



FOR CIRCULATION

The role of the Private Sector in Fighting Corruption in Botswana

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Introduction:

The private sector has played a prominent role in Botswana's development and economic growth. Due to Botswana's overinflated public sector, the private sector has often depended solely on government expenditure, procurement and tender systems for their own profit generation and survival. As a result, it has become almost impossible to examine corruption in Botswana without the involvement of private sector players. A synthesis of the findings from a 2020 report by the Botswana Centre for Public Integrity (BCPI) highlights that **vulnerabilities and risks to Botswana's key institutions and processes are exacerbated by the unguarded infiltration of private economic interests into the public sector through political patronage.**¹ There is also a **deteriorating culture of compliance** amongst private sector operators due to lack of strong ethics and values that govern their anti-corruption practices. This policy brief synthesizes discussions from expert consultations to make forward-looking policy recommendations.

Context:

- Botswana has been identified as one of the countries with significant inequalities of wealth, opportunity, gender, status, ability, health and education.

- The most evident inequality in Botswana has been **income and wealth disparity between citizens and non-citizens**, as well as gender disparity. This is particularly evident by the wide gap that exists between low income and high income earners.
- Most Botswana have perhaps been 'tolerant' of the inequalities due to the proliferation and facilitation of social welfare and protection programs by the government. However the COVID-19 crisis has exposed shortfalls in these social protection programs.
- The COVID-19 crisis has aggravated pre-existing inequalities which have been worsened by inflation in fuel and food prices, job losses and an increase in value added tax (VAT).
- The private sector has been identified as a key stakeholder as it is affected by the outcomes of inequalities in Botswana. The widening inequality gaps lead to a gradual decrease of consumer purchasing power or disposable income and ultimately lead to depletion of customers.
- Additionally, low wages lead to an unhappy and dissatisfied employee base which will lead to low productivity.
- **The private sector is therefore invested in progressive, non-corrupt environments as this guarantees its own success and growth.** This calls for the private sector to be a critical stakeholder in mitigating inequalities and corruption in Botswana.
- Opportunities for the private sector to play a meaningful role in closing the inequalities gap have been affected by several factors:

¹ An assessment of Risks and Vulnerabilities to Corruption in Botswana's Key Institutions and Processes, 2020. Botswana Centre for Public Integrity.



- Most of the entities in the private sector are foreign owned. Botswana's low minimum wage floors, lax foreign exchange and capital controls have led to capital flight.
- The relationship between government and the private sector has been fairly average. It has not been as mutually beneficial as it should be.
- It is important to acknowledge increasing **corruption levels have deteriorated competition between businesses**. Thus, the effective implementation of **ethical codes** of conduct as a tool to combat graft and potential abuses of office is essential in promoting a conducive business environment.
- **The private sector taking an active role in fighting corruption can favourably improve citizens' and foreign investors' perception of Botswana's business climate increasing business and investment opportunities.**
- The private sector must demonstrate commitment to principles of integrity in order to build trust with customers, offer quality services, and ensure sustainability and ethical standards.
- Lack of transparency (between management and employees) and lack of accountability are some of the leading causes of corruption within private sector organisations.

- **Conflict of interest** demonstrated by the links between the public servants, private companies and politicians continues to be a pervasive issue.²
- Fighting corruption and promoting transparency, accountability and integrity in the business sector is important for companies conducting business in Botswana to **ensure adherence to increasingly demanding international standards, instruments and review mechanisms**.³

Current Policy:

Measures taken to encourage ethical business practices and involve the private sector in the fight against corruption:

- DCEC and Business Botswana developed a **Code of Conduct for the Private Sector** (Code),
- Public Procurement and Asset Disposal Board (PPADB) developed a **Code of Conduct for Contractors** (PPADB Code),
- DCEC has signed **Memorandum of Understanding** with Business Botswana and the University of Botswana to promote good corporate governance and enhance knowledge and skills in business ethics,
- DCEC conducts **anti-corruption workshops** in multiple sectors.⁴

² Individual Consultant Procurement Notice, 2018. *United Nations Development Programme*. [Online]. Available at: https://procurement-notices.undp.org/view_file.cfm?doc_id=146570

³ The Private Sector's Role in the Fight Against Corruption: Challenges and Remedies for the Egyptian Business Community, 2011. MENA - OECD Investment

Programme. [Online] Available at:

<https://www.oecd.org/mena/49381979.pdf>

⁴ Conference of the States Parties to the United Nations Convention against Corruption, 2019. *United Nations*. [Online] Available at:

https://www.bb.org/bw/common_up/business-botswana/doc_1597667743.pdf



Despite these efforts, officials have reported that there has been a low uptake rate of anti-corruption programmes and no compliance to regulations by businesses. This is due to their voluntary nature, barring the PPADB Code.

Recommendations:

For the government

- The government should play a substantive role in facilitating and growing domestic investment and ensuring that money circulates equitably to foster economic growth and decrease corruption.
- The government should evaluate and improve the facilitation of public resources such as infrastructure, internet, water etc. to the private sector to enable it to expand and bridge the gaps that can potentially foster corrupt practices.
- The **Procurement Act** specifies who gets a government contract. There should be provision in the Act which gives priority to the awarding of tenders to signatories to the Code and other regulations.
- A **tax incentive** can be offered to businesses to participate in anti-corruption programmes and become signatories to current regulations.
- The government should evaluate the effectiveness of anti-corruption activities undertaken to strengthen the impact of such activities.

For civil society

- Civil society organisations can open channels of engagement with the private sector to collaborate in influencing policy making.
- Civil society organisations should **facilitate effective development and implementation**

of **ethical codes of conduct to fight corruption**. Avenues of cooperation may include establishment of committees for monitoring and reviewing codes of conduct, regular training of employees, regular dialogue amongst organisations, alignment of codes of conduct with the country's laws etc.

- Civil society organisations and DCEC can strengthen anti-corruption collaboration efforts.

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For the private sector

- Businesses should be **more proactive in establishing and adopting ethics** and compliance standards that govern their operations.
- Private sector codes of conduct should be promoted publicly to build a culture of compliance.
- Businesses should participate in existing anti-corruption programmes and comply with regulations formulated to promote transparency and integrity in the business sector.
- Build a culture of transparency to curb and limit corrupt practices by multinational corporations.

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