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Mogwebi

THE OFFICIAL NEWSLETTER OF THE CITIZEN ENTREPRENEURIAL DEVELOPMENT AGENCY



EDITORIAL



and successes that the Citizen Entrepreneurial Development Agency (CEDA) faces day in day out as well as share with you information that will assist entrepreneurs make decisions in their business endeavours. We have therefore mapped a new direction for *Mogwebi* and this new direction will seek to inform, update, educate and most certainly, share inspiring stories about the passionate and committed entrepreneurs we have assisted.

In this edition, we highlight the challenges that our funded businesses continue to face

Agency is on track as we exceeded our set targets in terms of funded businesses and the good survival rates of CEDA funded businesses.

In our endeavour to remain open and continuously share information, we invited the media on a tour of successful CEDA funded businesses in the Southern and Central Districts. The move was prompted by the need to demonstrate the level of impact CEDA is having in implementing its mandate. This impact is covered in the article on the media tour, where the media gained a greater appreciation of how farming continues to gain prominence in terms of diversifying the economy. We therefore narrowed in on our Young Farmers product, which continues to be in demand and with a greater potential to assist more entrepreneurs. We continue to regroup and internally review our processes and initiatives in line with the third strategy of the Agency to ensure that need based interventions, particularly those that are customer focused, are employed. Challenges continue to exist, however, we continue to look for new and innovative ways of effectively implementing our mandate as captured in the manufacturing piece where we encourage collaboration of funded businesses.

We remain at your service and for this particular publication, we remain committed to sharing information about activities and developments that are taking place. Your feedback is important to us, therefore please feel free to send an email to info@ceda.co.bw.

Happy reading!
Alina

It has been a while since the last publication and you're probably wondering why now?

The reason for the hiatus was prompted by the need to introspect and re-evaluate the type of news we wish to communicate, while ensuring that we provide you with information on the performance, the challenges

as the world recovers from the global economic recession. Incidentally, the period coincided with the end of the second strategy of the Agency and we have included an article on CEDA's performance, which was presented by Dr. Thapelo Matsheka to the media earlier this year. Overall, the performance of the

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BUSINESSES TO BE CHALLENGED AS THE ECONOMY RECOVERS



(left to right) Lorato Morapedi, Deputy CEO - Operations, Dr. Thapelo Matsheka, CEDA CEO and Mike Dube, Deputy CEO - Support Services, briefing the media at a press conference

CEDA hit the ground running in 2010, when it hosted media practitioners to announce its annual results for the year ending March 31st, 2009. Briefing the media, CEDA's CEO, Dr Thapelo Matsheka, said the Agency expect a slow economic recovery which will see businesses experiencing significant challenges as the economy recovers to pre-crisis levels.

The results under review, coincided with the onset of the global economic recession which have seen significant under performance of CEDA funded projects which is expected to have a negative impact on our collections going forward.

Matsheka said the Agency will continue to focus on collections and enter into payment arrangements with those who wish to continue paying off at reduced rates before litigation.

The global recession, which did not leave Botswana unscathed, resulted in a decline in operating revenue for CEDA and its subsidiaries. This reduction in revenue was attributed to the adverse trading conditions experienced by funded businesses across the entire spectrum of the Agency.

Businesses funded through debt at concessional rates, stopped accruing revenue from enterprises as soon as they failed to honour more than five payments. This decision was taken by the Agency, with a view of contributing to the survival rate of funded projects. Such measure contributed to the low revenue contribution, despite more projects being assisted.

Equity investments, a majority of which are start-ups experienced significant challenges in governance, management and technical implementation and as a result, under performed.

For the first time since its inception, the CEDA Venture Capital Fund (CVCF) recorded a loss of P53 million. CEDA had to write down investments made through CVCF by P30 million highlighting

trading difficulties of the businesses funded under CVCF, CEDA Deputy CEO-Support Services, Mike Dube said at the press conference.

CEDA further raised provisions for bad and doubtful debts of P40 million against the development fund

He further reported that the total provisions and write downs were P104 million compared to P95 million the year before all because of the difficulties emanating from CVCF.

Whilst net trading conditions were difficult, the Group realised a trading profit of P32.2 million compared to a prior year loss of P101.4 million, largely as a result of accounting treatment of government grant. Operating results, which excludes government grant, shows that the Group recorded a net loss of P127.8 million. In compliance with IAS 20, the P160 million budget support from government was credited to income. "This clearly demonstrates the current challenges facing the Agency's operating environment."

Almost 90% of raw materials used by local manufactures is imported from neighboring countries especially South Africa, whose suppliers see Botswana manufactures as a threat to their own export market.



Zismo Engineering is a CEDA funded project which is involved in electricity engineering and manufactures and installs platforms.

MANUFACTURING TO SPUR IMPORT SUBSTITUTION

Local manufactures who are involved in the same type of trade similar projects have been encouraged to collaborate when sourcing raw materials and markets, a move which will help them improve their efficiency and competitiveness.

CEDA's Head of Property and Manufacturing James Moribame said this in an interview with Mogwebi recently adding that once competitive, the local manufacturing industry will contribute to our country's initiatives.

"If projects of a similar nature come together, their economy of scale improves, input costs are reduced hence they can be competitive," he said.

Moribame's call for manufactures to cluster emanates

Africa, whose suppliers see Batswana manufactures as a threat to their own export market.

Moribame advised manufactures to look Far East for raw materials because countries such as China do not see Botswana as competition.

"Our SMME's need to be encouraged to look beyond Johannesburg because countries such as China and India (textile) are better alternatives."

He said CEDA is working on a plan to help funded projects source cheaper raw materials. The main focus of the plan he said is to bring business together in order for them to source raw materials as a block in order to enjoy economies of scale and discounts.

"Coming together will enable business to be in a better position to bargain. So there is a need for a deliberate stance to help them.

A thriving manufacturing industry, Moribame said, could not only help Botswana diversify its economy away from mining, but could also help with import substitution. He said there are lot of

opportunities for local entrepreneurs to tap into to help with import substitution. These opportunities include roofing sheets, an industry currently worth P3

billion currently, meaning that about 90% of roofing sheets used in the country are imported.

Local manufactures have also been encouraged to look outward for their markets once they have the capacity to export. Moribame said they should take advantage of Trade Agreements that Botswana signed such as the Economic Partnership Agreements (EPAs) with the European Union (EU), the SADC Free Trade Area and African Growth and Opportunity Act (AGOA).

Under the EPA, African countries including Botswana enjoy quota and duty free market access for almost all their exports to the current 27 member EU trading bloc.

Through AGOA, local manufactures can access the U.S. market duty-free by exporting items such as apparel and footwear, wine, a variety of agricultural products, chemicals and steel.

Meanwhile, the SADC Free Trade Area which boasts a regional market worth US\$360 billion is pushing for greater trade and investment flows between members through reduced tariffs.

Moribame said a majority of manufactures are inward looking in terms of searching for markets hence miss opportunities that exist outside Botswana.

"It's time our funded entrepreneurs leverage on these

Almost 90% of raw materials used by local manufactures is imported from neighboring countries especially South Africa, whose suppliers see Batswana manufactures as a threat to their own export market.

from the lack of or expensive raw materials. Almost 90% of raw materials used by local manufactures is imported from neighboring countries especially South



THE NEXT GENERATION FUND IS ‘CAPTIVE’

A significant milestone that occurred towards the tail end of the financial year ending March 31st, 2009, was the coming on stream of the equity finance product which was recently introduced as part of CEDA’s offering of financing solutions.

Previously the management of Agency’s pioneer equity fund, branded the CEDA Venture Capital Fund, was outsourced to a privately owned fund management company which was given a 10 year autonomous mandate to manage the fund on CEDA’s behalf. This fund was a closed-ended, general fund capitalized with seed capital to the tune of P200 million.

Though CEDA has made a conscious decision to bring all its products to be managed internally the Fund Manager has been allowed to continue to deliver on its mandate.

CEDA’s next generation fund is a “captive” fund, meaning that it will be self managed. In pursuing this agenda, CEDA has established the Structured Finance Department, which will be charged with the responsibility of managing the fund.

As an organization that is responsible for entrepreneurial development, CEDA will be providing finance across the financing spectrum including equity finance.

The Head of Structured Finance, Lesego Selotate, indicates that as an equity financier, the Agency will be investing in sound ideas and will be placing heavy reliance on the skills of the staff and management capacity within the companies they invest in.

companies in our portfolio to ensure that these companies do not collapse in the interim during the investment period before the Agency exits from these respective businesses,” Selotate asserted.

Selotate added that the Agency will only harvest returns from the portfolio companies at the time of exit which may take as long as five to seven years.

The new fund provides finance or a combination of both loans and equity, depending on the financial viability as well as the funding requirements of the project. However, the loan shall be extended on commercial terms with interest rates charged at prime commercial linked rates depending on the risk associated with the project. The Agency will invest up to a maximum of P30 million for a period not exceeding 10 years.

In the past, the exit period was 7 years, but the Agency extended it to 10 years to allow start up or green field businesses to stabilize before CEDA can start even considering to exit.

<i>Types of transactions</i>	
1.	Start-ups.
2.	Early stage investing.
3.	Expansion capital.
4.	Mergers and acquisitions.
5.	Restructuring and turnarounds.
6.	Management buy outs and buy ins.

In the next financial year, CEDA will actively roll out this product and ensure that more entrepreneurs take full advantage of it.

“In our role as a financial intermediary, CEDA will in addition closely monitor the

CEDA IS TRANSFERRED TO THE MINISTRY OF TRADE AND INDUSTRY

The Chief Executive Officer (CEO) of Citizen Entrepreneurial Development Agency (CEDA), Dr Thapelo Matsheka has welcomed government's recent decision to transfer the Agency from the Ministry of Finance and Development Planning (MFDP) to the Ministry of Trade and Industry (MTI).

Dr Matsheka said the move is a welcome development because CEDA believes that for purposes of coordinating efforts around entrepreneurial development and citizen empowerment there is need for MTI to oversee all Government institutions geared towards addressing issues of entrepreneurship and SMME development.

"We think reporting to MTI, though belated, is welcome", said the CEO during a press conference CEDA hosted to announce its 2008/09 financial results.

He said as a Government's entrepreneurial development arm, CEDA's reporting to MTI will ensure synergies with entities responsible for other aspects of business development.

The transfer of the Agency to MTI follows a study on Rationalisation of Public Entities undertaken by PEEPA. The study involved a wider review of parastatals to align their mandates and find ways in which they may efficiently operate. The results of the study it was recommended that



Dr. Thapelo C. Matsheka
CEO

such as SMME Policy.

The Ministry of Trade and Industry is also responsible for other initiatives which, Dr Matsheka said, will directly benefit funded businesses. He said the benefit derived by funded businesses will help the country with import substitution.

The CEO added that the move to MTI will result in improvement on access to government tenders for citizen companies in line with President Lt. General Seretse Khama Ian Khama's initiatives.

The use of locally manufactured goods and services by government, the CEO foresees it as encouraging and having the ability to

improve access for SMMEs even from private sector procurement.

The CEO said advocacy for small businesses is ongoing and the aim is to have an SMME friendly environment.

Dr Matsheka said CEDA will continue operating as an independent entity from other organisations within the Ministry following the transfer. The CEO said contrary to media reports that CEDA and LEA are to merge, the two Agencies will in fact work together since their mandates are complementary. They will now have to review their existing Memorandum of Understanding (MOU) and identify any gap that might exist.

The CEO encouraged the Agency's staff to see to it that the transfer is successfully managed to ensure that there is improved efficiency and effectiveness in service delivery of the entrepreneurial development and empowerment drive.

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CEDA should report to MTI, which is the custodian of entrepreneurial development initiatives and policies

BUSINESSES TO BE CHALLENGED AS THE ECONOMY RECOVERS

FROM PAGE 3

As part of the clean-up of the portfolio, the Board wrote off 440 projects worth P229 million in November 2008. The majority of this portfolio represents applications approved between 2001 and 2004 when the Agency faced challenges of capacity. However, the Agency continues to collect from this written off portfolio with P10.63 million collected from the book so far.

CEDA views the collection from these accounts important as part of revolving the Agency funding, particularly in the coming year as government has indicated a reduction in funding support for all its programs.

MEDIA TOURS CEDA FUNDED BUSINESSES



Keorapetse Investments (Pty) Ltd is an embroidery and printing company. The company received funding from CEDA in August 2007 to expand on its existing operations in Gaborone.

The Citizen Entrepreneurial Development Agency (CEDA) recently completed successful two day media tour of its funded businesses. The tour covered businesses in the Southern part of the country from March 3rd – 4th 2010. At the time of going to print, the Agency was due to undertake the second tour of funded businesses in the Central part of the country on March 17th to 19th 2010.

As a national developmental finance institution, CEDA has partnered with a range of entrepreneurs who have contributed to the economy through creating jobs and diversifying the economy. The tour was organised to introduce media practitioners to a sample of CEDA financed businesses which are run by passionate and committed entrepreneurs in the fields of Agribusiness, Manufacturing, Property and Services.

Through the tour, CEDA wanted to share with the rest of the nation, through the media its varied product lines, mandate, as well as share the impact of CEDA in facilitating and financing commercially viable businesses.

The tour started in Gaborone, with a visit to *Zismo*

Engineering (Pty) Ltd, an electrical engineering company, which is one of CEDA's shining examples of a start-up company. The company directors are Mr. Justice Moilwa and Mr. Moja Segoro Kgosinkwe.

Zismo currently employs 176 employees, targets power distribution projects, building services projects, industrial projects for the Government, Botswana Power Corporation, Water Utilities Corporation, Debswana, Tati Nickel, BCL mine and Power Stations.

The media tour which was attended by 25 media practitioners, on the first day of the tour, thereafter visited an embroidery and printing company called *Keorapetse Investments* located at the Commerce Park.

The company received funding from CEDA in August 2007 to expand on its existing operations in Gaborone. The company, which is owned by Leapetswe Sekgoma and Ronicah Sekgoma started its operations in 1997 without any government assistance. The company prints/embroiders various promotional materials such as caps, t-shirts, tracksuits, umbrellas, pens, diaries, water bottles, bags etc. It currently employs 25 people.

The next stop was a meat processing retailer and packaging center, *Quality Meat* which is located at

Broadhurst Industrial. The company is one of the shining examples of an expansion project undertaken by CEDA. The company has been operating since 1988 providing fresh, frozen and processed meat. It currently employs over 120 people to produce the company's products which include beef, pork, processed meats such as sausages, meat balls and russians.

Mogomotsi Enterprises, a manufacture of high quality furniture mainly for export purposes, was also visited. The project is managed by Peter Mabeo and employs 30 people.

The company has positioned itself to be more outward looking in terms of market and has consequently focused on selling their products to the international market specifically the European and U.S markets. To this end they participated in exclusive high end exhibitions that are held annually in New York, Milan and London.

The touring team then proceeded to Thamaga to visit *GR8 Minds Industries*. The business owners Charity and Gofenyamang Molefhe got a loan from CEDA through the Young Farmers Fund in 2008 to start a horticulture project in Gadiseko Lands near Thamaga. The loan was used to drill a borehole, purchase



The Media interview CEDA Head of Services, Nixon Marumoloa, at Limitless Solutions, a company that operates an Engen Filling Station in Lobatse.

borehole equipment, irrigation system, net shade, farm tools, motor vehicle, building and fencing materials and working capital. They supply Molepolole Spar, Mafenyatlala Spar, Kgale Spar, Choppies Molepolole and individuals.

Mankgodi village, where *Tao Investments* trades as *Lady Bird Poultry*, became the next CEDA funded business

that the media visited. The family owned business operates a poultry farm (layers). The company has three shareholders, with Edward Motsewabeng as the major shareholder.

The first day of the tour ended at *Bahurutshe Cultural Lodge*, which is the brainchild of Mmankudu Glickman and Victoria Massey (mother and daughter). The

enterprise is primarily set up to preserve the culture of the Bahurutshe. The place which is nestled on the Ngankane Hills in the village of Mmankgodi was funded by CEDA to expand its operations by constructing 10 chalets and purchasing camping tents.

On the second day of the Southern area, media tour,



Mogomotsi Enterprises manufactures high quality furniture mainly for export purposes. Mogomotsi Enterprises has positioned itself to be more outward looking in terms of market and has consequently focused on selling their products to the international market specifically the European and U.S markets



Quality Meat has been operating since 1988 providing fresh, frozen and processed meat. It currently employs over 120 people to produce the company's products which include beef, pork and processed meats such as sausages, meat balls and russians.

the media covered early in the morning at the CEDA head office to head to Lobatse. The tour started, which is run by Julia Ramanteba (Managing Director) and Rolang Mpe (Director) of *Limitless Solutions*. They employ 26 people. The company's main business is the supply of fuel, oil, lubricants and quick shop groceries.

From Lobatse, the journey continued to Molapowabojang to *Dairy House (Pty) Ltd*, a company that is engaged in the production of milk and processing of the milk into various products such as pasteurized milk, sour milk and yoghurt. The business produces only for the domestic market. The company

only has one shareholder being Bantshwari Dintwa. It has 16 employees at the moment.

After Molapowabojang, the tour proceeded in Kanye to visit *Pitsakgolo Restaurant and Catering Services*. The project was financed as an expansion in 2007 to purchase a delivery vehicle, equipment, furniture, computer and a till. The company also caters for various events that require catering services such as weddings, parties and conferences. It is run by Tebogo Molaodi who is assisted by her husband. They both work full time on the project. It employs 16 workers working on two shifts.

Commenting about the tour, the media practitioners in general were impressed with CEDA's initiative because it was an 'eye opener'. To get first hand testimonials and from the business owners, the media felt it gives them a better understand of CEDA's mandate and the significant role it plays in citizen empowerment and economic diversification.

The second leg of the media tour will be held in the Central parts of the country. The tour had not taken place yet at the time of going to print this newsletter. CEDA plans to undertake similar tours to other parts of the country in the next financial year.

MEDIA TOUR OF CEDA FUNDED BUSINESSES IN PICTURES



THE YOUNG FARMERS PRODUCT COMES OF AGE



One of CEDA's most popular products, the Young Farmers Fund has literally come out of age as it continues to show significant growth since inception prompting a change in age requirements. For instance in its maiden year in 2007, there were 42 projects funded under YFF but that number shot up by 176% to 116, by the end of 2008.

Table 1: YFF Portfolio Summary since inception

YEAR	PORTFOLIO		% increase (number of projects)
	Number	Amount (BWP Million)	
2007	42	14.9	N/A
2008	116	46.7	176%
2009	129	58.6	11%

The Fund is available to Batswana aged 18-40, after the age ceiling of 35 was found limiting other eligible young citizens. In addition, CEDA has also categorised any inexperienced farmers regardless of their age to be assisted under Young Farmers Fund.

Prior to raising the limit to 40 years, participation of women was not very good, but now it has insignificantly increased. The quality of applications has also increased, which can be attributed to the level of maturity and experience of the new clientele.

The Young Farmers Fund, which falls under the Agri-Business portfolio mainly targets all citizens aged 18-40 seeking funding not exceeding P500 000.00 for any farming enterprise.

As at December 2009, YFF had received more than 750 applications valued at P322.9 million. Out of the total applications received 287 projects valued at P134.7 million were approved.

Table 2: YFF General Loans Processing Summary

Projects	Cumulative [as at end of December 2009]	
	Number	Amount (BWP)
Received	757	322 901 353.86
Approved	287	134 719 969.43
Rejected	173	59 646 745.55
Closed/Withdrawn	197	74 731 294.37
Still Processing	152	55 278 794.78
Total		647 278 157.99



Tomato picking at GR8 Minds Industries, a CEDA funded business in Thamaga.

Graph 2.1: YFF General Loans Processing Summary Chart

(In the last quarter of 2009)

YFF Loan processing per sub-sector

Sub Sector	Number	Amount	%
Cattle	95	42.00	29.4
Horticulture	95	43.00	29.4
S/stock	41	13.30	12.7
Poultry	54	21.20	16.7
Piggery	30	11.80	9.3
Rainfed	3	1.10	0.9
Dairy	4	2.00	1.2
Dog Breeding	1	0.40	0.3
TOTAL	323	134.80	100

Training and mentoring

The fund provides training and mentoring to beneficiaries to ensure the long term sustainability and success of funded businesses. These are a combination of sector-specific training, general business development, training and practical attachments for hands on learning. So far, 95% of all beneficiaries have gone through mandatory practical attachment training so that they can have hands-on experience before any disbursements of funds towards their products. Mentoring and monitoring of projects forms a vital aspect of young farmer's projects, hence the reason behind monitored on a monthly basis.

Challenges

The fund continues to face challenges during the processing and implementation of projects. Some of the challenges include over capitalisation of projects, large infrastructural expenses, land shortage, and the outbreak of foot and mouth disease in certain areas.

In spite of the challenges highlighted above, mitigating factors have been identified to increase the uptake of the fund;

- Clustering of young people to mitigate against shortage of land and enhance production capacity, market access and technology expertise.
- Assisting financed youth to join farmers associations in order to learn from other players in the industry.
- Recent reforms at CEDA, particularly the revised guidelines, allows for graduation of young farmer's projects beyond the P500, 000 funding ceiling.

An agreement with Land Authorities has been reached to allow making provisional allocation of land to any Young Farmers Fund applicant within fourteen days to alleviate delays in land allocation and change of land use.

MANUFACTURING TO SPUR IMPORT SUBSTITUTION

FROM PAGE 4

trade agreements because it can help them uplift their quality standards and capacity."

Taking into reference programs like CEDA, Moribame added that funding is not a major challenge for local entrepreneurs but it's the market they sell their finished goods that hampers their survival.

Commenting on the global economic crisis, Moribame indicated that the industry was not left unscathed. He observed that many of our manufactures collapsed due to cash flow constraints. "It is a common problem

for manufactures globally to be hit hardest when the economy dips."

Due to being volume dependent, working capital dries up quickly for manufactures as customers start requesting longer payment....

Lessons derived from the global economic crisis therefore, is that mechanisms need to be put in place to make funds readily available when need arises to rescue manufactures from future crisis. During the downturn, CEDA helped some enterprises by

refunding their business or rescheduling their payment so as to survive.

As at end of December 2009, there were 137 projects valued at P86 million funded by CEDA under the manufacturing portfolio.

Despite the surmounting challenges like market access and lack of raw materials coupled with the ongoing ripple effects of the global recession, Moribame believes that the outlook for the industry looks positive as long Botswana continues to rely on imports.

CEDA STATISTICAL BULLETIN

*Prepared By :Shelter Sheleni, Senior Research Officer
Kamogelo Motsewabeng and Mothusi Mongale, Research Assistants*

The statistical bulletin is an initiative by the agency's Strategy, Research and Projects Coordination department. The Quarterly bulletin provides statistical data on the economic indicators and performance of different sectors financed by CEDA. The information compiled is meant to inform and guide both internal and external stakeholders on decision making with regard to business venture.

ECONOMIC INDICATORS

Economic indicators are elements within an economy that allows analysis of the performance of that particular economy. Economic indicators are used to predict the future performance of the economy and by so doing assist the data consumers to plan for the future. Economic indicators are varied and include; cost of living index, employments rates, stock market performance, economic growth, money supply interest rate broadband internet penetration retail sale, literacy rate, health issue etc. This statistical bulletin will provide data on two economic indicators against Gross Domestic Product and inflation rates.

GROSS DOMESTIC PRODUCT (GDP)

GDP is used to measure economic performance of an economy and could be used to predict the future trends of an economy. If the Botswana GDP increases, it therefore means that the economy is doing well, if it decreases then the economy is not doing well. An economy that is doing well is likely to attract investments, as such good performance signals strength in purchasing power.

The government set an annual economic growth target of 8 % through its Vision 2016 document. The United Nations Millennium Declaration of 2001 set the annual economic growth rate at 7 %, which is expected to have been achieved by 2015.

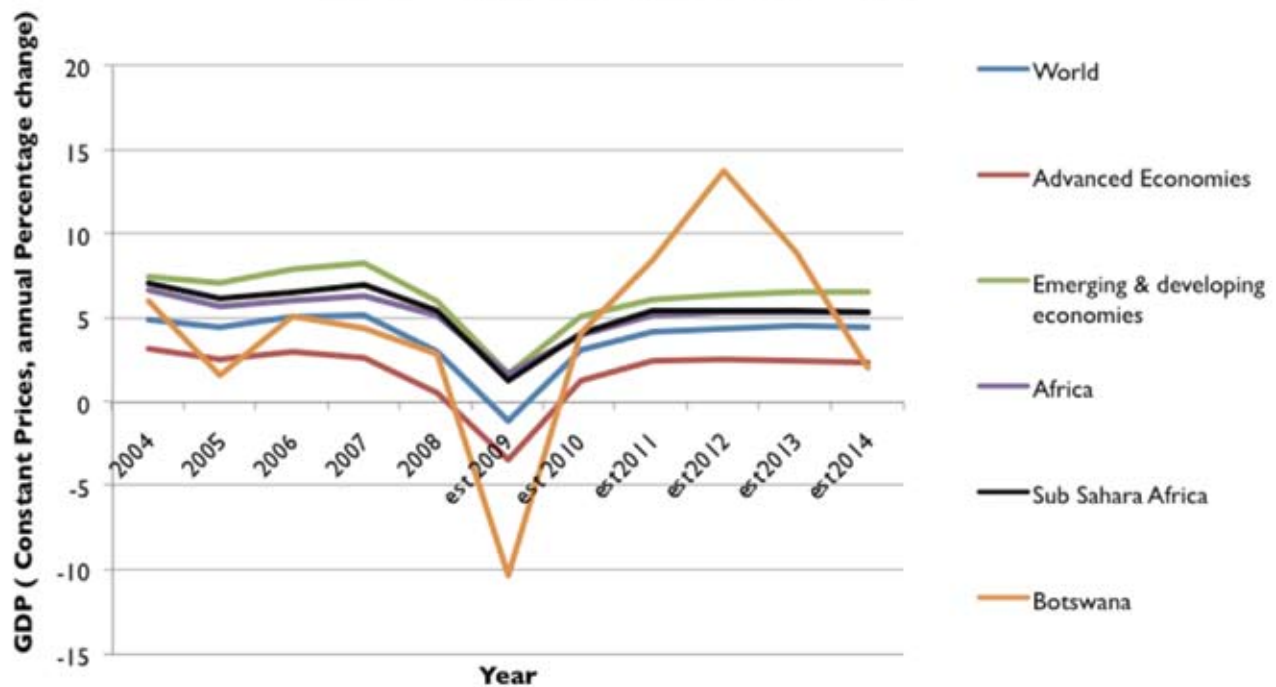
The table and graph below illustrate Botswana's growth achievement and target in comparison with the world and other regions of the world.

ECONOMIC GROWTH RATES

Year	World	Advanced Economies	Emerging & developing economies	Africa	Sub Sahara Africa	Botswana
2004	4.9	3.2	7.5	6.7	7.1	6
2005	4.5	2.6	7.1	5.7	6.2	1.6
2006	5.1	3	7.9	6.1	6.6	5.1
2007	5.2	2.7	8.3	6.3	7	4.4
2008	3	0.6	6	5.2	5.5	2.9
est 2009	-1.1	-3.4	1.7	1.7	1.3	-10.3
est 2010	3.1	1.3	5.1	4	4.1	4.1
est 2011	4.2	2.5	6.1	5.2	5.5	8.5
est 2012	4.4	2.6	6.4	5.3	5.5	13.8
est 2013	4.6	2.5	6.6	5.3	5.5	8.9
est 2014	4.5	2.4	6.6	5.3	5.4	2.1

Source: IMF, Bank of Botswana, CSO

Botswana economic growth rates compared with regional growth rates



- The Global economy is expected to rebound in 2010, and the recovery is attributed to stimulus packages undertaken by countries across the globe (IMF, 2009).
- The economy of Botswana being reliant on the mineral sector, experienced fluctuations in economic growth every time the mineral sector is not performing well.
- Towards the end of 2008 the world economy experienced an economic down turn that was caused by the financial crisis in the USA housing market. The down turn resulted in loss of consumer confidence in major economies. Botswana was affected by this down turn due to its reliance on diamond sales to these major economies.
- Statistics for 2009 indicate that Botswana experienced 0 % growth and is likely to experience positive growth in the financial year 2010/11. However, its full recovery is expected during the financial years of 2012 to 2014.

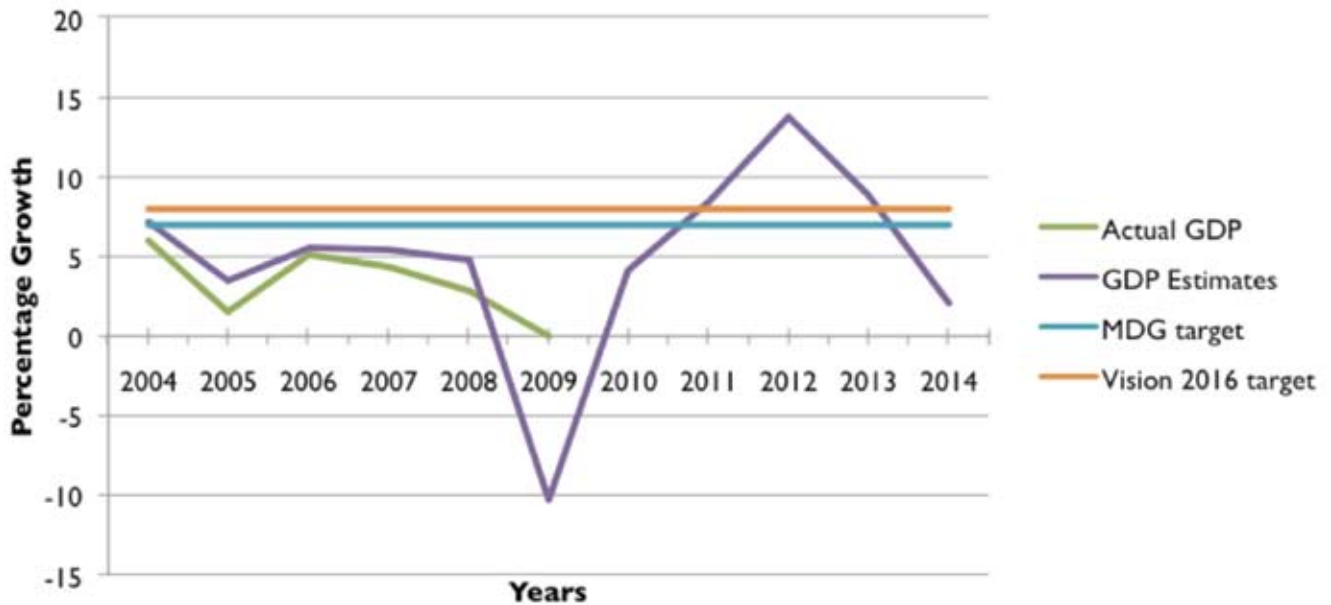
GDP ESTIMATES VS. ACTUAL

Year	Actual GDP	GDP Estimate	MDG target	Vision 2016 target
2004	6	7.2	7	8
2005	1.6	3.5	7	8
2006	5.1	5.5	7	8
2007	4.4	5.4	7	8
2008	2.9	4.8	7	8
2009	2.6	-10.3	7	8
2010		4.1	7	8
2011		8.5	7	8
2012		13.8	7	8
2013		8.9	7	8
2014		2.1	7	8

Source : Estimates IMF, Actual CSO and BOB, MDG vision 2016 Target, NDP 9

Past trends show that the estimates do not fall far away from the actual.

GDP estimates VS Actuals



INFLATIONS RATES

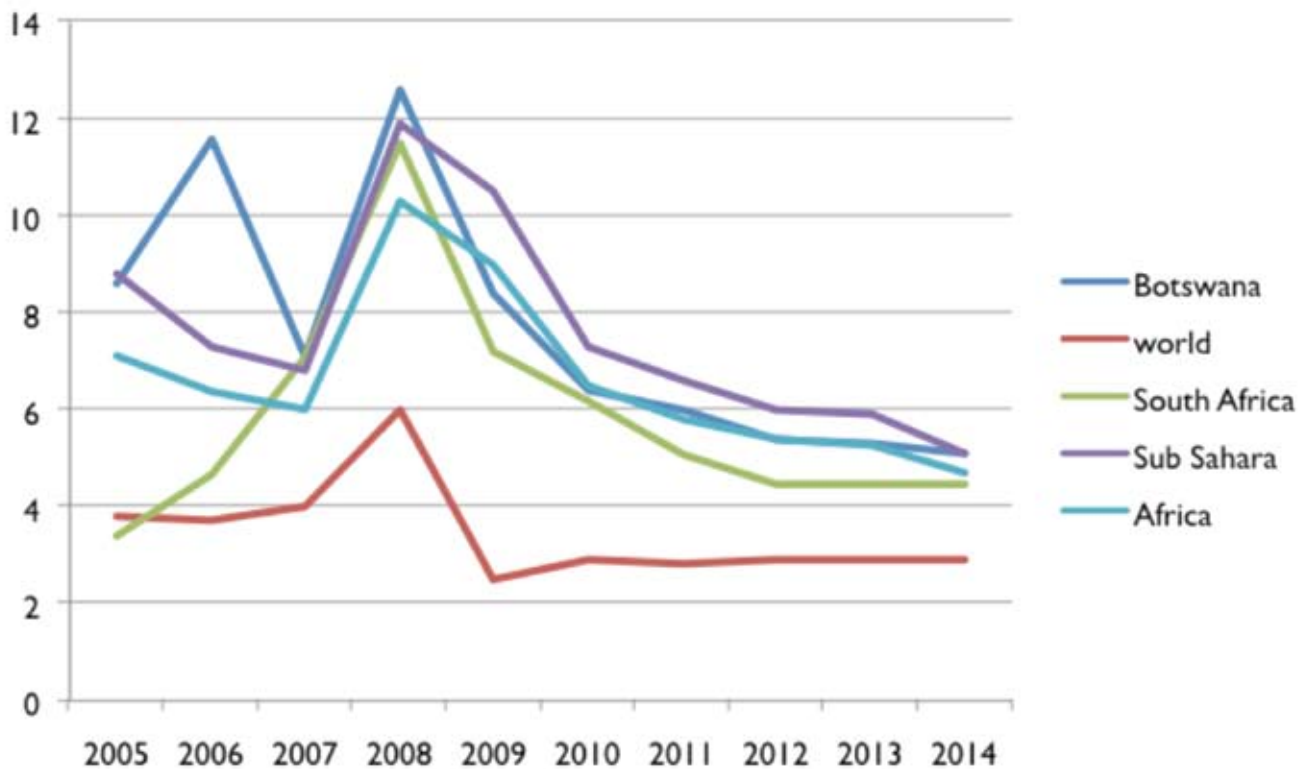
Inflation is used to measure price levels. An increase in inflation signals an increase in the price of goods and service in an economy. This increase would lead to erosion in the purchasing power of money such that the same amount of money before an increase in inflation will buy less goods and services than before inflation.

Inflation is mainly caused by increased money supply that would lead to increased demand in goods and services hence resulting in price increase. Inflation rates that are unpredictable create uncertainty to investors and may discourage investment and saving. Inflation is also a useful tool to mitigate economic recession. During the recession period when money supply is reduced, demand for goods and service decreases leading to reduced prices making it affordable for consumers to purchase goods and services.

INFLATION RATES

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Botswana	8.6	11.6	7.1	12.6	8.4	6.4	6	5.4	5.3	5.1
World	3.8	3.7	4	6	2.5	2.9	2.8	2.9	2.9	2.9
South Africa	3.4	4.7	7.1	11.5	7.2	6.2	5.1	4.5	4.5	4.5
Sub Sahara	8.8	7.3	6.8	11.9	10.5	7.3	6.6	6	5.9	5.1
Africa	7.1	6.4	6	10.3	9	6.5	5.8	5.4	5.3	4.7

Source: IMF, BOB, CSO BEDIA,



- Inflation for Botswana went up in 2006 to a double digit figure due to price increases in petroleum products and the introduction of a new exchange regime that took place in 2005 (the devaluation of the pula by 12 %). In 2008 inflation went up across the board due to a global rise in oil prices. However, in 2009, inflation went down across the board due to a reduction in oil prices. The inflation rate is expected to stabilise at an average of 5 % from 2010 to 2014 (IMF). The inflation target for Botswana is sitting at 6 %.

TOURISM SECTOR

This sector has been identified as an area through which Botswana's economy could diversify. Providing statistics on this sector would assist investors to identify potential areas of investment and study the tourism market further.

TOURISM TRENDS

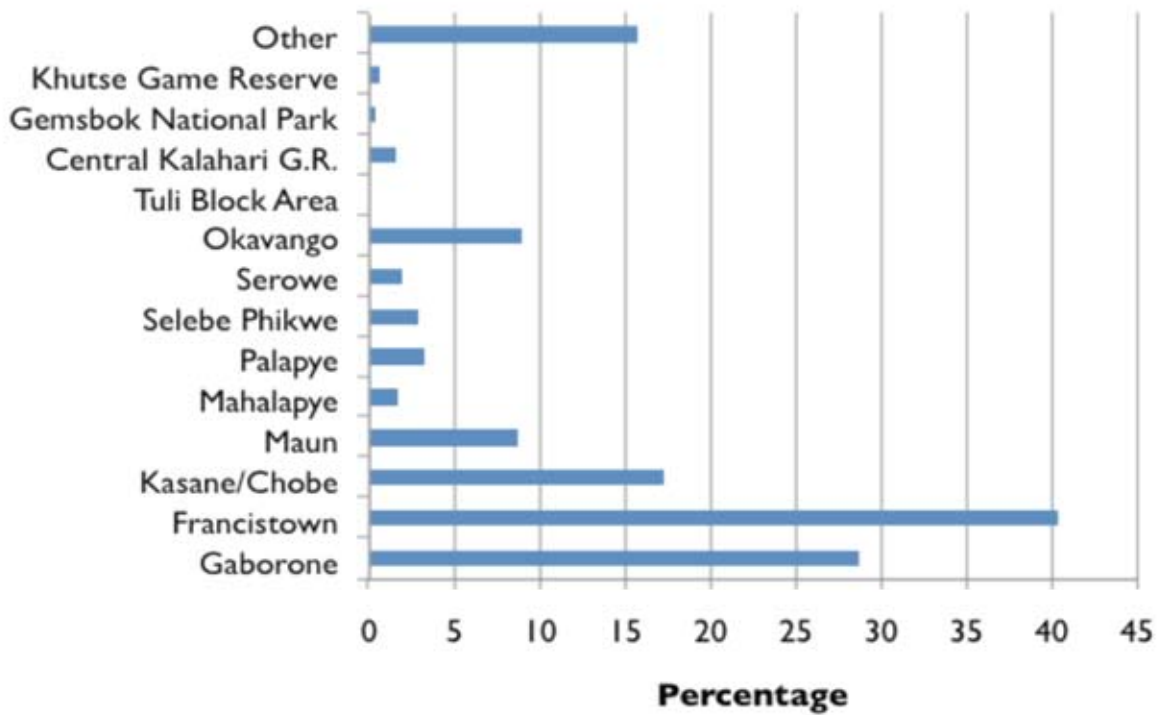
Year	Total number of Tourist	Accommodation type			Mode of transport				Hotel Occupancy rate (%)
		Private	Hotel & lodges	Other	Air	Road	Rail	Other	
2005	1, 988, 027				4.44	95.35		.21	41.5
2006	1,820,057				5.7	92	2.2	0.0	54.4
2007	2,200,953	49.6	46.7	3.7	5.5	90.8	3.7	0.0	35.6
2008	1,050,235**	42.5	47.2	10.3	5.5	92.0	2.5	0.0	40.3
2009	1, 552, 611*	31.5*	58.9*	8.7*					45.6*

Source CSO, Tourism Board and MEWT

** Information is for two quarters only

* Estimates

Places visited for at least one night



Source: MEWT, Tourism Board reports, CSO

Francistown was the most visited area during the period and Gaborone came in second.

Chobe, Maun and Okavango still remain the most popular destinations for tourists, especially those coming from outside Botswana.

The number of tourists entering the country was high between 2005 and 2007. 2008 experienced a drop and this could be attributed to the economic down turn, however, the tourism numbers are expected to go up as the economic situation improves.



Bahurutshe Cultural Lodge, one of the CEDA funded projects in Mmankgodi

AGRIBUSINESS

The sector has been identified as a potential area for economic diversification. The Government decided to resuscitate the sector by providing funding and advisory serves to the Sector. CEDA, upon realizing that the sector is dominated by the elderly, decided to come up with a program called *Young Farmers Fund* with a view to encourage youth to participate in the agriculture sector. It is expected that as young people they would adopt modern technologies of farming and improve the sector's output.

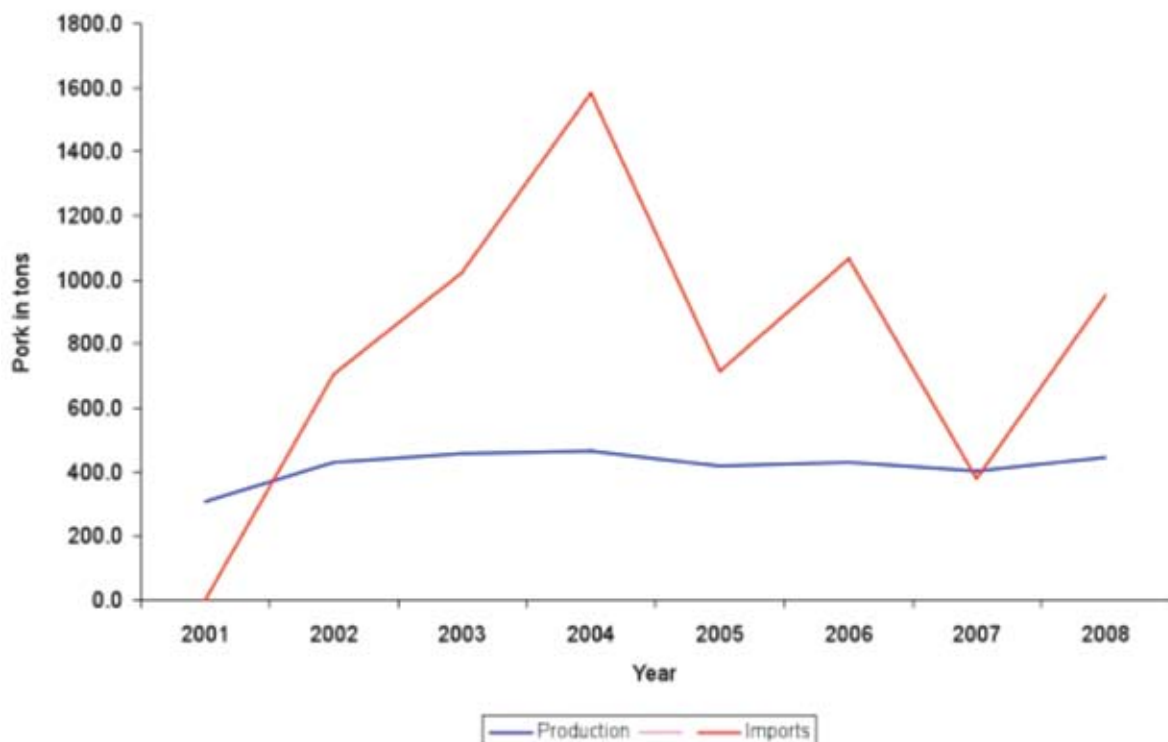
This bulletin would provide statistics on two subsectors of the agriculture sector; being pork production and dairy production. Potential investors are expected to consider the challenges facing this subsectors and find ways of overcoming these challenges;

PORK PRODUCTION IN BOTSWANA

Year	Local pork Production	Imports
2001	306.4	
2002	430.5	706
2003	458.3	1021.2
2004	465.5	1582.5
2005	419	714.6
2006	431.5	1064
2007	401.5	378
2008	447.2	952.3

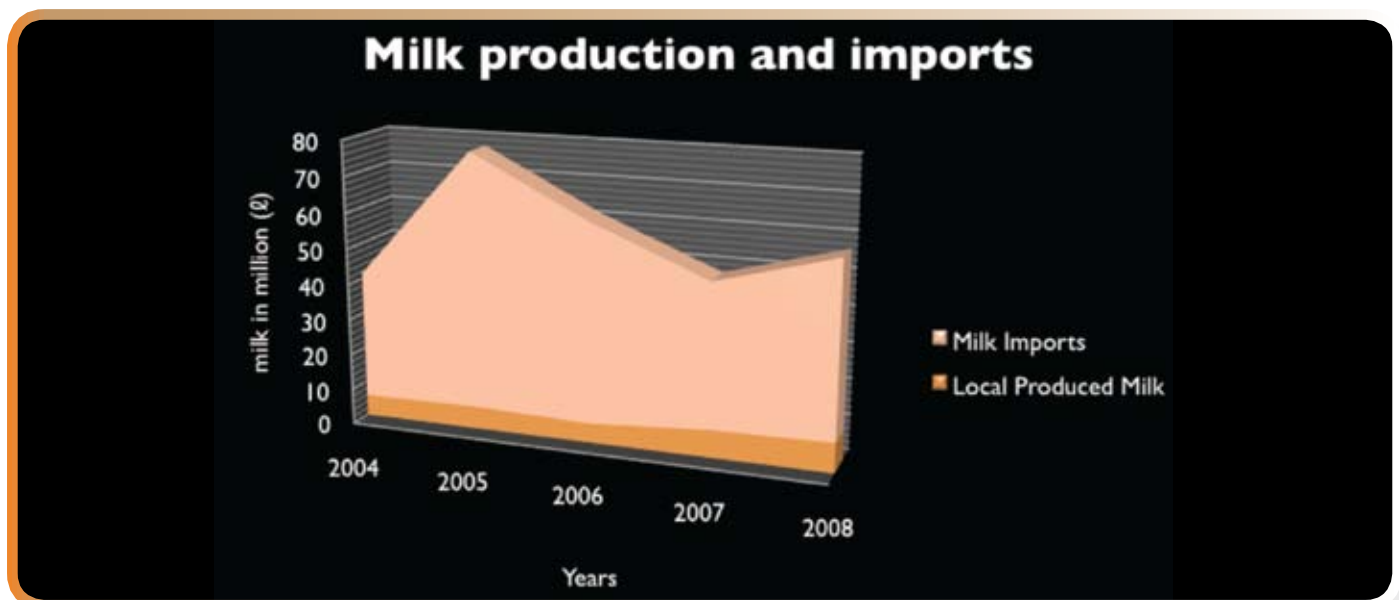
Pork Production increased by 11 % from 2001 to 2007 and imports increased sharply between 2002 and 2004. The sharp decline in pork imports in 2005 has been attributed Foot and Mouth disease outbreak in Botswana. The decline in imports of 2007 was due to discrepancies in issuance of import permits.

Per capita consumption of pork in 2008 is 0.85 kg per person per year a rise from 0.75 kg per person per year in 2007.



DAIRY PRODUCTION

Year	Local Milk Production per year in million (t)	Liquid Milk Imports (t) in millions	Value of Liquid Milk imports In million Pula
1996	3.1	12.3	29.9
1997	3	24.1	43.9
1998	3.8	56.9	46.5
1999	3.5	43.3	.9
2000	3.7	48.9	63.1
2001	4.2	49.5	86.7
2002	4.7	38.9	46.3
2003	5.7	est 37.2	est 46.3
2004	5.9	35.6	est 84.0
2005	6.3	71.3	121.7
2006	5.4	55.7	90.4
2007	7.7	40.1	53.4
2008	8.3	48.5	169.8



Products/year	Imports 2007		Imports 2008	
	Quantity (kg)	Value (Pula)	Quantity (kg)	Value (Pula)
Milk concentrates	1,574,588	31,378,003	1,574,588	31,378,003
Buttermilk and Yoghurt	243,346	966,469.00	1,154,987	12,531,609
Butter	154,237	2,730,128.00	314,974	1,127,607
Cheese	506,879	13,191,225.00	293,158	15,672,227
Whey	415	11,273.00	1,652	13,976

Source; Ministry of Agriculture

Local production of Milk increased over time.

Imports of milk also increased over time and this means that the per capita consumption of milk has been increasing over time.

Botswana is still importing more milk that it is producing locally.

Disclaimer: The statistics provided in this bulletin was gathered from secondary sources and has not been verified by the agency for accuracy and reliability. This information should therefore be used with caution.