EFFECTIVENESS OF GOVERNMENT INTERVENTION IN THE PRIVATE SECTOR: POLICY IMPLICATIONS FOR LEGISLATORS

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Abstract

Government initiatives to lessen COVID-19's detrimental effects on the economy have yielded both successes and failures worldwide (Stiglitz, 2021; Rabhi et al., 2021). While this controversy rages, the COVID-19 pandemic offers yet another opportunity to question the effectiveness of state-sponsored relief efforts for small and medium-sized enterprises (SMEs). To assess the efficacy of government intervention, this study uses three criteria: "timeliness", "targeting", and "adequacy". It uses the Botswana COVID-19 Relief Fund for SMEs as a case study. The study used a survey approach bolstered by in-depth interviews as its primary method of data collection. According to the thematic analysis, the intervention's incomplete effectiveness was caused by application procedures that took too long, poor communication, a delayed start date, and a short intervention duration. The effectiveness of the intervention was diminished by poor targeting in light of corruption, gender inequality, and inadequate stakeholder consultation. For the purpose of improving both the intervention tools and the techniques, legislators must implement sufficient policy consultation. Eliminating corruption from the management and administration of interventions exterminates undeserving beneficiaries. Additionally, to improve targeting, the government needs to expand the scope of intervention tactics.

Keywords: SMEs, Private Sector, Effectiveness, Government Intervention, COVID-19 Relief Funds, Emerging Economy

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1. INTRODUCTION

Governments have in the past been compelled to intervene and restore the economy during crisis times. However, the debate on the effectiveness of government intervention remains unsettled. In recent years, there has been a major reassessment of the role that the state is expected to play in a modern economy, in response to emerging global challenges. This has been necessitated by divergent views on the efficacy of state intervention. Aside from the divergent views, past merits and failures, government intervention during the COVID-19 pandemic presents another opportunity to query the efficacy of state intervention in the private sector, especially in emerging and developing economies.

Governments took measures to address the economic and social impacts of the pandemic by availing varied aid and stimulus packages in response to the crisis brought about by the pandemic.

Whilst scholars have been concerned with COVID-19's impact on SMEs (Bartik et al., 2020; Chinazzi et al., 2020; Panda et al., 2023; United Nations Conference on Trade and Development [UNCTAD], 2022a), small and medium-sized enterprises (SMEs) survival strategies during the pandemic (Giunipero et al., 2022; Najihah et al., 2021), and policy/government intervention (UNCTAD, 2022a; Juergensen et al., 2020), evidence is delinquent of studies addressing the efficacy of government intervention in the private sector. Literature on the efficacy of government intervention is still underdeveloped, especially in emerging and developing economies, thus the present study seeks to fill that gap. Notably, government intervention during COVID-19 was country-specific, thus, SMEs received varying levels of financial support across countries (UNCTAD, 2022b). Accordingly, this study adopts the case of a developing economy to query the effectiveness of government intervention in the private sector, considering Botswana COVID-19 Relief Fund for SMEs availed during COVID-19 as a way of edifying scholarly and policy-inclined research on state intervention in the private sector.

As part of the government's Economic Recovery and Transformation Plan (ETRP), the government of Botswana introduced a COVID-19 Relief Fund on April 2, 2020, with an initial capitalization of 2 billion Botswana dollars (BWP). The intention was to cushion the worst immediate impacts of COVID-19 on the private sector by extending financial support to businesses to revive the economy, protect jobs and promote opportunities for economic diversification. Funds were administered to the private sector through the Citizen Entrepreneurial Development Agency (CEDA), National Development Bank (NDB), Botswana Unified Revenue Services (BURS) and other sister agencies. The government further allocated 1.3 billion BWP towards the Industry Support Facility (WeekendPost-Insightful, 2021). Of this, 300 million BWP was targeted to SMEs through CEDA. The core measures of the COVID-19 Relief Fund by the Government of Botswana (Ministry of Finance and Economic Development [MFED], 2020) are detailed hereunder:

1. Wage subsidy: 1 billion BWP subsidy amount was standardized at 50% of the basic salary of citizen employees, with a minimum subsidy of 1000 BWP/month and a maximum of 2500 BWP/month payable only to firms with Tax Identification Numbers (TIN). The conditions of the wage subsidy were focused on enabling eligible businesses affected by COVID-19 to avoid employee retrenchments, giving businesses some cash flow relief, and facilitating easy administration and quick implementation of salaries for each employee.

2. CEDA Emergency Relief Fund: 300 million BWP was allocated to SMEs through CEDA to support SMEs affected by COVID-19. Subsequently, CEDA was required to restructure loans and waive interest payments for 12 months. CEDA was further mandated to provide loans without penalizing those who could not repay CEDA loans in the past three months due to COVID-19 and provide a repayment holiday of six months for CEDA loans.

3. Loan guarantees: The government set aside 1 billion BWP, a 24-month loan guarantee for loans to firms up to a maximum of 25 million BWP per firm. Up to 80% of loan value was intended to enable firms to access life-saving finance. 1 billion BWP was set aside for loans to firms up to a maximum of 25 million BWP per firm. Firms in sectors identified to be severely affected by COVID-19 and were tax-compliant were beneficiaries. Firms were required to negotiate the terms and conditions with the government and commercial banks.

4. Rental support scheme: This was a new scheme by the government meant to provide landlords a three-month rental payment holiday to help property owners depending on rental income and companies to maintain liquidity.

Despite the notable efforts exhibited by the Botswana government in relieving the SMEs from the impacts of the pandemic, no evidence exists with respect to whether the intervention was effective, timeous and adequate and whether the stated objectives were achieved or not. The objectives of the study become imminent: to examine if the government of Botswana deployed adequate intervention to SMEs during COVID-19, subsequently, the study aims to assess if intervention was deployed timeously as well as targeted to the recipients to whom it was meant for. To this end, the study questions the following:

RQ1: Was the intervention deployed by the government of Botswana to the SME sector during COVID-19 adequate?

RQ2: Was it deployed well on time to guarantee the survival of businesses?

RQ3: Did it target the rightful beneficiaries?

Effectiveness is estimated based on whether the government rolled out interventions timeously, adequately and with proper targeting (Hussain et al., 2023; Morris et al., 2021). Timing of intervention entails whether intervention was provided at the right time for SMEs to counter COVID-19 headwinds as they evolved. Adequacy implies the ability of the government to deploy intervention to match SMEs' needs. On the other hand, targeting relates to the government's ability to direct intervention accurately to the hard-hit and needy SMEs.

Theoretically, this study hinges on the neo-classical theories that urge governments to intervene in the economy when markets fail. Whereas state intervention according to neo-classicals is meant to maximize social welfare or revive businesses during crisis times, the efficacy of government intervention in the private sector remains inadequately explored especially in the case of emerging economies (Adobas et al., 2024). Ideally, whether the neo-classical theory relates to the reality of emerging economies is questionable. Using a survey comprising 17 SMEs from sectors hard hit by COVID-19 and eligible for relief funds, the study queries whether the intervention was timeous, adequate and targeted. We show that government intervention was partially effective due to mistiming of the intervention given lengthy application processes, inadequate communication, delayed intervention and short-lived intervention. This study suggests urgency in the deployment of state intervention to maximize the impact of state intervention.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 presents the methodology adopted to analyze the efficacy of government intervention in the private sector. Section 4 outlines and discusses the results, whilst Section 5 presents the conclusions and proffers recommendations.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Conceptual framework

The neo-classical approach by economists such as Marshall (1920) and Walras (1954), upon which the study inclined, proposes that certain circumstances call for government intervention with specific goals when markets fail. The key elements of the neo-classical theory of government intervention are market failures, externalities, public goods and stabilization policies among others. They suggested that during times of crisis, governments must implement fiscal and monetary policies to mitigate the impacts of the recession by focusing on countercyclical measures such as tax cuts or government spending. Karnik (1996) further elaborates on the neo-classic approach while indicating the role the government should play in a modern economy. The state needs to intervene when the economy is undergoing a stressful transition process.

This study also observes the triple helix model (Etzkowitz & Leydesdorff, 2000) which acknowledges that government intervention can take the form of technical support, policy reformations, financial rescue packages and market access. These forms of SME support provide conducive conditions for the prospering of SMEs leading to the generation of new jobs, growth and the increase in SME income. Whereas government support can assume various forms, this study aligns with financial support rendered to SMEs and its effects on three key performance indicators: job creation, and income growth. However, scholars like Rodrick (2004) emphasize the need to strike a balance between government intervention and the promotion of market forces. According to Rodrik (2004), the government must promote a fair business environment through supportive regulation and developing infrastructure. Accordingly, this study seeks to clear the theoretical clash on government intervention in emerging economies by delineating the effectiveness of government intervention in the private sector.

To complement the suggestions of the neo-classical economists, Stiglitz (1994) using the information-theoretic approach emphasized further the need for communication and transparency in shaping government intervention. The information theoretic approach recognizes the importance of both accurate and timely information for policymakers and the public and underscores that effective government intervention requires well-informed citizenry, transparency in making and implementing decisions and evaluation of policies. Its main emphasis is on informed decision-making, public access to information, engagement of citizens and communication of policies among others. These attributes shape the effectiveness of state intervention in the private sector.

2.2. Empirical evidence and hypotheses design

2.2.1. Evidence on the effectiveness of government intervention

State intervention is deemed pervasive in most developing countries as well as in many now-advanced economies (Cho, 2010). However, governments are sometimes viewed as causing more problems than they solve. While it is widely believed that state intervention is inevitable, some views that juxtapose this motion are based on the fact that most state intervention is religiously instituted without putting mechanisms in place to ensure its effectiveness. Therefore, government intervention is sometimes viewed as giving an unfair advantage to certain players. Chen et al. (2022) highlight policy inefficacy in SMEs in China during COVID-19 to be a result of two main factors, accessibility and information. They indicate application complexity has deterred many SMEs from applying for loans. Further, SMEs reported loans to have been channeled to SMEs with connections to banks or local government. They confer indicative evidence that accessibility and misallocation of credit policies abridged the effectiveness of credit policies.

Many worry that government efforts do not only subsidize certain sector inefficiencies and unscrupulous behavior of free-market actors but also divert much-needed resources from other social problems that need funding (Aikins, 2014). Public choice literature has explained some of the reasons why and mechanisms through which governments, aiming to solve existing market failures, end up creating other serious problems (Le Grand, 1991). The effectiveness of government intervention is normally defined in terms of its adequacy, timing and targeting (Hussain et al., 2023; Morris et al., 2021). However, there remain practical gaps in literature that require research especially now that COVID-19 has ushered in another lens through which government intervention can be tested.

2.2.2. Timing of government intervention

Morris et al. (2021) in their study on optimal, near-optimal and epidemic control demonstrate that mistiming of intervention reduces its effectiveness. Mistiming is often associated with delay in instituting response. Late responses to epidemic resurgence are often associated with a larger epidemic burden (Parag, 2022). The promptness of government intervention was considered crucial especially during COVID-19 as SMEs spontaneously found themselves in the doldrums and the period over which SMEs could survive the shock became more restricted. Evidence from the United States suggests that 50% of small businesses were operating with fewer than 15 days in buffer cash whilst healthy SMEs had less than two months of cash reserves (Federal Reserve Bank of New York, 2020). Baldwin and Weder di Mauro (2020) urge policymakers to act fast and do whatever it takes in a time of crisis. Timeous government intervention is generally necessary to achieve a social optimum. We adopt the timing of SME intervention as one of the measures of the effectiveness of the intervention.

H1: The timing of an intervention is critical in defining the success/effectiveness of the intervention.

Evidence is vacant of when governments must intervene to ascertain the best impact. Accordingly, this study explores how the timing of state intervention defines its impact making use of Botswana's SME intervention during COVID-19.

2.2.3. Targeting of government intervention

A study by Belghitar et al. (2022) connotes that weaker firms idyllically benefit from government schemes as compared to stronger ones. However, most SMEs in hard-hit industries in the United Kingdom were excluded as recipients of the COVID-19 government intervention. Similarly, Tusianti et al. (2022) found the Bantuan Produktif Usaha Mikro (BPUM), an Indonesian COVID-19 government financial scheme to have benefited SMEs that were not the intended beneficiaries consequently crowding out the proposed beneficiaries. These studies provide a snippet of inefficiencies in the implementation of proposed government intervention, indicating that government intervention oftentimes ends up not reaching the envisioned recipients.

There is a consensus in extant literature (Aluko, 2022) of mistargeting of government intervention in both emerging and developing countries chiefly due to the lack of government involvement of the citizenry in the formulation of policies as well as inadequate communication of policies. This has often resulted in envisioned beneficiaries being excluded from accessing government intervention. Government intervention is viewed to favor certain players as well as cover certain sector inefficiencies. Targeting often requires that information on government policy be effectively and extensively relayed to beneficiaries. Hussain et al. (2023) demonstrate how government involvement of women entrepreneurs in Pakistan enabled policymakers to tailor-make interventions suitable through the active participation of women in crafting policy. On a different note, Apedo-Amah et al. (2020) reveal how small vulnerable firms were unable to access finance during COVID-19 due to a lack of consultation between policymakers and small businesses. Affirmatively, the Zimbabwe Coalition on Debt and Development (ZIMCODD, n.d.) suggests that a lack of consultations and dialogue with intended beneficiaries on issues of national interest often affects the outcome of proposed packages, often leading to intervention mistargeting. Accordingly, this study questions the extent of targeting of SME intervention in Botswana during COVID-19.

H2: Empirical evidence shows that the accuracy of targeting affects the effectiveness of government intervention in the private sector.

Being an intervention executed promptly at the peak of the pandemic, this study assesses whether targeting was precise enough to reach the rightful recipients of the Botswana COVID-19 Relief Fund for SMEs.

2.2.4. Adequacy of government intervention

For government intervention to be adequate, Baldwin and Weder di Mauro (2020) quote Jason Furman (former President Obama's chief economist) that in a time of crisis, policymakers must better do too much rather than too little, use existing mechanisms as much as possible, formulate new interventions where necessary, diversify without the fright of duplication of resources or coopting unintended "winners" in the response (p. 15). Rabhi et al. (2021) also affirm that in times of crisis, government intervention through massive spending can mitigate economic uncertainty. Governments should predominantly focus on maintaining business stability and preserving as many jobs as possible preventing permanent closures and a transition to business informality. A study conducted by Belghitar et al. (2022) on the impact of government intervention on the United Kingdom's SMEs revealed that without governmental mitigation schemes, approximately 59% of the United Kingdom's SMEs reported negative earnings and a reduction of their residual life from 164 to 139 days. However, with adequate government support schemes residual life improves and the number of jobs at risk is reduced by 20%. On the contrary, Bagis et al. (2023) found government intervention and policy for SMEs in Indonesia post-COVID-19 to be ineffective. They found rather business survival and longevity are determined by the SME's strong entrepreneurial orientation. Ideally, we connote that adequate resources must be availed if any state intervention in the private sector is to register a significant impact.

H3: Literature shows that the adequacy of state intervention dictates the survival and longevity of SMEs.

However, the same literature does not define the manner of establishing the adequacy of the intervention, same as the amount deemed adequate. We, therefore, seek to establish the adequacy of COVID-19 SME funds extended to recipient SMEs.

3. RESEARCH METHODOLOGY

The study adopted a survey approach which according to Aspers and Corte (2019) enables scholars to understand the experiences and observations made by SMEs with respect to the effectiveness of SME relief funds. Gaborone city was conveniently selected as the location from which data was collected. According to the Botswana Business Statistics Register Report (Statistics Botswana, 2022), Gaborone represents 38.6% of all operating business establishments in Botswana. This makes Gaborone a rich source of SMEs that solicited COVID-19 relief funds from the government.

To identify SMEs, we relied on the Botswana SME policy which defines small enterprises as those with 1–99 employees, and an annual turnover of between 1–10 million BWP. The policy also defines medium enterprises as those with 100–499 workers and an annual turnover between 10–50 million BWP. Notably, Botswana's SMEs are in different economic sectors (agriculture, manufacturing, retail and wholesale, services and construction). To select SMEs, we accessed a list of registered/formal SMEs from the Companies and Intellectual Property Authority (CIPA). From the expansive list, we randomly picked SMEs located in Gaborone and operating in different economic sectors. To seek consent, we contacted the SMEs through email addresses supplied by the CIPA. Out of the long emailing list, 17 SMEs consented to participate in the study. Semi-structured interviews were conducted (some physically, some telephonically and, others using WhatsApp calls). The 17 interviews took approximately six weeks to complete as they were done at the convenience of the interviewees. Notably, the survey reached saturation as the same responses ended up being replicated by SMEs interviewed later.

The 17 SMEs satisfied the following criteria:

- They fell under the largely concentrated sectors which are wholesale and retail trade, construction, manufacturing, professional, scientific, and technology-based businesses, accommodation and food service activities, financial and insurance activities and real estate activities.
- They were in business before and after COVID-19;
- They were formalized (formality is a necessary condition for an SME to access relief funds from government or formal sources).
- They sought assistance through the COVID-19 Relief Fund through CEDA; parallel to other COVID-19 Relief Fund interventions, CEDA was mandated to separately administer the COVID-19 Relief Fund specifically for SMEs.

Responses were recorded, transliterated, and analyzed thematically with the aid of the Atlas.ti software (version 23). Atlas.ti permits a rigor-enhanced analysis of qualitative and unstructured responses to the surveys conducted. The participants' direct excerpts are included in the presentation of results to complement the findings of the study.

4. RESEARCH RESULTS AND DISCUSSION

The summary details for the sampled SMEs are presented in Table 1 hereunder. To protect the identities of interviewees, artificial identities were assigned (IR1 to IR17).

Based on the objective of assessing the effectiveness of COVID-19 relief funds as guided by timeliness, targeting and adequacy of the intervention; a word cloud of the study is presented in Figure 1.

Table 1. Sampled SMEs

SME	*Sector*	*Ownership of SME*	*SME age*	*Funding needed*	*Funding obtained*
IR1	Manufacturing	Family-owned	6 years old	CEDA loan	CEDA loan
IR2	Construction	Local and foreign	10 years old	CEDA loan	Wage subsidy
IR3	Health services	Female-owned	5 years old	CEDA loan	Wage subsidy
IR4	Technical services	Male-owned	5 years old	CEDA loan	Wage subsidy
IR5	Education	Female-owned	7 years old	CEDA loan	None
IR6	Wholesale and retail	Female-owned	6 years old	CEDA loan	None
IR7	Accommodation	Female-owned	5 years old	CEDA loan	Wage subsidy
IR8	Accounting and professional	Male-owned	7 years old	CEDA loan	Wage subsidy
IR9	Manufacturing	Male-owned	6 years old	CEDA loan	Wage subsidy
IR10	Construction	Male-owned	5 years old	CEDA loan	Wage subsidy
IR11	Hospitality, fast food	Female-owned	5 years old	CEDA loan	None
IR12	Manufacturing	Male-owned	8 years old	CEDA loan	Wage subsidy
IR13	Wholesale and retail	Male-owned	10 years old	CEDA loan and interest waiver	Interest waiver
IR14	Real estate	Male-owned	9 years old	CEDA loan and rental cover	Rental support
IR15	Financial services	Male-owned	7 years old	Loan guarantee	Loan guarantee
IR16	Retailing	Family-owned	6 years old	CEDA loan, interest waiver	Wage subsidy
IR17	Fast food	Female-owned	7 years old	Interest waiver	None

Source: Authors' compilation.

Figure 1. Word cloud of the study

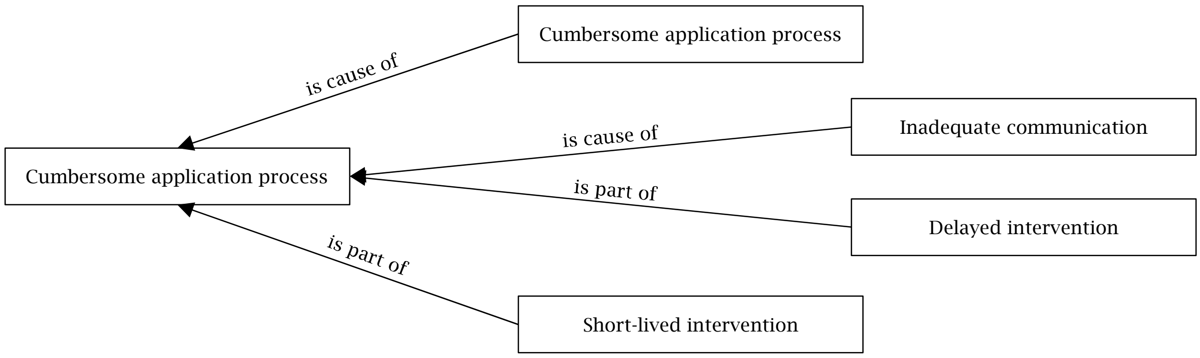
Source: Authors' elaboration.

Following the word cloud, the study presents the main findings as aligned to timing, targeting and adequacy.

4.1. Results on the timing of government intervention

Figure 2 shows the results related to the timing of government intervention.

Figure 2. Timing of government intervention



Source: Authors' elaboration.

According to Figure 2, government intervention was perceived to be mistimed because of delays in implementation, inadequate relay of information and cumbersome application process consequently resulting in the delayed and short-lived intervention. It is apparent that though the government was quick in formulating policy intervention, implementation was delayed for SMEs. Whereas the first intervention, which was the wage subsidy was scheduled to be disbursed by April 25, 2020 (MFED, 2020), most sampled SMEs received wage subsidies months later than the claimed dates. The reasons for government mistiming are outlined hereunder.

4.1.1. Inadequate communication

Though some SMEs acknowledged getting timely information through the government's pages on social media, the bulk of them confirmed being oblivious to government communication on the relief funds. SMEs were not sure if they were eligible for any of the relief packages and how the relief funds were structured. IR11 highlighted that:

"*The government did not cascade sufficient information on traditional public platforms like television and newspapers and billboards about the facility. We did not have sufficient information which further delayed us from applying for relief. We were not sure whether to apply for COVID-19 relief funds or CEDA loans. I did not know then if COVID-19 relief funds were more suitable as compared to the CEDA loan. Later when we got to know that applications for wage subsidies were only for a short period (April–June 2020), we realized we were already late in applying*" (personal communication, November 13, 2023).

The findings are consistent with Enwereji et al. (2023) who found that SMEs had communication barriers in accessing government palliative funds in South Africa during COVID-19. While CEDA COVID-19 funds were more suitable for SMEs than other COVID-19 relief fund measures, the Finmark Trust (2021) affirms that most SMEs benefitted from COVID-19 relief funds measures as compared to CEDA funds which were more suitable.

4.1.2. Cumbersome application process

Participants also identified the application process as cumbersome considering the nation was in a lockdown. The amount of time required from understanding the structure and eligibility of intervention through online platforms to complying with the requirements, and submitting applications was considered lengthy and draining. IR5 said:

"*By the time I got to know about the COVID-19 relief funds, I was late in applying. I heard about the funds from a colleague who was not even aware of the full requirements as there was no sufficient communication on public platforms. Accessing government grants has always been cumbersome and most of the time they limit full information access on public platforms which hampers many from applying on time*" (personal communication, November 13, 2023).

Gumel and Bardai (2021) affirm developing countries' SME loan applications are still characterized by cumbersome application processes.

4.1.3. Delayed intervention

Most participants confirmed that government intervention was delayed particularly in disbursing funds. SMEs interviewed attested to having received government intervention months after COVID-19 headwinds and the intervention did not stretch enough to cover their exposure. Most interviewees confirmed receiving funds lately. IR1 and IR14 highlighted they received CEDA funds for rental support months into lockdowns.

"*Imagine, the lockdowns were implemented beginning of April 2020, the COVID-19 Relief Fund was announced in April 2020 as well, but the actual disbursements took longer than what was stipulated. Some of us managed to access interventions in late 2020 when we were already depressed by the impacts of the pandemic. We were almost on the verge of closing and we had accumulated a lot of rental and wage arrears*" (IR1, personal communication, November 13, 2023).

Aluko (2022) emphasizes that overstretched turnaround time for government programme approvals contributes to reduced effectiveness of relief funds. This relates to the Botswana case of the COVID-19 Relief Fund for SMEs.

4.1.4. Short-lived intervention

Participants also indicated that the intervention was short-lived and could not carry them through the period under which they were under severe financial strain. The wage subsidy had a condition of non-retrenchment of employees but was only availed for three months, commencing April to June of 2020. IR8 and IR9 attested that they received 50% wage subsidies for three months and two months respectively. IR8 remarked:

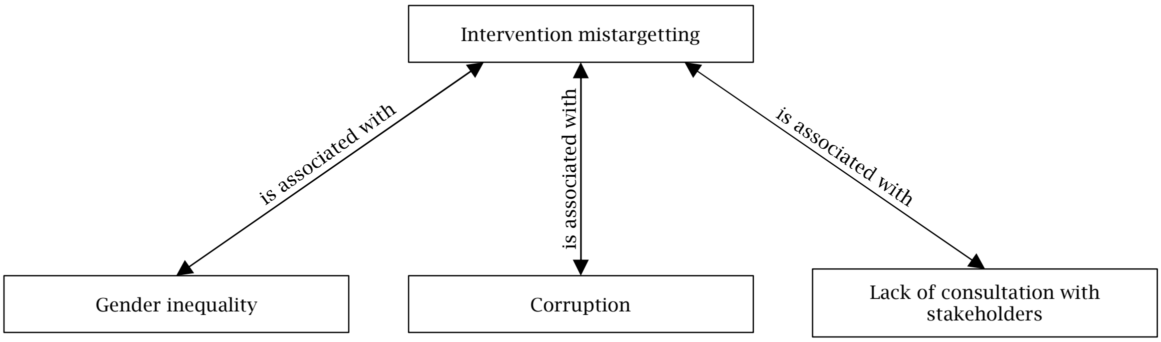
"*The government expected us not to retrench but to carry our employees through COVID-19. We applaud the government for its intervention, deplorably they only subsidized 50% of the wages for 3 months and expected us to remunerate employees consistently. We expected the government at least to have consistently subsidized wages up until such a period when economic activity returned to normal*" (personal communication, November 13, 2023).

The study by Hussain et al. (2023) in Pakistan indicated the government has availed long-term support to SMEs during COVID-19. Of note, however, is that the interviews were conducted with government officials only and did not capture the perspectives of the SMEs.

4.2. Intervention targeting

We also queried the accuracy of the targeting of government intervention for SMEs. We proxied the accuracy of targeting by focusing on whether SMEs were consulted, as well as other stakeholders. This enabled us to conjecture the suitability of intervention methods for the COVID-19-affected SMEs. The indications from the interviews point to the mistargeting of the SME intervention. The factors behind the mis-targeting are presented in Figure 3. This output is Atlas.ti generated and it is based on responses from the sampled SMEs.

Figure 3. Intervention mistargeting



Source: Authors' elaboration.

Based on Figure 3, we further probe the three factors that explain the mis-targeting of SME intervention.

4.2.1. Lack of consultation with stakeholders

Insights gathered from SMEs indicated that the government did not consult SMEs before rolling out the intervention. This could have aided the government to tailor the intervention to suit those who suffered the most during the pandemic. It was, therefore, difficult to ascertain the criteria used by the government to map the proposed interventions in the small business sector. Contrary to this, a study by Hussain et al. (2023) on government support to women entrepreneurs during COVID-19 indicates that the government was better able to respond to women SMEs having involved women entrepreneurs in participation of policy development. ZIMCODD (n.d.) suggests that stakeholder consultation including the beneficiaries of the proposed packages is very crucial. The lack of consultations and dialogue on issues of national interest affects the principle of broad-based dialogue as well as the outcome of proposed packages. It is apparent that stimulus packages were not informed by research. Should there be any research done to that effect, it was not availed in the public domain.

4.2.2. Gender inequality

The perspectives of women-SME participants indicated gender in consideration in accessing relief. Botswana has a high rate of women-SMEs concentrated in COVID-19 sensitive and COVID-19 relief funds excluded areas. Business sectors excluded from the COVID-19 Relief Fund in Botswana included water supply, electricity supply, wholesale food, retail food, post and communications, banks, insurance, parastatal companies, businesses with direct government shareholding and government-aided entities such as non-governmental organizations.

IR5 and IR6 who are women-SME responded, respectively, as follows:

"*The government must understand that women are also represented in sectors excluded from accessing COVID-19 Relief Fund, especially wholesale and retail. Contrary to the public belief that the wholesale and retail sectors were COVID-19 insensitive, policymakers must remember that Botswana is a country largely dependent on imports. We found ourselves severely affected by COVID-19 in the sense that we had supply chain disruptions, increased VAT* [value added tax] *and our major customers were also affected by COVID-19. Most of our businesses suffered the impacts of COVID-19 in the same manner other industries suffered*" (IR6, personal communication, November 13, 2023).

Further to this, IR5 said:

"*The requirements for access of relief through CEDA were not easily accessible on public platforms. We were to contact CEDA to get the requirements. Now depending on the official you contacted, you would compile the requirements and submit the application. Later you will be told some documents were missing and it was frustrating. As a women entrepreneur, I bore a heavier load during COVID-19. I was juggling with a lot of things.*

I had to commit more time to caring for the family, home-schooling and a hospitalized spouse. I could not pull the application through" (personal communication, November 13, 2023).

Participant SMEs had perceptions of gender inequality in the awarding of relief applications. To affirm the perceptions of gender inequality, the Mastercard Index of Women Entrepreneurship indicated Botswana's COVID-19 policies and programs towards SMEs to have been poorly crafted and not targeted, indicating an 11% decline in gender equality (Mastercard, 2022). An examination by the International Finance Corporation (IFC, 2021) on the impact of COVID-19 on women-owned SMEs in sub-Sahara Africa further showed women-led small businesses to have experienced worse impacts than those led by men, largely due to their smaller size and higher concentration in heavily affected sectors. Most interventions were void of gender considerations, making women-owned SMEs worse off than their male counterparts post the pandemic.

4.2.3. Corruption

Corruption was also highlighted to have been associated with the government's failure to target the funds. Participants stressed the system has favoured businesses associated with those related to government officials. IR10 remarked:

"*When a Facebook post by CEDA claimed that CEDA received and processed 67 applications for SME relief, we requested CEDA to post the names of the beneficiaries as we also wanted the beneficiaries to prove CEDA's claims. We are not exactly sure what criteria CEDA was using to award funds to SMEs. Further, we were keen to know exactly which businesses received relief as most of our applications were not successful*" (personal communication, November 13, 2023).

Subsequently, a study by Enwereji et al. (2023) on COVID-19 palliative funds for SMEs also found nepotism as one of the funding challenges for SMEs in South Africa. Aluko (2022) emphasizes that corruption and political interference in government programmes breed distortion and inefficiencies. Aluko (2022) also reveals that unprocedural administration of government programmes leads to deficient resources being allocated to SMEs.

4.3. Adequacy of intervention

This study also hinges on the understanding that the adverse impact of COVID-19 aggravated the financial positions of SMEs resulting in SMEs needing bigger loans than usual. Kalidas et al. (2020) noted that the COVID-19 pandemic presented precipitous headwinds for SMEs calling for huge loans than usual. Therefore, this study also sought to establish if the relief received by SMEs was adequate for their needs. SME highlighted the need for bigger loans. IR2, IR3, IR7, IR8, and IR9 confirmed having received only 50% wage subsidies which amounted to less than what was desired to resuscitate businesses. As a result, they endured unmet needs and stalled growth. Table 2 presents the loan amounts desired by five of the sampled SMEs *vis-a-vis* the intervention they were awarded.

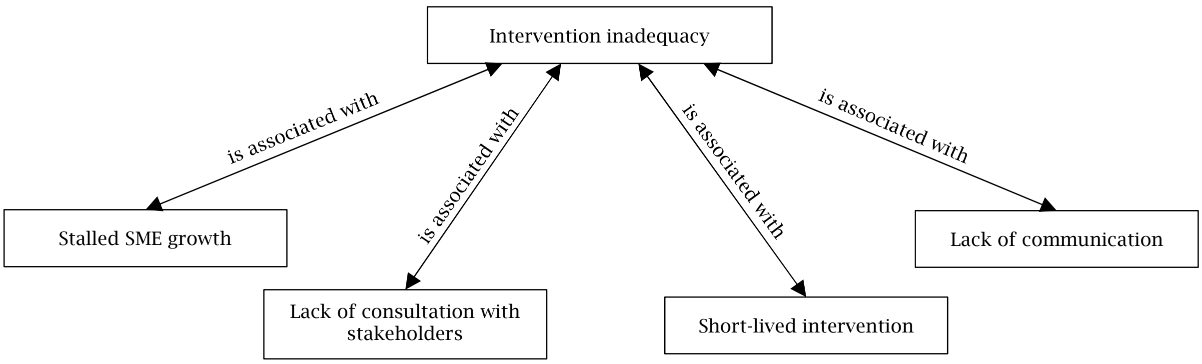
Table 2. Loans desired by SMEs against intervention received

SME	*Sector*	*Loan desired*	*Intervention received*
IR2	Construction	500 000 BWP	90 000 BWP
IR3	Health services (Physiotherapy)	300 000 BWP	45 000 BWP
IR7	Accounting and professional	1 000 000 BWP	135 000 BWP
IR8	Manufacturing	1 500 000 BWP	210 000 BWP
IR9	Accommodation	250 000 BWP	30 000 BWP

Source: Authors' compilation.

Table 2 confirms that SMEs demanded bigger amounts in the form of CEDA loans for operations, however, they managed to access wage subsidies which were way lower than the intervention deemed necessary to sustain operations. Lenka and Barik (2018) highlight that access to finance demands that loan amounts be matched with financing needs. Figure 4 presents the measures used to proxy the adequacy of intervention.

Figure 4. Adequacy of government intervention



Source: Authors' elaboration.

4.3.1. Unmet needs and stalled SME growth

One of the ways of gauging if intervention was adequate was to analyze if the core needs of SMEs were satisfied through the relief they received. Gloomily, most SMEs highlighted not accessing relief as well as inadequate relief and as such their businesses have not yet gone back to pre-COVID-19 levels while some closed operations. IR8 highlighted:

"*We needed CEDA loans for working capital needs for both short and medium term but we could not access the loans, and business has not yet* *bounced back to pre-COVID-19 levels. CEDA was not honouring our applications because once you were awarded a wage subsidy it was difficult to access a CEDA loan as conditions specified that you could only be a recipient of one of the core measures*" (personal communication, November 14, 2023).

It is, therefore, ostensible that most SMEs received wage subsidies which could not cover their core needs. Whereas the bulk of them managed to get half-wage subsidies instead of CEDA loans, many SMEs had working capital needs which were not satisfied. CEDA loans were more desirable as the amounts were bigger and tailored to funding operating costs and working capital needs for the short and medium term as compared to wage subsidies. Chen et al. (2022) found financial support policies to be ineffective in alleviating SMEs' cash constraints potentially due to difficulties in accessing policy-oriented loans and misallocation of credit. The growth of SMEs was stalled and many were confirmed to be operating below their pre-COVID-19 levels.

A study by Cirera et al. (2021) on a novel dataset of 120,000 firms in developing countries identified a mismatch between policies sought and policies administered. Affirmatively, a study by Bayai et al. (2023) shows that loans received by women SMEs in Zimbabwe have been lower than loans desired. The COVID-19 Relief Fund in Botswana was also perceived to be inadequate. Zhou et al. (2023) also indicated SMEs in South Africa have received government intervention that was lower than optimal. CEDA loan applications were only limited to 10% of turnover. Bearing in mind that many SMEs usually have lower turnover and were under severe financial strain meant SMEs could only apply for small loan amounts incapable of satisfying their working capital needs.

4.3.2. Short-lived intervention

The SMEs attested that the intervention was short-lived and as a result, many SMEs had unmet needs. A survey done on 831 micro-SMEs in Botswana by the FinMark Trust (2021) found that only 7% of SMEs benefitted from CEDA loans while another 11% benefitted through other core measures of the relief fund. Consequently, 37% of SMEs closed due to the inability to access finance.

Participant IR9 remarked:

"*My main need was to access the CEDA loans for working capital needs. However, I could only get a wage subsidy to cover up to 50% of my employees who are citizens. The subsidy was not enough for me to pay employees for 3 months. Further, I was not permitted to retrench. This became a burden to me because the government only subsidized up to 50%. I had to foot part of the wage bill for my employees who were idle most of the time, I could not carry out business as usual as I was cash struck*" (personal communication, November 13, 2023).

Notably, COVID-19 affected businesses from 2020 to 2022. However, the SME rescue packages failed to cover SMEs' financing needs for just one year. The intervention therefore failed to match the evolving and recurring nature of the pandemic. This exposed SMEs to a challenging operating environment resulting in the closure of some SMEs.

Whilst the government's intention was commendable, the intervention was not optimal. Sampled SMEs' responses depict the fact that government intervention was not synchronized to the needs of SMEs owing chiefly to insufficient information and lack of stakeholder engagement to determine SMEs' needs. Government funding was ill-timed, inadequate and had targeting challenges. This reduced the effectiveness of the intervention. Surviving SMEs attest to operating below COVID-19 levels despite having received the rescue packages at some point during COVID-19.

5. CONCLUSION

This study confirms that as much as the COVID-19 relief funds assisted SMEs in managing the challenges introduced by the pandemic, the intervention was not fully effective. This is explained by the mistiming of the intervention given lengthy application processes, inadequate communication, delayed intervention and short-lived intervention. The ineffectiveness of the relief funds is also explained by poor targeting on account of alleged corrupt tendencies, gender inequality and perceived lack of consultation of relevant stakeholders. The reduced effectiveness is further accounted for by inadequate resources availed to SMEs. Notably, the relief packages failed to meet the operating capital needs of SMEs and they were only availed for a limited period. Specifically, job retention packages were short-lived to match the recurring nature of COVID-19-related challenges. This stalled SMEs' growth as post-pandemic recovery has been slow owing to unmet financing needs.

Given the foregoing, policymakers must institute adequate policy consultation to sharpen both the intervention tools and the methods. Ineffectiveness can also be addressed by stamping out corrupt tendencies in the administration of interventions to exterminate the incidence of undeserving beneficiaries. Further, the government must increase coverage of information on intervention packages to increase the public's awareness. The dissemination must capitalize on easily accessible platforms that cater for the less literate and the technologically challenged.

This study is especially important as it affords a valuable reference on how governments can effectively intervene in the private sector during crisis times. Governments need to act fast and do whatever it takes to achieve a social optimal. It also edifies scholarly appreciation of what needs to be done when a crisis emerges by delving deep into the importance of enumerating targeted beneficiaries' needs, stakeholder consultations and relaying information through communication channels that are compatible with targeted beneficiaries.

It is also imperative to highlight the limitations of this study. It primarily focused on Botswana's COVID-19 Relief Fund's evidence to probe the efficacy of government intervention in the private sector during COVID-19. Further, the study used convenience sampling and a smaller sample size relative to the population size of SMEs in Botswana. In future, bigger samples may be used. Future research can also accommodate SMEs from more countries in emerging economies as intervention varies from country to country.

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