



APPROVED CHANGES TO THE CEDA GUIDELINES

BY DR ALFRED TSHEBOENG

AT THE

LAUNCH OF THE REVISED CEDA GUIDELINES

OBERT FITNESS CENTRE, TLOKWENG

16 JULY 2020

1700HRS

Your Excellency, The President of the Republic of Botswana, Dr Mokgweetsi Eric Keabetswe Masisi and First Lady Mme MmaAtsile, Honourable Minister of Investment, Trade & Industry, Peggy O. Serame, Honourable Cabinet Ministers, Leader of the Opposition Hon. Dumelang Saleshando, Honourable Assistant Minister of Investment, Trade & Industry, Karabo S. Gare, Chairperson of Ntlo-ya-Dikgosi and Batlokwa Paramount Chief Kgosi Puso Gaborone le Mohumagadi MmaGaborone, Your Worship the Mayor of the City of Gaborone, Councillor Mr Father Maphongo, Permanent Secretaries here present, District Commissioner for South East District Mrs Sebokwane Dikgope, Council Chairman South East District, Honourable Oshima Peloewetse, CEDA Board of Directors, CEO, CEDA Mr Thabo Thamane, Honourable Councillors here present, Media Fraternity here present, Ladies and Gentlemen,

Good evening,

I take this opportunity on behalf of CEDA to present to you, albeit briefly, the revised changes of the CEDA guidelines. The new guidelines make borrowing not only cheaper, but also provide extended period of loan repayments with a number of added incentives for sectors that aid economic transformation. The development of the guidelines could not have come at a more needy time given the COVID-19 pressures for domestic production and less dependence on imports.

Changes in Loan Limits, Loan Tenure and Interest Rates

Loan Category	Loan Limits		Loan Repayment Period		Interest Rates	
	Old Guidelines (BWP)	New Guidelines (BWP)	Old Guidelines	New Guidelines	Old Guidelines	New Guidelines
MICRO/SMALL	500 - 500,000	500 – 1 000 000	Max 5 years (60 months)	Max 7 years (84 months)	5%	<p>Interest rate is equivalent to prime lending rate minus 1.5% (currently 5.75% - 1.5% = 4.25%) for all sectors expect special ones.</p> <p>For special sectors (currently manufacturing, mining, energy, construction, technology & innovations, agriculture, creative industry and tourism) and as may be selected by the Board from time to time, an interest equivalent to prime lending rate (5.75%) minus 3% equals (2.75%) will be charged.</p>

Loan Category	Loan Limits		Loan Repayment Period		Interest Rates	
	Old Guidelines (BWP)	New Guidelines (BWP)	Old Guidelines	New Guidelines	Old Guidelines	New Guidelines
MEDIUM	500,000 - 4million	1,000,001 – 10million	Loans from P500,001 to P2m; max 10 years (120 months)	Loans from P1,000,001 to P5m; max 15 years (180 months)	7.5%	Interest rate is equivalent to prime lending rate (currently 5.75%) for all sectors expect special ones. For special sectors (currently manufacturing, mining, energy, construction, technology & innovations, agriculture, creative industry and tourism) and as may be selected by the Board from time to time, an interest equivalent to prime lending rate (5.75% - 1.5% = 4.25% will be charged)
			Loans from P2,000,001 to P4m; max 15 years (180 months)	Loans from P5, 000,001 to P10m; max 20 years (240 months)		
LARGE	4,000,001 – 30million	10,000,001 – 50million	Max 15 years (180 months)	Max 20 years (240 months)	Prime Lending Rate	Interest rate is equivalent to prime lending rate (currently 5.75%) for all sectors expect special ones. For special sectors (currently manufacturing, mining, energy, construction, technology & innovations, agriculture, creative industry and tourism) as may be selected by the Board from time to time, an interest

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Appendix 2: Changes in Equity Funding

Loan Limits		Loan Repayment Period		Contribution and Structure	
Old Guidelines	New Guidelines	Old Guidelines	New Guidelines	Old Guidelines	New Guidelines
Maximum P30 million. Prime linked interest rate	Maximum P50 million Prime linked interest rate	Up to 15 years.	Up to 20 years	Owner's contribution of not less than 15% of the project total cost. CEDA will take a minimum 20% and a maximum of 49% equity stake in the supported businesses.	Owner's contribution of not less than 10% of the project total cost. Contribution can be in cash or kind. CEDA will take a minimum 26% and a maximum of 49% equity stake in the supported businesses.

Appendix 3: Changes in CEDA's Fee Structure

Old Guidelines	New Guidelines
<p>Fees are currently not levied</p>	<p>In line with common practice, CEDA will charge fees for certain services it renders; in order to effect partial cost recovery. The Board of Directors from time-to-time will determine the quantum of fees.</p> <p>Fees to be levied on the following:</p> <ol style="list-style-type: none"> i. Issuing of letters of support/guarantees in respect of procurement-related transactions. ii. Commitment fees¹ in respect of medium and large loans. Such fees are levied for approved lines of credit that remain undisbursed for various reasons. iii. Facility fee component associated with invoice discounting transactions, revolving credit facilities iv. Appraisal fees, for medium and large transactions, to partially recover the costs associated with specialist/technical appraisal of transactions. v. Loan Application Handling Fee for medium and large loans vi. ITC enquiry fees vii. Called-Up Guarantees fees viii. Early settlement fees ix. Monitoring fees for medium and large loans x. Appeal Fees for medium to large loans xi. Any other fees as may be determined by the Board from time to time as part of cost recovery <p style="text-align: center;">NO FEES WILL BE CHARGED ON MICRO AND SMALL LOANS.</p>

¹ Commitment fees cover the costs incurred in order to keep undisbursed portions of loan facilities available.

Appendix 4: Changes in Security Requirements

Loan Category	Requirements	
	Old Guidelines	New Guidelines
MICRO/SMALL P500 – P1million	All assets financed by CEDA are automatically used as security by CEDA. In addition, where there are no fixed assets funded by CEDA or CEDA funded assets do not provide adequate security; promoters are required to pledge other properties or assets as security.	<ol style="list-style-type: none"> 1. Personal surety 2. Security over assets financed
MEDIUM P1 000 001 – P10million	All assets financed by CEDA are automatically used as security by CEDA. In addition, where there are no fixed assets funded by CEDA or CEDA funded assets do not provide adequate security; promoters are required to pledge other properties or assets as security.	<p>Security will be mandatory for loans over P5, 000, 000 for all sectors expect special ones.</p> <p>For special sectors (currently manufacturing, mining, energy, construction, technology and innovations, agriculture, creative industry and tourism) as may be selected by the Board from time to time, security requirements will be as follows irrespective of the amount:</p> <ol style="list-style-type: none"> 1. Personal surety 2. Security over assets financed
LARGE P10 000 001 – P50 million	All assets financed by CEDA are automatically used as security by CEDA. In addition, where there are no fixed assets funded by CEDA or CEDA funded assets do not provide adequate security; promoters are required to pledge other properties or assets as security.	<p>Security will be mandatory for all other sectors except special ones as outlined below:</p> <p>For special sectors (currently manufacturing, mining, energy, construction, technology and innovations, agriculture, creative industry and tourism) as may be selected by the Board from time to time, security requirements will be as follows:</p> <ol style="list-style-type: none"> 1. Personal surety 2. Security over assets financed

Loan Category	Requirements	
	Old Guidelines	New Guidelines
		Additional security requirements may be discounted on non-special sectors based on <ul style="list-style-type: none"> a) Job creation b) Economic diversification c) Location
<i>Security requirements will be discounted for People with Disabilities (PWDs), women and youth across all loan classifications</i>		

These revised guidelines therefore offer the opportunity for Batswana to engage in entrepreneurship as an alternative to formal employment. May I take this opportunity to urge CEDA clients, potential and current, to take advantage of these changes to engage in businesses that will add impetus to the government transformational agenda summed up in the government Vision 2036 and other documents of public covenant.

I thank you for your courteous attention.