews, observations and data collection, including financial statements, (3) preliminary assessment leading to the identification of company's strengths and major weak subareas, (4) validation with the company during a co-construction workshop and (5) the preparation and submission of the audit report during the closing visit with the company's management.

- A large proportion of the companies audited showed potential for growth: 38% of them are in fair condition but their performance is hindered by weak internal systems. Management systems are not formalized. Strategic management is informed spontaneously as opposed to through financial analysis. The capacity to anticipate (strategic management, information management, budgeting and monitoring on a regular basis) remains weak or inexistent. As a result, profitability is low and these companies face challenges in moving the business to the next level. To compete in an established market and improve profitability, they will require better business practices (consolidation).
- Six percent of the audited SMMEs have sound financial situations. These companies are ready to expand (expansion plan).
- Fourteen percent have erratic sales. These companies tend to rely on government tenders. Profit is low and cash flow is not consistent enough, preventing the company from seizing new business opportunities and maintaining their productive equipment. These companies tend to stagnate unless a stabilization plan is implemented. The same proportion (14%)

represents companies that are still at an infancy stage. Sales are not picking up. No real plan was established at inception and the financial situation is not certain (start-up plan).

- Twenty-four percent of the companies required drastic measures to turn the business around in order to avoid closure. These companies face recurrent cash flow problems that prevent them from honoring their debts and financing their operations. These companies tend to survive on bank overdraft facilities or on owner's personal resources because they cannot generate enough sales and cash flow. It was observed that companies in the group tend to use asset valuation to "cover" the negative net worth (turnaround plan).
- Companies in the manufacturing sector seem to be doing well with 85% of them in a positive trend (expansion, consolidation and stabilization). Companies in Construction and Public Works show a reverse trend, with 57% requiring either a turnaround strategy or the development of a startup plan to provide a clear direction to the company. The assessment revealed that most of these companies have focused on product development without a good understanding of market trends and demand, particularly from the private sector segment of the market.



Business management capacity building needs

The diagnostic of the SMMEs reveal deficiencies in six critical subareas regrouped as follows, per the Michael Porter model: Finance (18%), Marketing and Sales (17%), Strategic Management (13%), Human Resources (13%), Production and Operations (11%) and Quality Management (11%).

At strategic level (1)

- Strategic Management (13%) encompasses mission & vision, strategic objectives and understanding of business environment.
- Finance (18%): cost structure, accounting records, financial administration, particularly working capital management and financing, budgeting and monthly financial production of financial statements and reporting to inform management decisions;
- Human resources management (13%): personnel policy, corporate climate and personnel motivation, staff performance management.

At process level (2)

- Marketing and Sales (17%): segmentation, target market and positioning, marketing strategy, sales management.
- Production and Operations (11%): inventory handling, plan layout (limited space for production or storage), technological level (aging machinery and equipment), and suppliers.

At support level (3)

- Quality Management (11%): procedure, quality control and product quality;



BUSINESS SECTOR	CHALLENGE # 1	CHALLENGE # 2	CHALLENGE # 3
Manufacturing	Marketing & Sales	Finance	Production & Operations
Agro Industry	Quality Management	Production & Operations	Marketing & Sales/Finance
Const. & P.W.	Finance	Marketing & Sales	Strategic Management
ICT	Marketing & Sales	Finance	Strategic Management/HR
Hotel & Tourism	Finance	Marketing & Sales	Strategic Management/HR

- **Note:** two subareas are listed in a column when their score is the same.
- Market segmentation, targeting and positioning has been highlighted as the weakest subareas for all sectors. It implies understanding the market, defining various segments using clearly identifiable criteria and targeting those with growth potential and developed differentiated marketing strategy (treating each market segment differently using the instruments of the strategy (product, price, promotion and place) to position the company in each targeted segment. The articulation between marketing and sales should also constitute the core of any interventions which aim at reinforcing the capacities of business managers in marketing and sales as they are recurrent throughout the audits.

In summary, most companies audited lack expertise or skills in the areas of strategic management and financial literacy, both instrumental for the success of any organization, making these priority areas of their needs – in addition to the understanding of processes, procedures, tools and or mechanisms in monitoring operations.

• Strategic Management enables companies to focus on where to go, how to get there step by step; and, to allocate and leverage resources efficiently. It also helps the company to align strategic objectives with structure and operations leading to improved performance and return on investment. Very few companies have a roadmap, even those that are in a growth phase and envision expanding into new markets. Proper bookkeeping, financial administration, product costing and pricing to secure adequate margin, as well as working capital management (stock, accounts receivable, accounts payable and cash) are the main topics to focus on for any capacity building interventions in finance for business managers. Marketing and Sales and Finance cross over all sectors and constitute the main leverage points for any follow-up interventions in terms of capacity building. Marketing and Sales appears as top priority for all sectors except the Construction & Public Works and Hotel & Tourism sectors whose development is held back by severe deficiencies in finance, particularly in the areas of product costing and pricing.

• Quality management is also decisive for companies in Agro Industry and Manufacturing. Interventions should focus on product certification with BOBS and the establishment of best practices in manufacturing and food safety. Production and operations are key leverage points and encompass inventory management and production planning in conjunction with the marketing and sales unit. Such a system enables speedy delivery and increases a company's ability to capture new opportunities.

• Human resources management is one of the key challenges. It entails setting a policy that promotes and values performance, participation of staff, transparency in rewards/sanctions; and, a sense of belonging. It is also related to the delegation system in the company. It was observed that companies in a growth phase lack strong line managers and because of this gap, the business cannot properly function in the absence of managers. Putting in place an effective system requires skills, time and resources. As companies are poised for short term returns, they tend to refrain from investing (train, align competencies and responsibility with resources and autonomy in decision making and evaluate performance) in their human resources. As a result, staff turnover is high, productivity is low and the business does not progress to the next stages.

Irrespective of the above mentioned challenges, it was noted that the business owners/entrepreneurs demonstrated extraordinary levels of courage and perseverance. Despite lack of business acumen, they have pursued their dreams of running their businesses in tough market conditions.

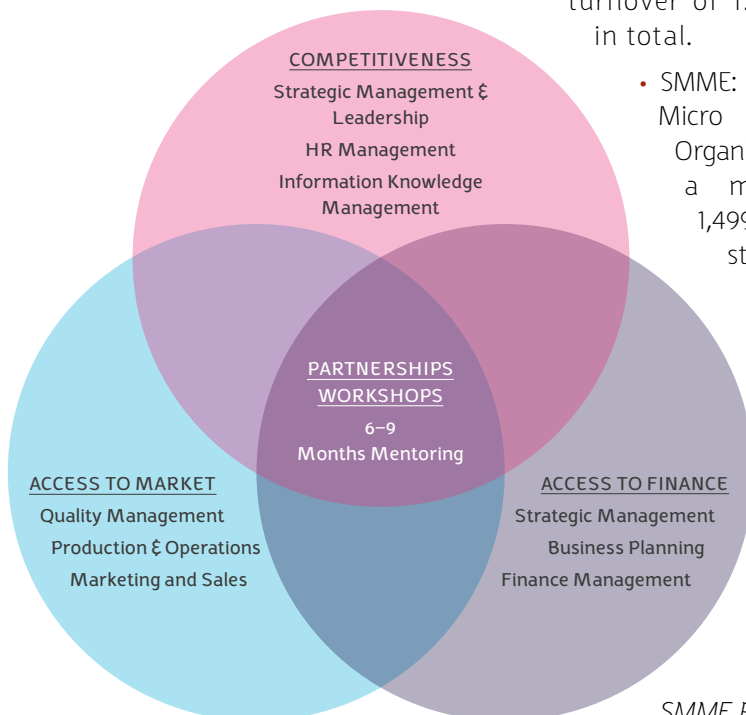
SMME Capacity Building Roadmap

With the advent of the SMME diagnostic tool providing the beneficiary areas of need, PSDP developed a roadmap designed to enhance and or facilitate access to market, access to finance and increased competitiveness – the pillars of the PSDP – amongst the PSDP beneficiaries with a combination of workshops and 6 to 9 months of mentoring.

Based on the PSDP pillars, technical assistance was designed to address the SMME issues identified by the diagnostic audits: prioritizing strategic management, including HR, finance management, and marketing and sales. Additionally, as micros and CBOs had different needs, their issues were to be addressed collectively through program and partner workshops. Beneficiaries with significant potential for impact were categorized as High Potentials (HiPos).

PSDP partnered with European-based service providers such as Senior Experten Services Germany, management experts, Managers Without Borders Germany to assist HiPos; the ACP-EU Technical Barriers to Trade program; and other, local like programs active in Botswana (Tokafala). Additionally, due to the differing organizational needs (size and scope) of the 100 beneficiaries, PSDP categorized them as follows to ensure that the technical assistance caters to their specific needs:

- High Potentials: these are organizations with the potential to make significant gains in all pillars of the program irrespective of turnover, staff complement and operational sector – in total there are 30 such organizations.
- SME: any sector independent small medium enterprise with a minimum turnover of 1.5MIL – 5MIL BWP60 in total.
- SMME: any sector independent Micro or Community Based Organization (CBO) with a minimum turnover of 1,499,999 MIL BWP and a staff complement of 1 – 14 people – 28 Micros and 2 CBOs.



SMME Roadmap Methodology

SMMEs with high potential

HiPos were provided with significantly more assistance as the organizations were identified to have the potential to fully leverage the provided assistance to achieve the objectives of the program. As such, the HiPos were provided with horizontal management and vertical sector support by international consultants/senior experts facilitated via partnerships with MWB and SES.

- Managers without Borders provided support to improve productivity, sustainability, operational and financial management of the selected SMMEs regardless of their operational sector.
- Senior Experten Services provided specialized sector-based technical assistance in the following sectors: Manufacturing, horticulture/agro-industry, including dairy, textiles and tourism, information and communication technology.

It was planned that both interventions would be followed up with an additional 6 to 9 months of local mentor support to drive action plans produced by MWB and SES experts.

Management-based assistance

Managers without Borders management consultants were engaged to ensure access to market and to finance and to boost competitiveness. The scope of the assignment included ensuring

- Acquisition of effective technical and operational management practices
- Acquisition of Integrated performance information
- Rigorous stewardship and businesses ownership

- Revamping and or establishing monitoring of Key Performance Indicators (KPIs) – i.e. dashboard

Finance

Paramount to all HiPos was financing. Most of them sought financing for capacity expansion while others needed financing for working capital in support of day to day operations. However, reluctance and insecurity to use bank financing was noted due to the lack of a viable business plan/strategy, lending institutions, lack of creative solution offerings, and, of course the aggressively high bank [interest]. Alternative solutions were discussed with beneficiaries are internal funding such as the liquidation of assets and or the implementation of improved working capital management – i.e. rigid receivable collection procedures, liquidation of obsolete inventory and or nonessential assets, leveraging trade credits; and, paying towards the end of a given payment term.

Cost calculation

Financial management proved to be a challenge to all HiPos and beneficiaries alike. All HiPos were in the dark over operational costs – i.e. overhead, depreciation, interest, insurance, travel, legal and general accounting. In some instances, companies did not keep track of their sales volumes. Invoices were sent to customers without the necessary details enabling historic data sets. On the other hand, beneficiaries conducted rudimentary cost accounting exercises arbitrarily establishing markups, such as: purchase price + 40% markup = sales price.

Working capital management

A lot of effort went into working with HiPos to improve working capital management as it was a major area of need amongst them. Lack of Accounts Receivables (A/R) by many HiPos put their respective businesses at a disadvantage by effectively financing customer purchases. The HiPos' working capital situation was further worsened by the general trend of allowing significant customer debt – i.e. overdue customer payments; whereas, payables (bills) were settled "too" quickly leading to a depletion of cash flow. Lastly, many HiPos often purchased goods on a prepayment basis as opposed to leveraging secure Letters of Credit (LC); and credit finance was not leveraged – HiPos were not practicing to secure goods on a credit basis. When promoters attempted to leverage volume discount, by buying in bulk, their actions only resulted in tying up much-needed cash and physical floor/storage space in workshops.

Human resources

Management was encouraged to "lead" and liaise with staff on a regular basis, and clearly communicate expectations. The introduction of HR policies signed by employees was strongly recommended; and trainings were encouraged to improve performance. Lastly, performance evaluation was mandated and linked to performance incentives; and or, the possibility of dismissal.

Sales strategy

Like working capital, HiPos' sales strategy required significant effort as sales were found to be a predominately passive exercise with no clear management direction;

nor was it coupled with; and or, aligned with a marketing strategy. Sales staff typically had little to no sales training; neither were they familiar with market intelligence, facilitating better products, solutions and or understanding – critical respective industry success drivers. The situation was worsened by the fact that staff motivation was often low despite established sales target incentives. A compound effect was noted in organizations where business promoters did not lead by example. At the end of MWB consultations, the companies appreciated how a proactive and customer-focused sales approach is beneficial in overcoming issues such as seasonality, low capacity utilization while serving as a basis for future business growth.

Capacity utilization

Use of installed capacity is extremely low in some instances at an average of 50% due to one or more of the following:

- business seasonality
- erratic orders/sales with no dependable order/sales history towards a trend analysis
- the failure of equipment due to costly maintenance
- negative impact due to the shortage of water and electricity

Capacity expansion

Companies with plans to expand operations were assisted in developing an investment calculation tool using pertinent company information – relevant investment and working capital outlays, additional revenues and cost savings, interest on the loan and tax implications. With the tool in hand, companies were taken through how to determine an appropriate investment purely from a financial perspective. Many of the HiPos with the desire to expand operations came to the realization that they were not as positioned for expansion as they initially believed. MWB brought the realization that more pertinent effort was needed and required in management stabilizing operations. The key for all HiPos was for productivity to be increased and profits retained towards growing equity facilitating growth.

Sector based assistance

SSES technical sector experts assisted textiles, furniture manufacturing, ink manufacturing, tourism and ICT. Their core responsibilities were to provide tailor-made intervention in the following manner:

- Assess the situation of the HiPo and develop tailor-made action plans to effectively compete locally, regionally and internationally; where possible, in consideration of each respective HiPo's diagnostic audit.
- Assist each respective HiPo drive the newly provided action plan.

The sector-based missions (SES) were straightforward and concentrated on operational issues. The only challenge encountered was with some organizations

in the tourism and textile sector. The respective sector experts felt some of the beneficiaries were at a very low level of development to assimilate the level of assistance provided within the action plan.

All companies expressed gratitude for the facilitation of sector experts as they were able to realize the potential towards significant organizational growth. In one such example, a sector expert was able to assist an ink manufacturer to prove wrongful termination of a government tender worth several million Pula when he demonstrated that it was their client's printing press that was responsible for poor printing and not the quality of the ink manufacturer. Another case where a sector expert helped a beneficiary achieve significant organizational growth is the complete redesign of a factory workshop and the introduction of new modular furniture facilitating more workspaces and increasing production efficiencies.

SMMEs with common challenges

Due to a significant number of SMMEs facing common challenges, the Program organized the following generic technical assistance:

- Entrepreneurship Development to be implemented through partnership with the Tokafala Program
- Clean Energy and Construction and Public Works (CPW) consultancies
- Occupational Safety and Health (OSH) Workshops
- Quality Management Systems (QMS) certification in collaboration with the ACP-TBT Program

The Tokafala partnership

The Tokafala program was an ideal partner as it supports SMME's around the three pillars of access to market, access to finance and increased competitiveness. It provides 6–9 months of mentoring, for companies that demonstrated commitment.

This program has come across the same issues as the PSDP: It has also found that Botswana-based SMEs are at an early developmental level. Business owners/promoters do not have entrepreneurial spirit and they are extremely dependent on the GoB institutions for issues that they must overcome – i.e. securing funds, strategic management, leadership and innovation.

Clean energy

The energy engagement was to capacitate beneficiaries on the best clean energy management practices towards the benefit of reduced, "greener" operational costs. The assessment findings revealed that none of the beneficiaries had an energy management plan in place let alone a clean energy plan. The beneficiaries were using high consumption mercury vapor lights in workshops and or plants with dark walls without translucent roofs sheets that allowed sunlight into their buildings; energy consumption was also not linked to production. None of the beneficiaries used solar power to reduce costs. There was wastage in all beneficiary sites from leaks in compressed air lines leading to the inefficient use of compressors, loss of Liquid Petroleum Gas (LPG), the loss of 20%–40% of powder coating due to poor housekeeping and floor layout. Many of the beneficiary production

plants did not have documented process and procedures and there was significant need for OHS instruction. Action plans were developed and driven, business plan templates were drafted towards funding for plant upgrades and an OHS workshop was conducted.

All beneficiaries responded positively to the engagement and committed to continuing to drive action plans towards the betterment of their businesses; however, some noted the challenge of driving the plans due to the need for better skilled labor whereas others sent staff for training to drive the action plans – some sent upwards of 10 staff member to training.

Occupational Safety and Health (OSH)

The workshop's objectives were as follows:

- Sharing OSH experiences in the workplace
- Identifying potential OSH hazards in a work setting
- Undertaking a risk assessment
- Developing some key messages for improving awareness and commitment to safety at work
- Identifying the signs and symptoms of stress in the workplace
- Discussing simple measures that can be implemented to improve staff well-being
- Drafting OSH policies for participant enterprises
- Drafting action plans to improve occupational safety and well-being for participant workshops

Quality Management Systems (QMS) certification in collaboration with the ACP-TBT Program

The initiative was initially launched with a request from the Botswana Bureau of Standards (BOBS) for support in designing a National Quality Policy (NQP) to set the foundation for an adequate functioning national Quality Infrastructure (QI) enabling the participation of WTO/TBT-compliant operators/exporters in the global market. In addition, the program has built the capacity of BOBS staff, local service providers to assist PSDP beneficiaries in acquiring ISO 9001 certification.

Drafting of a National QI policy

- A team of experts supported BOBS in the drafting of a National Quality Policy setting the foundation for the proper functioning of QI in the country. The work included an initial phase of consultation with national institutions and assessment of existing National QI policies as well as direct support for the drafting. At the end of this phase a validation meeting with the participation of all relevant stakeholders was organized. The intention of the provided support is to facilitate the process of policy approvals.

Capacity building of BOBS staff

- A series of training workshops was arranged for BOBS staff on auditing and inspection competences, on standards that are specific to accreditation and conformity assessment (ISO 17020, 17021, 17065) and food safety management system (ISO 22000). A workshop was conducted with 20 participants. The majority of them were from the BOBS regulatory section involved

with enforcement of some compulsory food standards. An Examination was administered at the end of the training session and all participants passed. Certificates are in preparation and these will be handed over to BOBS during the closing workshop.

Capacity building for local service providers

- Capacity building was carried out in subsequent phases: i) selection of existing national service providers able and willing to coach selected companies, ii) formal training, iii) coaching in selected companies and iv) follow up.

The PSDP furnished a list of 10 companies interested in acquiring ISO certification for coaching to attain the goal.

Micro and CBO's

As per the SMME roadmap, SMMEs and CBOs are to be capacitated through workshops to address the three main areas of deficiencies identified by the diagnostic audits; namely, general business and financial management and business planning – that is, translating a business strategy into an equitable business plan.

After assessing the organizations, PSDP developed a curriculum addressing beneficiary needs such as strategic, leadership, human resource, and financial management. Participants were engaged and actively participated in the discussions, and after multiple attempts, they shared their experiences. It was evident that they usually operated in isolation, reaching



out only to the GoB and or international organizations for assistance. There was significant interest in human resource management discussions; however, they were focused more on how to encourage/motivate employees to work; and or how to prevent workers from being Absent Without Leave (AWOL) after receiving month-end pay.

Lessons learned

A good 90%+ of the beneficiaries have secured and worked their way through government assistance funds such as the Financial Assistance Plan (FAP), Botswana Development Corporation (BDC) unsecured equity investments/grants, international donor grants and CEDA soft loans.

Most, if not all, beneficiaries applied to the program in search of grants and or soft loans; and they continue to

request financial assistance despite the clear and consistent message that the Program does not provide funding and or financing. Some companies are in serious financial distress such that they don't need any operational support except financial bailout. There is a total lack of cluster collaboration or enterprise networks and a general dependency on government tenders.

A division between business owners and staff was noted due to business owner's lack of:

- Entrepreneurial spirit
- Any tolerance for risk
- Any innovation
- Requisite business and or staff/HR management skills.

A significant number of beneficiary promoters are not dedicated to their organizations; they do not work for themselves on



Conclusion

a fulltime basis. There is a general dependency on consultants via the requests for long term/permanent consultancies. SMME Staff have no patience in developing their career, no loyalty vis-à-vis their entrepreneurs. There is high staff turnover.

The following was observed on manufacturers:

- SMMES incurred high costs on internationally sourced materials despite being able to source locally.
- Machinery equipment supply and maintenance are a challenge as they are sourced internationally and there is no local technical back up support and or parts.
- Plant layout, material flow and house-keeping are persistently poor.
- There are issues of record keeping and costing in most enterprises.

The overall observation regarding PSDP beneficiaries is that they are generally at an early development stage and are challenged with basic needs stemming from the fact that business owners do not have the requisite ground level business skills – financial and business management basics – also known as requisite competencies. Without business or financial qualifications, many PSDP business owners are further challenged with risk mitigation, resulting in the inability to take calculated risks towards growth. A business strategy is possible only if the business owner/promoter understands how to mitigate risk. This is why the majority of the existing business plans/strategies are produced by external consultants to secure funding; however, in most cases management is not intimate with the details leading to poor performance and or bankruptcy.

Government developed several initiatives to support SMMEs. However, it created dependencies within the private sector affecting in-house growth and

innovation. Business owners are able to come up with a business idea without the knowhow to bring it to life. There is no proactive mentoring to assist SMMEs that have had funding approved. Known instances of mentoring have only been initiated once beneficiaries are in danger of financial collapse; if at all, perpetuating treatment of the symptoms instead of the condition.

In summation, few SMMEs have the competency to draft a comprehensive business strategy and management to effectively drive it. This explains the lack of innovation towards new markets, segments and or new products and services development.

Despite their relative challenges; some organizations have been able to realize significant revenue growth without quality controls, ISO certification guaranteeing quality products and or services. This phenomenon is directly due to the commensurate level of Botswana consumers. The consumer market has been developing relatively at the same pace as SMMEs and SMEs; however, it has been observed that consumers are becoming more aware of their purchasing power via access to regional and international markets. The more informed consumer market is steadily applying pressure on local businesses for much needed quality controls (ISO certification), introducing and or increasing competitiveness. The African, Caribbean and Pacific group of states – European Union Technical Barriers to Trade (ACP-EU TBT) Program supporting the drafting of a National Quality Policy and strengthening Botswana’s Quality Infrastructure (QI) for compliance with the World Trade Organization (WTO)/TBT) requirements is appropriately timed to meet the growing

demands of a more educated consumer.

HiPos were mentored by European service providers. The PSDP is satisfied with the competencies of the consultants, who assisted beneficiaries with the same work ethic as those from their home countries. The beneficiaries were well versed in exploiting the recommendations provided by European and local service providers.

PSDP beneficiaries have expressed deep gratitude for the interventions that been made to date. A number of beneficiaries have seen positive improvements in their business. Some are reporting increased turnover and profitability; employment of more personnel; while others have gained confidence in running their businesses. In addition, entrepreneurs are hopeful that more time will be allocated to handholding support for growth as they expand their operations. They are willing to consider contributing financially to the abovementioned support.

Over and above the assistance to SMMEs, the PSDP has undertaken and completed the value chains studies to provide comprehensive analysis of challenges, opportunities and areas that require action to improve the performance of the operators and to identify the growth potential towards diversification of the economy. These value chain studies are in the Beef, Tourism, Horticulture and the emerging sectors (Dairy, Poultry, Piggery, Goat and Leather).

Overall, PSDP has been fully operational and has adapted to the needs of beneficiaries while guiding service providers to ensure beneficiary impact; and, it has extracted associated lessons learned with a view to achieve expected results.

Abbreviations and Acronyms

ACP	African, Caribbean and Pacific
BSDPs	Business Services Development Providers
BEMA	Botswana Exporters and Manufactures Association
BIDPA	Botswana Institute of Development Policy and Analysis
BIH	Botswana Innovation Hub
BITC	Botswana Investment and Trade Centre
BNPC	Botswana National Productivity Centre
BOBS	Botswana Bureau of Standards
BTO	Botswana Tourism Organization
BB	Business Botswana [formally Botswana Confederation of Commerce, Industry and Manpower (BOCCIM)]
CDE	Centre for the Development of Enterprise
CEDA	Citizen Entrepreneurial Development Agency
EA	Executing Agency
EC	European Commission
EDD	Economic Diversification Drive
EDF	European Development Fund
EU	European Union
EOI	Expression of Interest
HATAB	Hospitality and Tourism Association of Botswana
HiPo	High Potential Beneficiary
IO	Intermediary Organization
LEA	Local Enterprise Authority
MFDP	Ministry of Finance and Development Planning
MTI	Ministry of Trade and Industry
MWB	Managers Without Borders
PSDP	Private Sector Development Program
SES	Senior Experten Services
SMMEs	Small, Micro and Medium Enterprises
TBT	Technical Barriers to Trade Program



Author's Profile

Sid Boubekur is Head of the CDE Regional Office for Southern Africa in Gaborone, Botswana.

He has proven experience in supporting the private sector in Africa. His vision of development is based on building the productive capacities of key operators (companies, professional organizations), focusing on training, mobilization of local resources and the creation of quality and competitive products and services.

Sid holds a Ph. D. in Economics and Management, and has published reference works on the construction industry and many articles on appropriate technologies and knowhow in developing countries.