



**NATIONAL ENTREPRENEURSHIP POLICY (NEP)
FOR BOTSWANA**

Ministry of Investment, Trade and Industry

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Gaborone, Botswana

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LIST OF ACRONYMS

ALDEP	Arable Land Development Planning
BDC	Botswana Development Corporation
BEDU	Botswana Enterprise Development Unit
BES	Botswana Excellence Strategy
BIH	Botswana Innovation Hub
BITC	Botswana Trade and Investment Centre
BIUST	Botswana International University of Science and Technology
CEDA	Citizen Entrepreneurial Development Agency
CEEP	Citizen Economic Empowerment Policy
EDD	Economic Diversification Drive
EDTC	Economic Diversification and Trade Council
ESBA	Entrepreneurship and Small Business Association
FAP	Financial Assistance Policy
GEM	Global Entrepreneurship Monitor
ICT	Information and Communication Technology
IDP	Industrial Development Policy
LEA	Local Enterprise Authority
MDG	Millennium Development Goals
MTI	Ministry of Trade and Industry
NAMPAAD	National Master Plan for Arable Agriculture and Dairy Development
NCP	National Competition Policy
NDP 10	National Development Plan
NEPS	National Entrepreneurship Policy and Strategy
NES	National Export Strategy
NHRDS	National Human Resource Development Strategy
NGOs	Non-Governmental Organisations
NTP	National Trade Policy
PPP	Public-Private Partnerships
RSTI	Research, Science, Technology and Innovation Policy
SB	Statistics Botswana
SEZs	Special Economic Zones
SMMEs	Small, Medium and Micro Enterprise
UB	University of Botswana
WTO	World Trade Organization

**NATIONAL ENTREPRENEURSHIP POLICY (NEP)
FOR BOTSWANA**

PART I:

*Introduction and Background; Definition of Entrepreneurship; and
Approaches to Entrepreneurship*

August 2019

1.0 INTRODUCTION

In recent years, the focus of economic development has generally shifted towards entrepreneurship. This has given the importance of new enterprises to industrial development and economic diversification; as well as job creation and poverty eradication. Entrepreneurship Policy, therefore, becomes a key part of the broader economic development strategy for Botswana. The National Entrepreneurship Policy for Botswana provides a comprehensive framework for all entrepreneurial initiatives geared towards the promotion of entrepreneurship and SMMEs development in Botswana.

The Policy focuses mainly on the development of *innovative opportunity-driven entrepreneurs* who are mainly pulled into entrepreneurship by the desire to exploit existing or potential opportunities as well as an innovative idea. The Policy also focuses on SMMEs development, who usually take the form of both *innovative opportunity-driven entrepreneurs* who are generally small in number and *necessity-driven entrepreneurs* who are generally pushed into entrepreneurship by unfavourable economic and employment opportunities in the economy. The National Entrepreneurship Policy (2019) is developed to provide a framework to stir the creation of new start-ups and expansion of existing enterprises with high growth potential, as well as addressing challenges that may constrain their achievements. In light of the above, the Policy has been designed to be aligned with all of Botswana's Economic Policies that are directed towards the achievement of high-level deliverables such as economic diversification, industrial development, wealth creation, job creation and poverty eradication.

The Policy envisages placing **“Botswana among front ranking entrepreneurial and innovative nations by 2036.”** When fully implemented, this Policy vision will result in the fulfilment of the Policy theme of **“Making entrepreneurship a culture for Botswana.”**

The National Entrepreneurship Policy is structured into three Parts. *Part I* of the Policy focuses on the conceptualization of entrepreneurship. This includes the Definition of Entrepreneurship; Approaches to Entrepreneurship and the Policy Focus Areas that relate mainly to the support of innovation opportunity-driven entrepreneurs. *Part II* focuses on development of SMMEs entrepreneurs. *Part III* focuses on the Entrepreneurship Policy Review, Monitoring and Evaluation.

2.0 BACKGROUND

Entrepreneurship has existed throughout the history of the modern world. It dates as far back as the 17th Century, when it was loosely observed as self-employment of any type; and entrepreneurs as risk-takers who pursue business to satisfy their profit motive. However, a modern interpretation of entrepreneurship provided in the early 19th Century, relates entrepreneurship to innovation and creativity. This definition views entrepreneurs as innovators who bring entrepreneurial changes within markets through identification of market opportunities and the use of innovative approaches to commercially exploit the emerging opportunities. Initially, entrepreneurship was more pronounced in developed countries, but has since become widespread to both developed and developing countries alike.

2.1 Definition of Entrepreneurship

Entrepreneurship is a multidimensional concept, with its definition depending largely on the focus and the perspective from which one looks at it. *The basic concept of entrepreneurship includes the principles of identification and pursuit of opportunities, creativity and innovation, allocation of resources among alternative uses, strategic decision-making, risk-taking, and self-employment*¹. Entrepreneurship is a process that embodies any attempt by an individual, a team of individuals or a business enterprise to undertake a new business venture or expansion of an existing business enterprise. This definition underscores the key role played by not only big business enterprises in the economy, but also small businesses. It is thus an inclusive definition which covers both *innovative opportunity-driven entrepreneurs* and *self-employed necessity entrepreneurs*.

2.2 Approaches to Entrepreneurship

In line with the definitions in the previous Sub-Section, entrepreneurship may take two broad categories. First, is the *Opportunity-Driven Entrepreneurship* which asserts that entrepreneurs will emerge in response to available market opportunities and innovative ideas created by the prevailing market conditions and conducive business and investment environment resulting from government economic policies and strategies. These market opportunities are also referred to as ‘pull’ factors. In this case, entrepreneurship is mainly limited to the principles of innovation and creativity; strategic decision-making and risk-taking; and productivity and growth; with self-employment less considered a principle of entrepreneurship. *Therefore, Government Policies are, in this case, primarily focused on the development of innovative, nascent, start-up and growth-oriented entrepreneurs, who are generally limited in a developing country like Botswana. Government Policy will also include graduation of necessity driven entrepreneurs to this category.*

Second, is the *Necessity-Driven Entrepreneurship*, which is characterized mainly by self-employment emanating from unfavorable economic and social conditions prevailing in a country. This is more common in developing countries, where ‘push’ factors, such as poverty, unemployment, difficult economic conditions and lack of economic opportunities are a serious challenge. These challenges often ‘push’ people into entrepreneurial activities ranging from street vending to traditional and personal services. In most cases, this happens within the informal sector of the economy. *Government Policies, in this regard, are generally geared towards addressing issues of self-employed micro, small and medium enterprises and marginalized members of the community such as youth, women, rural based entrepreneurs and people living with disabilities to make them more productive, efficient and competitive.*

The volume and value of assistance that would be given to the development of either *innovative opportunity-driven entrepreneurs* or *self-employed necessity-driven entrepreneurs* will be determined by the extent of the need to make either viable, profitable and sustainable as well as its relative contribution towards industry development and economic diversification; employment creation and poverty eradication.

2.3 Entrepreneurship Policy and SMMEs Policy

The dominant approach to economic development in the latter part of the 20th Century was based on the assumption that a small number of large, established firms were the major source of economic growth and the believe that this would produce a ‘trickle-down’ effect on the economy, creating opportunities for SMMEs. This policy approach produced a significant number of well-established multinational corporations in developed countries. However, studies conducted during the 1980s to 2000 have shown that SMMEs have created more jobs compared to large firms for most developed and developing countries. As a result, most countries around the globe have shifted towards SMMEs development as a policy for economic growth and job creation. This policy shift has made both the SMMEs Policy and the Entrepreneurship Policy the fundamental part of the approach to economic development by many Governments around the world. The SMMEs Policy focusses on the growth, performance, productivity and sustainability of existing SMMEs; while the Entrepreneurship Policy focusses on the promotion and development of new firm start-ups. Therefore, the two policies are interrelated but different in many respects. Given this, Government will integrate the Entrepreneurship Policy and SMMEs Policy in order to maximize the opportunities for developing nascent start-up innovation-driven entrepreneurs and necessity-driven entrepreneurs while simultaneously creating a conducive environment for their survival and sustainability.

Table 1.1 provides a summary of the main features of Entrepreneurship Policy and SMME Policy and their actual/potential economic impact.

Table 1.1: A comparison of the main features of Entrepreneurship Policy and SMMEs Policy

FEATURE	SMMEs POLICY	ENTREPRENEURSHIP POLICY
Objective	Firm growth, performance and productivity.	Motivate for more new firm start-ups.
Target	Generally existing self-employed SMMEs.	Mostly individual opportunity-driven innovative, nascent entrepreneurs/new business starters.
Focus	Access to resources, such as finance, human capital and information.	Promotion of entrepreneurial culture/climate.
Policy instruments	<p>Provision of training, mentoring and coaching, especially on business skills.</p> <p>‘Hard Policy Instruments - Direct financial incentives which are simple, easy to understand and cost effective e.g. tax credits and loan guarantees.</p>	<p>Provision of business support such as information on start-ups; promoting entrepreneurial networking; awareness; and to a less extent training, mentoring and coaching.</p> <p>‘Soft’ policy measures- seeking to lower the burdens/impediments to business creation, e.g. starting a business, regulatory procedures and compliance requirements; integrating entrepreneurship into all levels of the education system and skills development; reduction of barriers to business entry and exit; prestart-up stage support measures.</p> <p>Promotion of start-ups financing through: Equity, venture capital, angel investment as well as fiscal and taxation policies.</p>
Implementation	Single institution mandate targeting specific firms.	Integrated encompassing a set of institutional partners in creating a conducive environment.
Growth potential	Varies	High
Economic Impact	Immediate	Generally more long-term

2.4 Entrepreneurship Policy and the Policy on SMMEs in Botswana

Over the years, enterprise development formed a fundamental part of Botswana’s economic policy. The country formulated the Policy on SMMEs of 1999, which provided the overall framework for the development of SMMEs as well as entrepreneurship development in the

country. The Policy has been reviewed with a view to informing the nature and form that the proposed National Entrepreneurship Policy for Botswana should take. The Policy on SMMEs of 1999 is centered on the development of small, micro and medium enterprises. The main objectives of the Policy are to address the financing needs of these enterprises as well as improving their access to support services such as mentoring, coaching and training. This Policy had a low economic impact due to the fact that SMMEs are generally fragmented, small and have a low survival rate and growth potential.

Regarding institutional arrangement, the Policy on SMMEs promulgated the Small Business Act in 2004, which led to the establishment of the Local Enterprise Authority (LEA). LEA became the main single implementing agency for the provision of support for the development of SMMEs. However, LEA lacks a comprehensive oversight and coordinating mandate for implementing the Policy on SMMEs. This challenge also affects entrepreneurship development which requires an integrated approach, with coordination being at the centre of the implementation of the Policy initiatives. Therefore, to create a conducive environment for starting and growing business enterprises, LEA will be restructured to have a policy coordination framework and mandate since these are essential for an effective SMMEs and entrepreneurial development agency.

In light of the above, the Policy on SMMEs of 1999 will be repealed and replaced by the National Entrepreneurship Policy for Botswana of 2019. The Policy will focus on the development of innovative- opportunity driven entrepreneurs and SMMEs entrepreneurs.

2.5 Entrepreneurship development in Botswana

Botswana's efforts towards entrepreneurship development date as far back as the 1970s when Government saw it imperative to broaden the economic base in anticipation of the decline in diamond production in the foreseeable future. This however, was never done through a formal process such as the development of a focused policy or strategy or both. Notwithstanding this, the promotion of entrepreneurship in Botswana, albeit in a fragmented manner, entailed the development of programmes, policies and institutions that support entrepreneurship development. These include the development of institutions such as the Botswana Enterprise Development Unit (BEDU) in the 1970s as well as Policies and Programmes such as the Financial Assistance Policy (FAP) in the 1980s; the Small, Micro and Medium Enterprises (SMMEs) in the 1990s; Arable Land Development Planning (ALDEP) and National Master Plan for Arable Agriculture and Dairy Development (NAMPAAD), also in the 1990s. Further, some institutions, such as Citizen Entrepreneurial Development Agency (CEDA) in 2000 and the Local Enterprise Authority (LEA) in 2007, were set up to promote entrepreneurship amongst SMMEs.

In addition, Government came up with initiatives to improve education, such as the adoption of the Revised National Policy on Education (1994) and National Human Resource Development Strategy (NHRDS) of 2009. While these were not initially targeted towards entrepreneurship development, they are nonetheless important for it because entrepreneurship is fundamentally based on the human resource base. Furthermore, Government continues to

create a conducive environment for entrepreneurship development by addressing all the World Bank Doing Business factors and the World Economic Forum Competitiveness factors.

3.0 ENTREPRENEURSHIP POLICY ENVIRONMENT

This Section outlines the domestic policy environment for the Entrepreneurship Policy for Botswana. It thus defines the parameters and policy space provided by the country's policies, strategies and programmes as well as the legislations currently being implemented. The following are some of the domestic Policies, Strategies and Legislation that are supportive and complementary to the Entrepreneurship Policy.

3.1 Global Developments in Entrepreneurship

Even though entrepreneurship started as early as the 17th century when it was viewed as any form of self-employment, more in-depth studies started around 2000 by the OECD Countries, the European Commission, UNCTAD and many other scholars. These examined approaches to Entrepreneurship Policy development; whether entrepreneurship is an extension of SMME Policy and whether it is a distinct policy domain.

Until after 2000, entrepreneurship was rarely seen as an economy policy objective, even in developed countries. Instead, it was viewed as a by-product of the economic development process. The above studies changed this perspective by showing that, first new and young firms play a major role in job creation; and second, business start-up and exit activities have a major role in economic renewal, innovation and growth.

Countries where major studies on entrepreneurship were conducted include: Australia, Canada, Ireland, Netherlands, Taiwan, UK, US and Singapore. From these studies, a typology of Entrepreneurship Policy has emerged which is summarized below:

- *SMME Policy "Extension"* – here government Policy only aims to promote “add-ons” onto the existing SMMEs programs and services where the policy tends to be weak in promoting SMMEs start-ups. As may be expected this usually leaves out the core elements of entrepreneurship development such as regulatory barriers to entry, entrepreneurship education and promoting entrepreneurship culture.
- *"Niche" Entrepreneurship Policy* – focuses on targeted entrepreneurship efforts around specific group of the population. These fall into two categories:
 - Type One Policy – here government Policy focuses on supporting marginalized and disadvantaged groups like women, people with disability and youth.
 - Type Two Policy – focuses on the promotion of businesses with the highest potential for starting a high growth firm. These include scientific researchers, investors, university graduates and people with technology experience. This

aims at generating high growth businesses on the basis of technology and knowledge inputs as well as R&D.

- *New firm Entrepreneurship Policy* – aims at facilitating the creation of new businesses. Further, this focuses on addressing the World Bank doing business reforms as well as addressing the World Economic Forum competitive factors which make doing business easy.
- *Holistic Entrepreneurship Policy* – this is a comprehensive Entrepreneurship Policy which includes all the above Policy variants as well as core elements that drive entrepreneurship outlined in the Focus Areas of this Policy.

3.2 The interface between NEP2019 and Other Related Policies

The domestic policy environment has a significant role in defining the policy space for NEP2019. The following are some of the domestic Policies, Strategies and legislation that are supportive and complementary to the NEP2019.

3.2.1 Botswana Visions and National Development Plans (NDPs)

The NDP 11 identifies six broad based national priorities of: developing diversified sources of economic growth; human capital development; social development; sustainable use of natural resources; consolidation of good governance and strengthening of national security and implementation of a monitoring and evaluation system. These priorities are aligned to Vision 2036 pillars of: sustainable economic development; human and social development; sustainable environment, governance, peace and security. The Vision's expectations regarding economic growth and human capital are dependent upon the emergence of an 'entrepreneurial society and economy' which are the focus of NEP2019.

3.2.2 Botswana Excellence Strategy (BES)

The BES aims at addressing the challenges of economic diversification and its sustainability emanating from the country's high dependence on mineral revenues; as well as the failure of previous policies directed towards economic diversification. The strategy places entrepreneurship at the center of economic diversification. The strategy will complement the NEP2019 which sets out policy initiatives and institutional structures focusing specifically on entrepreneurial development through both innovative and SMMEs entrepreneurs.

3.2.3 Economic Diversification Strategy (EDD) and Government Procurement

The overall objective of the EDD Strategy is to diversify the economic and export base of the country into sectors that will continue to grow over the long term, by developing local and regional value chains and clusters as well as creating new industries that will be able to serve both the local and international markets. The EDD Strategy is complementary to the NEP2019 as it identifies interventions for entrepreneurship development by creating opportunities for the development of innovative entrepreneurs as well as nurturing SMMEs entrepreneurs to make them more efficient, productive and competitive.

3.2.4 National Competition Policy for Botswana (2005)

The National Competition Policy (NCP) aims at creating a free and fair business environment which allows free entry and exit into the market by investors and all firms. This Policy is important for the NEP2019 as it supports the latter in the creation of a conducive environment for existing and new opportunity- and necessity - driven enterprises that desire to set up in the country

3.2.5 Research, Science, Technology and Innovation Policy (RSTI2011)

The RSTI Policy was developed in response to technological evolution, globalization and national development goals espoused in Vision 2016, National Development Plans and the Millennium Development Goals (MDGs). This Policy is important for the NEP2019 as it will significantly contribute towards the creation of an enabling environment for “innovative entrepreneurs,” by not only supporting critical factors that could create and sustain competitiveness, but also the creation of other potential opportunities for entrepreneurs such as research funding, institutional support for innovation, skills development and ICT infrastructural development as well as commercialization of products. On the same note, protection of IP rights through appropriate laws will provides incentive for new creations and inventions.

3.2.6 Citizen Economic Empowerment Policy (CEEP2012)

The CEEP is complementary to the NEP2019 as the latter will develop and inculcate an entrepreneurship culture amongst Botswana, both the ‘necessity-driven entrepreneurs’ and ‘opportunity-driven entrepreneurs’ and also encourage them to learn and adopt existing and new entrepreneurship traits and skills of globally successful entrepreneurs. The CEEP is important for the NEP2019 as it does not only empower Botswana to take advantage of the benefits availed by the latter, but also empowers them to venture into businesses which were previously not in the domain of Botswana entrepreneurs.

3.2.7 Special Economic Zones (SEZs) Policy (2011)

The SEZs Policy aims to diversify both the economic and export base of Botswana into sustainable sectors by providing for the development of public and private sector SEZs as well as public-private partnerships SEZs. The SEZs Policy will support and complement the NEP2019 which aims to expand the supply base of opportunity-driven and SMMEs entrepreneurs to ensure they are integrated into the SEZ businesses in order to take advantage of opportunities created by the SEZs Policy initiatives.

3.2.8 Private Sector Development Strategy (PSDS)

The PSDS was developed to stimulate economic growth, diversification and employment creation by creating an enabling business environment for private sector development and growth as well as putting in place interventions to alleviate impediments to the sector’s growth. This strategy is relevant for the NEP2019 in that it provides a support framework for the development of both ‘necessity-driven and opportunity-driven entrepreneurs.

3.2.9 Revised National Policy on Education (RNPE) (1994); National Policy on Vocational Education and Training (1997)

The RNPE has guided programme activities of the Ministry of Tertiary Education, Research, Science and Technology in terms of curriculum reforms and ongoing improvements in the education system since NDP8.¹ It led to the establishment of the Tertiary Education Council, which has since been restructured to become the Human Resource Development Council, which among others, looks at the comprehensive review of the education system in order to align the programme to the needs of the country, including entrepreneurial training. In view of the centrality of education as a driver of entrepreneurship. The outcomes of these Policies will be important for the development of entrepreneurs envisioned in the NEP2019.

¹ This Ministry was formerly called Ministry of Education and Skills Development.

3.2.10 Revised National Youth Policy (2010)

The overall aim of the Revised National Youth Policy is to mainstream and promote youth participation in community and civic affairs as well as ensuring that youth programmes address challenges faced by the youth in achieving their full potential such as entrepreneurial education and skills training, science and technology and economic diversification. Therefore, given the fact that the youth in Botswana are faced with serious challenges such as unemployment, which act as ‘push’ factors that lead them to become “necessity-driven entrepreneurs,” the National Youth Policy is thus complementary to the NEP2019 in that it identifies youth as a group that requires entrepreneurial education, training and mentoring to participate effectively in the country’s economic development initiatives.

3.2.11 National Export Strategy for Botswana (NES2010)

The NES aims at diversifying the country’s export base as well as growing its current levels of exports and placing new ones in the international markets. The NES will complement the NEP2019 which aims at expanding the supply of opportunity-driven entrepreneurs as well as SMMEs entrepreneurs as these will leverage on the opportunities created by the NES in international market.

3.2.12 Co-operative Transformation Strategy (2011)

The Co-operative Transformation Strategy of 2011 aims to turn Co-operatives into vibrant, competitive and profitable business enterprises. NEP2019 is complementary to the Co-operative Transformation Strategy in that, like NEP2019, which aims to promote business start-ups and expansion of existing ones, Co-operatives Transformation Strategy also aims to promote development of new Co-operative business start-ups and expanding existing ones in line with modern business practices.

3.2.13 Revised Industrial Development Policy (IDP2014)

The Industrial Development Policy provides a high-level framework for policies, initiatives, laws and regulations governing the development of industry – broadly defined to include manufacturing and services. On the other hand, NEP2019 focuses on development of entrepreneurial activities such as innovation, creativity, risk taking and technology-based industries. Therefore, there is a direct correlation between IDP2014 and NEP2019.

3.2.14 National Trade Policy for Botswana (NTP2009)

The NTP for Botswana refers to a complete framework of laws, regulations, international agreements and negotiating positions as well as Government’s guidelines and pronouncements on trade which define how the country will conduct its trade with bilateral, regional and multilateral trading partners This Policy is key for the NEP2019 as it creates opportunities for ‘innovative opportunity-driven entrepreneurs’ to exploit, while also providing direct assistance to ‘necessity-driven entrepreneurs’ such as infant industry protection against unfair trade practices; and mainstreaming gender and youth.

3.2.15 The National Policy on Gender and Development (NPGAD)

The Policy adopts gender mainstreaming as a core strategy and provides guidance and direction on mainstreaming of gender in various Sectors of economy. Botswana has prioritised provision of targeted support to women enterprises and entrepreneurs through programmes that ensure and accelerate sustainable participation of women in the mainstream economy. NEP2019 promotes the development of niche entrepreneurship which focuses on entrepreneurship among specific groups of the population like Women, People with Disability and Youth. Therefore, NEP2019 will complement NPGAD.

**NATIONAL ENTREPRENEURSHIP POLICY (NEP)
FOR BOTSWANA**

PART II A:

*Entrepreneurship Policy; Rationale, Vision and Mission; and
Entrepreneurship Policy Focus Areas*

August 2019

4.0 ENTREPRENEURSHIP POLICY: RATIONALE, VISION AND MISSION

4.1 The Rationale for Entrepreneurship Policy

Entrepreneurship is recognised as the key factor of modern economic growth and development. At the centre of international competition is the entrepreneurial firm seeking a competitive edge on the basis of organisational flexibility and a strategy of continuous changes in processes, products and services and their designs. New firm formation and the activities of SMMEs help to drive job creation and economic growth through the acceleration of innovation and promoting the full use of human, financial and other resources. Entrepreneurial activity is also important for improving productivity and hence a country's competitiveness in global markets.

Even though Botswana's efforts towards entrepreneurship development date as far back as the 1970s with various policy pronouncements, programmes and initiatives made over the period, the country has never developed a focused policy or strategy on entrepreneurship. In 1999, Botswana developed the SMME Policy which provided a policy framework for the development of SMMEs. The Policy identified specific programmes and initiatives of Government in support of the SMMEs sector. However, it is critical to note that the SMME Policy focus was to primarily level the playing field for firms of all sizes, and setting up institutions that will support SMMEs development.

On the other hand, this Entrepreneurship Policy is oriented towards creating an economic environment that increases the number of business entrepreneurs in the economy that encourages entrepreneurial experimentation and firm growth. Entrepreneurship Policy is also focused on entrepreneurship promotion, education, administrative entry and exit regulations. This Entrepreneurship Policy for Botswana is therefore meant to fill this vacuum in the Country's Policy space.

Furthermore, the Global Entrepreneurship Monitor (GEM) National Report for Botswana of 2012 shows that the country has not yet reached a desired level of entrepreneurial activity. The country's early stage entrepreneurial activity assessment stand at 28 percent, which is low compared to other Sub-Saharan Africa factor-driven economies such as Zambia [41 percent], Ghana [37 percent], Uganda [36 percent] and Malawi [36 percent]. The GEM for 2015 puts Botswana at 33.2 percent on total early-stage entrepreneurial activity. Although this shows an increase in early-stage entrepreneurial activity, the country still needs to make concerted efforts to promote entrepreneurship in the country in order to be at par with comparator countries in the region.

The Diagnostic Study of 2013 revealed that entrepreneurship development in Botswana faces a number of challenges, including, *inter alia*, lack of policy coherence and implementation; unconducive investment climate and business environment; uncoordinated business development services; limited access to finance; a weak entrepreneurship culture; lack of enterprise education; and limited investment in Research and Development (R&D). The study further pointed out the misalignments in the efforts towards SMMEs development; a lack of information on the SMMEs sector as well as a lack of a proper definition of what constitutes the SMMEs sector. The National Entrepreneurship Policy for Botswana is therefore formulated to

address these challenges, along with many others related to them, that face entrepreneurship development in the country.

4.2 Vision

To place Botswana among of the front ranking entrepreneurial and innovative nations by 2036.

4.3 Mission

To promote the development of entrepreneurship in Botswana through implementing the policy focus areas.

5.0 PRINCIPLES OF THE NATIONAL ENTREPRENEURSHIP POLICY

The guiding principles² for the National Entrepreneurship Policy define the underlying fundamentals for the Policy which are essential for its successful implementation. The principles include:

- i. **High-growth entrepreneurship** – development of business-oriented entrepreneurs to exploit actual and potential market opportunities, develop business start-ups and expand existing ones;
- ii. **Risk-taking** – promote willingness to take risks in pursuit of economic and investment opportunities in an environment with uncertainties and limited information;
- iii. **Experimentation** – taking calculated risks through trial and error methods which are relentlessly reviewed and refined to create value and exploit emerging business opportunities in an ever-changing global environment with incomplete information;
- iv. **Entrepreneurial ecosystem** – promote the development of interlinked geographically proximate network of individuals and firms in order to stimulate innovation and creativity; risk-taking and strategic allocation of resources to maximise entrepreneurial activity in the economy;

² Entrepreneurship principles define the fundamentals or essential attributes for the success of the Policy. They differ from assumptions which are what is accepted as truth without proof.

- v. **Entrepreneurial culture** – develop a social system that nurtures and fosters entrepreneurial activity and outcomes by acting as a motivation and catalyst for social and economic activities;
- vi. **Entrepreneurial incentives and support** – to provide targeted fiscal and financial incentives that address entrepreneur-specific challenges; as well as the provision of non-financial support focusing on the creation of an environment that is conducive for business start-ups and growth;
- vii. **National Goals** – to contribute towards the realization of economic diversification, industrial development and job creation in line with other Government Policies and Strategies;
- viii. **Stakeholder participation** – to ensure participation and buy in of all Stakeholders across professional, academic disciplines and social strata.

6.0 ENTREPRENEURSHIP POLICY OBJECTIVES

The broad objective of the National Entrepreneurship Policy for Botswana is to promote entrepreneurship and SMMEs development; as well as develop sustainable and globally competitive enterprises that will enable the country to achieve its national goals of industrial development, economic diversification as well as job creation and poverty eradication.

The specific objectives of the Policy are:

- i. To create an appropriate regulatory environment for the emergence of opportunity-driven and SMMEs entrepreneurs;
- ii. To promote entrepreneurship and skills development across all levels of the education system;
- iii. To promote the development and transfer of technology that supports innovation and creativity environment for the emergence of opportunity-driven and SMMEs entrepreneurs;
- iv. To facilitate availability and access to start-up finance and seed capital for all entrepreneurs;
- v. To provide targeted economic incentives that would open up entrepreneurship business opportunities and address specific entrepreneurship bottlenecks;
- vi. To promote networking that encourages business linkages and collaboration among entrepreneurs;

- vii. to promote the development of high tech-based industries in line with selected priority areas of Botswana's comparative and competitive advantages;
- viii. To create an entrepreneurial eco-system that brings together interconnected entrepreneurial actors and processes to create opportunities for co-working and collaboration in the entrepreneurial space.

7.0 ENTREPRENEURSHIP POLICY FOCUS AREAS

The Policy Focus Areas relate to the core drivers of entrepreneurship development. These drivers will be implemented for the realization of the Policy Objectives. In addition, the implementation of the Policy Focus Areas will also lead to the realization of national goals of industrial development, economic diversification as well as job creation and poverty eradication. The Policy Focus Areas are as follows:

7.1 Enabling Regulatory Environment for Entrepreneurship

An enabling regulatory environment for entrepreneurship entails a set of interrelated conditions such as regulatory frameworks, administrative procedures, socio-economic and political conditions, as well as institutional framework within which entrepreneurs operate. It involves making the doing business environment ideal by removing all hurdles to business start-ups. An enabling regulatory environment for entrepreneurship, therefore, allows entrepreneurs to establish, manage and operate businesses, as well as making it easy for them to enter and exit the market. Further, and more importantly, an enabling regulatory environment for entrepreneurship encourages people to take on calculated business risks.

Government recognizes that imposing heavy regulatory burdens as well as an inefficient regulatory framework for starting and operating a business can have a significant negative impact on entrepreneurship development in the country. In view of this, Government is committed to creating an enabling environment for entrepreneurship through continuously reducing regulatory and administrative burdens to develop business friendly rules, standards and regulations that facilitate business entry into and exit from the market. This reduces the impact of new regulation and legislation on business start-ups and early growth enterprises. Further, Government will increase her efforts to engage the private sector through public-private sector dialogue in order to understand the regulatory costs and benefits for start-ups and thus address their challenges. In addition, Government, through the e-Gov services will strengthen ICT-based procedures for business registration and reporting. Government will also ensure that the e-Gov services is accompanied by digital platforms that promote development of digital enterprises, digital innovation and entrepreneurship. Government will also cause for a review, and where appropriate, the reduction of regulatory requirements, such as licensing procedures and administrative fees for business start-ups.

Government is also aware that an enabling environment for entrepreneurship is one that is based on transparency and predictability as well as proper enforcement mechanisms. Government will therefore, continue to develop new laws and review existing ones with a view

to ensuring good governance, guarantee property protection and make enforcement easier and faster.

7.2 Entrepreneurship Education and Skills Development

Entrepreneurship education and skills development involves any educational activity which is designed towards developing an individual's capability and willingness to initiate and manage a business enterprise. Entrepreneurship education is important for shaping the mind-set and thought process of existing and potential business people. It will play a pivotal role in transforming Botswana into a more entrepreneurial society. This is so because exposing individuals and students to entrepreneurship education will motivate them to opt for entrepreneurship as a viable and preferred career choice.

Government will, in an effort to promote entrepreneurship as a career choice for individuals and students, integrate entrepreneurship education at all levels of the national education system; program areas and disciplines. In addition, Government will emphasis training in Technical and Vocational Education (TEVT) and promote apprenticeship in collaboration with industry. This will allow Government to 'catch them young' and thus achieve the goal of having an entrepreneurial society.

Government recognizes the strategic importance of the link between the industry and entrepreneurship education networks in facilitating skills development and will, in collaboration with the Private Sector and other key Stakeholders, promote and strengthen such linkages. Further, in order to develop business start-up skills, Government will, through key stakeholders such as Ministry of Tertiary Education, Research, Science and Technology and Botswana Innovation Hub adopt relevant skills transfer mechanisms geared towards the promotion of enterprise start-ups. These will include: incubators such as "one-stop service centre" in the form of Technology Business Incubators. These mechanisms will act as a seed bed for high impact innovations leading to new start-ups and growth ventures.

Government also recognizes the important role the Private Sector can play in promoting entrepreneurship education and skills development in the country, and will ensure that the private sector role in entrepreneurship education and skills development programmes remains paramount. Therefore, Government will strengthen Private Sector partnerships in the development of training, coaching and mentoring programmes; ensure Private Sector representatives are appointed to Boards of public institutions providing technological and skilled services and training. Further, Government will promote Private Sector-led sponsorships for entrepreneurship training and skills development.

7.3 Facilitation of Technology Transfer and Innovation

Facilitating technology transfer and innovation is anchored on the fact that technology and innovation are central to entrepreneurship. Technology and innovation are vehicles through which entrepreneurs improve the efficiency and productivity of their businesses. In turn,

entrepreneurs fuel technological innovation by developing new and improving existing products, services and processes as well as ensuring their commercialization.

Technology and innovation among firms in the country is limited because of a number of reasons, *inter alia*, limited resources and low Research and Development as well as poor and lack of technology linkages within key sectors in the country and the region. Government recognizes that technology and innovation are central to business start-ups and will, in partnership with the Private Sector and other key Stakeholders, promote and facilitate technology transfer and innovation through the initiatives offered at the Botswana Innovation Hub and horizontal linkages through cluster development. This will also assist to promote inter-firm networks that will further help to spread technology and innovation.

Further, Government will promote the concept of “*Exopreneurship*” wherein employees take an exit route to become entrepreneurs with the support of companies they had been working for. This will encourage innovation and creativity while simultaneously minimising the risks for the entrepreneur through parent company support. Government will, in collaboration with the Private Sector, also promote the concept of “*Corporate Entrepreneurship*” which is an entrepreneurial orientation in which employees act as entrepreneurs within the context of a company by initiating ideas and acting upon them. This will encourage innovation and creativity within a company with minimum risk to employees.

Government will also promote and facilitate development of high-tech start-ups by establishing business incubators, knowledge hubs and science parks; facilitating start-ups that commercialize innovation; harnessing indigenous knowledge for entrepreneurship; giving researchers and innovators streamlined access to cost-effective patent protection and Intellectual Property Rights (IPR) and building networks in knowledge intensive sectors with leading science experts and academics around the world. Therefore, by commercializing IPR, business competitiveness, along the entire economic value chain, from investments to production all the way to trade, will be improved.

7.4 Improving Access to Start-up Financing and Seed Capital

Improving access to start-up financing and seed capital remains fundamental for start-ups and early growth enterprises. It is key in addressing hurdles associated with starting, operating and growing an enterprise such as high transaction costs, mainly related to registering a business. However, access to start-up financing and seed capital remains a serious challenge, cited by the World Economic Forum and the Global Competitiveness Report on Botswana as second most problematic factor for firms doing business in the country. The existence of lending gaps, as well as information gaps on financing and seed capital among start-ups and early stage enterprises remains a serious challenge. These gaps relate not only to the variety of capital available - dominated by banks which are not effective in providing financing for start-ups, but also to the requirements for accessing such capital, collateral conditions and the time taken to process applications for capital. This is also compounded by the start-ups lack of financial management skills. However, for their development, start-ups and early stage enterprises

require different varieties of financial services, such as credit facilities, equity and guarantees as well as making deposits and payments.

Government is aware of the existing financial support to business start-ups and venture capital financing such as CEDA, BDC, Young Farmers Fund, Youth Development Fund, and Women's Economic Empowerment Programme. Notwithstanding these, Government will ensure that other forms of business start-up financing and venture capital are available and accessible to all investors. Government will see to it that priority is given to those start-ups that demonstrate high growth potential as well as high employment multipliers. Therefore, given the above, Government will explore viability of funding options such as R&D tax concessions, tax relief for angelsⁱⁱ and private investors (investment tax schemes); as well as promoting funded university-based seed funds to stimulate the commercialization of R&D outputs. Further, Government will collaborate with key stakeholders to package and disseminate information on types and sources of financing as well as building a business start-up financing database.

7.5 Promoting Awareness and Networking

Promoting awareness and networking is based on the recognition that these play a critical role in entrepreneurial development. Promoting awareness entails all activities undertaken towards changing the mindset of people towards entrepreneurship thereby promoting a culture of entrepreneurship in the society.

Networks are places where entrepreneurs meet regularly among themselves as well as government, financial institutions and other organizations to solicit feedback on business ideas and make strategic contacts. Networks also include participation and learning from international conferences, events and business partnerships as well as creation of digital platforms that allow virtual business transactions. These create linkages which are an essential component of entrepreneurship development. Entrepreneurs' networks help in bridging the network gaps among new entrepreneurs, venture capitalists, technologists, management service providers and e-business suppliers.

Government will support private sector-led entrepreneurial awareness and entrepreneurs networking activities. Further, Government, in collaboration with the private sector, will make a judicious use of mass media coverage to create awareness and raise the profile of entrepreneurship in the country. Government will also make entrepreneur networking a strategic priority and thus support all developments related to entrepreneurial ecosystem. Further, Government will engage the diaspora community in local entrepreneurial networks as a way of creating opportunities abroad for local entrepreneurs.

7.6 Entrepreneurship and Industrial Development

Entrepreneurship is premised on the principles of innovation, creativity, risk taking as well as commercialization of products and services. On the one hand, industries, especially technologically based ones (low-tech, medium-tech and high-tech) are a product of these

entrepreneurship core activities. Therefore, this link between entrepreneurship and industrial development is key in improving entrepreneurial activity in the country, especially among technologically based industries.

In view of the above, Government will ensure that support for entrepreneurship development is integrated into the Government's overall policy framework for national industrial development and economic diversification. Government will also ensure that support is provided to start-ups with potential for growth in strategic priority sectors of the economy such as agriculture, tourism, mining as well as health, financial services and low carbon/green industries. This will involve identification of sub-sectors and value chains that demonstrate high rates of growth and the potential for such growth.

7.7 Targeted Economic Incentives for SMMEs and Entrepreneurship Development

The use of economic incentives is generally meant to open up business opportunities for entrepreneurs as well as addressing specific entrepreneurship bottlenecks. There are four types of Economic incentives. First is the *regulatory incentives* which comprise of the programmes, policies and legislation designed to improve the doing business environment; second is the *economic incentive regime* which comprises of import and export tariffs; appropriate exchange rate regime; factor market and tax policies; third is *support services* which comprises of industry support infrastructure, accessible and appropriately priced utilities; industry support financial institutions (Commercial Banks, Non-Banking Institutions, etc.); and efficient social services; and finally *financial incentives* which include economic subsidies, tax rebates, tax exemptions, tax reductions and preferential margins.

Government is aware of the fact that the first three types of incentives do not require her to provide businesses with finance or forgo taxes that could have been acquired from businesses. Further, Government is aware that these incentives only require her to work at improving the business and investment environment for SMMEs and entrepreneurship development. Therefore, Government will give priority to improving the doing business environment by addressing these policy incentives as their impact on SMMEs and entrepreneurship development is very high, but at a very low financial cost to Government.

Government is also aware that there are business opportunities that can only be opened by the provision of targeted financial incentives. Likewise, there are industry specific bottlenecks that can only be addressed through the provision of Government targeted financial incentives. Therefore, while improving the business and investment environment will remain a priority for Government, consideration and flexibility will be maintained for the provision of financial incentives where the market indicates the need to do so.

7.8 National Entrepreneurship Eco-System

The national entrepreneurship eco-system entails a set of interconnected entrepreneurial actors (both potential and existing); entrepreneurial organizations (e.g. firms, venture capitalists, banks); institutions (universities, public sector agencies, financial bodies) and entrepreneurial processes which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment. These entail six domains within the entrepreneurial system: a conducive culture; enabling policies and leadership; availability of appropriate finance; quality human capital; venture friendly markets for products; and a range of institutional support. An entrepreneurship ecosystem is essential for firm growth as it emphasizes firm's external environment as a determinant of good performance in addition to the internal entrepreneur characteristics and operations.

Successful ecosystems are those build by improving the pre-existing conditions for the emergence of the ecosystem. This means that Government will, in this case, build an ecosystem around their own unique economic and social environment instead of trying to create one from scratch through policy intervention. Policy will therefore target the support of high growth start-ups within a regional ecosystem as follows:

- *Provision of assistance to entrepreneurs within an ecosystem* – this entails providing assistance to entrepreneurs during the pre-start-up, start-up and post start-up phases through business incubation which provides business premises, advise, networking opportunities and finance;
- *Entrepreneurial resource providers within the ecosystem* – this focuses on enhancing access to finance and increasing availability of risk finance through organisations such as commercial banks, angel groups³ and venture capital firms within the ecosystem. It also focusses on connecting growth-oriented SMMEs with sources of conventional expansion capital such as bank loans, peer-to-peer funding and invoice-based finance;
- *Entrepreneurial connectors within the ecosystem* – the major objective of policy in this area is to facilitate networking, knowledge exchange and mentoring and coaching among entrepreneurs through professional networking organisations and entrepreneurial networks; and

Entrepreneurial orientation within the ecosystem – the focus of policy here is to create positive societal norms and attitudes towards entrepreneurship so that society accepts and welcomes business start-ups and ownership as well as celebrating entrepreneurial financial success. This also involves educating the public to accept business owners whose businesses fail and assist them to recover, regroup and start all over again.

³ Angel Groups, who are usually found among an entrepreneur's family and friends, are individuals who provides financial backing for small startups or entrepreneurs. They often also provide advice, mentoring and coaching to the entrepreneur, in addition to funding.

Government will promote and facilitate the evolution and establishment of a national entrepreneurship eco-system to create practical linkages between tertiary education and research activities; start-ups and early stage enterprises and private sector development interventions; firm based Research and Development initiatives; business membership organizations; community-based development programmes and science, technology and innovation initiatives. These linkages will provide better access to information and support for all emerging entrepreneurs and will create opportunities for co-working and collaboration among public, private and community actors.

**NATIONAL ENTREPRENEURSHIP POLICY (NEP)
FOR BOTSWANA**

PART II B:

Entrepreneurship Policy and SMMEs Promotion

August 2019

8.0 ENTREPRENEURSHIP POLICY AND SMMEs PROMOTION

Part I of the National Entrepreneurship Policy focused on underlying fundamentals for entrepreneurship, namely, conceptualization of entrepreneurship, definition of entrepreneurship and approaches to Entrepreneurship Policy. Further, Part I dealt with the policy focus areas that relate mainly to the support of innovative opportunity-driven entrepreneurs.

However, along with innovative opportunity-driven entrepreneurs, there usually exists, in both developed and developing countries, SMMEs entrepreneurs who usually take the form of innovative opportunity-driven entrepreneurs and necessity-driven entrepreneurs. In the context of this Policy, SMMEs are defined based on two criteria: number of employees⁴ and value of annual turnover. Table 2.1 provides the definition of SMMEs in Botswana⁵.

Table 2.1: Definition of SMMEs with turnover adjusted for inflation to 2013 values.

SMMEs Category	Number of Employees	Annual Turnover (BWP)
Micro	Less than 6	Less than 200,000
Small	6 to 25	200,000 to 5,000,000
Medium	26 to 100	5,000,001 to 15,000,000
Large	More than 100	More than 15,000,000

Source: Marketworx, 2013, 'Entrepreneurship Policy and Implementation Strategy, Prepared for the Ministry of Trade and Industry on behalf of the Commonwealth Secretariat, August 2013.

Part II of the National Entrepreneurship Policy focuses on Entrepreneurship Policy and SMMEs promotion. This is motivated by the results of the Diagnostic Studyⁱⁱⁱ which assessed the level of entrepreneurship and SMMEs development in Botswana. The study concluded that Botswana has not achieved much in terms of entrepreneurial activity and development. It identified a number of challenges which need to be addressed in order for the SMMEs Sector to play a meaningful role in entrepreneurship development. These include: limited access to finance; regulatory hurdles, especially relating to trade licensing, unfavourable government procurement processes; inadequate business skills and experience; limited access to markets; limited networking and advocacy; lack of commercial land; and uncoordinated business development service providers.^{iv} The study also pointed out that not much is known about the informal sector even though its development is closely linked to that of SMMEs. Closely related to the challenges of SMME development and the informal sector, is the need to address inclusion of vulnerable groups, mainly People Living with Disabilities.

⁴ Number of employees referred to in the definition is fulltime employees and not simply casual or part-time employees.

⁵ This definition has been adopted from the study to assess the state of SMMEs development in Botswana Commissioned by the Ministry of Trade and Industry and supported by the Commonwealth Secretariat, August 2013.

The Informal Sector in this Policy refers to those business enterprises or individuals who are involved in legal and economically sound activities which are of small scale and operated outside the Government licensing and regulation framework. According to Statistics Botswana Informal Sector Survey of 2007, there were 40,421 informal sector businesses, which represented a 72 percent increase from the 1999 survey. Furthermore, the 2005/06 Labour Force Survey revealed that informal sector employment stood at 77 392, which represented 14 percent of total employment of 539 150. This underscores the informal sector benefit of not only offering a buffer between employment and unemployment, especially for women who represent 60.7 percent of the total workforce, but also provide an experimentation ground for potential entrepreneurs. In addition, this affirms the importance of the informal sector in economic growth as well as job creation. *Therefore, Government recognizes the importance of the informal sector as an integral part of the economy, and commits itself to promote the development of the sector. Government also recognizes the need to support and integrate People Living with Disability into entrepreneurship and the general economic activity, being cognisant of the principle that 'disability is not inability.'*

To address the challenges of both SMMEs and the informal sector, the following Policy focus areas, customized to SMMEs, in addition to the general start-up policy interventions discussed earlier, are addressed: enabling regulatory environment for SMMEs and the informal sector development; business education and skills development for SMMEs; facilitation of technology transfer and innovation; improving access to financing and seed capital for SMMEs; promoting awareness and networking among SMMEs; and promotion of informal sector.

8.1 SMME PROMOTION POLICY FOCAL AREAS

8.1.1 Enabling Regulatory Environment for SMMEs Development

An enabling environment for SMMEs development goes beyond the regulatory requirements to entail the environment in which SMMEs operate, such as business regulations and laws, administrative procedures as well as compliance requirements relevant for SMMEs. Government recognizes that such an environment can act as a hindrance to SMMEs growth, especially if it is inefficient and has a lot of unnecessary burdens on SMMEs.

Therefore, Government will continue to improve the quality and relevance of business laws, regulations and agreements, and where possible remove other financial requirements for SMMEs with a view to making compliance cheaper and easier for all SMMEs. Further, Government will improve the efficiency of its processes through the use of ICT. Government will also cause for a review, and where appropriate, the reduction of regulatory requirements, such as licensing procedures and administrative fees for SMMEs.

Government will also come up with efforts to reduce the impact of new regulations and legislations on SMMEs. This includes a requirement for all government and quasi-government institutions to prepare a Regulation Impact Statement that assesses the impact of existing and upcoming legislations on SMMEs operations and compliance costs.

8.1.2 Business Education and Skills Development for SMMEs

Business education and skills development involves all activities geared towards providing technical skills to enable SMMEs to establish, operate and manage a business. These are key in improving the productivity of SMMEs, thereby contributing to increasing their competitiveness.

Government will ensure that new and existing SMMEs continue to be provided with business education and training, information and quality advisory and technical services in order to enhance their skills. To achieve this, Government will collaborate with all relevant stakeholders, especially the private sector, to formulate training, mentoring, coaching and counselling initiatives geared towards improving the business, technical and marketing skills of SMMEs.

8.1.3 Facilitation of Technology Transfer and Innovation

Technology is central to SMME development as it enhances the SMMEs competitiveness and hence their ability to grow and be profitable. However, in Botswana, technology adoption among SMMEs has been found to be low within the sector. This slow technology adoption by SMMEs has significantly contributed to their lack of competitiveness and, as a result, low SMMEs firms sustainability. Therefore, Government will ensure that SMMEs are facilitated to access and adapt technology in more favorable terms and conditions.

Government will improve SMMEs ability to access ICT infrastructure as well as promote the use of such ICT by SMMEs. Further, Government will work with the private sector to establish technology hubs to facilitate technology transfer among the SMMEs.

Government recognizes the important role of Research and Development (R&D) in facilitating innovation and technology adoption. Further, Government is aware of the limited resources leading to the inability of SMMEs to deepen technological linkages within the sectors in the country and the region. This has thus constrained the ability of SMMEs to participate in the regional and global value chains. In view of this, Government will promote R&D and provide required resources to all research institutions that support SMMEs technology uptake and adaptation.

8.1.4 Improving Access to Financing and Seed Capital for SMMEs

SMMEs financing remains one of the most critical factors for SMMEs growth. This can take different forms, such as government financing, private sector financing and individual or angel financing. Government will, in promoting SMMEs access to finance, prioritize those SMMEs with a desire to grow and become more competitive. Further, Government will promote society's investment in SMMEs by promoting and developing capital markets for SMMEs; ensuring availability and accessibility of adequate SMMEs funding; ensuring that credit delivery norms are met by all SMMEs financial institutions; strengthening venture capital companies in quasi-government such as CEDA; and packaging and disseminating information on types and sources of financing as well as building an SMMEs financing database.

8.1.5 Promoting Awareness and Networking Among SMMEs

Networking is important in creating business to business linkages which have a potential to provide better access to information and support for all emerging and existing SMMEs. Moreover, it will create opportunities for co-working and collaboration among the SMMEs and its relevant stakeholders.

Government will partner with the private sector in promoting and facilitating awareness and networking among SMMEs as it recognizes the key role the private sector can play in promoting entrepreneurial SMMEs development. Therefore, Government, in collaboration with the private sector will make a judicious use of mass media coverage to raise the profile of entrepreneurial SMMEs in the country.

8.1.6 SMMEs Entrepreneurship and Market Access

Market access is one of the most important success factors for SMMEs and entrepreneurship development. It may take two forms, namely, access to domestic market and access to international markets. In both cases, SMMEs entrepreneurs would face the challenge of globalization and its inherent competition. Along with these, SMMEs entrepreneurs would also have to face the challenges of meeting both domestic and international standards such as sanitary and phyto-sanitary standards; technical regulations and many other retail and consumer product requirements in the market.

Government recognizes the importance of market access for the success and sustainability of SMMEs Entrepreneurs. Government is also aware of the challenges of market access faced by SMMEs Entrepreneurs. As a result, Government will put in place the required policy measures and legislation to facilitate market access for SMMEs Entrepreneurs. Government will also put in place business market centers and other business support infrastructure for the goods and services of SMMEs entrepreneurs.

8.1.7 Entrepreneurship Policy and the Informal Sector

The informal sector is highly persistent and prevalent in developing countries. In Botswana, the informal sector plays a vital role in contributing towards employment as well as poverty eradication. The informal sector are economic units producing a legal good, operated by a business enterprise or an individual or a group of individuals, at a small scale, and operating outside an established government regulatory framework. In order for them to become sustainable and grow, they require support to access financing and start-up capital; premises or spaces to operate their economic activities; training, mentoring and coaching to improve productivity; availability and access to markets; protection from competition from large scale local and international stores; acquisition of commercial plots and technology adoption to improve their productivity.

Government recognizes the importance of the Informal Sector for its significant contribution to initial entrepreneurship business development; job creation; provision of a market for SMMEs products as well as provision of employment opportunities for vulnerable groups such as women, youth and people with disability. Further, Government recognizes that the SMMEs development is intrinsically intertwined with the Informal Sector development. Given this,

Government will mainstream the needs of the Informal Sector in all the activities and initiatives for SMMEs entrepreneurship development with a view to creating an enabling environment for their growth and subsequent graduation to SMMEs and beyond.

**NATIONAL ENTREPRENEURSHIP POLICY (NEP)
FOR BOTSWANA**

PART III:

Policy Review, Monitoring and Evaluation

August 2019

9.0 POLICY REVIEW, MONITORING AND EVALUATION

The successful development of the SMME sector and entrepreneurship in Botswana invariably requires an effective monitoring and evaluation framework. To achieve this, an Implementation Matrix for the NEP2019 has been developed and is attached to this Policy. The Implementation Matrix has key entrepreneurship drivers, strategic objectives, initiatives and performance indicators that will be used to monitor and evaluate the effective implementation of the Policy as well as its overall impact on entrepreneurship. Further, the following institutional framework will be put in place:

The Policy will be reviewed on intervals of five (5) years or as and when the economic environment dictates. Further, this Policy will be continuously monitored through performance indicators outlined in the Implementation Matrix.

Footnotes

¹ Verheul, Ingrid, Wennekers, Sander, Audretsch, David and Thurik, Roy, 2001, 'An Eclectic Theory of Entrepreneurship', Tinbergen Institute Discussion Paper, Tinbergen Institute, Amsterdam: and Oxford University Press Southern Africa, 2008, *Entrepreneurship: Policy in practice*, 2nd edition.

ⁱⁱ Angel investor is an affluent individual who provides financial backing/capital for a business start-up, usually in exchange for convertible debt or ownership equity. These are mostly found among the entrepreneur's family or friends.

² Marketworx, 2013, 'Entrepreneurship Policy and Implementation Strategy, Prepared for the Ministry of Trade and Industry on behalf of the Commonwealth Secretariat, August 2013.

³ See Appendix I for a detailed discussion of the SMMEs growth challenges.

References

Stevenson, Lois and Anders Lundstrom, 2001 *Patterns and Trends in Entrepreneurship/SME Policy and Practice in Ten Economies; Volume 3 of the Entrepreneurship Policy for the Future series.*