



REPUBLIC OF BOTSWANA

MINISTRY OF ENTREPRENEURSHIP



# HEMA CHEMA

## FUND GUIDELINES

APRIL 2024



#Ndongoloso yangu ye endiso ye mari  
#Ndongoloso lyo ye endiso ye mari  
#Ndongoloso yedu ye endiso ye mari

#Mutendesezo wangu wa mali  
#Mutendesezo waako wa mali  
#Mutendesezo Weetu wa mali

#Kabo yame ya madi  
#Kabo ya gago ya madi  
#Kabo ya rona ya madi

#chulaganyo yame ya tsamaiso ya go shekeja mari  
#Chulaganyo yago ya tsamaiso ya go shekeja mari  
#Chulaganyo yecho ya tsamaiso ya go shekeja mari

#My begroot  
#Jou begroot  
#Ons begroot

#Ne tendithe manyinga ange thiwana  
#Tendithe manyinga oye thiwana  
#Tu tendithe manyinga etu thiwana

#My budget  
#Your budget  
#Our budget



# CONTENTS

BACKGROUND .....	1
OBJECTIVE.....	3
TARGET AUDIENCE.....	5
FUND AND ADMINISTRATION .....	4
IMPLEMENTATION .....	4
ELIGIBILITY .....	6
MODE OF OPERATION.....	8
TERMS AND CONDITIONS .....	9
FRAUD .....	12
APPEALS .....	12
GRADUATION .....	12
CONTACT INFORMATION.....	13



# 1.0 BACKGROUND

- 1.1 The Government of Botswana recognizes the importance of the informal sector in the economy and its potential for reducing unemployment and eradicating absolute poverty among citizens. This is in line with the aspirations of Vision 2036 that “Botswana will be a high-income country and its people prosperous, living in the full enjoyment of their potential.” This was further highlighted in the February 2024 Budget Speech by the Minister of Finance wherein she pronounced the establishment of the Chema Chema Fund.
- 1.2 Chema Chema means “to move with a sense of urgency”, that is, “go kuba kuba” and having an end goal in mind to survive and create a meaningful life for oneself. It further means acting swiftly, efficiently and with urgency in pursuit of opportunities or to address a situation. The expectation on beneficiaries of Chema Chema is that they will use the Fund to improve their well-being and contribute meaningfully to economic growth. As the Setswana saying goes; “phokoje go tshela yo o dithetsenyana”.
- 1.3 The Fund is well-meaning in creating a sense of enthusiasm and a desire to get one out of poverty to a dignified state of life. Its success will manifest in its beneficiaries as it is expected of them to be self-motivated and want to succeed consistent with the principles of self-drive and self-actualization. Therefore, the fund must provide a fertile ground for incubating targeted citizen and business entities, equipping them with the requisite business and entrepreneurial skills to grow their businesses. The long-term goal of the Fund is to help create sustainable and thriving businesses that will materially improve livelihoods of citizens.

1.4 Botswana's informal sector is estimated to employ as many as 191,000 people, most of whom are women and the youth. The latest numbers from Statistics Botswana estimate that the informal sector contributes 3.2% to the country's Gross Domestic Product. Most of these participants in the sector do not have social protection cover and business continuity plans, hence they are highly vulnerable during economic shocks. For instance, during the COVID-19 pandemic, over half of the informal sector businesses were unable to generate income during lockdowns. However, with the targeted support and reduced vulnerability, the Sector's has a potential to significantly contribute to economic growth and reduce unemployment.

1.5 As part of the efforts to address the challenges facing the Sector, Government developed an Informal Sector Recovery Plan (ISRP), which was launched in March 2021. The ISRP seeks to provide mechanisms for the informal sector businesses to respond to the effects of COVID-19. Some of the pressing problems identified as preventing growth of small-scale entrepreneurs are lack of access to credit; inadequate entrepreneurship and business management skills; coaching and mentoring and proper operational infrastructure.

- 1.6 In response to these persistent problems, Government has established a revolving fund named “Chema Chema Fund” and provided P500 million as initial seed capital. The Fund covers short term loan financing; procurement of infrastructure; expansion of businesses capacity building; and administrative costs.
- 1.7 The Government is desirous of growing the informal sector businesses and gradually support them through their transition to Small-Medium Enterprises. In this regard, the borrower’s financial profile will continuously be developed as the borrower-lender partnership continues. This will assist in assessing whether individual businesses are growing or stagnant.

## 2.0 OBJECTIVE

2.1 The objective of the Chema Chema Fund is to facilitate new and existing informal businesses through inclusive financing and development by providing affordable short-term loans to citizen informal businesses.

2.2 Informal entrepreneurs will have access to;

2.2.1 Credit through provision of affordable short-term loans to finance their existing operations and or expand their current operations, including procurement of necessary business aiding equipment.



2.2.2 Credit through provision of affordable short-term cashflow loans and startup capital for new entrants in the sector.

2.2.3 Training on viable business management strategies for those whose loans have been approved. The Local Enterprise Authority (LEA) will design and coordinate capacity building packages specifically suitable for the informal sector needs. LEA will also undertake coaching and mentoring.

2.2.4 Decent operational infrastructure may be provided to grouped informal businesses in targeted operational places countrywide. These may include but not limited to small scale car wash facilities, sheltered vegetable stalls, sheltered second hand clothing stalls; self-contained kiosks, welding, carpentry, plumbing, catering, hairdressing, manicure and pedicure, etc.

## 3.0 TARGET AUDIENCE

- 3.1 The Government acknowledges that prior programmes aimed at assisting these key agents of the economy were in vain and therefore seeks to correct by targeting these audiences with tighter control, mentorship and monitoring:
- 3.1.1 **Informal sector entrepreneurs.** Individuals running business that are not formally registered but play a significant role in the economy.
  - 3.1.2 **Small business owners.** Entrepreneurs and owners of small businesses who require capital to start, sustain, or expand their operations.
  - 3.1.3 **Women Entrepreneurs.** Women who own or wish to start a business but face additional barriers in accessing finance due to societal, cultural or economic factors.
  - 3.1.4 **Youth Entrepreneurs.** Young individuals looking to enter the business world, who often face high unemployment rates but see entrepreneurship as a viable path to economic independence.
  - 3.1.5 **Groups of enterprising and like-minded individuals** who aim to harness and leverage on the power of collective trading.

### 3.0 FUND ADMINISTRATION

3.1 The Fund shall be administered by the Ministry of Entrepreneurship.

### 4.0 IMPLEMENTING AGENCY

4.1 The Fund will be implemented by the Citizen Entrepreneurial Development Agency (CEDA) in compliance with the Economic Inclusion Act, 2022.

### 5.0 ELIGIBILITY CRITERIA

5.1 The following eligibility criteria will apply for the Fund;

5.1.1 All citizens aged 18 years and above (with Omang),

5.1.2 All new and existing informal sector businesses are eligible,



5.1.3 All registered and unregistered legal informal sector businesses are required to provide the following documents;

5.1.3.1 If registered, a hawker's license is required, and

5.1.3.2 If unregistered, the applicant may provide either one of the following; affidavit, tribal authority letter (lekwalo la kgosi) membership of local informal business association, Exemption Certificate and Government department letters or any other legal documentation,

5.1.3.3 For expansion or existing informal sector businesses, verification of the existence of operating structures may be carried out by CEDA where necessary,

5.1.4 Applicant should not be formally and permanently employed either in Government, State Owned Enterprises or private sector or if employed, must be earning below the taxable income bracket, (P48 000 per annum-2024)

- 5.1.5 If pre-existing company, its annual taxable income must be below P50 000 and its annual gross turnover should not exceed P200 000,
- 5.1.6 Participation in recommended capacity building programs is mandatory.
- 5.1.7 Applicants shall register with the Local Enterprise Authority prior to loan application process. This registration will be integrated into the CEDA loan management process.
- 5.1.8 Post-funding, Chema Chema beneficiaries shall remain clients of LEA for the entire duration of the loan.

## 6.0 MODE OF OPERATION

- 6.1 The Implementing Agency shall outsource the loan administration services to Citizen Entrepreneurial Development Agency (CEDA) to facilitate online applications, issuance of loans and collection of loan repayments.
- 6.2 The Implementing Agency (MoE) shall outsource the services capacity building to Local Enterprise Authority (LEA) to design training and capacity building programs for Chema Chema beneficiaries,
- 6.3 CEDA will identify suitable banking facilities in which clients will deposit their savings,

- 6.4 Additionally, beneficiaries will be encouraged to form co-operatives or ride on existing co-operatives in their localities as another form of savings avenue,
- 6.5 Applicants are required to save at least a minimum of five (5) percent of their approved second and subsequent loans,
- 6.6 Applicants are at liberty to increase the mandatory five (5) percent savings from their own income. A larger savings portfolio will add more credits to subsequent loan decision making in favour of applicants, and
- 6.7 Equally, beneficiaries will also be encouraged to open bank accounts to facilitate their business operations and savings.

## 7.0 TERMS AND CONDITIONS

7.1 The conditions for loan application are as follows;

7.1.1 The loans are unsecured,



The loan amount that an informal business or individual can apply for is dependent on the sector and nature of the business project and it will be capped at a revolving credit limit of P50 000;

7.1.1.1 Applications for working capital needs and expansion of businesses shall initially be capped at P15 000 and shall grow up to P50 000 based on individuals' gradual credit scoring, and all applicants will be considered credit clear at the start; and

7.1.1.2 Loans applications for procurement of equipment and/or operational infrastructure shall be up to P50 000.

7.1.2 Loans shall attract an interest rate equivalent to the prevailing Monetary Policy Rate (MPR). The current MPR is 2.40 percent on a simple interest basis; charged once-off,

7.1.3 Loans secured for working capital needs shall be repaid up to a period of six (6) months (paid in monthly instalments),

7.1.4 Loans secured equipment and / or infrastructure shall be paid up to twelve (12) months (paid in monthly instalments) but exclusive of a three (3) months grace period,



- 7.1.5 Only one loan at a time for the qualified borrowers will be allowed, hence multiple loan borrowing is prohibited,
- 7.1.6 A beneficiary can apply for the second and subsequent loans after having cleared the debt previously entered into.
- 7.1.7 Applicants whose applications could not meet the requirements will be given the opportunity to resubmit,
- 7.1.8 Once a loan has been approved, the recipient shall undergo capacity building on better business management and growth strategies. Capacity building is offered free and charged to the Fund,
- 7.1.9 Ideally, approved funds will be credited to applicant's preferred financial services facilities including bank facilities, Orange Money, SMEGA, POSO MONEY and My ZAKA. However, terms and conditions will apply based on the nature of the project.
- 7.1.10 Borrower will be required to sign a consent form authorizing CEDA to access his/her money accounts.

## 8.0 FRAUD

8.1 All cases of fraud, including knowingly providing false information, will be referred to the Police for investigation and prosecution. Such applicant will also be disqualified from accessing the Fund.

## 9.0 APPEALS

9.1 The Implementing Agency shall establish an appeals function relating to matters of the Fund.

## 10.0 GRADUATION

10.1 Any individual(s) informal business that has been determined to have transitioned to formal businesses shall thereon graduate from benefitting under the Fund.

## 11.0 CONTACT INFORMATION

For registration and capacity building contact Local Enterprise Authority at:

TEL: 364 4000

EMAIL : [botsalea@lea.co.bw](mailto:botsalea@lea.co.bw)

Link : [lea.co.bw](http://lea.co.bw)

WhatsApp: 397 3022

Toll Free : 0800 155 155

For loan applications contact Citizen Entrepreneurial Development Agency at:

Tel : 317 0895

E-mail : [cedainsight@ceda.co.bw](mailto:cedainsight@ceda.co.bw)

Link : [ceda.co.bw](http://ceda.co.bw)

Toll Free : 0800 600 253

For loan applications contact Citizen Entrepreneurial  
Development Agency at:



Toll Free : 0800 600 253



Tel : 317 0895



E-mail : [cedainsight@ceda.co.bw](mailto:cedainsight@ceda.co.bw)

**APRIL 2024**

