

CHAPTER 7

TRADE AND INDUSTRY

INTRODUCTION

7.1 The National Development Plan 9 theme, ‘Towards Realisation of Vision 2016: Sustainable and Diversified Development through Competitiveness in Global Markets’, presents enormous challenges for the industrial and commercial sectors in Botswana. The current international environment is changing rapidly and becoming extremely competitive. As a result of

the liberalization of trade and the globalization of markets, Botswana enterprises are exposed to increased competition for investment resources and market opportunities. At the domestic level, there is an urgent need to encourage the participation of Botswana in business, while at the same time broadening the economic base by facilitating the acquisition of technical and management skills to foster viable and productive enterprises.

Box 7.1 Definition of Commercial, Industrial and Trade sectors

Commercial Sector refers to businesses or individuals engaged in the buying and selling of goods in the domestic market, such as wholesalers and retailers; those providing professional, social and personal services; hotels and restaurants; and those involved in financial services.

Industrial Sector refers to businesses or individuals engaged in the transformation of raw material inputs into semi-finished or finished products for domestic sale or for export, e.g. manufacturing, construction.

Trade refers to businesses or individuals engaged in the buying and selling of goods and services in the domestic market, as well as those involved with the international importation and exportation of goods and services.

7.2 During NDP 8, the Government of Botswana has maintained a macro-economic environment that is conducive to growth and the diversification of the economy. It has also adopted a range of new policies and programmes that will help position the commercial and industrial sectors to contribute meaningfully towards the realization of Vision 2016, and thus create ‘a prosperous, productive and innovative nation’, which is one of its key pillars. Aligned with Vision 2016, the realization of the Vision of the Ministry of Trade and Industry ‘will have enabled Botswana to be a vibrant, self-sustaining and diversified

economy, ranked among the best in the world and the preferred destination for investors by 2016”.

7.3 More specifically, the Ministry has committed itself to implementing efficiently existing policies and programmes and developing new ones in support of sustainable growth and diversification of the economy. This commitment is anchored in the Ministry’s Strategic Plan 2001-2009. Furthermore, the Ministry has undertaken to facilitate and promote the development of productive and competitive enterprises by incorporating in its strategic goals the

crucial elements contained in Vision 2016, as they relate to economic growth and diversification. These goals include:

- enhancing the productivity and competitiveness of enterprises;
- developing a vibrant manufacturing and services sector;
- accessing regional and global markets;
- fostering skills development;
- promoting partnership arrangements between local and foreign investors;
- achieving citizen empowerment;
- eradicating HIV/AIDS;
- ensuring the sustainable use of natural resources;
- protecting the environment;
- gender mainstreaming;
- contributing to poverty alleviation;
- fostering research and developing or acquiring appropriate technologies; and
- playing an advocacy role on behalf of the commercial and industrial sectors.

Institutional Framework

The Ministry of Trade and Industry

7.4 During NDP 8, a comprehensive study on the reorganisation of the Ministry was undertaken in the light of the major changes in its responsibilities that had taken place in recent years. The reorganisation is aimed at improving institutional and organisational efficiency and to better address the needs of the clients. In order to ensure the achievement and sustenance of its organisational effectiveness and efficiency, the Ministry will now accelerate the implementation of the restructuring and re-engineering components of the reorganisation. Rationalisation of portfolio responsibilities and functions of all Ministries and Departments

within Government also continues, and as a result, the Department of Wildlife and National Parks and the Department of Tourism have been relocated to a new Ministry of Environment, Wildlife and Tourism. The responsibility for industrial and commercial issues and for international trade now rests with a new Ministry of Trade and Industry.

7.5 A major responsibility of the Ministry of Trade and Industry is to facilitate the promotion and attraction of both domestic and foreign productive investment in the industrial and commercial sectors so as to achieve sustainable and diversified development.

7.6 The implementation of the various components of the reorganisation is an ongoing process. In this regard, the transfer of the Petroleum Unit to the Ministry of Minerals, Energy and Water Resources (MMEWR) and the Weights and Measures Unit to the Botswana Bureau of Standards (BOBS) have been completed. Consultations towards the establishment of a Tourism Board are being pursued and it is envisaged that this Board will have been established by the beginning of NDP 9.

7.7 The Local Enterprise Agency (LEA) is being established, consolidating small enterprise development and training organisations including the Integrated Field Services (IFS), the Small Business Promotion Agency (SBPA) and Enterprise Botswana (EB). Furthermore, during NDP 9, the Office of the Registrar of Companies, the Consumer Protection Office, and the Competition Authority will be established as autonomous policy and programme implementation agencies.

7.8 The Ministry is among others responsible for the following broad areas:

- (i) **Department of Industrial Affairs** dealing with
 - (i) Industrial Development Policy;
 - (ii) Local Procurement Programme (LPP); and
 - (iii) Training programmes for the development of entrepreneurship.
- (ii) **Department of Trade and Consumer Affairs** is responsible for:
 - (i) the development of the commercial sector, the management of external trade, the regulation of unfair business practices and consumer protection
 - (ii) The Botswana Export Development and Investment Authority (BEDIA)
 - (iii) The Botswana Bureau of Standards (BOBS)
- (iii) **The Office of the Registrar of Companies** is responsible for administering and implementing legislation relating to companies, and the implementation of Intellectual Property Acts.

REVIEW OF INDUSTRIAL AND COMMERCIAL DEVELOPMENT DURING NDP 8

Industrial Output and Performance

7.9 The performance of the manufacturing sector during NDP 8 faced difficult challenges. The closure of the Motor Company of Botswana (MCB) in early 2000 contributed to a notable decline in the sector's growth

rate as output only increased by 3.2 percent. This was the lowest rate of growth since the early 1990s. The weak performance of the regional economy and closure of some textile companies also adversely affected manufacturing output in Botswana.

7.10 Between 1997 and 2001, total employment in the manufacturing sector exhibited an upward trend, increasing by more than 28 percent over the period. In 2001, due to plant closures referred to earlier, employment growth in the manufacturing sector stood at slightly over 5 percent.

Commercial Sector Performance

7.11 During NDP 8, the liberalisation of trading regulations led to a large increase in the number of chain stores and franchises. These businesses procure the bulk of their stock through their central purchasing offices outside Botswana, where they often enjoy large discounts. The consumers, therefore, are attracted to chain stores as they offer promotions on the most popular products. The General Dealer businesses that are citizen-owned could not withstand this competition and either closed down or experienced stagnation. The General Dealers are traditional customers of wholesalers. Since the chain stores were able to compete on price directly with the wholesale sector, they could easily out compete the General Dealers.

Construction Industry Performance

7.12 The construction industry remains one of the important sectors of the economy as it determines the cost of investment in the industrial, commercial, infrastructure and housing areas, in addition to creating

employment and contributing to national income.

7.13 Between 1997 and 2000, the construction industry accounted for some 6% of the total GDP. In terms of employment, the industry was on an expansion path, with the number of employees in the sector increasing by 24.4 percent in 1999, followed by a modest 3.3 percent growth in 2000. On the whole, the sector can be said to have performed well during NDP 8.

7.14 Firm sizes in the construction industry ranged from large and well-established international firms to very small citizen contractors, accounting for a very large majority. Given the availability of incentives for smaller projects, there appears to have been very little progress made by citizen contractors, in terms of growth and qualification for higher value contracts. The number of small companies registered with the Central Tender Board (CTB) for construction works are far in excess of the jobs available in the market. Furthermore, the skill-base of this category of contractors is very limited and, hence, in the majority of cases, they find it difficult to submit competitive bids.

International Trade

7.15 The Common Customs Area (CCA) remains Botswana's main source of imports, accounting for 76 percent of imports in 1999. Europe supplied some 10 percent of Botswana imports in the same year, followed by Zimbabwe, with about 4 percent.

7.16 Europe is the main destination for Botswana's exports. Botswana's diamonds are exported mainly through the Diamond Trading Company in London. Copper and nickel are

exported to Norway through the Generalised System of Preferences (GSP). Beef and textiles are exported to the European Union under the Cotonou Agreement.

Regional and International Trade Agreements

7.17 Botswana is a member of several regional and international trade agreements. These include the Southern African Customs Union (SACU), the Southern African Development Community (SADC) Protocol on Trade Cooperation, the Cotonou Agreement and the World Trade Organization (WTO) Agreements. During NDP 8, there were also several bilateral trade agreements between Botswana and other countries, the most important of which was the Botswana/Zimbabwe Trade Agreement. Botswana also benefits under the Generalized System of Preferences (GSP) programmes from some developed countries. These include the African Growth and Opportunity Act (AGOA) of the United States of America. The other important GSP programme is that of Norway through which Botswana exports copper and nickel.

7.18 The Cotonou agreement is a successor to the Lome IV Convention and allows products from African, Caribbean and Pacific (ACP) countries to enter the European Union (EU) market free of customs duties, or at preferential rates of duty.

7.19 However, this Agreement, like the earlier Lome Convention, is not compatible with some of the World Trade Organization (WTO) provisions. However, it is currently protected by a waiver from the WTO agreed at the Fourth Ministerial Conference held in Doha in November 2001. The waiver

was approved on condition that WTO-compatible trade arrangements between the EU and ACP States be negotiated and put in place by the year 2008. Consequently, the Cotonou Agreement is being re-negotiated, starting in September 2002, with an expected finalisation date of December 2007.

7.20 For textile and apparel products, AGOA required beneficiary Sub-Saharan African (SSA) countries to put in place counter-transshipment mechanisms called Visa System. The Visa System for Botswana was approved by the USA in August 2001, following the amendment of the

Customs and Excise Act. Botswana's benefits under AGOA initially, were limited by the fact that it is a middle-income country, which prevented it from sourcing raw materials from third countries that are not AGOA beneficiaries. However, the US Government has since re-classified it as a least developed country to enable local textile manufacturers to source lower-priced raw materials from non-African third countries and still qualify for AGOA preferences.

Box 7.2: African Growth and Opportunity Act (AGOA)

African Growth and Opportunity Act (AGOA)

The AGOA was passed into law by the Congress of the United States of America (USA) in May 2000. The main objective of the Act is to improve trade and economic cooperation between the USA and eligible Sub-Saharan African (SSA) countries. The AGOA allows duty and quota free access for most products from SSA to the USA market, for a period of 8 years. It also provides support for USA investors who want to locate in SSA countries.

Box 7.3 : Southern African Customs Union

The Southern African Customs Union (SACU) Agreement was concluded in December 1969 and replaced the 1910 Customs Union agreement that linked the former British protectorates of Botswana, Lesotho and Swaziland with South Africa. Namibia became a de jure member in 1990.

The aims of the SACU are to advance the economic development of member countries, diversify their economies and afford all parties equitable benefits arising from intra-Union and international trade.

Under the SACU agreement, members apply common customs duties, including tariffs and excise duties, sales anti-dumping, countervailing and safeguard duties to goods imported to the common customs area from third countries outside the Union.

7.21 The main activity under SACU during NDP 8 was the renegotiation of the 1969 Agreement. Botswana's main objective during the renegotiation process was improvement of the country's benefits under the Agreement and the democratization of the Customs Union to provide for participation of all Member States in the decision-making process, including the management of the common external tariff. It would also allow all Member States to participate as one region in the negotiation of any new preferential agreements with third countries. The new Agreement provides for negotiation of specific agreements in areas such as industrial policy, agricultural policy, unfair trade practices, and competition policy. Modalities for the management of the Common Revenue Pool are also being developed.

EU/RSA Agreement on Trade, Development and Cooperation

7.22 Although not a party to the EU/RSA Agreement, Botswana will nonetheless be affected by it due to her membership of the SACU. EU products will increase competition for Botswana products in the SACU market. There will also be increased competition for investment between South Africa and other SACU members. There will be a need, therefore, to assess further the impact of the EU/RSA Agreement on BLNS (Botswana, Lesotho, Namibia and Swaziland) countries, as the Agreement is being implemented.

SADC Trade Protocol

7.23 In line with Botswana's policy of improving market access and sourcing of raw materials from countries in the region, Botswana participated actively in the negotiations of the SADC Trade Protocol. One of

the main objectives of the Protocol is to create a free trade area in the SADC region by the year 2008. Implementation of the Protocol was launched in September 2000, even though the negotiations had not been concluded. As part of the Protocol, SACU Member States made a combined tariff concession to non-SACU SADC countries. The Member States have not yet reached agreement on the rules of origin with respect to textiles, motor vehicles, plastic products, wheat products, machinery and appliances and other products. Negotiations have also been launched and are ongoing with respect to trade in services in the SADC region.

7.24 The negotiations may result in increased market access for Botswana enterprises in the services sector in other countries. Botswana will also be expected to open up some of its service industries to foreign competition.

Review and Formulation of Policies and Programmes during NDP 8

The Industrial Development Policy

7.25 During NDP 8, a new Industrial Development Policy (IDP) was developed and approved by Parliament (December 1997). While diversification of the industrial base represents one of the cornerstones of the policy, it also aims at supporting and encouraging the establishment of a substantial core of highly productive and competitive export-oriented industries, as opposed to the previous strategy of import substitution. The essential principles of the policy are as follows:

- i) encouragement of highly productive and efficient export industries based, to the extent

possible, on local natural resources, and adopting innovative technologies to better penetrate export markets;

- ii) promotion and expansion of efficient support services and component manufacturers, many of which will be small and medium size businesses; and
- iii) assistance will continue to be provided to small-scale rural entrepreneurs and, where appropriate, local communities and non-governmental organisations will be utilized to develop business activities and opportunities in rural areas.

7.26 The Strategic Plan of the Department of Industrial Affairs covering the period 2001-2009 is being specifically developed to ensure effective implementation of the Industrial Development Policy. As such, it will contribute to the growth and diversification of the economy and to the realisation of the goals set out in 7.3, in line with the pillars of Vision 2016.

The Small, Medium and Micro Enterprises Policy

7.27 A Policy on Small, Medium and Micro Enterprises (SMME) was approved by Parliament in December 1998. The Small Business Promotion Agency (SBPA) as well as the Small Business Council were established in the following year as part of the recommendations of the SMME Policy. The main objectives of the Policy were: (i) to foster citizen entrepreneurship and empowerment; (ii) promote SMME exports; (iii) achieve economic diversification; (iv) encourage the development of a competitive and sustainable SMME community; (v)

promote the development of vertical and horizontal linkages between SMME's and primary industries in agriculture, mining and tourism; and (vi) promote efficiency in the delivery of services.

7.28 Between June 1999 and December 2001, when the SBPA co-ordinated the SMME Micro Credit and Credit Guarantee Schemes, the Agency trained 22, 690 loan beneficiaries at a cost of P10.8 million. These loan schemes have now been consolidated into the Citizen Entrepreneurship Development Agency (CEDA) programme.

Foreign Trade Policy

7.29 The Trade Policy for Botswana during NDP 8 emanated from a Trade Policy Review conducted by the World Trade Organization in April 1998. Botswana's overall trade policy objective has been to achieve the broadest possible free and dependable access for Botswana's industrial products and services, especially within the Southern African region. The policy also aimed at improving Botswana's access to industrial raw materials through the reduction of tariffs on imported raw materials. This objective underlined Botswana's negotiating position in various international trade negotiations during NDP 8.

7.30 The impact of trade liberalization came to bear on the domestic economy during NDP 8. These effects included tariff liberalization under the Uruguay Round, the implementation of the EU/RSA Agreement on Trade, Development and Cooperation, and the SADC Protocol on Trade Cooperation. Also, the South African economy has been undergoing a major industrial

restructuring process. The impact of these developments on Botswana's economy has not yet been fully assessed. A series of impact assessment studies will therefore be undertaken during the early part of NDP 9 to determine how trade liberalization and the changes taking place in the South African economy affect Botswana. Based on the results of those studies, Botswana will be in a position to chart a course for the future.

National Export Strategy

7.31 With the support of the International Trade Centre in Geneva, Botswana is taking steps to develop a **National Export Strategy**, within the context of a trade policy consistent with the rules of the World Trade Organization (WTO). This Strategy will be developed in close cooperation with all the stakeholders. It will not only deal with offshore market development and promotion, but also will encompass the longer-term offshore challenges of establishing a national competitiveness framework, creating an export culture and national consensus, and developing new export industries.

Foreign Investment Policy

7.32 The diversification of the economy away from its substantial reliance on diamond mining and rapid economic growth remain Botswana's overriding objectives. This is one of the key pillars of Vision 2016. The role of Foreign Direct Investment (FDI) in pursuing these objectives will remain critical in all sectors as Botswana continues to need the components of the FDI package that include managerial, technical and professional skills, appropriate and modern technology, and access to, and the knowledge of, export markets.

Attracting FDI is also one of the key elements of the Policy Agenda contained in the Botswana Poverty Reduction Strategy (2002).

7.33 With the assistance of UNCTAD and the UNDP, the Ministry has embarked on the development of a **Foreign Investment Strategy** that will provide a framework for assessing Botswana's competitiveness in attracting FDI into all industrial and commercial sectors, and thus help achieve the ambitious growth and diversification goals. The Ministry will also put in place a **Foreign Investment Code** that provides guidance for foreign investors in Botswana.

Competition Policy

7.34 The Ministry is developing a competition policy to enhance competition in the marketplace by reducing or eliminating anti-competitive and restrictive business practices which affect the free operation of markets. This policy will serve as a basis to enact a Competition Law. Competition in the economy will ensure that enterprises are more efficient in the production of goods and delivery of services. Furthermore, a competition policy will create an environment conducive to increased efficiency, improved access to markets and ensure that anti-competitive and restrictive business practices are eliminated.

Industrial Property Act

7.35 During NDP 8, regulations for the Industrial Property Act were developed, thus allowing the implementation of the Act. The Act is in compliance with WTO obligations under the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). A Copyright and

Neighbouring Rights Act was also passed during the plan period and the development of the implementing regulations was initiated.

Companies Act

7.36 Though amended over time, the Companies Act has become largely outdated and in many respects, ineffective. Therefore, an in-depth review of the Companies Act was undertaken. A new Companies Act will incorporate a modern company law framework, which is easily understood and administered, yet is sufficiently robust to anticipate and address future complex company law requirements. Another objective of the review was to simplify compliance requirements especially for small, micro and medium enterprises. It is expected that the review will be completed towards the end of NDP 8.

Consumer Protection Act

7.37 A Consumer Protection Unit was established in the Ministry in 1991 following abolition of price control measures. The need to protect consumers gave rise to the promulgation of two Acts, the Standards Act of 1998 and the Consumer Protection Act of 1998. The main objective of the Consumer Protection Act was to provide for the protection of consumers by means of investigation, prohibition and control of unfair business practices.

7.38 Government continued to promote the formation of consumer groups countrywide as well as mediation in consumer complaints. In the year 2000, for example, the Consumer Protection Unit mediated in 1,186 consumer complaints while in 2001, the number increased to 1,312. The Unit successfully resolved 2,361 cases while 137 cases are still pending (Table 7.1).

TABLE 7.1 - NUMBER OF CONSUMER COMPLAINTS RECEIVED IN 2000 AND 2001

Station	Year 2000	Year 2001	Resolved	Pending
Gaborone	486	625	1,079	32
F/town	246	190	381	55
S/Phikwe	102	97	193	6
Tsabong	9	17	26	0
Serowe	55	35	85	5
Ghanzi	45	40	83	2
Kanye	150	185	313	22
Maun	93	123	201	15
Total	1,186	1,312	2,361	137

Source: Ministry of Trade and Industry

Export Development and Investment Promotion

7.39 At the beginning of NDP 8, the Botswana Export Development and

Investment Authority (BEDIA) was established. It took over the activities that were previously carried out by the Department of Trade and Investment

Promotion Agency (TIPA) to promote trade and investment.

7.40 With regard to investment promotion, BEDIA has undertaken missions to several countries, including, France, South Africa and the United States. As a result of these investment promotion initiatives, fourteen companies, mostly in the manufacturing sector, were established in Botswana, thus reflecting the main focus of the Authority to expand and diversify the economy of the country. Some 2000 jobs were created through these investments.

7.41 BEDIA continues to campaign for investments that make use of locally available raw materials. A study to assess the viability of setting up a tannery project in Botswana that will support downstream processing for an integrated leather industry was carried out during NDP 8. The study concluded that a tannery producing high quality leather is a viable project for Botswana, and BEDIA is actively working on promoting the establishment of a tannery.

Botswana Bureau of Standards (BOBS)

7.42 During NDP 8, BOBS declared 120 standards that have impacted positively on the quality of goods and

services. Programmes are now in place for the certification of the quality of goods, management systems of industrial and service organizations and environmental management systems. A Standard Mark has been established which identifies goods to be good quality by BOBS. In addition, one local company has been awarded the BOBS certificate to the ISO 9001 standard.

Technology Development and Transfer

7.43 The interventions of the Rural Industries Promotions Company Botswana (RIPCO (B) during NDP 8 were to support industrial development and the SMME policy. As a result, during the Plan period, twelve products incorporating new technologies were completed and commercialised. During the same period, over 1,000 products from 23 different types of RIIC technologies were sold across the country, and over 1,500 participants were trained through the Village Skills Training Programme, resulting in the creation of over 1,100 jobs. In addition, RIPCO (B) completed three small industry projects, a nail making plant, a palletising plant and the redevelopment of the sorghum milling plant. The RIPCO research and development process attained ISO 9001:1994 certification in March 2001.



A sorghum dehuller developed by the Rural Industries Promotion Company

7.44 During NDP 8, National Food Technology Research Centre (NFTRC) successfully conducted four (4) one-month courses through which 100 women were trained. The courses were intended to provide practical training to equip women entrepreneurs in the country with the necessary skills to enable them to set up and operate viable small-scale agro-processing enterprises.

7.45 NFTRC also produced educational booklets on nutrition and HIV/AIDS. These booklets cover the topics, "Guidelines for Caretakers and Managing Symptoms of HIV Infection," "Healthy Eating, Shopping for Food and Food Safety Guidelines" and Good Nutrition for People Living with HIV Infection and Vulnerable Groups" Printing of these booklets has been supported by Botswana United States Agency (BOTUSA).

Trading Regulations

7.46 Government Policy Paper No. 1 of 1990 recommended, among others, a less regulatory regime in the trading system. In this regard, the following provisions were removed from the Trade and Liquor Act:

- i) the requirement for Licensing Authorities to make commercial judgments on applications.*
- ii) the requirement for license applications to be open to objection by commercial competitors.*
- iii) restrictions on shop hours.*
- iv) the abolishing of price controls for competitively priced goods.*

7.47 However, in the new Liquor Act, the provision on the requirement for licence applications to be open to

objection by interested parties has been re-introduced in a bid to minimize liquor outlets.

7.48 Chain stores will be regulated under the new Trade Act. Existing businesses operating under franchise/chain store arrangements and new entrants will be given options to operate as supermarkets, wholesalers or department stores.

Non-Citizens Operating Reserved Activities

7.49 The Trade and Liquor Act reserves some business activities for citizen and companies wholly-owned by citizens of Botswana. This was in line with the recommendations of the Presidential Commission on Economic Opportunities of 1982. The Ministry was directed to reserve some businesses for citizens under the Business Reservation Policy. Commercial businesses reserved for citizens include; small general dealers, petrol filling stations, butcheries, fresh produce, bottle stores, bars (other than those related to hotel establishments), village type restaurants and take-aways, supermarkets (excluding chain stores and franchise operations), chibuku depots, taxi services and security guard services.

7.50 The implementation of the Reservation Policy has not been smooth mainly for the following reasons:

- i) a large number of citizens maintain that the policy makes it more difficult and stringent for them in cases where they want to sell their businesses. They are required to sell such businesses to their fellow citizens who are in most cases not keen to buy or do not have the necessary capital to do so;*

- ii) the policy does not provide for selling the business to non-citizens in cases where the citizen owner cannot find a citizen buyer or where the price offered by the citizen buyer may not be as attractive as that offered by a non-citizen;*

- iii) Some citizens either do not want to, or are unable to invest in some parts of the country because of the distance and lack of specific facilities. Therefore, there is a view that the policy should exempt such areas; and*

- iv) Some citizens front for non-citizens to obtain licenses for reserved activities. This makes the implementation and monitoring of this policy difficult.*

7.51 Consequently, a register of reserved business buyers will be provided so that when a reserved business is advertised for sale, citizen buyers will be alerted. Also, Government is reserving all distribution services for ten years to allow Botswana to revive their businesses.

Composition of the Local Licensing Authorities

7.52 Among the amendments made to the Trade and Liquor Act in 1993 was the decentralisation of the licensing of activities that require fixed premises and can only operate in one locality. These include filling stations, restaurants and supermarkets. The National Licensing Authority (NLA) remained responsible for issuing licenses that do not require fixed premises.

7.53 The NLA members are drawn from relevant Government Departments and the private sector, while the Local Licensing Authorities include Councillors. The new Trade Act will provide for Local Licensing Authorities (LLA) whose membership will include representatives from the private sector.

7.54 Subsequently, Government decided that the Trade and Liquor Act of 1986, as amended in 1993, be separated into two Acts, that is, the Trade Act and the Liquor Act. This separation was made to allow for the development of separate regulations for each Act in order to streamline commercial operations in the country.

Incentive Programmes

Financial Incentives

7.55 From 1982 to 2001, the Financial Assistance Policy (FAP) scheme remained the major incentive programme implemented by government to stimulate investment, employment creation and economic diversification. Through FAP, government provided temporary support for new industries establishing in manufacturing, agriculture, small-scale mining, linkages and tourism. The number of FAP projects by value and location, between 1997 and 2001, is shown in Table 7.2. While small-scale projects constituted the overwhelming majority (94.7%) of projects funded, they accounted for only 29.9% of the funds spent on the scheme. The medium and large-scale projects, which only made up 5.3% in

terms of numbers, utilized 71.8% of the funds.

7.56 Generous grants offered through FAP resulted in an overwhelming response from the public. In the process, the scheme suffered many abuses, involving the suppliers and the entrepreneurs themselves.

7.57 Cases of abuse differed between small scale and medium/large scale businesses. Most of the abuse cases with respect to small scale FAP involved entrepreneurs colluding with machinery suppliers in order to raise the required FAP contribution. Suppliers inflated quotations and invoices of machines from which contributions were then recovered. Other cases related to entrepreneurs being supplied with items that they had not requested.

7.58 Fraud cases with respect to medium and large-scale businesses related to companies not being able to meet projected employment levels. Companies inflated employment levels in order to get higher grants since the FAP grant was based on the number of employees in a business. Some companies employed more people during the first three years. This tendency either exhausted the grants before the 5-year limit, resulting in the company either retrenching or closing down. In other instances, companies claimed for ghost employees. In such cases, employees were coerced into signing blank payroll sheets that were later filled in with wrong unpaid amounts that were used to claim the employment grants.

TABLE 7.2 – NUMBER OF FAP PROJECTS BY VALUE AND LOCATION - 1997-2001

LOCATION	SMALL SCALE		MEDIUM SCALE		LARGE SCALE		TOTAL	
	NO.	P' 000	NO.	P' 000	NO.	P' 000	NO.	P' 000
Serowe/Palapye	313	14,955	10	44,508	4	7,817	327	67,288
Boteti	108	5,492	2	680			110	6,172
Bobirwa	259	13,881	2	736			261	14,617
Selebi Phikwe	175	12,397	13	23,362	3	34,364	191	70,123
Tutume	314	17,056	0	0	1	27,538	315	44,594
Mahalapye	279	15,196	8	3,882			287	19,078
Francistown	197	7,673	13	15,387	4	9,515	214	18,726
Ngamiland (Maun)	477	23,898	5	2,236	2	1,322	484	27,456
Gumare	149	8,075			1	631	150	8,706
Chobe	51	2,163	1	413	3	4,945	55	7,521
North East	256	12,621	3	3,052	3	3,679	262	19,352
South East	158	8,800	21	24,788	7	21,186	186	54,774
Kweneng	848	34,084	20	18,553	3	21,143	871	73,780
Kanye	235	10,835	23	19,188			258	30,023
Mabutsane	11	479	0	0			11	479
Kgatlang	400	19,212	12	9,579	2	5,375	414	34,184
Gaborone	400	14,392	88	112,474	20	150,133	508	276,999
Goodhope	147	8,977	0	0	1	533	148	9,510
Ghanzi	97	4,898	3	1,130			100	6,028
Kgalagadi	79	3,859	2	1,213	1	893	82	5,965
Lobatse	127	6,427			5	21,833	132	28,260
Jwaneng	10	547					10	
TOTAL	5,090	245,917	226	281,181	60	310,907	5,376	823,635
% Share of Each Category	94.7	29.9	4.2	34.1	1.1	37.7	100.0	100.0

Source: Ministry of Trade and Industry.

7.59 Amongst the lessons learnt by the Ministry in the administration of FAP is that success in business does not depend solely on the availability of funding. Much more importantly, it depends on the entrepreneurial qualities and competencies. Consequently, during NDP 9, the Ministry will focus on developing citizen entrepreneurial competencies that equip Botswana with appropriate business skills and knowledge required to start and successfully run businesses.

7.60 In 1999, a major review of the FAP programme was undertaken. The main findings of the review were that the programme was no longer effective in achieving its objective of promoting sustainable employment creation. Furthermore, it had become inappropriate to Botswana's needs and was not addressing the main constraints to investment and the development of sustainable productive enterprises.

7.61 The review concluded that the programme's shortcomings could not be dealt with while its basic structure remained in place. It was then recommended that the programme be terminated and replaced with an alternative form of support for the promotion of sustainable productive activities. As a result, the programme was terminated in June 2001 and replaced by the Citizen Entrepreneurship Development Agency (CEDA), which will provide loans and mentoring to citizen-owned projects in all sectors of the economy.

Local Procurement Programme (LPP)

7.62 The Local Procurement Programme is an incentive programme introduced by the Government in April 1997, initially, on a three-year pilot phase basis. Its objective is to reserve 30% of government purchases to locally based manufacturing

enterprises. This is done in order to stimulate and develop local entrepreneurship capacity and international competitiveness.

7.63 Since its inception, a total of 98 enterprises qualifying under the scheme were registered. The numbers and location of LPP applications for the period 1997/1998 to 2001/2002 are shown in Table 7.3. Out of this figure, four are no longer operating and two have been deregistered as they have grown in size and no longer satisfy the LPP criteria.

7.64 The LPP programme was reviewed at the end of the three - year pilot phase in 2000. The main objectives of the review was to analyse and evaluate the successes and failures of the programme to determine its effectiveness towards achieving industrial development and whether to continue with the programme, modify it, or terminate it.

Table 7.3 - Approved LPP Applications - 1997/98 to 2001/2002

LOCATION	1997/98	1998/99	1999/2000	2000/2001	2001/2002	TOTAL
Gaborone	19	17	10	3	5	54
Francistown	6	2	1	3	1	13
Lobatse	3	3	1	1	0	8
Selebi Phikwe	2	0	0	0	0	2
Maun	2	0	0	0	0	2
Serowe	1	0	0	1	0	2
Ramotswa	1	0	0	0	0	1
Tlokweneng	5	1	1	1	0	8
Mogoditshane	5	0	0	0	0	5
Mochudi	1	0	0	0	0	1
Molepolole	1	0	0	0	0	1
Moshaneng	0	1	0	0	0	1
TOTAL	46	24	13	9	6	98

Source: Ministry of Trade and Industry.

7.65 Outlined below are some of the recommendations that were accepted following the review:

- i) the LPP will be retained and extended to Local Authorities and parastatal organisations. However, parastatal organizations will continue to operate on a commercial basis when considering LPP tenders;
- ii) the programme will be extended to the services sector, subject to the working group members from the Ministries of Trade and Industry, Environment, Wildlife and Tourism and Finance and Development Planning, and other stakeholders, developing the modalities of implementation;
- iii) the current eligibility criteria for LPP must remain, except for manufacturers whose goods should be accredited in accordance with the requirements of the Bureau of Standards;
- iv) the Local Procurement Programme will be comprehensively reviewed every five years and will be subjected to annual administrative reviews to ensure the programme remains focused; and

- v) the 30% criteria for LPP will apply to the actual purchases of procuring authorities, rather than the annual budget.

Rural Industrial Development

7.66 The Integrated Field Services Division (IFS) continued its support towards rural industrialisation during NDP 8. Five more IFS stations were opened at Lobatse, Jwaneng, Palapye, Hukuntsi and Letlhakane, bringing the total number of IFS stations countrywide to twenty-five (25). The programme's core business remained that of training small-scale entrepreneurs in various skills such as business management and marketing and in technical skills such as metalwork, carpentry and pottery. However, the administration of financial incentives such as FAP became more prominent during the plan period and diverted the Division from its principal functions.

7.67 With the termination of FAP in June 2001, the Division is better able to focus on entrepreneurship training and development. The training programmes will be improved to address the requirements of entrepreneurs. Periodic impact assessment surveys to establish the effectiveness and usefulness of the training provided by the IFS will be carried out. Table 7.4 below shows the number of entrepreneurs trained, by location, for the period 1997 to 2001.

Table 7.4 – IFS - Number of Entrepreneurs Trained,1997 to 2001

DISTRICT	1997/98	1998/99	1999/00	2000/01	TOTAL
Kweneng	82	76	39	56	253
South East	324	36	58	82	500
Ngwaketse I	53	42	33	32	160
Ngwaketse II	30	0	0	14	44
Kgatleng	60	48	110	94	312
Ghanzi	64	103	111	99	377
Kgalagadi	40	57	80	59	236
North East	200	34	29	69	332
Ngamiland I	62	85	45	104	296
Ngamiland II	86	48	101	58	293
Chobe	46	13	23	51	133
Bobirwa	69	51	35	72	227
Central	183	31	15	32	261
Mahalapye	45	62	61	87	255
Boteti	39	54	44	36	173
Tutume	42	35	48	18	143
Selebi Phikwe	69	53	61	60	243
Southern	26	28	113	44	211
Francistown	25	137	168	99	429
Lobatse	0	0	84	61	145
Goodhope	20	18	132	144	314
Construction Estate	107	56	46	84	293
Garment Estate	281	44	38	15	378
Metalwork	11	16	26	90	143
Metalwork	14	20	16	67	117
Woodwork	21	2	16	33	72
Lekgaba Pottery	10	6	8	20	44
Leatherwork	38	40	32	42	152
TOTAL	2,047	1,195	1,572	1,722	6,536

Source: Ministry of Trade and Industry.

7.68 Following the adoption of the cost recovery principle with regard to training of entrepreneurs in 2001, the training programmes of the Ministry will be reviewed to target entrepreneurs with potential for growth. The share of training costs payable by the entrepreneur ranges from 40% of the total training costs, for a one-week course, to 12% for the longest course offered, which is six months. On the one hand, people who aspire to start a business usually attend courses of longer duration. On the other hand, shorter courses often attract those who are already in business and want to improve their performance. Efforts will

also be made to develop more project profiles, covering a wide range of manufacturing activities to assist in the diversification drive.

Industrial Relations

7.69 Industrial relations stability is an important pre-requisite for sustainable economic growth, prosperity and socio-economic development. The maintenance of cordial industrial relations, therefore, remains the primary objective of the country's industrial relations system, as well as an important strategic goal for

the Department of Labour and Social Security.

7.70 The promotion of workers' and employers' participation in bipartite and tripartite consultative structures is fundamental to the creation of an open, democratic and accountable nation. The democratisation of the workplace entails the protection of workers rights to organise and the facilitation of the recognition of workers organisations and their representatives by employers. Pursuant to this objective, Botswana ratified 13 ILO Conventions during NDP 8 and the process of aligning the laws to the ratified convention is ongoing.

7.71 As a result of the shortage of skilled manpower in the economy, the country will continue to rely on skills imported from outside. In order to attract investors into the country and to recruit skills needed by the economy, measures adopted to expedite the processing of work permits during NDP 8 include the merging of the Application Form for Work and Residence Permits and the decision to computerise the work permits system during NDP 9. It is expected that the measures will speed up the issuance of work and residence permits.

7.72 During NDP 8, the Workmen's Compensation Act was revised resulting in the Workers Compensation Act. Most importantly, the changes that were introduced in the new Act included the enhancement of the powers of the Commissioner of Workers Compensation by empowering him to carry out most of the functions that were under the realm of the Minister and the empowerment of the Commissioner to delegate some of his functions and powers. The changes also extend the coverage of the Act to casual employees. The act

provides for a social safety net for employees who sustain injuries or contract occupational diseases during the course of their employment. The provision of these benefits serves to make the objective of making this country a compassionate, just and caring nation a reality.

TRADE AND INDUSTRY STRATEGY FOR NDP 9

Overview

7.73 The major challenge for the Ministry in achieving sustainable economic growth and diversification is to expand the manufacturing base so that it can play a more prominent role in the economy. Given the small size of the Botswana market, there is a need to depend on regional and global markets to offer wider and diversified market opportunities.

7.74 Industrial development during NDP 9 will focus on developing competitive and self-sustaining manufacturing enterprises whose products can access international markets. Specialist knowledge will be required for the Ministry to be able to facilitate growth within specific industrial sectors with growth potential. Efforts to foster linkages between firms and between the manufacturing sector and other sectors of the economy such as agriculture, tourism and mining will be pursued to provide additional employment and export possibilities for SMMEs. Developing effective and stronger partnerships with the private sector will remain central to these efforts for it is the private sector that is expected to provide the necessary growth.

Export Orientation and Competitiveness

7.75 During NDP 8, Botswana negotiated and entered into new foreign trade agreements, both regionally and globally. These agreements will provide additional, free and dependable market access for Botswana goods. A sustainable expansion of the economy can only be achieved by putting in place measures that will enhance the ability of the private sector to fully exploit these markets, recognising that in the past, such market opportunities, although available, were not beneficial to the country, due to lack of skills and technological capabilities within industry. Industry must therefore strive to access modern technology and keep up to new technological developments. Productivity levels must be enhanced through the introduction of efficient management information systems and training programmes. It must be recognised that some of these preferential market opportunities will be reduced as tariff barriers are brought down as a result of international trade arrangements under the WTO. A major challenge for private sector firms, therefore, will be to strive to become more competitive so that they can sell anywhere in the world, regardless of whether preferential market access is available or not. During NDP 9, the Ministry will put in place structures for benchmarking and monitoring Botswana's international competitiveness.

7.76 To support the efforts of the private sector, the Government will develop data and information on potential export markets and, where possible, on specific importers in the various foreign markets. A database on the manufacturing and export capacity of Botswana's industrial sector was developed during the year 2001. This

database will serve as a reference point for identifying potential export products as well as new investment opportunities.

7.77 During NDP 9, the Ministry will intensify its export promotion efforts through the operations of BEDIA. As indicated earlier, an export strategy will be developed, taking into account actions required to strengthen the export sector. BEDIA will establish a Unit to enhance the marketing of Botswana products. The Unit will undertake research and studies to intensify niche markets. Exhibitions will continue to be undertaken in selected markets and aggressive direct mailing and telemarketing campaigns will be carried out prior to an exhibition to identify potential leads and contacts. The BEDIA office in Johannesburg will be expanded to cover the Southern African region and by appointing external representatives in strategic locations such as the USA and Europe.

Foreign Trade and International Trade Relations

Capacity Building

7.78 Capacity for implementation of regional and multilateral agreements as well as participation in international trade negotiations was a major constraint facing the Ministry during NDP 8. A major effort to improve institutional, manpower and technical capacity constraints in the Department will be made during NDP 9. This will include upgrading the Foreign Trade Unit into a fully-fledged Department. The Ministry will also have to recruit and train new staff. Both domestic resources as well as from the international donor community will be used to develop the necessary capacity

for trade policy analysis as well as for trade negotiations.

International Agreements

7.79 The main activity during NDP 9 will be conclusion of the negotiations with respect to industrial policy, agricultural policy, unfair trade practices and competition policy under the new SACU Agreement. Implementation of the agreement will also take place during NDP 9. This will include establishment of the SACU Secretariat, the SACU Tariff Board, National Bodies, the Tribunal and the Trade Negotiating Committee. Member States will be required to second staff to the various new SACU institutions.

7.80 ACP-EU negotiations started in September 2002 and will be completed by December 2007. The negotiations are expected to result in several agreements between ACP countries and the EU. These agreements will be called Economic Partnership Agreements (EPA). These Agreements will have to provide for reciprocal trade relations between ACP States and the EU.

7.81 AGOA will come to an end in the year 2008. The USA Government has indicated its intention to open negotiations with SACU for a possible USA/SACU Free Trade Agreement. The NDP 9 period, therefore, will quite possibly involve negotiations between SACU and the United States of America.

Investment Policy and Related Issues

7.82 Opportunities for investment will be actively promoted through BEDIA to increase investment flows

into the country. These investments will facilitate access to world-class technology and international markets. As competition for foreign investment intensifies across the world, it will be important to ensure that an appropriate environment is put in place to attract more Foreign Direct Investment (FDI) flows into the country. A strategy for attracting FDI will be developed to ensure that Botswana does not lose out on FDI flows during NDP 9.

7.83 BEDIA is exploring the use of the country's available raw materials. During NDP 9, the Authority will continue to place emphasis on promoting manufacturing activities that can utilise the country's raw materials such as leather, jewellery, glass, and beef by-products as well as continued provision of factory shells. In addition, BDC and the private sector will ensure that factory shells are available in urban areas at market prices. However, BEDIA will not focus only on attracting manufacturing activities. It will extend its mandate to include service industries like information technology that will include data processing and other related products. The objective is to make Botswana a communication/data processing/IT hub to reach the SADC country markets. The service industry will also include the International Financial Services Centre where BEDIA will play a supportive role to the IFSC in the promotion of financial services. In addition, the Authority will promote the tourism sector, placing emphasis on the promotion of tourism investment.

Sector Specific Policies and Programmes

7.84 Following the Ministry's re-organisation exercise launched in 2001, more emphasis will now be given to the formulation of appropriate policies

and programmes aimed at providing an enabling environment for the development of sustainable industries as well as monitoring the implementation of such policies and programmes by relevant institutions.

7.85 The Ministry will develop policies and programmes for those industry sectors and businesses that Botswana must promote to ensure long-term sustainable investments that will contribute to technology transfer and improve the overall competitiveness of Botswana products in global markets. During NDP 9, efforts will be devoted towards identifying and assisting specific industrial sectors with high potential to facilitate industrial development and growth.

7.86 More specifically, the Ministry will develop sector specific policies and programmes for some selected industrial sectors such as textiles, clothing, leather and leather products, handicrafts, pottery and ceramics and electronic goods.

Promotion of SMMEs and Rural Industrial Development

7.87 Government will continue to facilitate the development of a vibrant and efficient SMME sector to address, in particular, the unemployment problem and to facilitate rural industrialisation. Most importantly, such efforts will be pursued to facilitate the increased participation of Botswana in business. A manufacturing sector survey carried out in 2001 indicated that the majority of small and micro businesses in the manufacturing sector were owned by Botswana. Special attention therefore will be devoted towards supporting small and micro enterprises through well designed policies and programmes and thus

facilitate citizen empowerment, through entrepreneurship.

7.88 Increasing linkages between SMMEs and large enterprises will expand the SMME sector. Linkage opportunities exist in the manufacture of components and parts as well as in the provision of such services that support manufacturing. The Ministry will package and publish information on locally available supplies to enable large corporations and firms to procure their requirements locally. SMME suppliers, however, must be reliable and sustainable so that there are no disruptions in the supply chains that could adversely affect large-scale productions. Furthermore, as domestic supplies are usually costly, the training programmes that the Ministry provides must be aimed at assisting SMME suppliers cost properly and sell their products at competitive prices.

7.89 Diversification of the rural economy will also be pursued through the exploitation of linkages between various sectors of the economy. Adding value to agricultural products and further processing of minerals and semi-precious stones can provide additional job and income opportunities for the rural communities.

7.90 During NDP 9, efforts to support citizen and local enterprises will be consolidated within the Local Enterprise Agency (LEA). LEA will act as a one-stop-shop for local businesses, encompassing the training and mentoring support currently provided through the IFS, facilitating access to finance and offering technology support for product development. (See Box 7.4) LEA will be established through the amalgamation of SMME support institutions under the Ministry, namely the Small Business Promotion Agency

(SBPA), together with Enterprise Botswana (EB). The Ministry is currently engaged in developing a comprehensive SMME Act. This Act, while raising the profile of the SMME sector, will provide an appropriate legal framework for Government action in support of the sector. The Act will be benchmarked against best international practices and legislation.

7.91 The training programmes offered under LEA will be specifically designed to inculcate an entrepreneurial culture that will create citizen businesses that can be competitive in both domestic and international markets. In addition, the termination of the Financial Assistance Policy scheme, which required that beneficiaries should have undergone some of the IFS courses, has reduced

the demand for training by entrepreneurs. As a result, it is expected that the number of trainees for IFS courses will fall by 50 percent, to about 800 per annum, during NDP 9.

7.92 Efforts to develop an export development programme for SMMEs, in particular, did not materialise during NDP 8. As LEA comes on board, it will be important, to evaluate and revamp, if necessary, the training programmes that have been offered under the Ministry to ensure that entrepreneurship training offered is of superior quality and facilitates the development of a sustainable small enterprise sector, which can graduate into exporters.

Box 7.4 : *The Local Enterprise Agency*

As part of the reorganisation of the Ministry, Government decided that the existing organisations responsible for entrepreneurial development such as the Integrated Field Services (IFS) of the Department of Industrial Affairs (DIA), the Small Business Promotion Agency (SBPA), and Enterprise Botswana (EB) will be amalgamated into a new organisation called the Local Enterprise Agency (LEA). LEA will be established as a statutory authority of the Government, under the direction of a Board of Directors, drawn from both the private and public sectors and headed by an Executive Director.

LEA will be responsible for implementing, in a consolidated manner, policies and programmes for promoting local enterprise and entrepreneurship development for the small, medium and micro enterprise sector in Botswana.

Entrepreneurship and the Youth

7.93 The future prosperity of this country depends on the full and active participation of the youth in entrepreneurial activities. In this regard, the Ministry, working in close cooperation with the Ministry of Labour and Home Affairs, the Ministry of Education and the Ministry of Communications, Science and Technology, will continue to promote the development of an entrepreneurial spirit and culture among the youth. This will be achieved through the adoption and application of a pertinent curriculum on entrepreneurship. The Ministry will also further promote on-the-job training for the youth as they enter the labour force so that they can acquire the necessary management and technical skills and thus break the *no-experience-no-job* cycle.

Improvement of Product Quality and Standards

7.94 During NDP 8, efforts were made to improve the quality of local products from SMME producers through the collaboration of the Bureau of Standards (BOBS), the Department of Industrial Affairs, Botswana Technology Centre, Botswana Textiles and Small Business Association (BOTSBOA), Department of Supplies, Botswana Confederation of Commerce Industry and Manpower (BOCCIM), and RIPCO. A quality improvement programme was run on a pilot basis for two years, up to December 2001. The programme covered only two industry sectors, the garment and concrete products manufacturing. The observation at the end of the project was that there had been a tremendous improvement in the quality of products. With a continuous and rigorous effort

to improve quality standards, it should be possible to certify a number of locally manufactured products whose producers have benefited from the project. The intention during NDP 9 is to expand this project to cover all industry sectors, with the ultimate objective of assisting entrepreneurs produce quality products that can be competitive in international markets.

The Local Procurement Programme

7.95 Efforts to promote the use of the LPP programme will be intensified during NDP 9. Since its introduction in 1997, the utilisation of the programme by local companies has not been as high as expected. Government procurement agencies have continued to procure from external companies largely because of the inability of local companies to meet tender specifications on quality, and sometimes, uncompetitive prices that local companies quote.

7.96 The evaluation of the LPP programme conducted during the year 2000 did not make an assessment of the extent to which local purchases meet the 30% yardstick that local companies have to supply under the programme. Nevertheless, the Ministry will endeavour to work closely with procuring departments in Government, local authorities and parastatals to ensure that by the end of NDP 9, local companies have been able to secure at least 30% of the market provided by these institutions. This may mean facilitating the increase in the number of beneficiaries of the LPP and assisting local companies to expand their production capacities. Through the assistance of BOBS, LPP beneficiaries will be assisted to improve quality and have their products certified. Certification will

open avenues for the products to secure the larger local market offered by both local and central government and parastatal organisations, as well as the external markets.

Registrar of Companies

7.97 Following the recommendations of the study on the reorganization of the Ministry, the Office of the Registrar of Companies will be established as an autonomous body during NDP 9. A study will be undertaken to guide this process.

7.98 During NDP 8, it became apparent that the staff complement of the office of the Registrar of Companies was inadequate. This was due to additional functions that came as a result of the implementation of the Industrial Property Act. Measures are taken to increase staffing levels and provide requisite skills to existing staff to enable the Office to have capacity to review and develop legislation that it administers.

Internal Trade

7.99 The composition of Licensing Authorities will be reviewed to include business people with the necessary skills and a good understanding of business practices. This will greatly improve the situation, particularly with regard to the interpretation of the provisions of the Acts. Regulations for those business activities not previously regulated will be introduced. The Competition Authority to be established during NDP 9 will regulate some of the activities of the business enterprises. The Acts will allow businesses to operate in an environment that will enable them to compete fairly. During NDP 9, the Ministry will create a monitoring

section that will work hand in hand with Local Licensing Authorities in implementing the Acts. The Ministry will thus be better equipped to identify bottlenecks that might arise during the implementation of the Acts.

Consumer Protection

Establishment of a Competition and Consumer Protection Authority

7.100 The issues of competition in the economy and consumer protection are closely related because competition in the market will benefit consumers in terms of lower prices, better choice and quality of products. The autonomous Competition Authority to be established during NDP 9 will be responsible for the administration of both the Competition Act and the Consumer Protection Act.

Regulations and Codes of Conduct

7.101 During NDP 9, the Ministry will develop regulations to prescribe minimum specifications, performance, quality and safety standards required for commodities and services offered to consumers. The business community will be encouraged to adopt codes of conduct so that they will be able to regulate themselves. In addition, the commercial sector will be encouraged to improve customer relations by putting in place proper mechanisms for handling complaints in their businesses premises. These initiatives will reduce the number of complaints reaching the Consumer Protection Office.

Reactivation of Consumer Groups

7.102 The Ministry will continue to facilitate the voluntary formation and reactivation of inactive consumer groups during NDP 9. Therefore, strategies for establishing sustainable consumer groups will be put in place, with the objective of eventually establishing a National Consumer Forum to spearhead consumer concerns, nationally. Sustainable consumer groups will progressively minimize consumer complaints reaching the Consumer Protection Office, which should release resources for the further improvement of the programme.

Cost Recovery

7.103 Consistent with government strategy of providing services in a manner which is sustainable in the long run, the Ministry adopted cost recovery measures in relation to its training of entrepreneur programmes, as per Presidential Directive Cab.24/2001 of 20th June 2001.

7.104 The training of entrepreneurs is one of the major functions of the Ministry, and for many years in the past, such training has been offered free of charge. This has had various effects, both positive and negative, on the development of enterprises in the country. Of major concern to the Ministry was the lack of commitment displayed by entrepreneurs to employee training. This was attributed to the fact that the entrepreneurs did not realise the importance of training as an avenue for acquiring new skills and methods to conduct business more efficiently, and thus enhance profits. Therefore, entrepreneurs are made to realize the importance of proper training and of the benefits that will ensue, if properly carried out. The Government recovers

from business owners some of the costs of training. The share of training costs payable by entrepreneurs ranges from 12% of the total training costs for courses of long duration, to 40% for a one-week course.

7.105 The Ministry will continue to review other services that it provides with a view to establishing new avenues to recover, at least partially, the costs for services. Such areas will include the review of licence fees charged for licence applications, import permits, patents, registration of companies, trademarks and business names.

HIV/AIDS

7.106 The strategy of the Ministry to combat the HIV/AIDS pandemic focuses not only on Ministry personnel but also on all its stakeholders. During NDP 9, the Ministry, working closely with its stakeholders, will continue to focus on the following objectives:

- a) bringing the epidemic under control;
- b) achieving an HIV/AIDS-free generation by the year 2016;and
- c) mitigating the social and economic impacts of the epidemic.

7.107 These objectives will be achieved by:

- stimulating businesses and other relevant stakeholders involved in enhancing the national response through regular dialogue;
- assisting businesses and other relevant stakeholders in developing policies, strategies and programmes aimed at achieving the national vision for a HIV/AIDS-free society by 2016;

- strengthening education and publicity campaigns which are geared to changing attitudes;
- providing guidelines to business and relevant stakeholders in designing and implementing their collective response effectively;
- coordinating programmes, activities, institutional arrangements of business and relevant stakeholders in fighting the pandemic;
- ensuring that policies are developed by companies which protect the rights of all workers including those who are HIV positive;
- monitoring and evaluating programmes and interventions on a regular basis; and
- ensuring that in its policies and programmes, aids messages are incorporated, for example, in the printing of licence forms, it is possible to insert some messages about the dangers of HIV/AIDS.

Development Projects

7.108 During NDP 9, the Ministry will undertake a number of development projects. These are shown in the ‘Thumbnail Sketches and Supporting Tables’. Perhaps the most important and complex project during NDP 9 is the need to accelerate the pace of implementation of the reorganisation and restructuring of the Ministry, approved by Cabinet in 2001, following an in-depth study finalized in the year 2000.

7.109 The reports contain very specific recommendations for improving the efficiency of the Ministry, a detailed Action Plan and an Implementation Schedule. The major components of the reorganization and restructuring of the Ministry will include the following:

- a) implementation of a change management programme that will require the services of highly skilled and experienced professionals to manage the change programme, for a period of up to five years, and working under the supervision of the Permanent Secretary and the Reorganisation Implementation Task Force;
- b) establishment of much-needed new operating systems, including strategic planning management systems, management information and management reporting systems, information technology (IT) and Information Communication Technology (ICT) systems; and
- c) process re-engineering and job measurement plans. Priority areas for re-engineering are the Office of the Registrar of Companies, and mail processing and file control systems, and information technology and information communication technology for the whole Ministry.