

# Promoting SME Competitiveness in Botswana

A bottom-up approach to economic  
diversification



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# PROMOTING SME COMPETITIVENESS IN BOTSWANA

A BOTTOM-UP APPROACH  
TO ECONOMIC DIVERSIFICATION

## ABOUT THE PAPER

Small and medium-sized enterprises (SMEs) in Botswana are engines of job creation with significant potential to foster economic diversification.

Drawing on data from the SME Competitiveness Survey, this report shows that improved access to skilled labour has strengthened Botswana companies, especially in services. However, very low rates of certification to international standards, and infrastructure shortfalls, prevent many firms from going global. Young entrepreneurs often struggle to grow, and could benefit from management and accountancy training. With most firms perceiving major environmental risks and 40% investing to reduce their environmental footprint, Botswana SMEs are at the frontier of the green economy.

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For more information on SME Competitiveness Survey, see: <http://www.intracen.org/SMEintelligence/>

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## FOREWORD

Botswana's Vision 2036 is a compass that directs the nation to its goal of prosperity for all, and it recognizes the essential role that small and medium-sized enterprises (SMEs) play in achieving this aim.

SMEs employ a significant share of the working population in Botswana and play a central role in its economic growth strategies. Making them more competitive can help the country achieve its development objectives by creating more jobs, strengthening sectors and developing business models that work.

At the international level, SMEs are instrumental to achieving the United Nations 2030 Agenda on Sustainable Development. They promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work (Goal 8); foster inclusive and sustainable industrialization and catalyse innovation throughout the economy (Goal 9); and make important contributions to ending poverty (Goal 1).

Through deep links to local, sub-regional and continental markets, SMEs help reap the full advantages arising from the recently launched African Continental Free Trade Area.

Botswana's growth and development has been impressive. Good governance and investment in social services have reduced poverty. Yet diversification, critical to Botswana's growth, remains a challenge. In this context, investment in the competitiveness of the nation's small businesses is crucial to the future of the economy.

Effective change requires information, data, and analysis on the opportunities and constraints SMEs face to diagnose problems, facilitate evidence-based decision-making and assess the effectiveness of those decisions.

To this end, Botswana's Local Enterprise Authority (LEA) and Ministry of Investment, Trade and Industry (MITI) partnered with the International Trade Centre (ITC) to assess the competitiveness of SMEs nationwide. Data from more than 600 companies in Botswana, interviewed for ITC's SME Competitiveness Survey, show the strengths and weaknesses of firms and their business ecosystem.

This report provides evidence about SME competitiveness in Botswana. Government agencies and sector associations can use it to design policies and programmes that unleash the ability of SMEs to increase their sales and exports, and as a result encourage inclusive growth.

ITC, LEA and MITI share a common vision to build SME competitiveness so they can access more local, regional and international markets. Trade can facilitate diversification, enhance growth and eradicate poverty, especially if suitable domestic policies are in place. We see this report as an important step to make this vision a reality.

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