



## **BOTSWANA**

### **Contribution to the 2015 United Nations Economic and Social Council (ECOSOC) Integration Segment**

**2015 ECONOMIC AND SOCIAL COUNCIL (ECOSOC) INTEGRATION**  
**SEGMENT: ACHIEVING SUSTAINABLE DEVELOPMENT THROUGH**  
**EMPLOYMENT CREATION AND DECENT WORK FOR ALL**

**30 March – April 2015, UN Headquarters, New York (NY)**

**Guidance Questions for Member States' Inputs to the Integration Segment:**

**Question 1: How has your Government used labour market policies, including wage policies, to help reduce economic and social inequalities?**

**Answer: a) Labour Market Policies:**

Labour market policies such as Citizen Entrepreneurial Development Agency (CEDA) funding, Local Enterprise Authority (LEA) entrepreneurship development, Youth Empowerment Scheme, women empowerment schemes and Ipelegeng continue to be implemented to reduce economic and social inequalities. Below is a discussion on the existing labour market policies:

**Citizen Entrepreneurial Development Agency (CEDA)** – This agency was established by the Government of the Republic of Botswana in 2001, to provide financial and technical support for business development with a view to the promotion of viable and sustainable citizen owned business enterprises. In this connection, CEDA provides subsidised loans for promotion of viable and sustainable citizen-owned businesses. In 2006, Government reviewed CEDA in an attempt to align it with the current developments in the economy as well as find ways to boost performance and relevance of the Scheme towards achieving its purpose.

**Young Farmers Fund (YFF)** - The Fund was introduced to improve youth participation in agriculture and to address youth unemployment. The YFF, which supports citizens aged 18 to 40 years, issues loans at lower interest rates and longer repayment periods than the regular CEDA programme.

**Local Enterprise Authority (LEA)** was established in 2004, to provide development and support services to Small Medium and Micro Enterprises (SMMEs). Government established LEA as a one-stop-shop Authority that provides development and support services to the local industry in order to meet the needs of SMMEs. LEA offers development and support services which include facilitation of business planning; training, mentoring and advisory services; identifying business opportunities for existing and future SMMEs; facilitating technology adoption and diffusion; promoting general entrepreneurship among citizens as well as facilitating access to markets.

**Ipelegeng:** Ipelegeng is a labour-intensive public works programme which runs across seasons, though on a rotational basis. Ipelegeng was made

permanent in 2008 and replaced the previous drought relief programme. The programme is designed to use simple tools and machinery, unskilled and semi-skilled labour. Ipelegeng provides employment and income opportunities for many in both the rural and urban areas.

**Youth Empowerment Scheme (YES)** was set up as an umbrella programme in 2012 to support a wide range of initiatives aimed at encouraging employment, entrepreneurship and skills development among the youth. The scheme interfaces behaviour change, empowerment, poverty eradication and skills development. It is designed for young people aged between 18 and 35 years who are unemployed and out-of-school. Participants receive a monthly living allowance.

**Implementation of Development Projects:** Government efforts continue to ensure that the economy generates job opportunities for those seeking employment by according priority to infrastructural projects with high job creation potential and ability to stimulate economic growth. Citizens continue to be empowered through the implementation of mega projects in the country. The process, which enables small citizen contractors to participate in mega projects, entails unbundling of projects into smaller projects that are more manageable by smaller citizen contractors. Where projects are awarded to non-citizen contractors, such contractors are encouraged to outsource/sub-contract some activities to smaller citizen companies.

**Government's Poverty Eradication Initiative:** the initiative aims at promoting productive work for sustainable livelihoods, and provides financing, training and equipment for micro-businesses through 22 packages covering activities like bakery, bee keeping, handicrafts, and poultry.

#### **b) Wage Policies:**

Through the Incomes Policy of 2005, Government has committed to making periodic reviews to Public Service salaries and Private Sector minimum wage rates based on, among other things, their relationship with the poverty levels and other factors such as the unemployment rate, the levels and rates of growth of sectoral employment and output, and the employers' ability to pay, particularly, in the small, medium and micro enterprises.

**Minimum Wages:** These are critical to allow the earners to afford basic necessities of life and protect them against exploitation by employers. In Botswana, this has been acknowledged by the Revised Incomes Policy of 2005 which stipulates that periodic reviews be conducted to help prevent a general decline in wages. As a result, Government continues to adjust minimum wage rates periodically, in line with changes in the cost of living mainly based on the inflation rate.

**Public Service salaries:** The Amended Public Service of 2008 provides for a single legislation governing employment of all employees of Government and for the establishment of Public Service Bargaining Structures between Public Service Trade Unions and representatives of Government (Employer) on matters that have been identified requiring negotiation. In this connection, the Government is fully committed to the Bargaining Council in the process of negotiating public service salaries and continues to consult with Trade Unions.

**Question 2: How has your Government used monetary, fiscal and trade policies to create employment and promote decent work for all, while ensuring social inclusion and environmental protection? In particular, is the pursuing of full employment considered as a primary monetary policy objective by the Central Bank? Has your country experienced fiscal consolidation process in the recent years? If so, what has been the impact on employment and social protection in your country?**

**Answer:** At the macroeconomic level, the main policy thrust is to combine monetary, fiscal and exchange rate policies to stabilise the economy and ultimately create employment through promotion of domestic investment, the attraction of Foreign Direct Investment (FDI) and support for tradable goods and services, especially to ensure that exports are competitive in the domestic and international markets.

On Government spending, the tight fiscal policy stance that Government took during the last half of National Development Plan (NDP) 10 led to cautious borrowing and spending which resulted in a decrease of the initial forecast cumulative deficits for the Plan period. Such a policy stance is assisting Government to reduce the cumulative budget deficits for the Plan period to the lowest possible levels with a view to rebuilding the reserves to cushion the economy from possible future economic shocks. In spite of the hardships experienced during the global financial and economic crisis, Government managed to stay within its self-imposed fiscal rule.

**Question 3: What kind of trade-offs has your Government encountered in the promotion of full employment and decent work for all? What can be done to enhance synergies with respect to - International labour standards and to environmental safeguards, productivity, competitiveness and economic growth?**

**Answer:** Some of the trade-offs encountered in the promotion of full employment and decent work for all include, among others;

- i) forgone building up foreign reserves in favour of implementation of infrastructural projects to stimulate the economic activity.

- ii) During recessions, salary increases frozen in preference of retaining employees.

**Question 4: Is youth employment a major issue in your country? What is the proportion of the youth labour force [aged between 15-24] that is unemployed in your country? Does your government have specific programmes targeted at youth employment?**

**Answer:** (i) The labour market in Botswana is characterised by an increasing labour force of young people, with limited relevant skills for the job market. In some cases, there is a mismatch between available skills and those required in the labour market. On the demand side, a combination of the capital intensive nature of the sector driving economic growth, i.e. mining sector, and the inadequately diversified economy has contributed to create few employment opportunities. As a result of these, the country has experienced a relatively high level of unemployment, especially among the young people. The results of Botswana AIDS Impact Survey (BAIS) IV, 2013 estimated unemployment rate among population aged 15 years and above at 20.0 percent. Youth (aged between 15-24 years) unemployment rate stood at 41.7%. This translates into a total of 72,866 unemployed youth (40,472 females and 32,394 males).

ii) There are several programmes targeted at youth unemployment such as the Youth Empowerment Scheme (YES) which was set up as an umbrella programme in 2012 to support a wide range of initiatives aimed at encouraging employment, entrepreneurship and skills development among the youth. The scheme interfaces behaviour change, empowerment, poverty eradication and skills development. It is designed for young people aged between 18 and 35 years who are unemployed and out-of-school. Participants receive a monthly living allowance.

iii) Youth Development Fund (YDF) was developed to promote active participation of youth in the socio-economic development of the country; encourage the out-of-school, marginalised and unemployed youth to venture into sustainable and viable income generating projects; promote the development of competitive, sustainable and growth oriented citizen owned youth enterprises; reduce rural-urban migration by making it attractive to start growth-orientated enterprises at rural areas; create sustainable employment opportunities for young people through the development of sustainable projects.

v) CEDA Young Farmers Fund (YFF): YFF was introduced to improve youth participation in agriculture and to address youth unemployment. The YFF,

which supports citizens aged 18 to 40 years, issues loans at lower interest rates and longer repayment periods than the regular CEDA programme.

**Question 5: How is your Government addressing the challenges of education/skills and jobs mismatch in your country, especially in the context of transition to a sustainable development? Does your country have successful initiatives that link education and training to the world of work?**

**Answer:** To address the challenges of education/skills and jobs mismatch in the country, the Government has developed a National Human Resource Development Strategy (NHRDS), which is currently being implemented.

**Question 7: What kind of initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalise and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?**

**Answer:** The Government has made efforts in implementing several programmes to facilitate transition of the informal sector to formality and increasing sustainability of SMMEs. Training and technical support to entrepreneurs are done through the Local Enterprise Authority (LEA) while Citizen Entrepreneurial Development Agency (CEDA) provides financial assistance. In addition, the government is undertaking an Informal Sector Study for Botswana to review the size, characteristics and potential of the informal sector in Botswana with a view to establishing the strengths, gaps and constraints within the sector as well as developing a comprehensive informal sector strategy. The study is also expected to investigate the potential and feasibility to formalize the informal sector in terms of the economic and regulatory environment, and state ways of integrating it into the mainstay economy.

**Question 8: What kind of institutional framework arrangements are in place in your country for the successful integration of the economic, social and environmental dimensions of sustainable development to facilitate decent work?**

**Answer:** The following are some of the structures in place:

**Botswana Decent Work Country Programme (DWCP)** - Botswana has through the Decent Work Country Programme, identified and committed to improved quality of work life through addressing the socio-economic dimensions that are critical to the world of work. The framework is centred

on four priority areas, namely; employment creation, social protection, social dialogue and protection of workers' rights. The Botswana DWCP Steering Committee made up of representatives from Government, Private Sector and Trade Unions is responsible for the overall implementation of the programme.

**High Level Consultative Council (HLCC)** – this is a consultative body which meets twice a year, chaired by His Excellency, the President and is attended by Government top policy makers from all Ministries together with leaders of industry, representing the Private Sector. The HLCC meetings are mandated to consider and resolve a wide range of issues which constrain the performance of the economy.

**Question 9: How do the civil society, trade unions and the private sector engage in promoting integrated approach to employment creation and decent work for all?**

**Answer:** The Civil Society, Trade Unions and the Private Sector engage through the High-Level Consultative Council, (HLCC), Labour Advisory Board (LAB), Minimum Wage Advisory Board (MWAB) and the Decent Work Country Programme (DWCP) as some of the recognized institutions aimed at promoting integrated approach to employment creation and decent work for all.

**Question 10: What can the ECOSOC system do to help countries boost economic growth in a sustainable way that creates employment and decent work for all?**

**Answer:** Budget and technical support for Active Labour Market Policies and also in building up systems to support and alleviate current problems e.g. Labour market information systems (LMIS). In addition, ECOSOC should also assist countries, especially developing countries, with strategies that will significantly reduce pollution (air, water, etc.) and at the same time be able to have clean industries that provide sustainable employment and decent work for all.