

# A Guide to Securing Project Financing in Botswana: BDC and CEDA

## Securing Project Financing in Botswana

A Guide to BDC and CEDA for Industrial Investors

**Content Partner: J. v. G. technology GmbH**

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Securing Project Financing via BDC and CEDA in Botswana



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Key Project Data

**Indust...**

**6–12 mo**

**Turnkey**

**2 DFIs**

## Project Scale

Solar module manufacturing  
— capacity case-dependent

## Ramp-Up Period


Typical for turnkey  
production concept of  
similar scope

## Line Type

Automated / proven turnkey  
manufacturing concept

## Finance Focus

BDC (strategic equity/debt)  
and CEDA (local  
partnerships)

 Region: Botswana · Focus: Development finance (BDC / CEDA) · Investment: Project-based (requires detailed feasibility) · Source: PVKnowHow / J.v.G. Technology GmbH

# Botswana's Economic Context

## Structural Strengths

- Stable political and macroeconomic environment
- Sovereign credit rating of BBB+ (S&P Global Ratings)
- Economy historically dependent on diamond exports
- Government-led drive to diversify into manufacturing, energy, and services

## Strategic Opportunity

- Priority sectors include renewable energy and industrial manufacturing
- Development finance institutions (DFIs) established to catalyse private investment
- Foreign direct investment actively encouraged in productive sectors
- Joint ventures with citizens viewed favorably by all finance institutions

# Role of Development Finance Institutions



## Catalyse

Fill financing gaps commercial banks avoid

## Develop

Support industrialisation and job creation

## Partner

Take long-term strategic equity or debt

BDC and CEDA are not conventional lenders. They operate with dual mandates — commercial viability and national development impact — making them uniquely suited for large-scale industrial projects where risk and reward are shared with the state.

# BDC as Strategic Investment Partner

## Mandate & Structure

- Established in 1970 — principal investment arm of the Government of Botswana
- Wholly owned by the state; directed by an independent Board of Directors
- Invests across all sectors except large-scale mining
- Takes a long-term strategic view — unlike commercial lenders

## Investment Focus

- Commercially viable projects with demonstrated development impact
- Renewable energy and manufacturing are priority sectors
- Foreign-owned companies may apply directly
- Proposals with citizen participation are viewed more favorably

# BDC Investment Criteria: What Is Evaluated

## Commercial Viability

- Robust business plan with a clear path to profitability
- Realistic, well-supported financial projections
- Demonstrated market demand and revenue model

## Job Creation

- Meaningful employment for Botswana citizens — a key criterion
- Skills transfer and capacity building components strengthened by proposals
- Long-term employment sustainability weighted in evaluation

## Citizen Empowerment & Exports

- Citizen ownership, partnerships, or skills transfer viewed favorably
- Export potential and foreign currency generation strengthen the case
- Alignment with national strategy (renewable energy, manufacturing, tech)

# BDC Financing Instruments

<b>Instrument</b>	<b>Description</b>	<b>Typical Use Case</b>
Equity Participation	BDC takes minority or majority stake in project	Capital-intensive industrial ventures
Debt Financing	Loan financing tailored to individual project requirements	Working capital and capex funding
Mezzanine Finance	Hybrid between debt and equity; subordinated loan structures	Projects with complex capital structures
Guarantees	BDC provides assurance to third-party lenders	Leveraging additional commercial bank financing
Lines of Credit	Thematic credit lines (e.g. via African Development Bank)	Sector-linked financing at favourable terms

# BDC Application Process: Four Stages

1

## 1 – Initial Submission

Submit business plan, financial projections, and project overview to BDC

Application reviewed for completeness and alignment with BDC mandate

2

## 2 – Screening & Appraisal

BDC conducts commercial and developmental impact assessment

Project team may be invited to present and clarify the proposal

3

## 3 – Due Diligence

In-depth financial, legal, and technical verification of the project

Timeline varies; well-prepared applications move faster through this stage

4

## 4 – Investment Decision

Board-level approval; term sheet and financing agreement negotiated

Typical timeline: 6–9 months for well-prepared applications

# Role of CEDA in Local Partnerships

## CEDA Mandate & Eligibility

- Established in 2001 to develop sustainable citizen-owned enterprises
- Services exclusively for 100% citizen-owned or majority citizen-owned joint ventures
- Supports businesses across manufacturing, agri-business, services, and renewable energy

## CEDA Financing Instruments

- Subsidized loans at favourable interest rates (from 5% p.a. for loans up to BWP 500,000)
- Credit guarantees, letters of credit, and performance bonds
- Equity co-investment for high job-creation or import-substitution projects

## Beyond Finance: Business Support

- Business mentoring and hand-holding for new entrepreneurs
- Training and skills development programs
- Relevant for foreign investors building local supply chains or identifying joint venture partners

# Importance of Joint Ventures

1

## Stronger BDC Application

Proposals with meaningful citizen participation align directly with empowerment goals – materially improving BDC approval prospects

2


## CEDA Access for Local Partner

A citizen co-investor can independently access CEDA subsidized loans and guarantees, reducing the overall financing burden on the foreign party

3

## Regulatory & Market Advantages

Joint ventures ease procurement access, improve community acceptance, and demonstrate commitment to Botswana's long-term economic development

 A proven turnkey manufacturing concept can be structured with a local joint venture partner, allowing both BDC and CEDA financing tracks to be activated simultaneously.

# How to Prepare a Bankable Proposal

## Core Document Requirements

- Comprehensive business plan: executive summary, market analysis, operational plan
- Detailed financial projections: revenue, expenses, profitability forecast
- Company registration, tax clearance, and directors' credentials
- Technical concept and supplier credentials (e.g. experienced European turnkey provider)

## What Strengthens the Case

- Clear demonstration of job creation numbers and skills transfer plan
- Export market analysis and foreign currency projections
- Identified citizen joint venture partner with CEDA eligibility
- Explicit alignment with Botswana national development priorities

# Key Success Factors, Risks & Rejection Reasons

## ✓ Key Success Factors

- Well-structured, complete business plan submitted from the outset
- Proven technology partner with verifiable track record
- Credible citizen joint venture with aligned interests
- Strong alignment with BDC/CEDA strategic priorities

## ⚠ Common Risks

- Timeline uncertainty: complex projects may exceed 9-month review period
- Market risk: solar module demand dependent on regional offtake certainty
- Execution risk: ramp-up to full capacity requires experienced operational partner
- Currency and regulatory risk inherent in capital-intensive manufacturing

## ✗ Rejection Reasons

- Incomplete or unconvincing business plan
- Poorly supported or unrealistic financial projections
- No demonstrated commercial viability or clear revenue path
- Misalignment with institution's strategic or developmental objectives

# Strategic Conclusion

1

## **BDC & CEDA Are Strategic Partners**

Neither institution is a conventional bank – both are mandated to build Botswana's industrial future alongside the investor

2

## **Quality of Proposal is Decisive**

Success hinges on demonstrating deep understanding of commercial aspects and clear alignment with national development objectives

3

## **Turnkey Concept Reduces Risk**

A proven turnkey manufacturing concept from an experienced European provider substantially de-risks the technical case in the financing review

- ❏ An experienced European turnkey provider integrates manufacturing know-how and process methodology – reducing the learning curve for new manufacturers and strengthening the credibility of a financing proposal.

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

[www.jvg-thoma.com](http://www.jvg-thoma.com)

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