

# COVID-19 loan guarantee scheme

The Government COVID-19 Loan Guarantee Scheme is offered as part of the Government of Botswana's economic response to the COVID-19 pandemic. The guarantee is offered in terms of Section 22 of the Public Finance Management Act.

<b>Purpose</b> To provide eligible businesses affected by COVID-19 access to credit from banks	<b>Owner</b> The Government. The custodian of scheme is the Ministry of Finance and Economic Development	<b>Administrator</b> Export Credit Insurance and Guarantee Company (Botswana) Pty Ltd T/A BECI	<b>Structure</b> The Government shall provide 80% security cover while the Banks will take on the 20% balance of the risk
<b>Financing covered</b> Working capital. Items of capital nature shall not be supported by the scheme	<b>Role of the bank</b> Approve qualifying applicants and undertake full loan recovery process	<b>Bank facility arrangement fees</b> Banks are encouraged to charge a nominal facility arrangement fee	<b>Government liability</b> Government reserves the right to change any of the scheme guidelines at any time and shall not be liable to any party whatsoever
<b>Application timeline</b> Until 30 November 2020	<b>Term of guarantee</b> Maximum of 2 years	<b>Cost of guarantee</b> No fees	<b>Interest rate</b> Prime plus 0.5%
<b>Qualifying sectors</b> All businesses with the exception of: <ul style="list-style-type: none"> <li>businesses with direct Government shareholding and Government aided entities such as NGOs</li> <li>Parastatal companies</li> </ul>	<b>Eligibility requirements</b> Businesses must <ul style="list-style-type: none"> <li>be tax compliant</li> <li>registered with CIPA</li> <li>operating and bankable 1 year prior to 3 April 2020</li> <li>demonstrate how COVID-19 has disrupted their business</li> <li>provide a sustainable business model</li> </ul>	<b>Maximum amount</b> Maximum amount P25 million, subject to turnover during the 12 month period prior to 3 April 2020: <ul style="list-style-type: none"> <li>P0-2m (turnover upto P5m)</li> <li>P5m (turnover upto P10m)</li> <li>P10m (turnover upto P25m)</li> <li>P25m (turnover P50-100m)</li> </ul>	<b>Application procedure</b> <ul style="list-style-type: none"> <li>Companies must apply with their respective banks.</li> <li>Banks will apply to BECI for the guarantee.</li> </ul>

**Our Advisory team can assist your business to assess, plan and source working capital requirements. Contact Arindam Ghosh (+267 74 258 331 / arindam.ghosh@bw.gt.com).**

Visit our website for insight on how to manage the impact of COVID-19 on your business:

<https://www.grantthornton.co.bw/campaign/manage-the-impact-of-COVID-19/>

### The Resilience Wheel

Where to focus your business in stressed or distressed conditions

### Checklist: Building business resilience

Questions designed to help businesses develop their response plan for COVID-19