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**The Role of the Private Sector in a
Democracy**

The Botswana Success Story

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Botswana has a strong culture of being a democratic society whose foundations were further cemented by our founding fathers. I use the word cemented because prior to independence the nation already had had a history of a consultation process (*therisanyo*) through the traditional 'kgotla', a forum at which the tribe gathered to discuss and decide on issues of common concern. This was grassroots democracy in practice long before the concept of democracy even reached our shores. We have just adopted a new word for it.

Independence ushered in a new constitution that further cemented the democratic ideal. The Kgotla exists to this day and it still remains an active forum for consultation that the Government regularly uses as a sounding board for a two-way dialogue with the nation.

At the time of Independence in 1966 Botswana was classified as one of the poorest countries in the world and one whose future was very bleak given the lack of any credible economic activity. Apart from subsistence crop production and cattle farming there were limited other prospects. The discovery of diamonds in the 1970's changed our fortunes as it enabled the Government for the first time to balance its recurrent budget without grant in aid or financial assistance from foreign donors.

Sound policies and prudent macro-economic management propelled Botswana onto the path of the success story that it is today.

The economic slow down of the 1980's and the rapid expansion in school leaver numbers brought about a stark realization that our diamond revenues would plateau soon and that the economy could not rely solely on diamonds to drive it and create the necessary employment opportunities. It became imperative for the Government to find additional 'engines of growth' to drive job creation and a diversification away from our over dependence on diamonds and beef.

At that time the private sector was weak and fragmented but also inexperienced therefore it was limited to tackling issues in a haphazard manner. It chose to fire broadsides at the Government at every possible opportunity; as a result there was very little dialogue between the Public and private sectors.

Instead of dealing with the issues in a comprehensive manner we began talking past each other. Those who had issues to discuss and had access to Ministers or Officials were more fortunate than the others.

Maybe we reached a stalemate or could it have been as the saying goes 'History teaches us that men and nations behave wisely once they have exhausted all other alternatives'

Whatever the reasons it was the then President Masire that challenged the private sector to change from being a passive and under-utilized partner in development to one that will play a meaningful and more participative role in the economic growth of Botswana.

In response the Private Sector with the support and assistance of the UNDP in 1988 hosted a Private Sector Conference in Francistown to which they invited then President Masire, Government Ministers and senior Officials.

The conference theme was 'The National Conference on Strategies for Private Sector Development'. The meeting turned out to be a session where the Private sector vented its frustration at the Government for the stifling regulations and at times poor policy choices that made for a very unfriendly business climate. In an effort to reduce the bottle necks to doing business the conference made over 100 recommendations but then cut down to a more respectable 50 recommendations to the Government to implement!

The most far reaching recommendation was the establishment of a high level standing commission to act as a consultative mechanism at Cabinet level between the private sector and the Government; this Commission would be chaired by the State President, in addition a follow up committee led by the private sector would monitor the recommendations that emanated from the conference.

This was the beginning of the now established platform for dialogue with the Government through the High Level Consultative Council (HLCC); this meets twice a year under the Chairmanship of His Excellency the President. Supporting this structure there are HLCC sector meetings chaired by individual Ministers of line Ministries to discuss and resolve

sector specific issues. Those issues that cannot be resolved at this lower level are taken to the HLCC for the President to give direction.

Every two years a National Business Conference is still held to review progress, devise new strategies and identify new opportunities to tackle.

This platform for dialogue has been very successful because more than 80% of the resolutions and recommendations from the National Business Conferences have been implemented in one-way or the other. In addition there have been many policy reviews, reforms, changes and direction that have benefited the Botswana economy.

This sounds easy but this is far from the truth. We had to overcome the initial resistance of some public officials who were suspicious that this dialogue would weaken their traditional role as Government advisors and implementers. Some political leaders also felt insecure so we first had to prove our credentials that we were sincere and reliable development partners. During these conferences and even up to today there is a lot of straight and tough talking on both sides. But there is an understanding and respect that we each have our own constituencies, and in the final analysis as BOCCIM we had to concede that we may not always be able to influence the thinking in Government because their mandate is greater than that of the private sector. Both sides must be willing to make concessions, and, in a stalemate agree to disagree.

In addition to the formal structure we are very fortunate that BOCCIM has been able to have informal meetings with the President, Cabinet ministers and senior officials on request. These meetings are so informal that the President or his Ministers come without their officials, there is no agenda, no commitment expected from the Minister, no pressure, no minute taker – just an exchange of ideas and discussion usually followed by a meal. These meetings have created an atmosphere of trust and understanding.

We have even gone to a lower level of Local Government when we have in the district and towns Local High Level Consultative Committees chaired by the Mayors/Chairmen to interface with the private sector led by BOCCIM to discuss the local bottlenecks and areas of concern.

We have also been approached Parliamentarians from all sides of the political spectrum to give the Private sector views on issues of national concern.

Just to give perspective to our dialogue I will flag only two of BOCCIM's most important recommendations accepted by the Government. We

believe that these two have very far-reaching consequences on the nation.

The first one was the need for Botswana to have a long-term vision; this led to a national consultation process that gave birth to a strategy now known as Vision 2016.

The second was BOCCIM's proposed ideas for a Growth and Employment strategy; this led to the Government appointing the Business and Economic Advisory Council (BEAC) with strong private sector participation to come up with a strategy and proposals to implement. BEAC drew up the Economic and Growth Strategy for Botswana and presented it to His Excellency President Mogae in September 2006.

These two complimentary documents now give Botswana the Vision of where it wants to be and the strategy of how to get there.

The question is: how did we achieve so much, what lessons can we learn from our experience and what are the factors that can influence / lead to this type of partnership?

Influencing Factors:

- There has to be some form of freedom of expression where people are allowed to express their views.
- There has to be willingness in Government to be transparent and to accept criticism. Here we must pay tribute to the Government for their broad mindedness and open attitude.
- The private sector must be broadly representative of business, must be honest have integrity and be above individual and personal interests, any hint of individual/personal interest will be pounced upon by those who feel threatened by the private sector.
- Men and women of integrity who can command the respect of those in authority and that of all stakeholders must lead the private sector.
- The Private sector should not be seen to be motivated by the desire to only maximize profits; but by a willingness to subscribe to the principle of 'smart partnership' with the nation that is based on the premise of a 'win-win' situation for all weaved in with a sense of 'patriotism'.
- The Private sector must accept that while it represents the views of the business sector, which is a small constituency when compared to the wider national constituency of the elected Government. Therefore it must respect the right of the Government to reject

some of the views or suggestions from the private sector and we have to 'gracefully' accept that and go back to the drawing board.

- The private sector should also be willing to be called to account, show responsibility and be politically neutral.
- For the private sector to be taken seriously it has at all times show respect to the elected leaders and their officials.
- There should be confidence-building measures on both sides because there is natural mistrust between the parties particularly in developing countries. Goodwill is important.
- To build that trust, if need be independent facilitators could act as a bridge. BOCCIM utilized retired politicians and public officers with whom the Government felt more comfortable talking to.

Potential Threats and Weaknesses.

- The Private sector must always ensure that it has well researched positions so that it is not perceived to be a 'talk shop'. The private sector must remain relevant by tackling issues of national concern that affect all sectors of the economy from the SMME sector to the largest sector.
- In pursuit of our objectives we have been cautious so that personal interests or agendas under the guise of the Private sector agenda do not hijack BOCCIM. Additionally it goes without saying that the Private sector organization should be politically neutral.
- BOCCIM has to ensure that it builds internal capacity if it is to credibly articulate its position. Due to the smallness of the business sector and because the organization relies solely on membership subscription for its funding, there is a serious strain on resources. At least 80% of our membership is composed of small enterprises employing less than 5 persons. Therefore it is essential for BOCCIM to solicit the assistance of specialists for short-term assignments from International organizations for sector specific studies, consultancies and research.
- But on the other hand the private sector wherever possible should be financially self supporting for its running expenses so that it does not compromise its independence and also to avoid any possible allegations that it is driven by an external agenda.
- Quiet diplomacy and dialogue has brought us a long way and we believe that it should be the first line of approach. Some people though want BOCCIM to take a more aggressive and public approach; this however should be done in a mature and selective manner. Firm yet flexible is the best way forward.

- Those in the private sector leadership positions should be sensitive enough to factor in the culture and ethic of the Government system it deals with because we are dealing with a government that has a political mandate because if it chose to it can easily dismiss the views of the private sector as irrelevant as the mood takes.
- The private sector leadership should always be very conscious of the often competing and diverse demands of the SMME sector and the larger business sector. There will be many areas of disagreement between these sectors and they will take opposing views in public. BOCCIM has had to face this challenge because the Government has accused it of speaking with 'forked tongues'.

These are but some of the challenges that face us in Botswana but they could easily be applicable to others amongst us here.

Having said that let me respond to the question as to the role of the Private Sector in a Democracy.

We cannot prescribe to others because democracy is not like a franchise where the same store layout that can be applied in every instance. Each country is bound to have a different concept of democracy. There are 'autocratic' democracies and there are benevolent dictators but business thrives somehow. Then there are countries where democracy may not exist in the form we practice yet there is Government/Business dialogue. Therefore amidst these variations we can only share our experiences from our perspective with the hope that we can provide ideas to others to use in their own situations.

We have been very fortunate in Botswana in that we have always had a democratically elected Government that practices the right to differing opinion. The private sector has therefore always been able to lead the debate on the economic, structural and regulatory bottlenecks and reforms necessary to grow and expand the economy.

I believe that the private sector has a role not only in a democracy but in every society it finds itself in, to articulate and communicate the concerns of the private sector, the only difference is the limits placed on it by the system itself, however it is easier within a democratic set-up.

In Botswana the Private Sector through BOCCIM can be proud of the role of the private sector in deepening and strengthening the democratic processes. This increased dialogue and interface with the government has seen an increase in the flow of information between the Government and

the private sector. There is now greater transparency, consultation and a quest for better governance.

However having said that let me tease you and be somewhat provocative to give you some food for thought by asking you is democracy really a necessary ingredient for a climate conducive to business success? Let me explain my cynical logic to you.

For a long time Botswana was the only democracy on the African continent. We were and still are very proud of that distinction, and when the international community started making pronouncements that for Africa to benefit from foreign investment flows they had to embrace democracy. We in Botswana were very excited at these pronouncements because it meant we could finally have serious inward investments.

We waited in vain and were and are still disappointed to see investment flows cascading to countries that **are not** democratic societies by the democratic yardstick that we were using.

Think about it why is it that the likes of China, Cambodia, Vietnam and other lesser-known 'democracies' in the Asian continent see billions of dollars being pumped into their economies. Closer to home some countries in the region and also to the north of us are getting serious capital inflows yet they are far from being democracies in the true sense of the word.

This is sending out a wrong signal to some of us because here we are scoring 'A's' in democracy, governance and international ratings yet investors bypass us and invest in 'less desirable' locations. Makes one think!

What do I conclude from this? Despite the call for democratic principles investors are not really interested in democracy, they are driven by the profit motive, which seems to be of paramount interest. Looks like big business is not really too sentimental about democracy? I may sound cynical but my conclusion is that foreign investors do not share the same sentiments about democracy as some of us do!

While you mull over this poser we in Botswana believe that democracy must be accompanied by good governance otherwise we are not being sincere to ourselves. Without democracy and good governance we would never have been able to achieve the level of engagement with Government as we enjoy today. As President Mogae said "Democracy is

work in progress"; we therefore have to evolve every day to strengthen our democracy in a manner that serves our national interest best.

My personal advise based on my 33 years of public interface with the Government is that when dealing with the Government the private sector should not fool itself in thinking that it has the sole franchise to the knowledge in solving the economic challenges that face our country. Above all don't dictate, offer alternatives, options, opinions and solutions.

An important lesson that we have learnt in our interaction with the Government is never to paint the Government into a corner; you should always leave an escape hatch for the Government come out with their dignity somewhat 'intact'. The normal reaction of any Government painted into a corner is to build higher walls or to come out fighting.

Our role is to flag the problem areas to the Government, to offer possible solutions and to work together with them to solve them. They may not always like or take our advice but we have to convince them that while they add two and two to get four, three and one also get four, we get the same result but using different methodology. But in the process if we do not succeed we should take the punch on the chin and continue talking to them but hit them back with new and additional ideas.

I can only encourage those who wish to emulate our example to remember that patience, perseverance, integrity, honesty, consistency and respect for the authority of Political leadership are essential when dealing with Governments. It is in the final analysis all about how to win friends in Government and influence policy.

PULA!