



**Botswana Federation of Trade Unions (BFTU) submission
to the envisaged Post COVID 19 Economic Stimulus
Programme.**

Contents

1.0	Introductory background	2
2.0	Expected policy response under COVID-19	5
3.0	Set - up of Economic Stimulus Package Tripartite Monitoring and Evaluation Council	9



1.0 Introductory background

It is common knowledge that the advent of COVID 19 pandemic has pushed all nations of the world very close to the proverbial apocalypse. But the COVID 19 is much more than a health crisis of global proportions, it has also caused most severe economic shocks, disruptions and suffering throughout the world. In particular COVID 19 pandemic has jeopardized the lives and livelihoods of the world's poor, marginalized and vulnerable, and, according to the latest observation by the United Nations Organization, the pandemic poses a real challenge to the UN Sustainable Development Goal of reducing poverty by 2030. An initial assessment of the impact of COVID-19 by ILO indicated that the effects of the Novel 2019 Corona Virus disease will be far-reaching, pushing millions of people into unemployment, underemployment and working poverty. As of Friday 22nd May 2020, about 5.08 million people around the world were reported to have contracted the COVID 19 virus, with some 332,000 deaths reported. In Botswana 29 cases have been confirmed, with 19 recoveries and one death reported. As a result of the pandemic, the production of goods and services, a precondition for the existence of humanity, came to an abrupt halt, as all nations, Botswana included, took the drastic decision, unprecedented in 100 years, to halt all movements of people in order to stop the spread of the pandemic.

The stoppage of all movements of people in order to save humanity from the pandemic negatively impacted on the production of goods and services, ironically, threatening the very survival of humanity that the lockdown was supposed to safeguard. In essence the stoppage of the movement of people, including workers meant, amongst others, loss of jobs, income, food and livelihood. ILO estimates that Income losses for workers are estimated between \$860bn and \$3.4 trillion by the end of 2020. Given Botswana's high unemployment rate of about 21 percent,¹ the COVID -19 pandemic must have worsened poverty and income insecurity in the country. Botswana government responded to the economic devastation impacts of COVID 19 by introducing wage subsidies to the private sector and humanitarian food relief. In this regard, BFTU expresses its sincere appreciation to the President's COVID 19 Task Force for a job well done to save lives in Botswana, and to all the Botswana government humanitarian efforts to mitigate the suffering brought about by the pandemic in our country. With the pandemic now seemingly under control, economies which have ground to a standstill, have to be reignited. Botswana is no exception. The modalities to reignite the economy will vary according to national circumstances, but on the whole requires concrete policy responses on both the short term to the medium and long term. BFTU avails itself of the opportunity to share with the Ministry of Finance and Economic Development its proposals for reigniting the economy and what needs to be done in the short term, that is 2020/21, and the medium to long term, that is 2021 and beyond. This is the issue we now turn to.

1.01 The impact of COVID 19 on the world economy in general

¹ See Statistics Botswana Quarterly Multi Topic Survey: Labour Force Module Quarter 3:2019, Gaborone.



The impact of COVID 19 on the economies of the world in general, and that of Botswana in particular, has been devastating, to say the least. According to the ILO, about 232 million enterprises, globally, and mostly wholesale and retail enterprises, are estimated to have been negatively impacted by the pandemic.² The ILO points out that in the informal economy, which comprises the most vulnerable in the labour market, almost 1.6 billion informal sectors workers or half of the global work force, have been negatively affected by the lockdown, with severe negative impacts to their lives and their livelihoods. While Botswana has strong macroeconomic fundamentals, the economy is expected to contract by an estimated 13.1 percent due to COVID-19 impact on mining (-33.6 percent); trade, hotel and restaurants (-32.2 percent); manufacturing (-10 percent); social & personal services (-4.8 percent), and transport & communications (-4.1 percent). It is critical that workers and critical businesses in these sectors be protected until the economy opens up.³

1.02 Impact on the private sector

Most private sector activities have been negatively impacted by the pandemic, with public transport, creative industries, sports, wholesale and retail sectors amongst those most negatively affected. Almost all private sector businesses were closed except for those providing essential goods and services. Essential services include the food, health, water, electricity, transport and others stated in the regulations.

1.03 Impact on workers

According to the ILO, the first quarter of 2020 global working hours are estimated to decline by an estimated 4.5 percent, or equivalent of 130 million full time jobs and that global working hours in the second quarter are expected to be 10.5 percent lower than the pre-COVID quarter, representing about 305 million full times jobs. According to the latest labour statistics in Botswana, of the estimated labour force of 934 000 people (population of 18 years and above), about 192 000 were unemployed or about 20 percent unemployment rate.⁴ This means following the almost total shutdown of economic activities and lockdown, unemployment increased to unprecedented levels. Most of the unemployed before the COVID 19 pandemic were young people under 35 years.

1.04 Impact on society in general

United Nations University researchers estimate that COVID 19 poses a real challenge to the UN Sustainable Development Goal of reducing poverty by the year 2030, because global poverty can increase by about half a billion people, which will be a reversal of the progress that has been made since 1990. Needless to say, even though there are no current figures on the impact of COVID 19 driven lockdown in Botswana, the country as part of the global economy is not expected to be any better. Just like in the rest of the world, most

² See International Labour Organization

³ UN Botswana, 2020

⁴ Statistics Botswana, op cit



workers and the vulnerable have been negatively affected , with most of them being asked to stay at home, and in some instances workers forced to take leave or being retrenched, simply because their work places have been locked down.



2.0 Expected policy response under COVID-19

Under these trying circumstances, such as outlined above, governments usually respond through a combination of policy measures, both short term and medium to long term, designed to reignite the economy and save jobs. Short-term policy are those policy responses/activities that should be implemented within the 2020/21 financial years. From a labour standpoint, these short-term policy activities should be targeted towards promoting labour-intensive economic activities. BFTU would like to make the following proposals:

2.1.1 Compliance with Safety Health Environment (SHE) requirements

Government and the private sector would need to urgently put in place effective SHE processes, policies, and procedures to ward off the risk of recurrence coronavirus, especially after the return to work. This measure is even more urgent in our schools system; right from crèche, through primary school up to tertiary education institutions. The history of the Spanish flu of 1918 should be instructive in this regard. BFTU is of the opinion that the government needs to provide a facilitative environment that eases back SMMEs and informal sector operators into activity through targeted orientation/training and provision of PPEs. It is important that the government, especially at the local level (district): (a) builds local capacity to ensure and promote an enabling and safe environment with SHE regulations that do not barricade the SMMEs and the informal sector from clicking back into activity, and (b) ensures continuous monitoring of SHE compliance. There ought to be a delicate optimal balance between opening up economic activity and maintaining S H E compliance protocols aimed at averting the spread and recurrence of coronavirus.

2.1.2 Job protection.

The COVID 19 pandemic has led to retrenchment and widespread loss of jobs. Through the establishment of wage subsidies for the formal sector enterprises, this has partly assisted in protecting jobs but most of those in the small and micro enterprises and the informal economy have not benefitted from the wage subsidy because they are not registered with the Botswana Unified Revenue Service (BURS). It is also imperative that wage subsidies are maintained to protect jobs beyond the lockdown.

2.1.3 Maintain current humanitarian assistance programs

The government must continue with the food supply program to the highly vulnerable communities as the pandemic has severely destroyed their livelihood through closure of their income generating activities.

2.1.4 Revamp job creation in the economy by reviving the economy

Jobs have been lost especially in the small, micro and medium and enterprises (SMME) and the informal economy. Ramping up investments in sectors like infrastructure, manufacturing, agriculture, trade, construction, services, etc. can create jobs. The SMME and informal sectors account for the largest source of employment.



2.1.5 Affirmative Action on citizen employment

Just as the economy opens, the government must reserve all short-term recurrent/maintenance jobs or contracts for the local citizens and 100 per cent citizen companies. Public facilities maintenance such as in schools, clinics and health post, council offices etc. should be for citizen small and micro enterprise contractors, pursuant to the Extra Ordinary Government Gazette of 20th May 2020.

2.1.6 Defer loan and interests payments

The pandemic has adversely affected the financial health of both companies and workers alike. BFTU calls for the deferment loans and interest payments for both workers and firms that are operating in the sectors that have been negatively affected by the coronavirus.

2.1.7 Defer rental payments

Government must initiate the review of the real estate act in view of protecting the interests of the tenants against unscrupulous profit-driven landlords. Establishment of a real estate property regulator remains is more urgent now than before

2.1.8 Credit to SMMEs and the informal sector

BFTU calls for the provision of stock or inventory purchase orders to assist especially the informal operators. By way of purchasing inventory or stock on behalf of SMMEs and informal operators, the government will be restoring the supply chains and maintaining the crucial economic relationships that existed prior to the coronavirus. BFTU understands that both the Local Enterprise Authority (LEA) and the Citizen Entrepreneurial Development Authority (CEDA) are currently engaged in registering informal sector business operators. We believe that Botswana Informal Sector Association (BOISA) must be part of the registration exercise since they have direct access to the informal traders. It is therefore important that after this exercise, the two institutions should share data/information with other local credit institutions (commercial banks). This step will go a long in developing accessible credit facilities for the informal sector. And moreover, this effort may be what is just needed to formalize many informal sector business operators.

2.1.9 Labour intensive public works programs for sustainable jobs.

Labour intensive public works programs should be started without further delay in order to create employment and improve livelihoods. These labour intensive public works programmers should cover, amongst other, pavements of roads in towns and villages, construction of public housing, cleaning up our villages and towns as bush encroachments has become a serious environmental concern, with inner towns and villages often unsightly and dirty with shrubs. Proper technical supervision by local government officials must be enforced. The current Ipelegeng program needs to be



reformed to ensure value for money, and that quality goods and services are produced whilst providing temporary income relief. Labor-intensive public works programs should be a job creation measure in both the short term and the medium to the long term. BFTU believes that sports and performing arts should be mainstreamed into the economy as a new measure for sustainable job creation, especially in the medium to the long term.

2.2 Medium to long term response (2021 and beyond)

2.2.1 Accelerate economic diversification.

Currently the economy is dominated by diamond-led mining sector and tourism, both of which the Covid-19 pandemic adversely affected their revenue because of the limited income through global economic shutdowns and lockdown. It is therefore critical that efforts be intensified to diversify the economy into manufacturing, commercial agriculture and other services.

2.2.2 Intensify economic beneficiation.

There is currently very limited beneficiation of local raw materials such as minerals, agricultural and veldt products. More value addition or processing is critical for Botswana to generate more jobs and sell finished products.

2.2.3 Reprioritization of infrastructure development

Government must reprioritize the 2020/2021 development expenditure in favour of labour-intensive projects. For example, roads and housing infrastructure, extension of public schools to reduce the student-teacher ratio, and expansion of public healthcare facilities-research and testing laboratories.

2.2.5 Increase investment in Research and Development (R&D).

Necessity is the mother of invention. Covid-19 has demonstrated the need to invest in Research and Development. Already some research institutions such as the University of Botswana and BUIST, have embarked on producing ventilators, masks and sanitizers in response to the pandemic. Other citizen experts are investigating the possibility of developing drugs for Covid-19 treatment. In this regard, more investment in R&D by both government and the private sectors could benefit not only the health sector but other sectors to diversify the economy. We call upon the government to expand the mandate of the Botswana Vaccine Institute (BVI) to look in the possibility of producing drugs and vaccines for humans, and not just livestock. Furthermore the government must establish a national research fund targeting different sectors to research and develop various products for the nation, as part of economic diversification leading to economic independence.



2.2.6 Assistance to SMMEs with affordable credit and market access.

Lack of access to affordable finance by SMMEs and the informal sector have remained a challenge in Botswana. Whilst CEDA has recently increased its credit to SMMEs and the informal sector through lower interest loans, more needs to be done by among others commercial banks. CEDA and LEA should share informal sector data/information with other local credit institutions (commercial banks). This step will go a long in developing accessible credit facilities for the informal sector. And moreover, this effort may be what is just needed to formalize many informal sector business operators.

2.2.7 Transition subsistence agriculture to commercial agriculture

Subsistence agriculture has been a cornerstone of Botswana's livelihood for many years. As BFTU, we believe that the time has come to integrate subsistence agricultural production into the commercial agricultural value and supply chains. This will be a step in the right direction in an effort to commercialize subsistence agriculture. Subsistence agriculture can contribute to employment creation, increase food security, and contribute raw materials for processing in manufacturing industries.

2.2.8 Increase investment in digital economy.

The global economy and trade are increasingly becoming digitalized or depend on internet technology. Financial, trade transactions and meetings, conferences including teaching or learning are now use digital technology. Covid19 immensely used digital technology for disseminating information and resource mobilization. Botswana should intensify her efforts to fully embrace digital technology.

2.2.9 Establish an Unemployment Insurance Fund.

Coronavirus is an unexpected external shock to Botswana's economy. It is anticipated that the virus will trigger unprecedented unemployment. Therefore, establishment of an unemployment Insurance Fund will provide a buffering mechanism that protects workers' income against unforeseen future external shocks. The form of the fund should be contributory with government, business and labour. Botswana can benchmark with other countries in order to establish a sustainable and well-rounded Unemployment Insurance Fund.

2.2.10 Strengthen Botswana National Health System

Although Botswana's healthcare system has fared satisfactorily against the coronavirus, this does not necessarily reflect the strength of our healthcare system. Going forward, it is important to strengthen District Health Management teams (DHMTs) to capacitate them to be able to give early warnings on future outbreaks of infectious diseases at district level, rather than just to react to outbreaks. The quality of a healthcare system usually speaks to the quality of healthcare personnel, the state of medical paraphernalia or apparatus, inclusivity



and mobilization of private healthcare providers, accessibility and affordability, rapid response, capability for research within the healthcare system etc. One way to build a strong healthcare system is to ensure health consciousness amongst the people by making lessons in health care, hygiene and first aid compulsory in both primary and secondary school curriculum. At the work place, Collective Labour Agreements must also reflect commitment from employers to develop health consciousness amongst the workforce and enhanced SHE programs.

3.0 Set - up of Economic Stimulus Package Tripartite Monitoring and Evaluation Council

Pursuant to the spirit of social dialogue, which is a cornerstone of Botswana industrial relations system, we, the BFTU, a legally recognized social partner and integral part of Botswana political economy, strongly propose the creation of a tripartite Post COVID 19 Economic Stimulus Package Monitoring and Evaluation Council by His Excellency the President, With BFTU representation. It is important that BFTU forms part of the structure that continuously monitors the implementation of the stimulus package in order to ensure that the interests of its constituency are taken board in the roll out of the stimulus package. Moreover, worker representatives should be able to have access to timeous information in relation to the stimulus package roll out. This will also greatly strengthen accountability and oversight and thereby reducing any prospects of corruption and enhancing quality of public sector projects and programs.