CEDA

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CEDA FINANCIAL PRODUCTS & SERVICES FOR THE FODDER VALUE CHAIN SUB SECTOR

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FODDER PRODUCTION OVERVIEW

- Fodder is highly used in Botswana especially to supplement cattle, goats, sheep, horses and game animals as bales or pellets.
- With recent global warming, we have seen the rise of drought in the Agric sector, and these happenings have led to farmers supplementing their animal's feed.
- The main four (4) feeds produced and used in Botswana are lucerne, lab-lab, grass and leucaena.
- Promotion of fodder production is expected to contribute to highly to the agricultural value chain.
- In cognizant of this gap CEDA support the farmers with financing fodder production activities to meet market demand.

Challenges

- Fewer agronomist, and experts/suppliers of center pivots.
- Fodder production especially lucerne requires a lot of water and farmers would rely on borehole and river water which is far to reach.
- Lucerne production is capital intensive, especially at establishment (land prep, infrastructure and time until first harvest).

Competitive advantages

- Fewer lucerne producers in Botswana.
- Lucrative market; Botswana has witnessed the rise of feedlots, horse rearing, game farming, and dairy production.
- There are very minimal financial players in fodder production especially development financiers.
- For CEDA, its insurance scheme will help mitigation in bad weathers.

Opportunities

- Botswana imports almost 90% of lucerne meals and local production could reduce that import bill thus saving on foreign exchanges.
- Fodder production helps mitigate the impacts of frequent droughts on livestock farmers.
- Better feeds raises productivity like milk yields, growth rates and carcass quality.

FODDER VALUE CHAIN SUB SECTOR

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The Fodder value chain sub sector in Botswana encompasses all activities involved in the production, processing, storage, distribution, and utilization of animal feed crops and forage. It plays a critical role in supporting the country's livestock industry, particularly beef cattle, dairy, goats, sheep, and feedlot operations.



Fodder Value Chain:

INPUTS	FODDER PRODUCTION	HARVESTING & PROCESSING	STORAGE & DISTRIBUTION	CONSUMERS
• Seeds (lucerne, sorghum, maize, pasture grasses) • Fertilizers and • Irrigation equipment • farm machinery	• Lucerne • Sorghum • Maize • Pasture establishment	• Hay making • Silage production • Feed mixing • Packaging	• Hay sheds • Warehouses • Silage bunkers • Transportation • Marketing	• Beef cattle farmers • Dairy producers • Feedlots • Small stock farmers (goats and sheep)

CEDA assists with funding across the value chain, from inputs to end users.

CEDA FINANCIAL PRODUCTS AND SERVICES

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- **Mainline**
  - Services
  - Agribusiness
  - Manufacturing
  - Property
- **Trade Finance**
  - Purchase order financing
  - Credit Guarantee
  - Short term loans
  - Letter of credit
- **Structured Finance**
  - **Equity**
    - Ordinary shares, preferred share Warrants, derivatives, mezzanines
- **Microfinance**
  - Mabogo Dinku
  - Letlhabile
- **Group Funding**
  - Cooperatives
  - Associations
  - Cluster
- **Project Facilitation Fund**
- **A Di Tsale Financial Suite**
  - Assisted Reproductive Technologies (ART)
  - Thuo Khumo
  - Group Funding
  - **Fodder Production**
  - Beef Production Working Capital
- **Poultry Financial Suite**
  - Project Preparation Fund
  - Hatchery Production
  - Chicken Production
  - Abattoir and Processing
  - Indigenous Chicken Production
  - Feed Mill Production

Mentorship and Training Programs

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FODDER PRODUCTION GUIDELINES

KEY PRODUCT FEATURES		FODDER PRODUCTION GUIDELINES
1	Financial Type of Support	Working capital (seeds, fertilizers, packaging etc.) and asset finance (Equipment, storage facility etc.)
2	Interest Rate	As per CEDA Guidelines
3	Loan Amount	P 500 to P 50 million
4	Grace Period	Up to 3 years
5	Repayment period	Up to 20 years (240 months)
6	Repayment Frequency	Monthly, quarterly and yearly (Aligned to the operational cycle)
7	Target	Start ups & Expansions
8	Turn-Around-Time	Startup: 30 working days inclusive of a site visit Expansion : 9 working days inclusive of a site visit Above 10 million: 40 working days inclusive of a site visit
9	Insurance	Credit life insurance, Crop insurance, Comprehensive insurance cover upon approval
10	Security	• Personal Surety (not applicable to Groups) • Assets financed by CEDA • Security will be mandatory for loans over P5, 000, 000 with the exception of special sectors
11	Contribution	In cash or in-kind

GROUP FUNDING

- Groups can be in the form of **Cooperatives , Clusters and Associations**



Communal feed production field



Communal milk collection centre



Communal feedlot



Communal artificial insemination centre



Hay storage and baling



Feed milling and pelleting



Fodder transport and distribution

INTEREST RATES

- Interest rates linked to the **CEDA Prime Lending Rate** (CEDA PLR) will be charged on the loans depending on the risk associated with the project.
- Marginalized groups (**women, youth and people with disability**) and priority 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, will be charged discounted interest rates.

Loan Classification	Loan Range	Loan Priority	Nominal Interest Rate	Effective Interest Rates
Micro loans	P500 – P300,000	Non-Priority	CEDA PLR	10.76%
		Priority Sector	CEDA PLR less 3%	7.76%
Small loans	P300,000 – P1,000,000	Non-Priority	CEDA PLR to CEDA PLR + 2%	10.76% - 12.76%
		Priority Sector	CEDA PLR less 3%	7.76%
Medium loans	P1,000,001 – P10,000,000	Non-Priority	CEDA PLR to CEDA PLR + 5%	10.76% - 15.76%
		Priority Sector	CEDA PLR less 1.5%	9.26%
Large loans	P10,000,0001 – P50,000,000	Non-Priority	CEDA PLR to CEDA PLR + 5%	10.76% - 15.76%
		Priority Sector	CEDA PLR less 1.5%	9.26%

NB: *The Pricing Schedule will from time to time be reviewed and aligned to market, financial and operational conditions by the* ***CEDA Board of Directors****.*

REQUIREMENTS & CHANNELS

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Catalyzing SMME Industry Impact

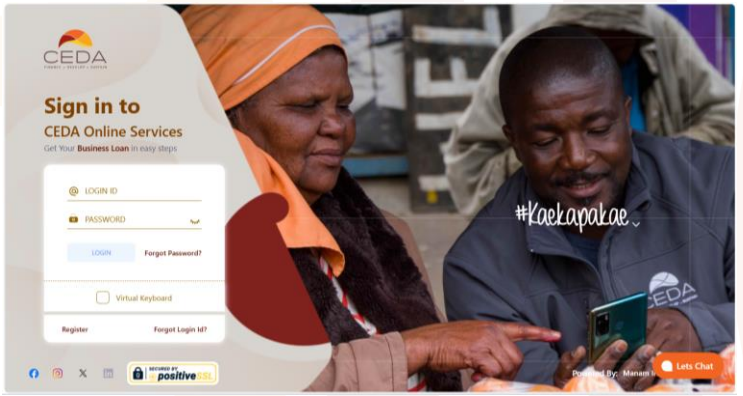
CHECKLIST

1.	Completed CEDA Fodder Loan Application form
2.	Certified copy of Omang & curriculum vitae of all shareholders
3.	Certified copy of marriage certificate & form A/B, spousal consent (where applicable)
4.	Proof of land ownership/lease agreement (minimum 5 years), land use
5.	Borehole drilling completion certificate, proof of ownership
6.	Water rights/license (if drawing from rivers or dams)
7.	Three (3) quotations for items to be financed from suppliers
8.	Business plan with cash flow projections and market strategy.
9.	Soil test and water analysis report.
10.	Completed CEDA KYC form
11.	Tax clearance certificate (where applicable)
12.	Bank Account Confirmation Letter
13.	Certified copy of Omang of spouse
14.	Group Agreement/ Constitution/ Bye law (if its group funding)
15.	3 Letter of intent / Market contracts / Agreements

DELIVERY CHANNELS



CEDA Branches



CEDA Online Platform


THE END