

Revised CEDA loan guidelines

In the words of one of the world’s most successful businessmen, Steve Jobs, “Innovation distinguishes between a leader and a follower”. Some of the world’s most innovative and iconic business ideas have taken birth amid challenging times such as those we face today. With the right idea and passion, pushing boundaries can yield immense growth for people, communities and countries at large.

The Government of Botswana recognizes the importance of promoting diversification and innovation in various fields for a growing economy such as Botswana’s, and has taken initiative to support aspiring and existing entrepreneurs amid the COVID-19 pandemic. One such example is the Emergency response fund and revised guidelines for loans provided by Citizen Entrepreneurial Development Agency (CEDA).

The agency intends to improve focus and investment in citizen empowerment initiatives aimed at dealing with a highly competitive environment, the deterioration of global economic conditions, increased mobile penetration and use of technology as an enabler of business processes and strategy. “Business recovery and innovation are the need of the hour. With the right facilities put in place by the Government, this is an opportunity for existing and aspiring citizen entrepreneurs to reconsider their business models and ideas, and leap the economy forward with diversification and game-changing innovation.” Arindam Ghosh, Director, Advisory services.

Mainline loan

Loan limit

Small / micro scale projects P1,000,000
Medium scale projects P10,000,000
Large scale projects P50,000,000

Repayment period

Up to P1,000,000 7 years
P1,000,001 - P5,000,000 15 years
P5,000,001 - P10,000,000 20 years

Interest rate

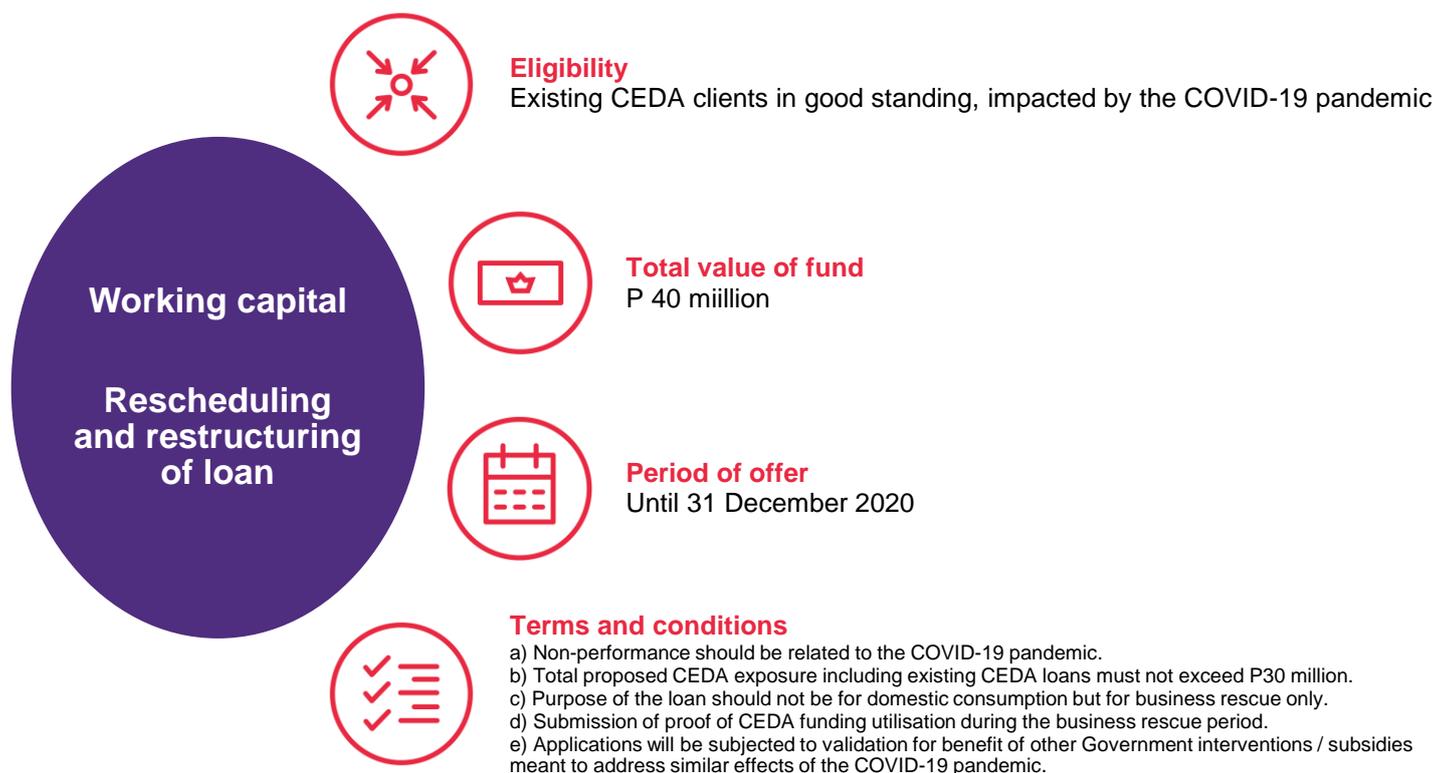
Special sectors (manufacturing, mining, construction, energy, technology and innovations, agriculture, creative industry and tourism) Micro / small loans of up to P1million prime lending rate minus 3% (5.75% - 3% = 2.75%)* Medium and large loans > P1million prime lending rate minus 1.5% (5.75% - 1.5% = 4.25%)*	All other sectors Micro / small loans of up to P1million prime lending rate minus 1.5% (5.75% - 1.5% = 4.25%)* Medium and large loans > P1million prime lending rate (5.75%)*
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*As at the date of release of this publication

Security / collateral requirements

Loans over P5,000,000 Security will be mandatory	Projects embarked upon by people with disabilities, youth and women Security requirements may be discounted as determined by the board from time to time
Large loans in the special category Personal surety and security over assets financed	Projects that promote job creation, economic diversification, and location of the project Additional security requirements may be discounted

Emergency response fund



Working capital

Objective	Sustain business cash-flow needs during the strained business period due to COVID-19
Purpose	Payroll expenses, rent, property payments, utility expenses and or any other operational expenses of a similar nature
Amount	Up to 50% of total normal business operational expenses
Tenure	Up to 24 months, dependent on sector impact (especially hospitality and transport)
Interest Rate	5% below P500,000 and 7.5% above P500,000
Moratorium (interest free)	Up to 12 months, dependent on sector impacted (moratorium period is within the maximum allowable 24 months tenure and not separate)

Rescheduling (repayment break) and restructuring of loan (both principal and interest)

Objective	Repayment holiday during the strained business period due to COVID-19
Purpose	Mabogo-Dinku loans - lessen the burden of loans repayments on micro businesses to cushion the hardships on the livelihood of the promoters All other CEDA loans - lessen the burden of loans repayments during the period which affected most of the industries especially hospitality and transport mainly due to travel restrictions
Tenure	Mabogo-Dinku loans - up to 6 months, reviewable All other CEDA loans - up to 12 months dependent on the market recovery and type
Moratorium (interest free)	Mabogo-Dinku loans - up to 6 months, reviewable All other CEDA loans - up to 12 months

COVID-19 Essentials supplies loan (Emergency response fund - new product)

This is a special loan facility that will be extended to companies that are involved in the production of essentials that are related to COVID-19 and or products that have a high propensity and viability to be manufactured during and beyond the period of COVID-19. The loan is aimed at ensuring heightened citizen participation and empowerment in the production and supply of items such as sanitizers, gloves, masks and other identified essentials to ensure the country's sufficiency.

Objective	Facilitating new entrants in the market of identified essentials through a special loan
Purpose	To increase the country's independence on medical and other critical essentials as identified during COVID-19 effect, to ensure sustenance through local production
Eligibility	Botswana citizens
Period of offer	Until 31 December 2020
Tenure	Up to 15 years
Moratorium (interest free)	Up to 24 months

Our Transaction Advisory team can assist your business to prepare financial projections and / or a business plan, and approach CEDA for assistance. Contact Arindam Ghosh on arindam.ghosh@bw.gt.com / +267 74 258 331, or Tendai Phiri on +267 74 543 620 / tendai.phiri@bw.gt.com.



Visit our website for insight on how to manage the impact of COVID-19 on your business:

<https://www.grantthornton.co.bw/campaign/manage-the-impact-of-COVID-19/>

The Resilience Wheel

Where to focus your business in stressed or distressed conditions

Checklist: Building business resilience

Questions designed to help businesses develop their response plan for COVID-19

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