REQUEST FOR COUNTRY ALLOCATION OF UNDP COVID-19 2.0

**RAPID FINANCING FACILITY**

Substantive area of RFF REQUEST

*Digital Disruption and Innovation*

 **Please choose the most relevant area.**

Proposal details (maximum APPROXIMATELY 3 pages)

**Country:** Botswana

**Requestor:** Jacinta Barrins

**Project Title [5-7 words]: Informal Sector Recovery and Public Sector Digitalisation**

**Requested amount:** 600,000 USD

**Gender Marker:** GEN2

**Date of submission:** Auto set field. *(STARS Ref no: Auto set field.)*

**Implementation Start Date:** 30 November 2020

**Implementation Complete Date:** 31 December 2021

1. **Situation analysis** *(maximum 3,000 characters)*

*Within the analysis, please* ***include the gender differentiated******impacts*** *of COVID-19.*

Botswana declared a 6-month State of Emergency 2 April 2020 (renewed 30 Sep). A prolonged lockdown period ensued, with a gradual easing of restrictions from June onwards. Nevertheless, and as the pandemic curve is steepening, borders remain closed with the exception of essential services and goods. The economy is projected to contract by 8.9% in 2020 with impact on livelihoods as well as revenue collection. Supply chains and markets have been disrupted, public service provision is strained and the impetus to leapfrog into digital solutions and accelerate the progression towards digital transformation as per the Vision 2036 has become paramount. UNDP in its response led the UN SEIA, which informed the decision to support the development of 3 recovery plans for: Social Protection, Private Sector and the Informal Sector.

With an economy largely dependent on mining and tourism, concerns have been growing around the lack of economic diversification and job creation. Prior to the pandemic, the national unemployment rate was 20.7% (26.8% for females). These figures seem to have risen substantially since COVID-19, and recent calculations have shown a 10% increase of youth unemployment, now at 37%.

SMEs constitute 90% of all businesses in Botswana, and although the informal sector constitutes only 5.3% of GDP, it is estimated that over 191,000 persons are employed in the sector. It is also a sector that is rapidly expanding, growing 233% from 2007 to 2015. 67% of informal businesses are at least partially women-owned, and data shows that over 50% lost all revenue during the lockdown period. The initial government relief plan was geared towards wage subsidies and financial relief benefitting formal businesses. It became clear that the informal sector had become the ‘missing middle’ both in terms of policy making and the economic response. As a result, the informal sector recovery plan highlights the need for dedicated policy-making and government support structures and a focus to support women and youth-led businesses to create an inclusive recovery and broader platform for economic diversification.

Botswana’s public services also struggled throughout the pandemic. Already pre-COVID, low productivity of the public services was a challenge due to inefficient processes, poor coordination, lack of transparency and accountability and inability to use online services. According to the WEF Global Competitiveness Report, Botswana ranks 130 out of 141 on the E-Participation Index. One of the commitments within the Botswana E-Government Strategy and newly updated Digital Strategy (2020-2022) is the provision of One-Stop Service Centres that will facilitate access to efficient public services for citizens. The Molepolole Service Hall pilot aims to offer revenue, social welfare, civil registration, taxation and enquiries services and with the added impetus of COVID-19, emphasis will be placed on making these services available online without delay.

1. **Proposal overview and expected outputs** *(maximum 3,000 characters)*

*Please elaborate on the proposal approach and how it is expected to lead to change at the output level. All Rapid Financing Facility proposals must be GEN2 or GEN3; therefore, please* ***indicate how the country office proposes to address gender inequalities*** *through concrete interventions.*

Component 1 is taken directly from the Informal Sector Recovery Plan which UNDP developed with the Ministry of Investment, Trade and Industry. An Informal Sector Unit will be established to develop, implement and manage all Government’s interventions for the sector; and manage a sectoral business intelligence database providing the information required for vulnerability-reducing strategies that will shift the sector’s focus to innovative opportunity-driven entrepreneurship, and eliminate decent work deficits. Registration through the database will unlock opportunities for government financial support and training.
Innovation and Investment Hubs will be established to allow for institutional support so that technology and tailored services around the sectors of 1) Mining, 2) Tourism, 3) Manufacturing and 4) Retail, etc., can be the focus of development.

Botswana has developed a robust set of ALMPs to support businesses towards innovation, stability, sustainability, diversification, funding, and success. However, they are not tailored to the informal sector. To improve enrolment, support, graduation, agency, and upward entrepreneurial mobility particularly for women and youth (ICT focus), an active management approach to enrolment and training will be taken.

A public pension scheme or a social insurance plan can reduce several stressors on retiring individuals, on families, and on government accounts, while promoting secure development over a generation of workers. To this end, the project will conduct a Feasibility Study on a Social Insurance Plan for the Informal Sector.

Component 2 focuses on digital transformation of public services.
Botswana National E-Gov Strategy 2011-16 set out to modernise its service delivery with limited success. Recently, a Digital Strategy (2020-2022) was launched to re-ignite digital transformation of public services. There will be a focus on rolling out high impact electronic services including One-Stop Service Centres, and the Molepolole Service Hall (MSH) was established in 2015. However, the services on offer are not yet digitized and hence were disrupted during as a result of COVID-19.
Therefore, this proposal will review the current operational model of the MSH. Services offered at the MSH will include; civil and registration services, vehicle and driver services, business registration and licensing, building and planning services, land registration services, visa, work permits and residency services, educational services, farming and agricultural services, social services etc. The service processes will be re-engineered to become accessible through a computer, tablet, smartphone or other electronic devices and will offer 24/7 accessibility to services.
A digital finance ecosystem assessment will be undertaking to analyse the inclusivity of the digital economy, its infrastructure, nascent Fintech sector and regulatory frameworks in preparation for a full Digital Finance Strategy.

1. **Management arrangements** *(maximum 2,000 characters)*

*Describe how the initiative will be managed within UNDP.*

Within the Botswana Country Office the initiative will be managed by the Programme Specialist, who heads the Economic Diversification and Inclusive Growth Portfolio. Two technical advisors will be brought onboard to support a) the establishment of the Informal Sector Unit in the Ministry of Investment, Trade and Industry and b) the operationalization of the Molepolole Service Hall. Placed in the respective offices within the Ministries of Investment, Trade and Industry, and Local Government and Rural Development, these technical advisors will be supported by dedicated technical teams from the government (currently being appointed). Both components of the project will be supported by dedicated Technical Reference Groups with members from the relevant Line Ministries, and Informal Sector Associations (for Component 1) to ensure effective delivery of initiatives and activities. The UNDP Country Office, through the EDIG portfolio will provide additional quality assurance, oversight and operational support to the project.

1. **Partnerships** *(maximum 2,000 characters)*

*Describe how the country office will work with partners to achieve results.*

During the implementation of the RRF 1, UNDP partnered with the Ministry of Investment Trade and Industry (MITI) as the key institution for the recovery of the informal sector businesses and their capacity development. In addition, MITI brought along the Local Enterprise Authority (LEA), a parastatal institution, with the mandate to develop entrepreneurship among MSMEs. LEA plays a critical role of information sharing and support to formalization MSMEs. The Citizen Entrepreneurial Development Agency (CEDA) will be brought in as it plays a critical role of providing financial resources to the informal sector. The CEDA has already started rolling out a specific programme to provide small loans to the informal sector businesses to support their recovery from the effects of COVID-19 through recapitalization of their activities.
Furthermore, through the existing MOUs with banks such as Stanbic, under the UNDP Supplier Development Programme, there is scope to explore support for informal sector businesses.
Lastly, UNDP will partner with the Ministry of Finance and Economic Development for the Digital Finance Assessment and to ensure coherence with ongoing work on the Integrated National Financing Framework.
The Ministry of Local Government and Rural Development will lead the operationalization of the MSH pilot in close collaboration with the Ministry of Transport and Communications. The Technical Advisor that will be supported through this project will be key to establishing the technical management team for the MSH pilot for which the MLGRD has already budgeted but is unable to move forward with due to lack of technical expertise. This component will require the engagement of all concerned line ministries through technical working groups as service delivery processes are mapped, re-engineered and digitized. A Steering Committee for the pilot has already been established.

1. **Complementarity with other funds available for COVID-19**

*If the country office already has resources available for COVID-19 (e.g. core resources, Rapid Response Facility, government C/S, third-party C/S, vertical funds, etc.), please indicate how the requested funds will complement other funds or help mobilise additional resources toward programmatic ambitions and sustainability.*

Interventions within this proposal are building on the action plans developed throughout our immediate COVID-19 response, funded through the RRF 1. The partnerships forged through these efforts are carried through and UNDP is now able to implement joint and joined up support and solutions to the informal sector together with ILO and the Botswana Innovation Hub. UNDP’s longstanding relationship with the Ministry of Investment, Trade and Industry and Ministry of Local Government and Rural Development also allows for cost-sharing in the efforts to scale up programming for the informal sector and service delivery recovery. Furthermore, the CO has submitted a proposal through the UNDP Russia Trust Fund for its COVID-19 response. This proposal of $800,000( tentatively approved) is to support women and youth owned SMEs and start-ups, leveraging the already established Supplier Development Programme as well as setting up a Botswana-based YouthConnekt model. These funds are expected to be allocated by end-December. Monitoring & Evaluation activities will be covered through the UNDP CO and regular AWP resources.

The informal sector and digital transformation are two new programmatic areas for the UNDP CO. These have gained substantial traction in recent months through the COVID-19 response work and becoming key tenets of the CO’s programming in Botswana. It is expected that these will transform into key priorities for the next CPD cycle.

|  |  |  |
| --- | --- | --- |
| Funding source  | Amount  | Purpose of / period covered by Funding |
| 28641 | USD259,475.00 | RRF 1.0 country office interventions |
| 28644 | USD300,000.00 | RRF 1.0 country office interventions |
|  | USD 800,000 | Support to women and youth-owned SMEs and establishment of YouthConnekt Botswana |
|  | USD 545,000 | SDG Fund: INFF |

1. **Risk mitigation** *(maximum 2,000 characters)*

*Identify the key risks that may threaten the achievement of results and describe how project risks will be mitigated.*

1. **Regulatory Risk:** Restriction on the movement of people as a result of State of Emergency regulations remain a possibility. This could slow down the implementation of the project as not all partners are equally equipped to work from home. The CO continue to explore solutions and offer support to ensure that work is able to continue. Often this has to be done on a case-by-case basis as the environment remains fluid. A second regulatory risk is the extent to which the legal and regulatory framework will need to be amended to allow for digitization of the initially identified services for the Molepolole Service Hall. This is addressed as an action in the project.

2. **Organizational Risk:** Lack of coordination among the informal sector enterprises is a risk that may challenge some of the initiatives geared towards supporting them as a group. Many operate outside of the established associations or do not have a fixed place of operation. Due to the registration drive during COVID-19 and the increased visibility of the recovery plan, the CO is confident that the project will be able to reach out, contact and engage the informal sector in its initiatives. A range of communication tools and outreach platforms/media will need to be used to ensure maximum coverage. Furthermore, for component 2, significant coordination amongst line ministries is required to ensure the success of the MSH pilot. As a Steering Committee has already been established, some of the groundwork has already been done to ensure proper coordination and oversight.

3. **Financial Risk:** Inadequate funding from the RFF would threaten the achievement of the results and the strengthening of the partnerships established during the RRF 1 implementation. A joint prioritization exercise would need to take place to agree on a scaled down version of the project.

BUDGET / WORKPLAN

*OUTCOME 1: INFORMAL SECTOR RECOVERY STRUCTURES OPERATIONALISED*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **EXPECTED OUTPUTS** | **PLANNED ACTIVITIES**List all activities including M&E to be undertaken during the year towards stated CP outputs |  **TIMEFRAME**  | **RESPONSIBLE PARTY** | **PLANNED BUDGET\*** |
| 2020 | 2021 | Source of Funds | Budget Description | Amount (USD) |
| Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Output 1.1. An Informal Sector Unit established within MITI and functional  | 1.1.1 Support the Ministry of Investment Trade and Industry on the establishment of an Informal Sector Unit, (ISU)  |  | x | x |  |  |  | UNDP |  |  | 0 |
| 1.1.2 Develop structure, terms of references and workplans for the ISU |  |  | x |  |  |  | UNDP |  |  | 0 |
| 1.1.3 Recruit technical advisor to the ISU |  |  | x | x |  |  | UNDP | RFF | Service Contract | 90,000 |
| Output 1.2. An Informal Sector Business Intelligence designed and rolled out  | 1.2.1 Design the Business Intelligence System  |  |  | x |  |  |  | UNDP | RFF | Consultancy  | 30,000 |
| 1.2.2 Procure appropriate business intelligence software for a data lake or warehouse design. |  |  | x |  |  |  | MITI | MITI | Goods | 40,000 |
| Output 1.3. Transfer Technology Innovation and Investment Clusters and Niches established  | 1.3.1 Identify feasible informal sector clusters and niches yielding national competitive advantages through stakeholder consultative meetings, data mining and analysis. |  |  |  | x |  |  |  | RFF | Consultancy, Travel, logistics | 30,000 |
| 1.3.2 Expand existing Active Labour Market Policies (ALMPs) designed to support technology development, to women, youth and other COVID-19 vulnerable groups. |  |  |  | x | x |  |  | RFF | Consultancy | 20,000 |
| MITI | Travel, logistics | 15,000 |
| 1.3.3 Purchase and deliver free Cloud Server Space to any informal sector participant interested in developing a new service or product based on web-based technology. |  |  | x |  |  |  | MITI | MITI |  | 10,000 |
| Output 1.4. Platforms established for Informal Sector Entrepreneurship Training and Cultural Change. | 1.4.1 Develop articulation frameworks and cooperation agreements for informal sector-relevant entrepreneurship training programmes offered across the different Ministries and parastatals in the public sector. |  |  | x | x |  |  | MITI/UNDP/ILO | RFF |  | 15,000 |
| 1.4.2 Develop and implement training in innovation, incubation, ICT and digital solutions for women, youth and other COVID-19 vulnerable groups. |  |  |  | x | x | x | UNDP/BIH/LEA | RFF |  | 30,000 |
| Output 1.5. Informal Sector Social Insurance Plan Developed | 1.5.1 Conduct a Feasibility Study on a Social Insurance scheme for the informal sector  |  | x | x | x |  |  | UNDP | RFF |  | 30,000 |
| 1.5.2 Roll-out training on non-contributory and contributory social protection systems for government stakeholders (Transform Initiative) |  |  | x | x | x |  | UNDP/ILO | RFF |  | 15,000 |
| **GMS 8%** | 20,800 |
| **OUTCOME 1 TOTAL RFF** | **280,800** |
| *Government Cost-Sharing* | 65,000 |

*COMPONENT 2: DIGITALISATION OF PUBLIC SERVICES PILOTED*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **EXPECTED OUTPUTS** | **PLANNED ACTIVITIES**List all activities including M&E to be undertaken during the year towards stated CP outputs |  **TIMEFRAME**  | **RESPONSIBLE PARTY** | **PLANNED BUDGET\*** |
| 2020 | 2021 | Source of Funds | Budget Description | Amount (USD) |
| Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Output 2.1. E- Services at MSH defined, process and SOPs for each on- line service developed, approved and operational  | 2.1.1 Identify and pilot feasible services that will be provided by MSH in consultation with the relevant Line Ministries  |  |  | x |  |  |  | MTC/MLGRD/UNDP | RFF | Consultancy,Goods | 90,000 |
| 2.1.2 Procure software system and establish at Molepolole Service Hall, connected to relevant line ministries and accessible by the public  |  |  | x |  |  |  |  |
| 2.1.3 Support Line ministries to re-engineer processes for each service and define the service standards. |  |  | x | x |  |  |  | RFF | Consultancy | 30,000 |
| 2.1.4 Configure the systems software to include all the identified services  |  |  | x | x |  |  | MTC/MLGRD/UNDP | RFF | Consultancy | 35,000 |
| Output 2.2 MSH staffing structure defined and operationalized | 2.2.1 Develop organogramme and job descriptions |  |  | x | x | x | x | MLGRD/DPSM/UNDP |  |  | 0 |
| 2.2.2 Develop annual workplans per staffing unit |  |  | X | X | X | X | MLGRD/DPSM/UNDP |  |  |
| Output 2.3 ICT Legal and Regulatory Framework finalised | 2.3.1 Review and update ICT Legal and Regulatory Frameworks (incl. data protection) |  |  | x |  |  |  | MTC/UNDP | RFF |  | 80,000 |
| Output 2.4 Technical Advisory and Management Services provided to MSH pilot | 2.4.1 Recruit Technical Advisor |  |  | x | x | x | x | MLGRD/UNDP | RFF |  | 90,000  |
| Output 2.5Increased usage of the online system by Line ministries and the public  | 2.5.1 Develop training model and materials of the system  |  |  | x | x |  |  | MLGRD/UNDP | RFF |  | 50,000 |
| 2.5.2 Conduct training with line ministries and the public to increase uptake of the system |  |  |  |  | x | x | MLGRD/UNDP | RFF |  |
| Output 2.6Digital finance Assessment completed | 2.6.1 Conduct Digital Finance Assessment |  |  |  | x | x |  | MTC/MOFED/UNDP | UNDP |  | 35,000 |
| **GMS 8%** |  |  |  |  |  |  |  |  |  | 30,000 |
| **OUTCOME 2 TOTAL RFF** |  |  |  |  |  |  |  |  |  | 405,000 |
| **RFF TOTAL** |  |  |  |  |  |  |  |  |  | **686,205** |
| UNDP CO Resources for 2.6 |  |  |  |  |  |  |  |  |  | 35,000 |
| UNDP CO Resources for M&E |  |  |  |  |  |  |  |  |  | 20,000 |

*\*In line with Outputs with gender marker GEN2 or GEN3, it is recommended to allocate at least 15% of the funding to activities in support of gender equality and the empowerment of women.*

RESULTS FRAMEWORK

| **EXPECTED OUTPUTS** | **OUTPUT INDICATORS**[[1]](#footnote-1) | **BASELINE** | **MILESTONES AND TARGETS (Cumulative)** |
| --- | --- | --- | --- |
| **Value** | **Year** | **2020** | **2021** |
| **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** |
| Output 1.1 Establishment of an Informal Sector Unit | 1.1 Informal Sector Unit established. | No | 2020 | - | - | Yes |  |  |  |
| 1.2 Revitalization strategies developed for the informal sector. | 0 | 2020 | 0 | 0 | 0 | 1 | 3 | 6 |
| Output 1.2 Implementation of the Informal Sector Business Intelligence (BI) System. | 2.1 Business Intelligence system operational. | No | 2020 | - | - | - | Yes |  |  |
| Output 1.3 Establishment of Transfer Technology Innovation and Investment Clusters and Niches. | 3.1 Number of clusters and niches established. | 0 | 2020 | 0 | 0 | 0 | 2 | 4 | 6 |
| Output 1.4 Platforms established for Informal Sector Entrepreneurship Training and Cultural Change. | 4.1 Articulation Framework in place across the various entrepreneurship training programmes offered by Ministries and parastatals. | No | 2020 | - | - | - | - | Yes |  |
| 4.2 Memoranda of Understanding signed between the Ministry of Investment, Trade and Industry (MITI) and the various Ministries and parastatals offering entrepreneurship training programmes. | No | 2020 | - | - | - | - | Yes |  |
| 4.3 Number of informal sector businesses enrolled in and graduated from innovation and digital capacity development programmes. | 0 | 2020 | 0 | 0 | 0 | 75 | 175 | 275 |
| Output 1.5 Informal Sector Social Insurance Plan on the National Agenda. | 5.1 Stakeholders Consultative Forum Report. | No | 2020 | - | -  | - | Yes |  |  |
| 5.2 Feasibility Study Report. | 0 | 2020 | - | - | - | Yes |  |  |
| 5.3 Number of government stakeholders trained on social protection systems | **0** | 2020 | - | - | 50 | 100 | 150 |  |
| Output 2.1. E- Services at MSH defined, process and SOPs for each on- line service developed, approved and operational  | 2.1.1 Number of E-services operational | **0** | 2020 | - | - | 3 | 5 | 7 | 10 |
| 2.1.2 Number of people accessing E-services per month | **0** | 2020 |  |  | 50 | 200 | 300 | 500 |
| Output 2.2 MSH staffing structure defined and operationalized | 2.2.1 MSH Organogramme defined  | **No** | 2020 | - | - | Yes |  |  |  |
| 2.2.2 % of staff recruited  | **0** | 2020 | 0 | 0 | 25 | 75 | 25 |  |
| Output 2.3 ICT Legal and Regulatory Framework finalized | 2.3.1 ICT Legal and Regulatory Framework finalised | **No** | 2020 | - | - | - | - | - | Yes |
| Output 2.4 Technical Advisory and Management Services provided to MSH pilot | 2.4.1 % of staff expressing confidence in their capacities to deliver on expected MSH pilot results | **0** | 2020 | 0 | 0 | 0 | 25 | 50 | 75 |
| 2.4.3 % of customers expressing satisfaction in quality of services provided | **0** | 2020 | 0 | 0 | 0 | 35 | 65 | 90 |
| 2.4.4 % reduction in processing times per service line | **0** | 2020 | 0 | 0 | 0 | 20 | 40 | 60 |
| Output 2.5 Increased usage of the online system by Line ministries and the public | 2.5.1 % of service requests for Molepolole processed through E-services  | **0** | 2020 | 0 | 0 | 0 | 25 | 50 | 75 |
| Output 2.6 Digital Finance Assessment completed | 2.6.1 Digital Finance Assessment completed | **No** | 2020 | - | - | - | - | Yes |  |

1. It is recommended that projects use output indicators from the Strategic Plan IRRF COVID-19 indicators, as relevant. Due to the nature of the COVID-19 response work, quarterly milestones and targets are recommended. Monitoring will be conducted using the COVID-19 Monitoring Dashboard. Reporting will be streamlined into the COVID-19 reporting exercise (mini-ROAR and COVID-19 indicators.) No separate reporting will be required for rapid financing facility. [↑](#footnote-ref-1)