



PROJECT FACILITATION FUND





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SMME DEVELOPMENT APEX OVERVIEW

The Ministry of Investment, Trade and Industry (MITI) endeavours to create a conducive environment for the promotion of Investment and development of Sustainable Industries and Trade, with a view to diversifying and growing the economy, creating wealth and employment, so that there is prosperity for all.

- MITI envisions to contribute to the attainment of Vision 2026 where Botswana's economy will be diversified and private sector led with sustainable and viable opportunities.
- The Ministry is prioritising entrepreneurship and the advancement of Small, Micro and Medium-sized Enterprises (SMMEs) as the catalyst to achieving economic growth and development as well as economic diversification.
- To effectively contribute towards attainment of this vision, the Ministry has refocused its implementation approach and initiatives through a 3 pronged Apex model; the SMME Development, Investment Promotion and Export Development.
- The objective of the SMME Development Apex is to ensure a more coordinated approach towards SMME Development, Investment Promotion and Export Development.

- One of the core initiatives under the SMME development Apex is to develop and provide pre-project funding for high impact projects in the SMME space on a grant basis.
- The Project Facilitation Fund is an outcome of the collaboration between CEDA and LEA to achieve the SMME Development Apex.



Objectives Of The Fund

The aim of the fund is to facilitate high impact start-up or existing businesses; to develop and submit bankable business proposals to prospective financiers such as CEDA or commercial banks






To this end the specific objectives of the fund shall be to:

- To contribute to the Government`s commitment to implementing progressive “Doing Business Reforms” by insulating the SMME sector from impediments of the legal and regulatory environment
- To reduce the regulatory burden and transaction costs of projects to ensure that their costs structure remains manageable
- To de-risk projects and facilitate activities required to progress projects through their development stages up

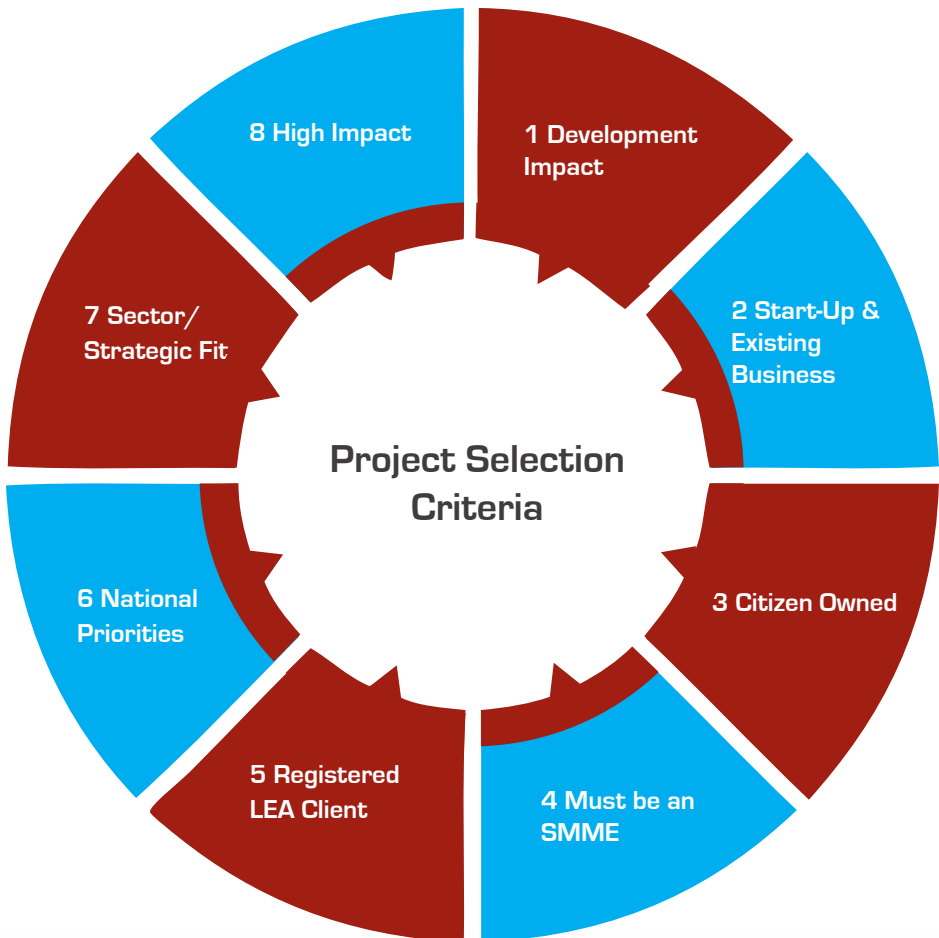
to bankability

- To engender a more agile ‘go to market’ strategy on the part of projects by increasing their absorptive capacity for regulatory requirements
- To ensure that both start-ups and existing enterprises are placed on a more sustainable and competitive pedestal in the market

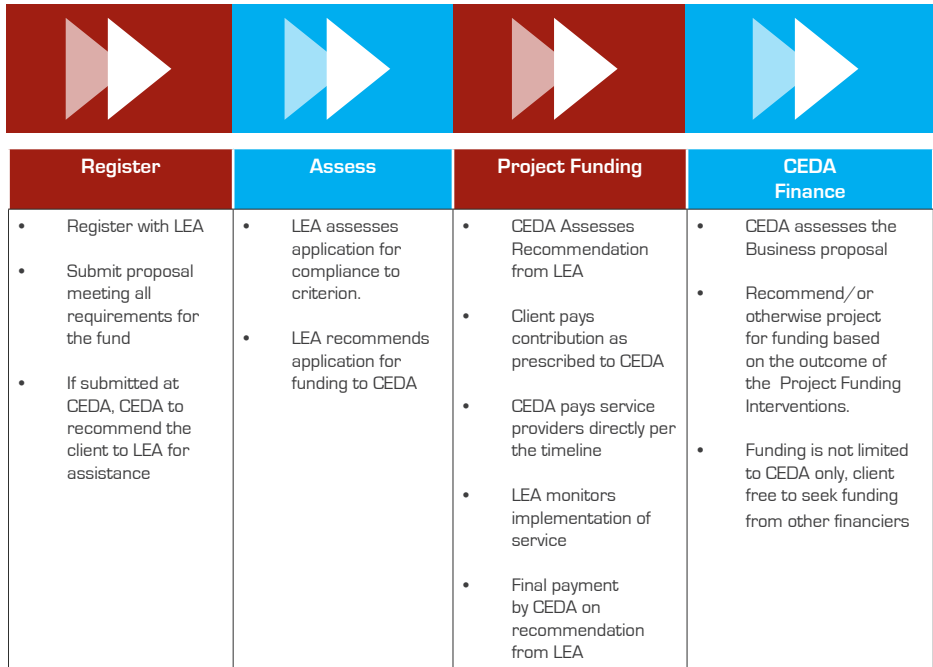
Project Facilitation Fund In Context

				
Project Facilitation	High Impact Projects	Project Funding	Client Commitment	Services to be Funded
<p>Project Facilitation is defined as the activities required to progress projects through their development stages up to bankability.</p>	<ul style="list-style-type: none"> The financing will target high Impact projects. Key priority sectors will be; Agro-processing, Manufacturing & Tourism The Fund will also consider other sectors of the economy with potential to create employment and diversify the economy. 	<ul style="list-style-type: none"> Funding will be on a grant-loan basis. The assessment of projects will be carried out by a well resourced Project Preparation Team constituted by LEA & CEDA 	<ul style="list-style-type: none"> To demonstrate commitment, eligible entrepreneurs will be required to contribute to ensure its sustenance The fund is thus based on a grant-loan contributory arrangement, with client expected to contribute 50% of the cost outlay in form of a loan or paid up capital where feasible. 	<ul style="list-style-type: none"> Environmental Impact Assessment Environmental Management Plans Soil Tests Specialized Licenses Product & Process Certification

Project Selection Criteria



Funding Guidelines-high level Process



Satisfaction of the of the criterion does not guarantee funding. CEDA will use its discretion to further determine eligibility as and when required.

Products and Services

- Funding will cover, but not limited to the following pre-project funding initiatives:
- Environment Impact Assessments
- Product Testing and Process Certification
- Due Diligence/Valuation Report
- Soil and Water Tests
- Borehole Test Pump Report
- Structural Reports



Types of transactions covered by the fund:

- Start-ups or green fields.
- Early stage investing.
- Expansion capital.
- Joint Ventures
- Mergers and acquisitions.
- Restructuring and turnarounds
- Management buyouts and buy-ins



Funding Terms

- Funding Limits: The minimum size of the funding is P5, 000 and with the maximum amount of P200 000 to be disbursed contingent upon size and nature of the project per the selection criterion.
- Any amount over P200 000 will be contributed by the applicant
- The fund will be based on a grant-loan contributory arrangement, with client expected to contribute 50% of the cost outlay in the form of a loan or paid up capital where feasible.
- Interest Rate: An interest rate of 5% per annum will be charged on the loans.

Repayment Period: The repayment periods for loans in months are follows;

- Loans from P5, 000.00 to P50, 000, 000 will not exceed 12 months
- Loans from P50, 001 will not exceed 60 months.
- Grace period: this will not exceed 48 months and no interest would accrue during the grace period.

Frequently Asked Questions

1. What is the Project Facilitation Fund and why was it set up?

The Project Facilitation Fund is a collaboration between CEDA and LEA. Project Facilitation is the activities required to progress projects through its stages to improve bankability. The Fund provides a facility that is meant to assist citizens with pre-project funding for high impact projects in the SMME space on a grant-loan contributory basis.

2. How will the grant –loan contributory scheme work?

The project funding is based on a grant-loan contributory agreement. The client will be expected to contribute 50% of the outlay in the form of a loan or paid up capital where feasible.

Example

- Cost of Environmental Impact assessment is P100,000.00.
- The Fund provides a loan facility of P50,000.00
- The Fund provides a grant of P50,000.00
- An interest rate of 5% per annum will be charged on all loans

3. How do I apply for funding

- Register to become a LEA client
- Submit your existing business plan which you could not implement due to lack of funds to carry out the pre-funding works/ services
- LEA will assess your business plan and route applications to CEDA for further assessment and possible funding.

4. What kind of businesses are eligible for funding?

The following transactions will be eligible for funding:

- Start-ups
- Early stage investing
- Expansions

- Joint ventures
- Mergers and acquisitions
- Restructuring and turn-arounds

5. Which sectors are covered by the Fund

Priority will be given to Agro-processing, Manufacturing and Tourism, however other sectors will be considered if they meet the high impact criteria.

6. Which services will the Fund cover?

The fund will cover the following services:

- Environment Impact Assessment
- Product testing and Process Certification
- Due diligence and valuations
- Soil and water tests
- Borehole Test Pump Report
- Structural reports

7. What are the payment terms of the loan facility?

Loans from P5,000.00 to P50,000.00 will not exceed 12 months

Loans from P50,001.00 will not exceed 60 months

An interest rate of 5% per annum will be charged on all loans

8. When my business proposal is complete do I submit my application to CEDA for funding?

Not necessarily, the client is free to seek funding with any institution of their choice. Should they wish to use CEDA to fund their project they are free to apply. However, the application will follow the normal CEDA application process."

9. Where can I get more information on the Fund?

Contact the nearest LEA or CEDA branch for more information.

PROJECT FACILITATION FUND



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