

# PRESS RELEASE

## REVISED GUIDELINES

Since its inception in 2001, the Citizen Entrepreneurial Development Agency (CEDA) has been gradually reviewing its guidelines to match the ever evolving and dynamic environment in which it operates. The review of the CEDA guidelines is aimed at positioning the agency to grow, become highly sustainable and develop SMMEs to be the drivers of economic development. The first review of the CEDA guidelines was 8 years after the Agency was established.

In line with CEDA's commitment to move with the times, the agency engaged International Financial Consulting Ltd. (IFCL) in October 2019 to conduct a review of its financing model to ensure continued relevance as per stakeholders' expectations. This review was meant to put focus on CEDA's core mandate which is to finance, develop and sustain citizen-owned businesses. CEDA strives to provide accessibility, sustainability and growth for its clients and the latest review covers adjustments on loan limits, interest rates, repayment periods and security/collateral requirements.

The review was aimed at key external factors that would potentially influence CEDA going forward and these include, among others; improved 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. The review also considered and addressed issues of high urbanisation rates, reduction in government subvention and most importantly, the need for CEDA to be sustainable going forward.

As such, the reviews as announced by His Excellency the President of the Republic of Botswana, Dr Mokgweetsi E. K. Masisi recognises the importance of stakeholder engagement and input in the review of the guidelines. Stakeholders engaged include CEDA clients, members of the public, CEDA staff, CEDA board, sectoral representatives, and civil societies, amongst others. As previously highlighted, of immediate importance was the review of the CEDA's minimum and maximum loan limits for the delivery of various financial solutions to emerging SMME needs.

Based on the terms of reference as advised by IFCL, CEDA

has approved and adopted the following:

1. Increase small/micro scale projects loan limits from a **maximum of P500, 000 to a maximum of P1, 000,000.**
2. Increase medium scale projects loan limits from a **maximum of P4,000,000 to a maximum of P10,000,000**
3. Increase large scale projects loan limits from a **maximum of P30, 000, 000 to a maximum of P50, 000,000.**

### INTEREST RATES

An interest rate equivalent to the prevailing Bank Rate per annum will be charged on all loans. However, for special sectors (currently manufacturing, mining, construction, energy, technology and innovations, agriculture, creative industry and tourism) as may be selected by the Board from time to time an interest equivalent to prime lending rate minus 3% per annum will be charged.

### REPAYMENT PERIODS

Repayment periods have been reviewed such that loans of up to P1, 000,000 will not exceed 7 years. Loans from P1, 000, 001 to P5, 000 000 will not exceed 15 years while loans from P5, 000 001 to P10, 000, 000 will not exceed 20 years.

Repayment periods for large scale projects will now not exceed 20 years. Previously they were not to exceed 15 years.

### SECURITY REQUIREMENTS

Security/collateral will be mandatory for loans over P5, 000,000, whereas security/collateral requirements for large loans in the special category will be personal surety and security over assets financed. Additional security requirements may be discounted based on job creation, economic diversification and location of the project. Furthermore, CEDA endeavors to ensure that security requirements will be discounted for people with disabilities, youth and women and will be determined by the board from time to time.

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**These guidelines are with immediate effect.**

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