

**GUIDELINES FOR BOTSWANA COVID-19 PANDEMIC (CORONA
VIRUS) RELIEF FUND**

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

April 2020

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1.0 BACKGROUND

- 1.1 The coronavirus (COVID-19) comes at a time when the world economy was expecting an improvement in economic growth in 2020 as compared to 2019, with a similar upturn expected in Botswana. As the virus has spread around the world over the past two months, it has become apparent that there will be a very large negative economic impact, both globally and in Botswana. Many countries, including Botswana, have introduced restrictions on travel, population movement and social interaction with the aim of suppressing the spread of the virus. These restrictions have a negative impact on economic activity, in addition to the direct impact of the health system crisis arising in many countries¹.
- 1.2 Governments are, therefore, implementing a variety of measures to mitigate the negative impact of COVID-19. The impact of the COVID-19 shock is particularly acute in specific sectors, and best-practice interventions include a range of *targeted* fiscal, monetary and financial market measures to help affected households and businesses.
- 1.3 The COVID-19 Economic Advisory Committee has been evaluating the potential economic impact on Botswana, and has prepared a package of interventions designed to mitigate that impact and provide some support to businesses and households, consistent with available fiscal space. The fiscal interventions identified by the Economic Advisory Committee are attached as Annexure 1. Annexure 2 contains sectors which will **not** be covered by the support programme.

¹ *At present, however, most of the negative economic impacts arise from the restrictions imposed to suppress the spread of the virus rather than the health impacts themselves, in contrast to previous viral episodes such as HIV/AIDS.*

2.0 ECONOMIC RESPONSE – PRINCIPLES AND OBJECTIVES

- 2.1** In terms of the mitigating actions being implemented around the world, the objectives are generally to minimise the adverse short-term impact of the COVID-19 recession on firms and households, and to ensure that economy is well placed for recovery when conditions improve. The latter requires that, as far as possible, firms that are fundamentally sound survive the crisis – if firms disappear, then recovery will be much slower and the permanent impact deeper. During the recession, many firms will have short-term cash-flow problems that could lead to bankruptcy, due to insufficient revenues to meet immediate commitments, even if they are not fundamentally uncompetitive or insolvent. Appropriate action should therefore be taken to help them to contain or reduce costs and defer financial commitments until cash-flow improves.
- 2.2** Similarly, at the household level, for people who lose their jobs or are temporarily laid off, or lose income-earning opportunities (e.g. small-scale traders), action should help to soften the blow of lost income and help them to meet financial commitments.
- 2.3** However, it is important that, as far as possible, interventions are targeted on sectors, firms and households that have suffered the greatest adverse impact. Widespread, untargeted, interventions will be unaffordable, and less effective. Nevertheless, targeting must be practical and implementable in a relatively short time period.
- 2.4** As a general principle, interventions should be flexible and time-limited. The impact of the corona virus is likely to be variable over time, hopefully short-lived, but with the possibility that there may be flare-ups of infections and restrictions at some point in the future. Governments need to avoid getting locked into unsustainable long-term financial commitments, and be able to scale back rapidly when the need for support declines.

- 2.5** There is a general consensus that fiscal interventions are more effective than general monetary policy interventions (such as interest rate reductions) in these circumstances. Fiscal interventions inject money into the economy, directly in the hands of the firms and households that need it. Generalised monetary policies such as reducing interest rates may be useful as a signalling device to support confidence, but are unlikely to stimulate spending and aggregate demand.
- 2.6** In Botswana, as a response to the COVID – 19, Government developed an economic response plan with a view to address the following strategic objectives:
- a)** Support to workers
 - b)** Stabilisation of businesses
 - c)** Ensuring availability of strategic reserves, and
 - d)** Promotion of opportunities for economic diversification
- 2.7** As part of the comprehensive national response to the threat of COVID-19 Pandemic (Corona Virus), the Ministry of Finance and Economic Development (MFED) established a Special Fund, known as the "COVID-19 Pandemic (Corona Virus) Relief Fund". The Fund provides financial resources to cater for the procurement of national relief supplies; evacuation cost for citizens outside Botswana; national publicity outreach programmes; relief of selected industries or sectors; public counselling centres or facilities; additional staff to support health professionals and an economic stimulus package post COVID-19 Pandemic.
- 2.8** Presidential Directive CAB 9(A)/2020 dated 25 March 2020, directed the Ministry of Finance and Economic Development to urgently mobilise P2 000 000 000 (Two Billion Pula) through transfers from Special Funds and appropriation from the

Consolidated Fund and that the funds be paid into the COVID-19 Pandemic (Corona Virus) Relief Fund. More funding is also being mobilized through the private sector, civil society organizations, development partners and the community at large.

3.0 SCOPE OF THE FISCAL INTERVENTIONS

3.1 The proposed fiscal interventions for Botswana fall into a number of categories, as follows:

- a) Wage subsidies
- b) Loan guarantees
- c) Build-up of Strategic Reserves such as Grain (maize, Sorghum, pulses); Water (browsers, trucks, water tanks); and Medical supply/equipment
- d) Psycho-social support e.g counselling
- e) Burials
- f) The evacuation cost of citizens who are currently outside Botswana
- g) The national publicity outreach programme
- h) Additional staff to support health professionals

3.2 The details of the proposed interventions are shown in Annexure 1.

ANNEXURE 1: MATRIX OF PROPOSED INTERVENTIONS

Intervention	Objectives	Conditions	Eligibility
<p>1. Wage Subsidy (Annexure 2)</p>	<ul style="list-style-type: none"> • To enable eligible businesses affected by COVID-19 to keep workers employed (i.e. to avoid retrenchments) and incomes flowing into households • To give businesses some cash-flow relief • Easy to administer (based on rules, discretion minimized) • Quick to implement 	<ul style="list-style-type: none"> • Subsidy of 50% of basic salary of citizen employees, with minimum subsidy of P1000/month and maximum of P2500/month • Pay to eligible businesses on condition that: <ul style="list-style-type: none"> • No retrenchments (i.e. employment at least at level of December 2019) • Salary payment to each employee, even if temporarily laid off, is at least at the level of the subsidy • Businesses to supply copy of payroll register, including name, Omang, TIN and basic monthly 	<ul style="list-style-type: none"> • Must have TIN • Must be in a sector identified as negatively affected by COVID-19 • Parastatals and businesses with direct Government shareholding are not eligible

		<p>salary for each employee</p> <ul style="list-style-type: none"> • Subsidy paid through BURS to company bank account • Claims by businesses may be audited by BURS • Payments will be paid through BURS to businesses in April, May and June 2020 	
<p>2. Loan guarantee</p>	<ul style="list-style-type: none"> • To give eligible businesses affected by COVID-19 access to credit to support ongoing operations, in conditions where credit becomes more difficult to obtain 	<ul style="list-style-type: none"> • Guarantee to be administered by BECI but to be a Government liability • Banks to undertake full loan recovery process (including “in the matter between”) before calling on guarantee • No guarantee fee • Duration of guarantee will be 24 months 	<ul style="list-style-type: none"> • Must be in a sector identified as negatively affected by COVID-19 • Businesses must be tax compliant • Terms and conditions to be negotiated by Government and Banks

		<ul style="list-style-type: none"> • Ceiling on loan size P25m per borrower • Borrower to be in eligible sector 	
Intervention	Objective	Conditions	Eligibility
3. Support by Development Agencies	<ul style="list-style-type: none"> • CEDA to support SME's affected by the COVID-19 • CEDA to restructure loans waiving interest payments for 12 months • NDB to come up with intervention packages following same core principles 	<p>Contact CEDA</p> <p>Contact NDB</p>	<ul style="list-style-type: none"> • Business affected by COVID – 19 • Business affected by COVID – 19

INTERVENTION	TIMELINE	RESPONSIBLE INSTITUTION
4. Build-up of Strategic Grain Reserves - Food (maize, sorghum, pulses)	Immediate	MoA/BAMB
5. Water (browsers, trucks, water tanks)	Immediate	MLWS
6. Medical supply/equipment Corona related Relief procurements and logistics e.g. tents, beds, accommodation, disinfectant (helicopter), medical-tele consultation, additional workforce	Immediate	MoHW
7. Psycho-social support (Counselling services to those quarantined, front-line workers, corona impacted persons and their families)	Immediate	MLGRD and MoHW
8. Burials	Immediate	MoHW

OPPORTUNITIES

INTERVENTION	TIMELINE	RESPONSIBLE INSTITUTION
<p>9. Upscale production of horticultural produce</p> <ul style="list-style-type: none"> a. Promote household vegetable production, including through distribution of seedlings b. Promotion of horticultural production by upscaling fruit seedling production - this covers expansion of production, distribution 	Medium	MoA
<p>10. Promote market centers for agricultural produce</p> <ul style="list-style-type: none"> • The demand for horticultural produce is 112 000mt and current production is 55 454mt. • Fund to be managed by Botswana Horticultural Council (BOHOCO) 	Medium	MoA
<p>11. Capacitate National Agro-processing Plant (NAPRO) to absorb all excess production of vegetables</p> <p>The funds will assist NAPRO to operate efficiently and run at full capacity. The operations will include logistics, buying produce from farmers, production of processed products, promotion and sale of</p>	Medium	MoA

INTERVENTION	TIMELINE	RESPONSIBLE INSTITUTION
processed products.		
12. Promotion of livestock value chains (e.g. fodder production, dairy heads) in the clusters to increase production	Medium	MoA
13. Set-up milk collection centres in communal areas, and re-route trucks of milk processors to collect from the centres	Medium	MoA

ANNEXURE 2: GUIDELINES FOR THE COVID19 WAGE SUBSIDY

Further to the Press Release by the Permanent Secretary, Ministry of Finance and Economic Development dated 2nd April 2020 on the COVID19 ECONOMIC RESPONSE the following are the Guidelines for the implementation of the Wage Subsidy announced by the Honourable Minister of Finance and Economic Development, Dr. Thapelo Matsheka during his address of 1st April 2020.

1. What is the basis for payment subsidy?

The subsidy is being offered under the Public Finance Management (COVID-19 Pandemic (Corona Virus) Relief Fund) Order, 2020.

2. Which business sectors qualify for the subsidy?

All business sectors are eligible for the subsidy **with the exception of the following:**

- a. Water Supply;
- b. Electricity Supply;
- c. Wholesale – Food;
- d. Retail – Food;
- e. Post and Communications;
- f. Banks;
- g. Insurance;
- h. Parastatal Companies;
- i. Businesses with direct Government shareholding and Government aided entities such as non-governmental organisations;

- j. Central Government;
- k. Local Government;
- l. Pension administration services;
- m. Stock exchange services
- n. Fund management services ;
- o. Medical aid fund services;
- p. Health and pharmaceutical services

3. What conditions apply to the subsidy?

- i. Applicable only to **citizen** employees;
- ii. Employers in identified sectors must be **registered for tax with BURS**;
- iii. Employers must make a **commitment not to retrench employees** as a result of the pandemic;
- iv. Applicant employer must produce a **wage bill from December 2019**;
- v. The subsidy period **commences in April and ends in June 2020**

4. What if I am not registered with BURS?

A condition for accessing the wage subsidy facility is that employers must, at the least, be registered with BURS for income tax purposes. If a business is not registered but wants to access the facility they must register with BURS at the BURS website on the eservices portal.

5. What do qualifying businesses need to do to access the subsidy?

Step 1: Application form

Qualifying businesses need to complete the COVID-19 Wages Subsidy Application available on the BURS website. The form must be completed and submitted online. The form is available at the e-services portal on the BURS website as shown below.



Step 2: How will I know I am successful or unsuccessful?

Successful applicants will receive an email confirming successful registration. The TIN of the successful registrant will be necessary for uploading your completed WAGE SUBSIDY CLAIM FORM.

Step 3: WAGE SUBSIDY CLAIM FORM is available on home page of the BURS website. Download, complete and save the form before uploading by clicking on the Wage Subsidy Upload tab (found on eservices homepage)

Step 4: Monthly submission

It is important to note that for each month the successful applicant must submit a claim through the WAGE SUBSIDY CLAIM FORM. The deadlines for submission of the form is highlighted in Question 8 below.

6. Computations of the subsidy for each employee.

The basis for the subsidy is 50% of the employee's monthly wages with a minimum support of P1000 and a maximum of P2500 for each qualifying employee. A diagrammatic representation of the subsidy is shown below:

WAGE (BWP)	HALF WAGE (BWP)	WAGE SUPPORT AMOUNT(BWP)
1000	500	1000
1250	625	1000
1500	750	1000
2000	1000	1000
2350	1175	1175
2500	1250	1250
3000	1500	1500
3500	1750	1750
4000	2000	2000
4500	2250	2250
5000	2500	2500
BEYOND 5000		2500
6000	3000	2500

7. Does the subsidy only apply to employees with wages of up to P5000?

No. The subsidy applies to any citizen employee of a business not included in the list above.

8. Do we expect employers to apply for the subsidy each month of subsidy period?

Applications for the subsidy are to be made once during the subsidy period being April to June 2020. However, employers are required to submit monthly subsidy claims in the prescribed downloadable form before the 15th of each month in order to facilitate payment in that month. Claims received during a month but after the 15th of that month will be paid in the subsequent month.

9. When can applications be made?

It is advisable that applicants submit their applications and/or claim forms during the month for which they are requesting support. No applications shall be processed after 30 days of the expiry of the subsidy period.

10. When will subsidy payments be made to employers?

Employers who have submitted correct documentation by the 15th will be paid by the 25th of that month. However, for April, the deadline for submission is extended to the 20th April 2020 and payments will be made by the 28th April 2020.

11. What if an employer is found to have abused this subsidy? Examples of abuse include:

- **Failure to disburse within the month of payment to eligible employees**
- **Use of 'ghost' employees**
- **Attempting to apply more than once for the same period**
- **Providing misleading or incorrect information**

Any person who is found to have abused this subsidy shall be liable to prosecution

12. What other conditions are attached to the subsidy?

- Applications will be dealt with within the normal course of business and some may be rejected on the basis of fundamental criteria e.g. citizen employees, TIN, sectoral classification etc.
- Appeals against a decision of the Commissioner General may be considered by the Management Committee of the Public Finance Management (COVID-19 Pandemic (Corona Virus) Relief Fund) Order, 2020. The address for the Committee is:

The Secretary
Management Committee
Public Finance Management (COVID-19 Pandemic (Corona Virus) Relief Fund)
Ministry of Finance and Economic Development
P/Bag 008
Gaborone

13. How are employers to treat the subsidy payments to employees for tax purposes?

Payment of subsidy and other wages due to employees does not exonerate employers from the duty to withhold pay-as-you-earn as required under section 56 of the Income Tax Act as read with the 6th Schedule to that Act.

14. Does the subsidy apply to temporary employees?

The subsidy includes employees who are contractually bound to the company such as temporary employees.

15. What if an employee is employed by more than one employer?

Where an employee has more than one employer, the employee is obliged to inform their employers that they are employed by another employer and indicate to each employer where they wish to access the subsidy.

Further enquiries may be made to the following BURS officers during working hours:

Name	Contact number
Mr Tutu Bakwena	7300 3602
Mr Gaitsiwe Motsewabagale	7680 6967
Mr William Nkitseng	7301 4534
Mr Kunyalala Thapisa	7358 6764
Mr Gofaone Baleseng	7361 7519
Mr Oabile Simon	7358 7229