MICROFINANCE IMPLEMENTATION

STRATEGY

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### Acronyms

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<tr>
<td>ADF</td>
<td>Assistance Development Fund</td>
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<td>BDS</td>
<td>Business Development Services</td>
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<td>BECI</td>
<td>Botswana Export Credit Insurance</td>
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<td>BIFM</td>
<td>Botswana Insurance Fund Management</td>
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<td>BOCCIM</td>
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<td>CEDA</td>
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<td>CGS</td>
<td>Credit Guarantee Scheme</td>
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<td>Junior Achievements Botswana</td>
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<td>LEA</td>
<td>Local Enterprise Authority</td>
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<td>SBD</td>
<td>Small Business Division</td>
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<td>SMME</td>
<td>Small Medium and Micro Enterprises</td>
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<td>UNDP</td>
<td>United Nations development Program</td>
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<td>WFHB</td>
<td>Women Finance House Botswana</td>
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<td>WIBA</td>
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1. Introduction

This report is being submitted as part fulfillment of the Trade-Hub/Women in Business Association Microcredit Implementation strategy assignment undertaken during the May/June 2006 period.

Since 2005 the Women In Business Association of Botswana has been collaborating with the Trade Hub. The main objective was to explore ways to strengthen the Association so that it can attract more members, increase the scope of its activities and exercise greater influence over public sector policy makers. This led WIBA to decide to establish a microcredit scheme.

To facilitate the establishment of such a program Trade Hub offered technical assistance to assist WIBA to come up with an implementation strategy of the microcredit project. To carry out such an assignment requires taking stock of the Small, Medium and Micro Enterprise (SMME) sector and in particular the microfinance environment in Botswana. This entails holding consultative meetings with the key players in the environment.

This report will highlight the background information of WIBA, in particular the need for such a project. Section 2 of the report will explore the SMME environment, in particular the following:

- The existing infrastructures for microfinance,
- Policy framework for SMMEs,
- The existing initiatives to promote sustainable microfinance,
- Any collaborative linkages that can be put in place
- The impact achieved particularly on participating women.

The section will end by proving an analysis of the findings.

Section 3 will provide a critical analysis of possible scenarios that WIBA can embark on towards establishing a microcredit program and section 4 will make some recommendations and give a step-by-step implementation plan with time frames.

1.1 WIBA background Information

Women In Business Association of Botswana was established in 1990 as a voluntary membership organization through the initiative of BOCCIM (BOCCIM is the main body that represents the interests of the private sector in Botswana) and some few small, medium and micro scale business women. The main concern was that women-owned businesses constituted about 75% of the small and micro businesses in Botswana and yet, had no forum where they could meet to share ideas and address problems that are unique; problems that inhibit the success of their enterprises. There was, therefore, a need to establish such an Association.

WIBA was formed as a sub committee of the SBD of BOCCIM. The Association is represented in the BOCCIM National Council and is treated as a separate sector representing women in business. Over the years, WIBA has gained momentum so much so that by 1992 it had out grown its mother body SBD.
The governance structure of WIBA constitutes of a General Assembly comprised of the National Executive Committee, Honorary and Associate Members of the Association, Institutional members of the Association and five delegates from each region of the Association. The National Executive Committee is comprised of seven office bearers – The President and vice, The Secretary and vice, The Treasurer, Public Relations Officer and Regional chairpersons. WIBA was officially registered as a Non Governmental Organization in 2003 and has a constitution that guides the affairs of the Association. Membership is open to all women in Botswana as individuals, cooperatives and companies wholly owned by women, who will adhere to WIBA objectives. Currently has a total 162 members. However, this number is not representative of its true strength as only 20-25 are active at any one point in time, and significant number of members has not paid their due in months or even years.

WIBA recognizes that women entrepreneurs are an important and growing force in the Botswana economy. Women play an active role in poverty reduction and employment creation. In most cases women’s full participation is hindered by factors such as limited access to credit, markets and information, training and business advisory services. In addition, women still experience social and cultural gender-based obstacles and barriers to starting and growing their businesses.

Furthermore women are the most affected by HIV/AIDS pandemic and this is having an impact on both the social and the economic arena. In Botswana the HIV/AIDS pandemic is now being treated as a development issue. WIBA recognizes that critical to national economic development processes are the enterprises, the people who create them and also the people who manage them. The pandemic poses a direct threat to enterprises profitability and sustainability, as well as to the national growth.

The following are the major concerns that WIBA, since inception WIBA has been striving to address:

a) bringing together Botswana Business Women for the purposes of networking, disseminating of information, establishing business volunteer training and counseling across the board,

b) forming a cohesive advocacy and a lobbying group of women in business towards changes in laws, policies, procedures, traditional attitudes and practices that inhibit a progressive women entrepreneurship environment,

c) working towards the evolution of an indigenous Botswana Women in Business Entrepreneurship program.

In addition, WIBA has been working very closely with various organizations in trying to achieve its objectives, particularly in promoting women’s empowerment. Through its close alliance with BOCCIM and the Department of Women’s Affairs (DWA), the Association has been able to address some of its members’ needs. For example BOCCIM has provided training in business management whilst the DWA has facilitated the participation of WIBA members at the annual Trade Fairs and exchange program.

However, WIBA is very much concerned that since inception, its membership has remained stagnant despite the trend of new businesses that are being formed in Botswana. The Association’s paid up membership has never grown beyond forty members in any one year and yet statistics indicate that 75% of Small, Medium and Micro Enterprises (SMME) in Botswana are owned by women. The membership figure is not representative of Botswana Women In Business and furthermore raises some
pertinent questions as to why this stagnation. This lack of growth in membership has specific implications on issues like funding and networking which will subsequently hinder progress in addressing the afore mentioned concerns.

A snap survey indicates that a lack of adequate resources such finance, secretariat and basic infrastructure are seriously impeding progress, particularly as members do not receive the services.

- **Finance:**
  WIBA depends entirely on its membership fees to run the affairs of the Association. Currently, members pay an annual fee of P100 and with an average of 40 paid up members this provides only P4000 per year. This is not enough to meet the basic activities of the Association such as printing, stationery, advertising and communication. This does not allow for organizing any activities that would benefit WIBA’s members.

- **Secretariat:**
  WIBA does not have a secretariat to manage its affairs. The National Executive Committee is currently taking this responsibility to run the secretariat, and supervise implementation and achievements of the Association’s objectives. However these members are managers of their own businesses and cannot accomplish both responsibilities in an effective and efficient manner.

  This means that the Association's business is not well catered for. Hence there is and hence no progress in terms of providing members with necessary and expected services. This has ked to lack of interest and commitment from current membership and lack of new membership drive.

- **Infrastructure**
  WIBA does not have a place that serves as a reference point where all WIBA activities can be coordinated from. The Association’s meetings are held at various venues all the time. Usually the venue is provided by one of the members. This causes confusion, especially for new members. It weakens their confidence in the Association. They will have difficulty in identifying themselves with WIBA and there is definitely a lack of ownership amongst members.

All of the above have implications on the sustainability of WIBA. Through its collaboration with Trade-Hub, WIBA has strategized on the way forward, particularly in addressing some of the needs of its members. The issue of promoting and marketing the Association is imperative if WIBA is to increase its membership. Not only is membership at stake, but those existing members would definitely expect some services to justify their membership to WIBA. To this end, WIBA identified microfinance as one of the initial services that can be offered so as to strengthen its outreach efforts.

### 2.0 The Analysis of the SMME environment in Botswana

This section of the report focuses on gathering as much information as possible from the key players in the sector and provide an analysis of the way in which the sector is organized.
2.1 The Environment

To develop such an outfit as desired by WIBA requires an understanding of the environment in which it will be operating. It is therefore, necessary to identify key players and examine the dynamics in the sector. This was made possible by holding consultative meetings with the key stakeholders. The basis for the consultative meetings was to establish the following:

- The SMME policy framework
- Existing initiatives and support being provided to the sector
- Impact of services and products provided to women owned businesses
- Collaboration and linkages opportunities among the stakeholders
- The SWOT of the sector

This was seen necessary so as to understand the dynamics in the environment and to guide the designing of the implementation strategy. The following is a brief description of the key players that participated:

2.1.1 BECI:

The BECI was set up in 1999 with the mandate to protect exporting businesses and businesses selling locally against the risk of loss due to non-payment by their customers. It provides cover for two types of risks, namely commercial export credit insurance and domestic credit insurance.

In 2003 its function extended to the handling of the CEDA guarantee scheme. The CEDA scheme is a government scheme designed to address two major problems facing the micro and medium sized enterprises, thus, (a) lack of access to finance and (b) inability of the SMMEs to fulfill security requirements of the commercial banks or other development commercial financial institutions.

The CEDA Credit Guarantee Scheme emerged as a result of the Government’s recognition that the SMME sector is not only the responsibility of the private sector and civil society but of the government as well. The scheme brings together four participants – CEDA, BECI, Banks and the Borrower.

In defining microenterprises BECI stipulates that it is those formal business requiring loans above P20, 000. Based on this definition BECI is of the opinion that this includes the microenterprise sector.

In terms of impact particularly on businesses owned by women that have been referred to them by the participating commercial banks no information was readily available as BECI does not monitor its initiative along the gender basis.
2.1.2 BFIM:

BFIM’s core business is to manage the pension funds. This is done by buying stock and investing on the Botswana Stock Exchange. Two thirds of the investment is done offshore and 35% locally.

BIFM also has a social responsibility mandate. To this end, has invested in MASCON cell phones and also sponsors festivals such as Trade Fairs.

BIFM is more concerned about returns on their investments. They did express some interest in understanding more about the microfinance sector. More explanations were provided on how microfinance programs operate, particularly on the methodologies employed and systems used to manage the portfolio. Also some evidence of the impact that microfinance has had in improving the livelihoods of the poor households and on the national development of the economy was shared.

In essence BIFM has not worked with the informal sector (which is where most micro-entrepreneurs are found) and had some reservations working with the sector. However, they would like a proposal detailing how such a project can be done.

In defining microenterprises, BIFM describes the sector in which registered small firms (with a turnover of above P50,000) operate. BIFM works very closely with CEDA/BECI initiative particularly with those enterprises that are exporting.

2.1.3 LEA:

LEA is a national body established in 2005 by the government to deal with the SMME sector in Botswana. LEA’s mission is to promote and facilitate entrepreneurship and SMME development in Botswana through targeted interventions. LEA does this by providing non-financial services such as business planning, training and advisory services, identifying business opportunities for the sector, facilitating changes in regulation, standards, infrastructure and access to finance.

LEA’s strategic plan intends (not yet operational) to address both economic and poverty reduction concerns. In LEA’s view, a policy regime for reducing poverty would promote inclusive economic growth. This entails investments in human capital and infrastructure, good governance and civil society participation as well as effective social safety nets and targeted redistribution. Thus, LEA’s approach provides an “end-to-end- Process” in enterprise development.

Its niche policy strategy centers on Entrepreneurship development and SMME support services. For entrepreneurship, LEA will assist pre-start enterprise activities and a further two years direct to entrepreneur/individual rather than through firms/organizations. The main features of the assistance under the entrepreneurship initiative will include among others, creating entrepreneurial culture, reducing regulatory and administrative barriers to entry and increasing base knowledge about entrepreneurship. On the other hand, the SMME policy deals with existing enterprises/firms development. Its major features are:

- improving business and financial environment,
• access to information,
• facilitating access to markets and
• removing barriers to technology adoption.

LEA intends to target particular sectors and entities, provide incubation facilities for targeted firms and carry out research, which will continually anticipate and react to local, regional and international market needs.

The definition of the SMME sector by LEA is the one defined in the Small Business Act of 2003. The Act stipulates that Small, Medium and Micro Enterprises are “business entities with such annual turnover and staff compliment as the Minister may, by order publish in the gazette”.

Since LEA has not yet started working on its strategy it was not possible to further clarify the definition of SMMEs based on actual activities and participation of the sector.

2.1.4 WFHB:

WFHB has been in operation for over 12 years and is a Non-Governmental Organization registered as a company limited by guarantee. It was incorporated in 1989 and operates under the name Thusang Busadi which means Help the Women.

WFHB was established with the vision to empower the economically disadvantaged women. Its main objectives are to increase the income and standard of living of its members by providing adequate loan products and encouraging them to save, to expand financial services throughout Botswana and to become a financially sustainable organization. The organization is dedicated to assisting low-income women by providing access to credit and savings facilities. It targets the peri-urban, urban and rural women who have been running a micro business for a minimum of six months.

Since inception WFHB has provided micro finance services to over 6000 poor women operating in the informal sector. Currently WFHB products and services are available to women in 14 villages around Botswana, including villages as far as Serowe, Mahalapye, Kanye, Gabane and Lobatse. In terms of impact WFHB indicate that women are strengthening their businesses and leadership skills through their involvement in the organization’s decision-making process via center structures.

In addition to loans, the organization started a savings program in 1999 and currently has an active portfolio of more than 2000 savers and just under 1000 active loans.

The WFHB defines micro enterprises as those income generating activities mostly found in the informal sector and shunned by the conventional financial institutions. The organization sees itself as the only organization targeting the informal sector, particularly with micro financial services. Since WFHB is mobilizing savings from members, it is, therefore, regulated by a special exemption permit from the Reserve Bank of Botswana.

The organization is facing challenges in areas of sustainability due to lack of expansion as well as the sparsely populated environment in which it is operating. The expansion

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1 Small business Act, 2003
problem is worsened by lack of adequate resources particularly financial. Botswana is viewed as a middle-income earner and, therefore, not so many funding partners are found interested in supporting microfinance programs.

2.1.5 JAB:

JAB is a non-profit making organization established in 1994 with a mission to empower young Botswana to succeed in the world of work through a dynamic business education program which would lead to the cultivation and energization of the spirit of free enterprise and self reliance.

JAB targets in-school and out-of-school youths and prepares them for the future either as self employed business people or as highly productive members of the work force by providing them with invaluable business and life skills and attitudes. This is done through JAB’s business basics program, which addresses the following themes:

- Business organization
- Management and Careers
- Production
- Marketing and Advertising

Incorporated into the above programs are real life simulations and examples such as practicing interviewing, completing job application forms, analyzing different forms of production methods and designing advertisements.

With regards to impact JAB explains that while a lot of resources have been invested into the youth programs very few have been able to start their own businesses. However many have been employed in various sectors especially in the public sector. JAB has produced some very assertive and confident young people. No statistics are available to ascertain where JAB graduates have been absorbed and also of particular interest the impact on young women.

JAB is facing many challenges, particularly start up funds. There are a number of funding initiatives such as the ADF, Youth and Culture funds and CEDA. However JAB is of the opinion that the ADF funds are too expensive. The CEDA funds are subsidized and would suit the youth but they are not youth friendly because of the rigorous requirements which most of the youth cannot meet; the Youth and Culture funds are very limited, only a few can access them. JAB is also suffering from lack of resources to implement some of the systems that would strengthen its operations, such as following up on graduates and being able to desaggregate their data on gender basis.

JAB believes there is need for more research into the youth sector and most importantly the private sector should be involved in mentoring the youth in various sectors. JAB believes this can be done through collaboration with both the private and the public sectors.
2.1.6 Commercial Banks

Three commercial banks, namely First National Bank, Standard Chartered and Stanbic participated in the consultative meetings. As commercial banks their opinions were very much similar particularly on defining microenterprise vis a vis microfinance. All banks that participated in this process agree that they are offering financial services to the SMME sector through their own portfolio, as well as the CEDA-BECI credit guarantee program.

The bank’s minimum loans to the SMME sector varied from P20,000 to P500,000. They both agreed that in the main, they tend to be more favorable towards medium scale than the small and micro enterprises. The enterprises have to be registered. However, among the many reasons quoted as very challenging in working with the small and micro enterprises, the following were found to be the main barriers to offering loans:

- Failure to provide cash flows and management accounts,
- Absence of business plans
- Difficulty to locate where they are operating from
- Non viable enterprises

The enterprises that have benefited included mostly retail, manufacturing, wholesale and the service sector such as tourism. However, it was mentioned that outside the CEDA/BECI scheme, most loans disbursed were for consumption purposes.

While it was generally agreed that the SMME sector has benefited from the CEDA/BECI guarantee scheme, it was not possible to ascertain the percentage of women businesses that have benefited, since data is not disaggregated on gender basis.

Interest in collaborating closely with the SMME sector was expressed. However, the above challenges would need to be addressed to qualify for bank loans.

2.1.7 BOCCIM:

BOCCIM is the national body that represents the interests of the private sector in Botswana with a membership drawn from 20 different sectors of the economy. BOCCIM’s vision is to be the voice of business in Botswana, driving the process of sustainable economic and social development and the promotion of good governance. BOCCIM’s main thrust is to bring together the public and private sectors heavy weights to determine the best economic way forward for Botswana.

This is done through a number of themes such as:

- National business conferences
- Training
- Business management advise
- Industrial relations

From these broad themes, a number of programs specific to sector needs are developed.
BOCCIM works with registered companies and does not venture into the informal sector. It was not possible to indicate how women-owned business benefited from the BOCCIM programs. Data is analyzed on sector base.

However, BOCCIM sees the importance of the informal sector in the development of the national economy. It is their opinion that more research is required to understand the dynamics of the sector particularly on how the sector can be helped.

2.1.8 UNDP:

UNDP is specifically focusing on poverty reduction activities in Botswana. UNDP is of the opinion that the microenterprise sector, particularly microfinance is in its infancy. However, UNDP has been involved to a large extent in the provision of the technical assistance to WFHB. This has been mostly in the form of the provision of funds for capacity building for both the WFHB clients and staff.

UNDP asserts that there is a lot that needs to be done. The biggest challenges include:

- Political commitment to address the needs of the sector. While in most development programs it is important to encourage the grassroots to determine their needs, in the case of the microenterprise sector it would appear to be appropriate to have a top-down approach for the sector to start developing beyond its current state.
- There is need for advocacy and awareness campaigns. UNDP has done a bit in this area, particularly during the Microcredit Year (2005). They published a fact sheet on the status of the sector in Botswana and a profile of microfinance entrepreneurs in Botswana. However, UNDP believes that an ongoing advocacy would benefit the sector.
- The definition of microfinance as defined in the sector is not yet articulated in Botswana.
- There is need to carry out a status quo survey to determine who is doing what and how.
- Gender issues need to have a platform and this is not yet in place.

UNDP is very much interested in working and collaborating with any stakeholders in this sector.

2.1.9 CEDA

Citizen Entrepreneurial Development Agency is a government program established in 2001 following the collapse of the FAP which was intended to assist the informal sector. CEDA’s mission is to support the development of viable citizen businesses through funding, training, and mentoring. CEDA provides loan financing and non-financial services.

The loan financing program has three main products earmarked for the SMME sector. These are,

- the CEDA/BECI credit guarantee scheme intended to assist citizen businesses in the SMME category that can not access funding for their bankable enterprises from the private sector financial institutions due to lack
of adequate collateral required. This scheme operates through the commercial banks such as FNB, Standard Bank etc. CEDA guarantees 75% of the loan.

- Start up and existing financing. This is intended for both start up and for already existing enterprises. The loan sizes range from P500 to 2 million Pula. A subsidized rate of 5-7.5% is charged. The current prime rate is 16.5%. the loan terms are up to 5 years.
- A special fund for youth in agriculture. The terms and conditions are the same as those.

CEDA believes its products and services are very accessible to all citizens of Botswana and that all sectors are catered for. CEDA has 13 centers covering all corners of Botswana and offering similar products and services. Discussions on the impact indicated that the active loan portfolio is 315 for small enterprises and 1079 for medium scale. Although CEDA believes that some loans have been utilized by microenterprises it was not possible to establish the figure, as well as to determine the number of women participating in these loan products.

The non financial services that CEDA provides to the SMME sector include training on various business topics and mentoring. Participants are expected to pay a nominal fee which varies from module to module.

CEDA is not without its own challenges and constraints. It is currently going through a consolidation phase whereby it is expecting to review its focus on different groups within the SMME sector and examine their need and how best to serve them. CEDA acknowledges that they need increased capacity for evaluation of projects. Its interest rates are one third of the commercial banks, which prevents the involvement of the private sector. Its schemes are less adapted to small and micro enterprises in particular due to somewhat complex and lengthy procedures. CEDA is also aware that as a government initiative it is not easy to influence issues of non subsidy.

2.1.10 Ministry of Labor Department of Women Affairs

The Department of Women Affairs is responsible for the coordination of gender issues, particularly in the public sector. The department is divided into policy, research, training, projects, information and administration units. The projects unit has the mandate to facilitate economic empowerment of women through various activities. The main themes are poverty reduction and economic empowerment. Under these themes the unit provides both financial and non financial services. These include:

- grants to women groups and NGOs mostly for institutional strengthening. Organizations such WFHB have benefited from such funds,
- technical assistance in the form of capacity building,
- exchanges visits with other women groups and organizations at national, regional and international level,
- trade fairs where women have an opportunity to exhibit their wares, network with other women from different parts of the Botswana and increase marketing opportunities. A big chunk of the department’s funds is channeled to annual trade fairs. The department meets virtually all the expenses. WIBA has also benefited from these trade fairs and exchange programs, and
- collaborate with international development agency such as UNDP and Trade-Hub-USAID.
The department would like to see more research on women issues and to have more participation in advocacy of various issues facing women such as the microfinance sector. This sector is not well understood as well the collection of data from various sectors should be desegregated on gender basis.

2.1.11 Regulation and Supervision of Microfinance in Botswana

In Botswana regulation and supervision takes place where the organization is involved in taking deposits from the public. This activity would be regulated under the Banking Act. On the other hand where the organization provides only credit facility then it is considered a micro lending activity by the Ministry of Trade and Commerce.

However the Small Business Act of 2003 stipulates that Small, Medium and Micro Enterprises are “business entities with such annual turnover and staff compliment as the Minister may, by order publish in the gazette.

2.1.12 Money lenders

Money lenders are a key player in the SMME sector. They fill in the financial gap between those who can access the commercial bank loans and other financial facilities available in the market such as the government subsidized and developmental organizations such as WFHB.

There are two categories of microlenders in Botswana. One is the Cash Lending service which is salary based. The lender retains client bank cards and PIN and at times identity booklets in order to guarantee loan repayment. Average loans offered by cash lenders range from P500 – P1000 and interest rates of up to 30% per month are common. Larger cash lenders belong to the self regulatory Micro Lenders Association. The Association share information with others on borrowers. There are approximately 75 members with 220 branches in Gaborone and an estimated clientele base of between 60-80,000 and total loans estimated at 50 million Pula.

The other category is the Term Lending which is also salary based. With Term Lending credit life insurance is required. Average loan sizes range between P7000 to P15,000 payable over a period of 27 months, at up to 30% per annum. Term Lenders do not belong to the Micro Lenders Association but still share information on borrowers. There are currently five such lenders – Letshego, First Funding, Penbridge Employee Benefits, Peo Holdings and Capricorn. These Term Lenders have an estimated active portfolio of 100,000 and loans totaling 350 million Pula.

2.2 Analysis of the Botswana SMME environment

The following analysis is based on the information gathered through the field meetings as well as research made on the subject matter.

2.2.1 The SMME sector policy framework:

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2 No actual meeting was held. Information used was researched – Microcredit 2005 Fact Sheet.
3 International Year of Microcredit 2005, Fact Sheet.
The two main concerns under sector policy frame are how the sector is defined and therefore, regulated. This impacts to a significant level on the support services being extended to the sector and how the SMMEs access these services. Also importantly are the regulatory and supervisory requirements that impact on the growth of the sector.

i) Definition of the SMME sector

Botswana has an SMME policy as stipulated by the Small Business Act of 2003. It says “medium, small and micro means a business entity with such annual turnover and staff compliment as the Minister may, by Order published in the gazette”. However the following observations were made of the policy and practice:

The Act is not definitive as to what constitutes medium, small and micro. As a result, in general, there appears to be a lack of understanding of the micro enterprise sector by most of the stakeholders who participated in this consultation process. This lack of clarity also affects the promotion and support services rendered. For example, a stakeholder would refer to an enterprise requiring P20,000 as a micro enterprise whereas in the Microfinance Industry such an enterprise would be classified as small.

Stakeholders that are addressing the needs of the micro enterprise sector are more knowledgeable of the needs of medium and small formal enterprises than of the micro enterprise.

If WIBA is to go the microfinance route, it therefore, needs to understand the needs of the microenterprises. It appears there is little comprehension of the particular credit needs of the small and microenterprises. The services being offered to the small and micro enterprises are the same as that are offered to medium and larger enterprises.

Microfinance has been proved to be a desirable poverty reduction strategy and as such, plays a dual role, i.e. social and economic. And because of this unique feature, it has been treated differently from other financial sectors. Annex 1 provides key principles of microfinance as defined in the industry. Given this definition of microenterprises WIBAs’ challenge is to review its current membership to assess whether it fits the definition and if not to consider revisiting the issue of who is its target clientele. It would suffice to call its loan program credit program and not microcredit as microcredit / microfinance is, globally, synonymous with the informal sector. It is generally accepted that there are some overlaps between small and micro enterprises and the defining factors would include the number of employees and the annual turn over of the business.

ii) Regulatory supervisory environment:

The regulatory framework in Botswana operates at two levels. For institutions that are providing microcredit only there is no prudential regulation. Such activities are supervised by the Ministry of Trade and Commerce. On the other hand, for institutions mobilizing deposits, regulation by the Banking Act is

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4 Common principles of microfinance.
effected. However there are special licences for developmental organizations mobilizing savings such as the WFHB. In such situations the Ministry of Trade and Commerce takes the responsibility.

2.2.2 Existing initiatives - Support and promotion

The information gathered from the meetings with the sector key stakeholders indicates that there is an array of support services in the SMME sector in Botswana. Analyzed below are the financial and non financial services and products.

  o Financial services:

All the stakeholders who participated are in one way or another providing financial service to the SMME sector. The key players include the commercial banks, money lenders, conventional financial institutions and developmental NGOs. However, the information above clearly indicates that apart from WFHB most of the players are targeting the upper end of the small scale enterprise with the exclusion of the microenterprises.

There are also challenges of access by the microenterprise sector to current financial services made available to the sector. By practice most small and micro enterprises that are not registered entities, have no business plans, cannot articulate business cash flows and are not well versed with management of accounts would find it difficult to access finance from the conventional financial institutions. This is detrimental to the less affluent population.

The micro-lending sector seems to be fairly vibrant. There is limited information on it. However, this micro-lending consists of cash lending or term lending and is salary and bank account based. It is, therefore, not available for people who are self employed or employed in the informal sector, many of who are women.

There are also no deliberate structured initiatives for women to access finance. With statistics indicating that 51.8% of businesses in the informal sector are owned by women it should suffice to have deliberate initiatives targeting women.

There are some pointers that need to be taken into account in developing a microfinance program. While the banking sector is healthy, the decrease in the proportion of loans going to businesses (70% in 1990s to 45% in 2001), compared to those going to households, reflect a shift from production to consumption, which in turn testifies to the weak local industry basis and a high level of consumption.

Commercial banks provide mostly standard products and services and derive a good profit from the small segment served, with little incentive to extend their operations to other segments. Access to both savings and credit through commercial banks is limited for the poorer population of the society. Opening a

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5 Informal sector survey 1999/2000, Botswana CSO
6 Access to Financial Services in Botswana, FinMark Trust Research Paper 2003
current account is restricted to those in formal employment and requests for monthly electricity and water bills are common. Most women will have problems in providing such documents as the bills are in the husband's name. Monthly costs of a savings account, estimated at P80-P150, and the minimum balance to maintain on it are limiting factors for the poor.

The ambiguous definition of the SMME sector appears to be confirmed by little understanding/comprehension of particular credit needs of the SMMEs, especially the micro enterprises. The services providers for the sector were not, in most cases, extending their services to the micro enterprises sighting the fact that the sector is not organized and operating informally. This is the precise reason why the definition is important so as to tailor the services and products to meet the needs of the sector.

The services and products accorded the micro enterprises are the same as those offered to small and medium enterprises. This is of grave concern given that banks hold great potential to service the sector.

- **Non Financial Services**

  There are a number of stakeholders providing non financial services such as BOCCIM, LEA, DWA, JAB and CEDA. The services being provided range from mentorship, business development services, incubation for start ups, life skills, product development, and many more.

  In all cases, services are paid for even though some are on nominal basis.

  The challenge for WIBA is to capture what its membership wants and link up with any of the above.

2.2.3 **Potential for collaboration:**

  The information provided by the stakeholders indicated that there is scope for collaboration on service provision. For example, banks and BIFM seem to be keen to collaborate on any initiatives on financial services, while LEA and BOCCIM are keen on non financial services. JAB appears to be a key player in such linkages since it is a foundation which feeds into other programs.

  Collaboration is encouraged particularly when the stakeholder does not have adequate expertise. It also helps to avoid duplication.

2.2.4 **Impact particularly on women participants**

  In any service delivery, assessment of impact is fundamental in that it helps to understand, firstly, where the services are going and secondly, how the services affect the recipients. It would appear this area requires attention particularly in assessing service delivery impact on women.
All the service providers seem not to have gender disaggregated data, which make it difficult to ascertain whether women are also benefiting from the services available to the SMME sector.

In addition to the lack of gender disaggregated data is the general historical trend peculiar to the Botswana environment where since independence the government has been providing grants for both social and economic activities. This created an expectations of cheap money which would have some adverse effects on the proposed microcredit program.

2.2.5 Sector SWOT

i) Experience

There is a lot of experience in the provision of both financial and non financial services to the SMME. However, there are also challenges in the microenterprise out reach efforts. The three main organizations targeting the microenterprise include WFBH – the largest operating in 14 villages, Kagetsie Ya Tsie which operates in the rural North West of Botswana and is limited to women in food production and processing and Kuru Development Trust, operating in the Central of Botswana serving handcrafts producers. However, Kuru Development Trust no longer offers microfinance services.

It should be noted that there is little information available on both the supply of and demand for microfinance services. This should be placed in the overall context of access to financial services by less affluent segments of the Botswana society.

The FinMark research indicates that there is unmet demand for microfinance services in Botswana, with the highest demand from microenterprises in rural areas, followed by urban villages and urban centers.

ii) Challenges

At Sector level

There are challenges that the SMME sector is facing at the moment. The long term development impact of the sector, particularly on the delivery of financial services to the less affluent population, is a big challenge. One of the main influencing factors in addressing this challenge is what WIBA has identified as lack of indigenous entrepreneurial culture. For women, this is a more constraining factor in that while their male counterparts have an opportunity to expose themselves to the world of business women are mostly burdened with the reproductive unpaid functions. This leaves them with little time to participate on programs such as entrepreneurial development.

Financial products must be adapted to clients’ needs particular the microfinance ones. Constraints in this area includes skills inadequacy, as microfinance is still developing in Botswana; undercapitalization as evidenced by de-capitalization of

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7 International Year of Microcredit 2005, Fact Sheet.
the loan book; and need for a management information system which is essential if the business is to expand. Apart from the banking sector the developmental NGOs providing financial services have alluded to lack of adequate financial resources especially for the loan fund. There is need for an infusion of resources and provision of technical assistance in the context of a realistic business plan.

**At WIBA level**

One of major challenges WIBA has to address is that it is generally viewed as an elite organization. There is nothing wrong in being an elite organization and if this is what WIBA wants then it has to promote it that way without feeling ashamed about it. It is, however, important that WIBA assesses and understands the consequences associated with this kind of perception. On the other hand if WIBA is an inclusive organization then its services and products have to reflect the inclusiveness. For example, to consider the inclusion of rural business women to participate in WIBA’s programs.

**iii) Opportunities**

The SMME environmental situation as discussed above provides a number of opportunities for WIBA.

- There is potential high demand from a young growing population the majority of whom are women (52%)
- There is relative ethnic homogeneity, suggesting social and community cohesion, which is important in non-collateral based lending and savings schemes
- Collaboration with other stakeholders for both financial and non-financial services. For example on the provision of financial services, WFHB have been in the sector for quite sometime and have women as their target clientele. It is important to find areas of collaboration.
- WIBA can capitalize on a niche programming

**3. Critical Analysis of Services that WIBA Can Provide**

The above analysis and considering the current status quo of WIBA provides a number of options both financial and non-financial services that can be designed and developed for the benefit of its members, staff and board. However, the approach that WIBA adopts in the provision of services to its members influences the way in which, WIBA will create its market niche.

Below are some suggestions that will be critically analyzed, in the process highlighting the advantages and disadvantages of providing such products and services, as well as areas that need to be strengthened and pointing out ways of overcoming the weaknesses and or threats.

**3.1 Financial Services:**

It is of fundamental importance to define the level of impact that WIBA is looking to make by embarking on the provision of microfinance services to its members. Microenterprise
credit programs are successful in creating employment for the borrower, but often have limited impact generating jobs beyond this. This reflects the fungibility of resources within poorer households, the limits of growth of many informal sector activities, and the use of credit and profits for a range of household consumption activities, not enterprise investment.

Microenterprise credit programs do have an impact at the household level by increasing the household income, thus allowing improved consumption, and asset accumulation. These programs also have some impact in terms of women's empowerment.

These assessments indicate that different interventions are likely to produce different types of results.

**Table1**

**Examples of defining microfinance approaches**

<table>
<thead>
<tr>
<th>Primary Objective of Intervention</th>
<th>Poverty Alleviation</th>
<th>Microenterprise development</th>
<th>Microfinance Institution Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Poverty</td>
<td>Promote economic growth and increase income</td>
<td>Provide financial services to underserved markets</td>
<td></td>
</tr>
<tr>
<td>Target market</td>
<td>Poorest of the poor especially women</td>
<td>Micro-entrepreneurs with existing businesses (poor) Poor communities</td>
<td></td>
</tr>
<tr>
<td>Possible Results</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact level</td>
<td>• Improved gender equity within household</td>
<td>• Increased income to entrepreneur and household</td>
<td>• Increased access of the poor to high quality financial services</td>
</tr>
<tr>
<td></td>
<td>• Improved status of women in the community</td>
<td>• Increased diversification of community base</td>
<td>• Improved income of client</td>
</tr>
<tr>
<td></td>
<td>• Improved economic opportunities for women</td>
<td>• Increased women controlled businesses within community</td>
<td>• Increased role of women in the community's economic development</td>
</tr>
<tr>
<td>Outcome level</td>
<td>• Increase in individual/ household income</td>
<td>• Improved profitability of enterprise</td>
<td>• Improved financial self sufficiency</td>
</tr>
<tr>
<td></td>
<td>• Improved economic power of women within the household</td>
<td>• Number of jobs created</td>
<td>• Improved range of services provided to clients</td>
</tr>
<tr>
<td></td>
<td>• Improved income security</td>
<td>• Growth in use of technology</td>
<td>• Income graduation of clients with subsequent borrowing</td>
</tr>
<tr>
<td>Output level</td>
<td>• Number of poor clients served</td>
<td>• Number of enterprises served</td>
<td>• % target market served</td>
</tr>
<tr>
<td></td>
<td>• Degree of involvement of women in collection of savings and payments of loans</td>
<td>• Growth of lending program</td>
<td>• Growth of savings, loans, investment</td>
</tr>
<tr>
<td></td>
<td>• Growth of lending and savings program</td>
<td></td>
<td>• Growth in number of clients</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Improved skills of staff</td>
</tr>
</tbody>
</table>

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Table 1 illustrates how various objectives for microfinance can dictate the results being targeted. In reality, overlaps exist between these three delineations. For example, the poverty alleviation approach may involve assisting a group of the poorest women to develop methods for self employment. While the focus would be on alleviating the daily burden of poverty as a method to allow the woman and her family to escape poverty, the mechanism used might be the development of self employment options and a provision of credit and safe savings.

The microenterprise approach, on the other hand, focuses on building economic efficiency by targeting the growth of microenterprises owned by the poor women. Here the focus is not so much on self employment for survival, but the ability of microenterprise to develop and grow. The results are focused more at the enterprise level and would reflect greater results for the entrepreneur and the community.

The microfinance institution approach could also serve the needs of both of the other group but here the emphasis is on building a sustainable financial institution. The focus of the results is on the extent to which the institution can deliver effective services to the target clientele, which results in improving their clients’ income and moving them out of poverty.

Given the current status quo of WIBA, it is feasible to embark on the microenterprise approach and over time develop into microfinance institution approach. The main reason for opting for the microenterprise approach has been influenced, to a greater extent, by the level of resources at WIBA’s disposal. In support of the micro-enterprise model a savings program would go a long way in strengthening members economic activities as well as WIBA programming efforts.

3.1.1 Credit services

The analysis of the SMME environment in Botswana indicates that there is a fair opportunity for WIBA to create its own market niche by providing specific credit services to its members.

Four lending models are discussed in table 2 below.
<table>
<thead>
<tr>
<th>Model</th>
<th>Key Aspects of the Model</th>
<th>Activities to be undertaken</th>
</tr>
</thead>
</table>
| **a) Intermediary Scheme**  | a) WIBA assumes a “Go Between” role between its members and existing schemes such as CEDA and BECI/CEDA  
b) This approach is a lot cheaper to manage, as there are no huge costs involved. For example, WIBA does not need loan fund, no need to develop complicated systems and procedures, no need for a huge contingent of personnel  
c) It is, but a difficult approach to negotiate favorably in that most schemes claim to be open to all Botswana citizens. Therefore, why special attention to WIBA members. It would be seen as more tasking on the lender since they have to attend to WIBA clientele  
d) Alternatively WIBA can take the responsibility to ensure that its members have met the requirements stipulated by the lender, by providing the necessary assistance and support and then advise members which bank or agency to go  | ii) Design and develop referral systems and procedures  
iii) Design and develop own monitoring systems  
v) Negotiating for a favorable modus operandi with the current schemes  
v) Prepare clients for specific requirements of the participating lenders |
| **b) Guarantee Scheme**     | a) A Credit Guarantee Scheme is a financial instrument that involves and encourages financial institutions and, in particular commercial banks to provide access to finance to small and micro enterprises that have potential prospects of success, but are unable to provide sufficient collateral and/or do not have suitable record of financial history and transactions to prove their creditworthiness. For that reason the CGS bridges this gap.  
b) Thus in the event of the repayment default, WIBA will repay the bank a proportion of the principal forgone.  
c) Will require a guarantee fund deposited with the bank  
d) In control of who participates  
e) Takes responsibility for the success of the program  
f) This is feasible at the current situation provided funds for the guarantee are available.  | i) Design and develop referral system and procedures  
ii) Design and develop own monitoring systems  
iii) Negotiating for a favorable modus operandi with the current schemes  
Prepare clients for specific requirements of the participating lenders |
| **c) Direct Lending** | **a) Direct lending means WIBA actually extend financial services (loans) to its members. WIBA will operate like a financial institution with all the relevant departments such as the management information system, financial, and administration.**  
| | **b) Institutional capacity is one of the most crucial factors that predetermine the organization's ability to achieve its goals.**  
| | **c) Does WIBA have the necessary expertise to spearhead in this direction? The analysis above indicates that WIBA does not have the necessary expertise to implement a credit program at the moment.**  
| | **d) Direct lending would require substantial seed money to kick start. This is probably not a feasible option for now given the resource base particularly financial and necessary skills and expertise.**  
| | **i) Designing and developing a lending model, thus group vs. individual,**  
| | **ii) Considerations for collateral issues,**  
| | **iii) Product and service development, with appropriate loan policies, lending systems and procedures,**  
| | **iv) Develop monitoring systems to ensure quality portfolio**  
| | **v) Human resource development and management. Recruiting and training staff to ensure appropriate skills, developing incentive systems to hold staff accountable and reward good performance**  
| | **vi) Financing, ability to mobilize the amount and types of funding needed for current and planned operations. Need to move toward financial sustainability**  
| | **vii) Financial management, budgeting and cash flows, periodic analysis of actual vs. projected performance, assessing trends in performance indicators, financial statements and balance sheets, financial management skills for managing a microfinance program, well thought investment management approach, internal control systems, auditing each fiscal year.**  
| **d) Women’s Bank** | **a) Will require substantial amount of money to start**  
| | **b) Need specialized personnel not only in banking but in developmental issues.**  
| | **c) Not feasible at the moment but idea needs to be nurtured to eventual reality!**  
| | **This is a fully fledged bank adhering to the Banking Act of Botswana** |
Table 2 illustrates four models that can be used to extend loans to WIBA membership. The commentary indicates that there are two options: the Intermediary and the Guarantee approaches. However, of the two, the Guarantee systems appear more favorable, in that it will provide WIBA with an opportunity to further develop its scope of work in the provision of credit. This entails for WIBA to work closely with one of the commercial banks. In section 2 the banks that participated in the consultative meetings indicated interest in working with WIBA. However, WIBA has to raise the initial guarantee fund and this can be done through its collaboration with Trade-Hub and other international funding partners. Over time WIBA will be able to top up the fund through its savings mobilization program.

Before WIBA can start the process of identifying a potential investor/donor, it has to work out how much money will be required in a year, (as an example). The membership survey currently being developed will help to have an idea of how many people would want how much. One way of working it out is to consider the financial needs of current membership. Table 3 below provides a simple example:

**Table 3 Loan Fund Estimates**

<table>
<thead>
<tr>
<th>Loan Program</th>
<th>Loan amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>810 000</td>
</tr>
<tr>
<td>B</td>
<td>972 000</td>
</tr>
<tr>
<td>C</td>
<td>1 620 000</td>
</tr>
<tr>
<td>Total</td>
<td>3 402 000</td>
</tr>
<tr>
<td>Default @25%</td>
<td>805 500</td>
</tr>
</tbody>
</table>

1. Category A is assuming 50% of current membership would require loans of up to P10,000 which would be repaid in six months time. This gives a total of P810 000.
2. Category B assumes 30% of current membership would require an average loan size of P20,000 and this gives a total of P972 000.
3. Category C is assuming 20% would require an average loan size of P50,000 and in total would need P1, 620 000.
4. In total, if current WIBA membership goes to the bank today, WIBA would need P3, 402 000 to guarantee 100%.
5. If 25% of the total portfolio defaults, WIBA will need P805 500 to cover the unrecoverable balances.

However, these calculations are meant to give an idea of the sort of investment that WIBA would require to embark on such a project. There are modalities that can be agreed upon with members for example instead of 100% guarantee; members could also pledge a certain percentage towards their borrowing. This would reduce the amount for guarantee by that percentage. For example could pledge a 50% collateral towards the borrowed amount then WIBA will need to guarantee only the other 50% and therefore the money to be deposited with the bank would be far less than P805,000. This is just a simple mathematical calculation to understand the concept of a guarantee scheme. However each loan application will be assessed on merit and the bank will
declare how much is required in collateral and how much should be guaranteed based on the viability of the business plan.

Although most of the management of the portfolio information will be done by the bank through its own systems, WIBA needs to keep track of who has borrowed how much, at what loan term, as well as who has repaid on time and who is a potential defaulter. This entails developing a database designed to track loan portfolio.

Experience has shown that the bank repayment rates are not as good as the microfinance. This gives WIBA an edge in negotiating. For example, for every successful loan i.e. repaid on time, WIBA can earn a % in interest earned by the bank.

The guarantee scheme is good in that it also provides WIBA with the necessary expertise should it want to go the direct lending route. To implement a guarantee scheme will require negotiating with any of the banks. This is necessary because the bank will be managing WIBA funds, and therefore, it is to the best interest of WIBA to ensure that the modus operandi is favorable to WIBA members. However, it should be taken into account that banks are there to make money and WIBA is chasing a developmental interest.

The bank will insist on business plans, cash flows, management accounts, formal businesses, etc. It is important for WIBA to understand the purposes of these documents and the capacity of members to produce. If there is no capacity, (which likely) then it is WIBA’s responsibility to ensure that its members are well equipped to participate through the banks’ system. On the business plan aspect while it is important to understand what the business is all about and how it going generate income and sustain itself there is a difference between a microenterprise business plan and a medium scale. Experience has shown that banks expect too detailed plans for small investments which might not be necessary. These are the issues that WIBA needs to look into to ensure that these processes are necessary or come up with other innovative ways to overcome the fear and uncertainties that banks have particularly when considering loan for microenterprises.

The idea of starting a women’s bank is not far fetched. There are examples, SEWA in India being one, of how such banks have been initiated globally.

3.1.2 Savings Mobilization

Some women judge the risk involved in taking loans from financial institutions to be too high, and place more value on the ability to prepare for economic shocks in advance. Savings mobilization is one of the most effective ways of providing access to such protection, provided products and services are designed to match the ways in which poor women can and wish to save. Well conceived savings service can also present substantial advantages over loans in terms of the accessibility, security return and divisibility of funds that they offer.

The demand for well designed savings services has been evidenced by the number of women participating in such programs around the world, and by the volume of savings thus mobilized. For example, WFHB have more savings accounts compared to loan
book. Again the Uganda Women Finance Trust in 1998 mobilized US$621,605\(^8\) in voluntary savings from 34,363 women and only 23% of them had borrowed from the organization.

Building the following feature into the design of WIBA’s savings facilities can help ensure that they will deliver maximum benefits to the greatest number of women possible:

- Ensure that savings are safe and private. One of the greatest obstacles that poor women encounter in their attempts to save is the lack of a place where funds will be both physically secure and safe from the many claims made on them by others. Women’s need to protect their income from appropriation by their husbands was among the motives behind the establishment of SEWA Bank in India which in 1999 held deposits from 93,000 women savers.

- Make savings conveniently accessible. At the same time, to maximize their consumption-smoothing benefits, savings must be readily available to the owners, especially in emergencies. Women’s time and mobility constraints imply that the institution may have to decentralize operations and bring deposit facilities to savers, rather than the other way round.

- Ensure that members have the ability to save small, variable amounts frequently and conveniently. The variability of poor people’s income can exclude them from traditional savings opportunities like rotating savings and credit associations, most of which demand fixed contributions. To fill this gap WIBA should offer its members the opportunity to save whatever amount they have on hand.

- De-link savings from loans. Providing women who do not borrow from an institution the opportunity to save with it benefits both the members and the institution. While offering voluntary savings opens this opportunity up to women for whom taking loans is too risky, it can simultaneously broaden the institutions’ financial base by generating loanable funds.

- Diversify savings opportunities. Poor women save for diverse reasons and institutions can attract women clients by designing savings products tailored to these specific needs. For example, some institutions are currently offering savings products for life cycle events, such as marriages or births; others have created contractual savings products that offer higher interest rates that current accounts. Such innovations are made possible when an institution adopts a demand driven approach to product development, which necessitates a thorough knowledge of clients’ goals and habits in saving.

- Manage accounts with transparency and accountability within financially healthy and structurally sound financial institutions, which are governed by effective regulatory structures.

However if WIBA implements a savings program and does prudent investment, it could generate substantial funds that could be used to top the guarantee fund as well as meet some its operating expenses. Table 4 gives an example of such mobilization and investment.

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\(^8\) Supporting Women’s livelihoods microfinance that works for majority, UNCDF 2002
Table 3 illustrates some estimated investments through savings mobilization.

1. Column 1 gives the number of investments per quarter. Quarter 1 represents the current membership of WIBA. Second quarter represents an increase of membership by 20%. The assumption is that WIBA is going to vigorously go on a promotion and marketing campaign to mobilize membership. Third quarter membership increases by 40% and the last quarter increases by 60%. These membership increments are key to the final earnings that WIBA will realize at the end of the year.

2. Column 2 indicates category of members’ capacity to invest. Category A is assuming that 50% of the current membership will be able to invest P100 per month throughout the year, B – 30% of current membership will invest P500 throughout the year and C – 20% of membership will invest P1500. This plan is flexible and an individual can invest as much as they want.

3. Column 3 gives the investment plan, i.e. the number of investors x the amount to be invested x three months (quarter)

4. Column 4 gives what the individual member would earn if she had invested directly with the bank. Information from Standard Bank indicates that a savings investment up to P1000 will earn 6%. That is the % used in these calculations.

5. Column 5 shows what a high earning account investment would be. The banks were not able to give an accurate figure, because the % will depend on the total to be invested and the negotiating terms. However, for now 10% has been used. This is a very conservative figure.

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Annex 2 is the spreadsheet used for calculation which can be used to make changes. Its quicker that way.
6. Column 6 shows what WIBA would earn. This is the total earn on investment minus the individual earnings.

The above is a conservative estimate. Within a year WIBA is in a position to mobilize over a million Pula provided members do not withdraw. The reason for members not to withdraw their savings during the first year needs to be articulated carefully so that members understand and buy into it.

The savings program can become one of the niche programming areas in which members will earn more on their savings accounts through the group savings investment plan. As the funds in the savings investment plan continue to grow, there is also an opportunity to speculate on the Botswana Stock Exchange. So in terms of recruiting more members this could be a selling point. Members can deposit their savings any time there should not be a limit in terms of the number of deposits that can be done on a monthly basis.

To address the issue of WIBA being an inclusive organization by setting minimum amounts for saving at any given time would suffice. However, it is advised to be inclusive so that the chances of creating a unique market niche, becomes more prominent. This would also be helpful in fund raising efforts of WIBA.

It is important to note that most microfinance programs have started by mobilizing savings and use these funds to leverage for the lending program. This is a feasible route for WIBA, especially considering that the guarantee funds for a credit service are not yet identified. However, WIBA should understand that it will be regulated since it will be mobilizing savings from its members. There is need to understand the parameters of the regulation in terms reporting systems and procedures. The regulation will be by the Ministry of Trade and Industry since WIBA will not be using the funds for on-lending to its members. This will change when WIBA starts using the members’ savings for on-lending purposes. The risk of losing the fund will be there, if not, well managed, hence the need to protect members savings.

The savings program can be implemented immediately. WIBA needs to consider how the members are going to make their deposits. Are all members near the banking infrastructure and if not, how are members going to make deposits. At this stage the savings program does not need a lot of paper work if all members have quick and easy access to the bank. WIBA will need to record deposits made per each member. Therefore, there is need to create a savings database of all members. When the member makes a deposit to the bank WIBA needs to know about the deposit.

3.2 Non – Financial Services

Apart from the financial services described above WIBA will need to address some of its challenges such as the dwindling membership through a rigorous promotional marketing, as well as addressing key objectives of forming a cohesive advocacy and lobbying activities, that will assist in influencing changes in laws, policies, procedures, traditional attitudes and practices that inhibit a progressive women entrepreneurship development. In addition it is also important to ensure that:
✓ members have the capacity to manage their businesses especially meeting the bank loan requirements,
✓ staff the capacity to implement the envisaged WIBA programs, and
✓ board has the capacity to direct and steer the organization in achieving its mission and vision.

This entails developing a coherent capacity enhance program will benefit the key WIBA stakeholders. To be able to address all of the above requires for a strategic and business planning session with key stakeholders.

3.2.1 Promoting and marketing WIBA

Membership is crucial to WIBA’s survival and critical in addressing the challenges of growth. All the products and services to be provided will need a critical mass if WIBA intends to be sustainable over the years. Growth is seriously impeded if no one knows who and where WIBA is and what it can do for the business women at large. It is therefore, envisaged that a promotional and marketing strategy be developed as a matter of urgency.

There are a number of ways in which WIBA can best achieve the promotional and marketing drive. Below are some channels that WIBA can use and the advantages and disadvantages are also highlighted.

- Advertising:
  Advertising is a powerful deliberate move that any organization can embark on. However it is important to understand that by advertising you are raising people’s expectations and if you are not ready to serve the people, advertising can also tarnish the image of the organization. It is important that the information shared with the wider society is accurate and is real. In all advertising, there is general information that needs to be imparted to the audience and this would include the following:

  - Who is WIBA? This should describe in brief the vision and mission and key objectives that will be executed to achieve the organizations vision and mission.
  - The products and services that WIBA is offering. These do not need to be detailed but should have enough information to make the audience understand what is on offer
  - How to access the services and products on offer. If there are any special requirements that the audience should know before considering coming to WIBA these should be included.
  - How can one get in touch with WIBA. Contact details are very important and usually these would include phone numbers, email address and physical address.

There are, among others, four modes of advertising that most organizations use. These are:

  i) Website
  Website advertising is one of the most efficient ways of making WIBA known world wide. However, it is limited to the audiences that have access to internet facility.
ii) Media – newspaper, T.V. radio
The media is also very effective in advertising WIBA’s existence and program. Unlike the website, which is limited to those with access to the internet facility, the media is easily accessible and affordable. However, media is expensive for a developmental organization such as WIBA. It would be ideal for one advertisement probably when WIBA is hosting some event.

iii) Open day
Open day or Client’s Day (as commonly known elsewhere) is basically a day dedicated to clients, but also an opportunity to share what WIBA has been doing with other special guests such as donors and other stakeholders in the environment. This is regarded as an annual event and is organized more like a trade fair. It helps to bring WIBA membership together to share information on business, to display and sell various wares. However, this needs to be budgeted for and instituted as a cost sharing structure with the members.

iv) Word of mouth
The word of mouth advertising is probably the cheapest and more effective in that the audience has an opportunity to ask question and get clarification immediately. However it requires very good communicating skills that would be able to convince the audience to get interested in WIBA and end becoming a WIBA member.

- Newsletter

Newsletter is also another way of advertising WIBA programs. Usually newsletters are more effective when there is information to share with the audience, for example showing the impact WIBA is making for women. For effectiveness, the newsletter will need to be translated into commonly used languages in Botswana. However for now this would not be feasible since there is not much to share. It is also expensive to sustain.

- Brochure

The brochure is the commonest mode of advertising. The brochure can be distributed to key strategic points to entice the desired membership. However, like the newsletter, it will need to be translated into commonly used languages. It would be feasible for WIBA to advertise its programs via the word of mouth and the brochure. The other modes are equally important and effective, but not at the moment given the financial status quo of WIBA. Botswana is now preparing for the annual Trade Fair and WIBA should take advantage of this festive period to make it known and thereby attract and recruit more members.

3.2.2 Advocacy and Lobbying

It is known that it is not always easy to change people’s attitudes and this includes changing government policies and practices.
It is expected that the membership survey exercise underway would be able to identify areas of concern that WIBA could develop into an advocacy and lobbying project. The memberships’ needs survey is crucial at this stage in that it will inform WIBA of the most needed services and products. Not only will it inform the services and products needed but how to deliver them. Therefore, the information to be surveyed should make reference to products and services as well as the perceived most constrain being faced in starting and expanding the businesses. This will provide pointers to areas of advocacy.

Advocacy and lobbying is not a project that WIBA can do single handed. Successful results of advocacy are not over night, therefore requires active participation of other stakeholders and a lot of patience. It should be noted that this is a non income generating activity; therefore WIBA needs to strategize on how to fund it. The most valuable contribution WIBA can make to advocacy project is to share pertinent information of the experiences of its members. This can be done by collecting data systematically as clients are participating in the CGS and the savings program.

3.2.3 Capacity Building

Apart from providing financial services to clients needs, the same clients require capacity development services that will make the business grow as well as the entrepreneur. WIBA board and management also would need to be strengthened particularly in light of the new developments. At board level it is important to have a mixture of visionaries and technical people that will be in a position to direct WIBA operations to achieve its mission and vision. Board development programs should be in cooperated into the business plan.

Equally important are the needs of the management. Skills audit and performance management are tools that help to identify skills gap in an organization. These activities are not a priority for WIBA but need to be taken on board particularly in the development of the WIBA business and strategic plan.

Useful websites for capacity building:
www.accion.org
www.cgap.org
www.microfinancegateway.org
www.microbanking.mbb.org
www.uncdf.org
www.swwb.org
www.microsave-africa.com
www.gdrc.org

3.2.4 Strategic and Business Planning

WIBA envisage implementing a new program addressing the needs of its members, it therefore, becomes necessary that it holds a strategic and business planning\textsuperscript{10}. In light

\textsuperscript{10} It is assumed that WIBA does not have a strategic and business plan document. The information in the two documents (Constitution and Proposal to Trade-Hub) does not furnish all the necessary information that a strategic document would have.
of WIBA’s current status quo this becomes a priority. Most of the information that is required to develop some policies, systems and procedure would be contained in the business plan; hence the need for WIBA to hold a strategic and business plan session whereby all WIBA stakeholders will participate and provide their opinion on how to articulate the above issues. The strategic planning process is helpful (especially in the early stages of establishing the institutional programs) in determining which factors are vital to the institution’s success. While the primary goal of WIBA is to serve members needs, it is also necessary for WIBA and its (would be) staff to determine how to effectively maximize the resources available.

A sound business plan addresses:

- WIBA objectives and goals
- WIBA target clientele
- Programs and services to be provided, with WIBA creating each program as a cost center
- Budget and financing requirements using cost centers
- Financing strategy, with explicit treatment of funds generated from WIBA’s investments and from the lending, savings, training and other client services
- Marketing and image building

The issue of the definition of WIBA’s members/clients needs to be articulated carefully as the definition provided in the constitution is not adequate. The definition will also guide the nature of products and services to be developed and provided. For example, start up businesses vs. existing businesses. These will require different services and products.

The following issues need to be clarified during the strategic planning session:

- Are the WIBA services going to be provided to WIBA members only or to any woman citizen of Botswana (including rural women)
- Is access to services going to be the same between members and non members
- The mission and vision of WIBA

WIBA could consider serving the following members first before opening up to other women clients:

- Formal businesses
- Been in existence for at least one year

This helps to build capacity, starting with a smaller number of clients and gradually increase as resource allow. Such projections need to be made at the business planning session.

Strategic planning is an annual event that gives the organization to take stock of what has been happening during the year. WIBA is encouraged to do this particularly this year in view of the changes that are taking place in the organization.
3.3 WIBA operational structure

It is suggested that WIBA starts with a very simple operational structure with the key areas of activity as suggested above, thus, financial services with savings as priority followed by loans program (Guarantee Scheme) and non financial services being promotion and marketing followed by advocacy and lobbying. WIBA will need a finance and admin person to handle the administrative and financial activities.

Given the current status quo WIBA could recruit a Project Manager who is an all rounder to work closely with the Executive Committee particularly in addressing the following issues:

- promoting and marketing WIBA
- developing and administering the membership survey
- designing and developing the necessary policies, systems and procedures
- creating client data base
- financial management
- developing feedback mechanisms

4. Recommendations

The above analysis has provided a number of feasible activities that WIBA can embark on immediately with others following as and when resources allow. Below is a list of activities in order of priority.

4.1 Establishment of a Secretariat

It is recommended that WIBA establish a secretariat as a matter of priority. The following steps should be considered as a guide in the setting up of the secretariat:

a. Recruit a Project Manager. A Project Manager is crucial at this stage to the ball rolling, i.e. to start implementing the recommended activities. Given the current status quo of WIBA this position should be occupied by an “all rounder” i.e. a person who has the following skills:
   - Analytical
   - Interpersonal
Negotiating
Financial management
Budgeting processes
Computer literate
Work with little supervision
Understands the vision of WIBA
“Go getter”
Developmental mind set with business acumen

b. Orientation of the Project Manager particularly on the expectations during the probation period (3months\textsuperscript{11}) and for the next six months as well as hand over whatever has been taking place. This is critical that the Executive Committee set the standards in terms of the efficiency and effectiveness expected. This is the beginning of building WIBA organizational culture. The orientation period is for one month to give the other two months for assessment of capability.

c. Secure office space to start operating from.

d. Procurement of basic office equipment including computer, printer, desk, chairs, filing cabinets etc. This will depend on current budget.

e. Install infrastructure phone in particular.

4.2 Membership drive and Promotion and Marketing

It is recommended that in terms of activities membership drive through promotion and marketing of WIBA be considered as a priority. It is now coming to the time of Botswana annual Trade Fair. The development and printing of the brochure is priority. The following steps should be considered a priority:

a. Designing and developing the brochure
b. Printing of the brochure
c. Disseminate at strategic points

4.2.1 Membership survey

Work is already underway in developing a membership survey tool to gather information from the members. The following steps should take priority:

a. To analyze the information, tabulate the key needs and prioritize the needs according to WIBA capacity and resources available. The survey is expected to inform areas of business constraints/limitations. From these it would be feasible to identify products and services needed as well as areas that would need advocacy and lobbying. The products and services will also feed into the strategic and business planning, and hence inform the policies that WIBA needs to develop.
b. Document the findings and share with relevant stakeholders
c. Use the information as a reference point for future planning activities.
d. Capture lessons learnt from this process to improve in future. There is always room for improvement.

4.2.2 Business and Strategic Planning

\textsuperscript{11} Probation periods differ from one organization to another. This can be changed to suit the WIBA policy on recruitment.
It is recommended that WIBA consider conducting a strategic and business planning session with its stakeholders. This is an important process that is fundamental to WIBA’s revival. The strategic plan will assist getting members to buy into the idea of group savings and the intention to use these funds for WIBA loan program. There is need to motivate members through active participation and involvement. WIBA should undertake the following activities:

- Identify and engage a facilitator
- Communicate the dates to key stakeholders
- Hold the strategic and business planning session
- Document the proceedings
- Use the document as a management tool to implement the WIBA programs as well as for fund raising.

4.3 Financial Services

It is recommended that on financial services WIBA considers the savings program first as a priority before the credit program. The savings program as discussed above will give WIBA the independence of managing its own resources without conditionalities.

4.3.1 Savings Program:

The savings program should start immediately but will need the following preparations:

4.3.1.1 Communicate with membership the decision to implement a saving program. It is important to highlight the reason why and how advantageous it is to them.

4.3.1.2 Negotiate with the bank for:
- a favorable interest rate on the group savings
- an extra copy of deposit slip that needs to be stamped at the bank

4.3.1.3 Inform members the bank and details to be used,

4.3.1.4 Design and develop a system of recording bank deposits of each member. A simple database will be feasible.

Steps to be followed to start implementing a savings program

<table>
<thead>
<tr>
<th>Steps to be followed</th>
<th>Activity to be undertaken</th>
</tr>
</thead>
</table>
| 1. To get consensus from members | a) Communicate the reasons for wanting to start a savings program. The main reason being the opportunity to leverage savings funds for a credit program.  
b) Negotiate with members to keep savings in the bank for at least a year before they start withdrawing. This way WIBA will be able to assess the capacity of mobilizing savings from its membership and therefore plan for the future, secondly, this will be the initial loan fund that can be leveraged for a credit guarantee program.  
c) Negotiate with members to share earnings spread, thus, instead of member earn 6% as interest on the invested savings they can earn 5% and the other 1% goes to WIBA for administrative costs.  
d) Signing of an agreement with members with regards to non withdrawal of savings for a year and the share of the earnings. |
2. To negotiate modus operandi with the bank

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</table>
| a) | When negotiating to open a WIBA savings account it is advisable to discuss and agree on how this program will operate particularly on the following:  
   - High earning account especially the highest and how this works out  
   - Deposit slips, that WIBA members will sign two copies which the bank will need to stamp. |

3. To confirm with the Ministry of Industry and Commerce the implications savings mobilization from WIBA members.

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<thead>
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<tbody>
<tr>
<td>a)</td>
<td>To get confirmation from the ministry on the legal implications of implementing a savings program and comply.</td>
</tr>
</tbody>
</table>

4. To develop policies and systems to manage and monitor a savings program

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</thead>
<tbody>
<tr>
<td>a)</td>
<td>Setting policies, such as the criteria for savings, how deposits should be made, which bank to use, WIBA account number (there should be a separate account for such deposits) and the process that should be followed when making deposits.</td>
</tr>
<tr>
<td>b)</td>
<td>Identify indicators to be tracked such as number savers per month, number of times each saver makes per month and value of the portfolio</td>
</tr>
<tr>
<td>c)</td>
<td>Create a data base, to track deposits (see below)</td>
</tr>
<tr>
<td>d)</td>
<td>Create filing system that is easy to track the deposits made.</td>
</tr>
<tr>
<td>e)</td>
<td>Open files for each member</td>
</tr>
</tbody>
</table>

5. To roll out the program

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>a)</td>
<td>Inform members when the WIBA start to implement the program</td>
</tr>
</tbody>
</table>

### Simple Database for Savings

<table>
<thead>
<tr>
<th>Name of Member</th>
<th>Business Sector</th>
<th>Date of deposit</th>
<th>Date of Verification (at WIBA office)</th>
<th>Amount Deposited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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### 4.2.2 Credit Program

The credit guarantee program requires the following preparations:

- a) Identify an investor
- b) Develop a proposal for the CGS
- c) Negotiate for lending and procedural terms with bank and investor
- d) Develop a database for borrowers.
- e) Develop monitoring tools and systems

#### Steps to be followed in implementing a Credit Guarantee Scheme

<table>
<thead>
<tr>
<th>Steps to be followed</th>
<th>Activities</th>
</tr>
</thead>
</table>
| 1. To develop proposals for a Credit Guarantee program  
- To solicit for an investor | a) Gather the necessary information particularly on the needs of the members from the needs survey. The structure of the proposal would include the following key elements:  
   - Justification for the credit guarantee program, highlighting the description of the target group (beneficiaries); the use of the loan, for |
To propose lending and procedural terms with banks

example is it going to be for working capital only, fixed assets or for both and why?; the envisaged loan terms, giving example of lets say for P10,000 what is the proposed loan term and why? WIBA is preferably looking for a grant not a loan. This will lead to,

- The proposed Guarantee facility

b) For the bank the same description is necessary. In addition the following should be clarified; lending terms, thus, the criteria to qualify, WIBA needs to know what the banks requirements are and commit itself to ensure that these will be met; interest rate to be charged depending on the usage of the loan; proposed loan terms as above; propose sharing of earnings i.e. for example for every loan that is repaid on time with no problems, WIBA is entitles lets say 1%; disbursement timing, i.e. the length of time from application to receiving the loan;

2. To identify an investor

a) Share the above proposal to a wider potential investors.
b) Choice of an investor to based on who is offering favorable terms.

4. To develop a database for borrowers

a) This should be done before commencement of the credit program.
b) As WIBA gains experience and insight to the credit program some indicators become more important than others and new one will become necessary to track, this then requires periodic review and changes made accordingly.
c) An example of a basic database is given below

5. To develop a monitoring system

a) Monitoring will become necessary at two levels. The performance of the bank in meetings the financial needs of the members, and at members’ level.

### Database of Each Member

<table>
<thead>
<tr>
<th>Name of Member</th>
<th>Business Sector</th>
<th>Purpose of Loan</th>
<th>Loan Size</th>
<th>Interest Rate</th>
<th>Amount Guaranteed</th>
<th>Loan Term</th>
<th>Due Date</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Monitoring of Performance by Sector

<table>
<thead>
<tr>
<th>Business sector</th>
<th>Number of Borrowers</th>
<th>Loan Amount</th>
<th>Guarantee Amount</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

36
Monitoring of Guarantees Classified by Purpose of loan

<table>
<thead>
<tr>
<th>Purpose of Loan</th>
<th>Business Sector</th>
<th>Number of Guarantees</th>
<th>Volume of Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital and Fixed Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Monitoring of Bank Performance

<table>
<thead>
<tr>
<th>Month</th>
<th># of applications submitted</th>
<th>Date of Submission</th>
<th>Date of Disbursement</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td></td>
<td></td>
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<tr>
<td>Mar</td>
<td></td>
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</tbody>
</table>

These indicators can be reviewed and WIBA decide whether to maintain or to change them, based on relevance and use of the data.

4.3 Non Financial Services

It is recommended that WIBA develop non financial services to compliment the financial services program, at client level, to enhance capacities of the board and management and to address environmental constraints/limitations that women in business are facing.

4.3.1 Client level

To start with WIBA can develop the business development services in the areas that the bank (participating in the credit guarantee scheme) highlights as important and these being the weakest aspects of WIBA membership. The following steps should be considered:

a) Identifying BDS needed. Priority would be to meet the bank requirements for qualifying for the CGS program. WIBA will need to identify a service provider (if no there is no capacity to do it in-house) for this. Secondly WIBA will need to identify other business development needs. Annex 2 provides an example of a needs assessment form.

b) Developing training modules for any training to be done in-house

c) Develop monitoring tools.

4.3.2 Board and management

a) Identify skills gaps

b) Develop the necessary modules if in-house

c) Identify provider – out sourcing, and negotiate terms to provide the necessary training.

d) Develop monitoring systems
4.3.3 Advocacy and lobbying

a) Identify projects to be implemented. From the members survey results there could be some policy issues that need to be followed up.

b) Identify other stakeholders to collaborate with. Hold consultative meetings to discuss issues at hand, strategize on how go about it.

c) Gather information from clients/members

d) Plan for the activities.

Summary of Recommendations

The recommendations provided above are implementable and the implementation timeframe has been provided for a period of six months. At the end of the six months it is recommended that WIBA review progress and readjust the strategic and business plan if need be. This will entail

i. Communicate the intended process to the membership and other stakeholders

ii. Plan for the event

iii. Conduct a review session

Given the current status quo of WIBA it is highly recommended that WIBA considers starting with savings program. The savings program will require little investment compared to the credit program. The important activities to be undertaken as a matter of priority are given in the step to step guide above, the most important ones being:

- The process of making deposits. At this stage the savings program does not need a lot of paper work if all members have quick and easy access to the bank.
- Negotiating on a highest interest rate on the savings investment
- Maintaining of members investment records.

Although the calculations done in section 3.1.2 above are based on very conservative figure they indicate that within a year WIBA is in a position to mobilize over a million Pula provided members do not withdraw. If the same trend continues and more members participate there is nothing to stop WIBA from speculating on the Botswana Stock Exchange. The savings program can become one of the niche programming areas in which members will earn more on their savings accounts through the group savings investment plan. So, in terms of recruiting more members this could be a selling point. Members can deposit their savings any time there should not be a limit in terms of the number of deposits that can be done on a monthly basis.

The savings program can also be a determining factor of whether WIBA should be an inclusive organization or not by setting minimum amounts to be saved. However, it is advised to be inclusive so that the chances of creating a unique market niche, becomes more prominent. This would also be helpful in fund raising efforts of WIBA.

The credit program can follow as and when the appropriate funding is secured. As describe above credit program requires a lot of record keeping particularly in collecting
data on participating members. While a possibility exists for WIBA to embark on a credit program after a period of savings investment, it should be noted that this will require expertise particularly if WIBA take s the Direct Lending model.

The other Non-financial programs can also be implemented immediately particularly the membership survey. This is an important activity as it will feed into the design and development of other programs.

5. Conclusion

The SMME environment in Botswana is conducive to implement a microcredit program. There is only key player (WFHB) in this sector and even then its current portfolio is so small compared to the high demand of such services. However, one of the main challenges that the sector if facing is lack of clarity on the definition of microenterprises. This has potential to distort the kind of support services provided to the sector as indicated in section 2 of this report. The microfinance sector support the key principles as given in annex 1.

This lack of clear definition appears to be influencing the WIBA’s understanding of microcredit. WIBA would like to target formalized businesses; this excludes most of the microenterprises as defined in the microfinance industry. However, WIBA can still implement a credit program which is not necessarily microcredit as analyzed in section 4 and recommended in section 5 of this report. It is a good strategy for WIBA to take the route of formalized businesses as this forms the basis of its membership and it is, also, important not to lose sight of the initial interest in microenterprises. The above recommendations will provide WIBA with an opportunity to gain capacity, knowledge and have experience in the provision of financial services, to those who can not access the traditional banking services.

The recommendations given above are implementable for a period of six months. It is important that WIBA reviews progress and revisit the business and strategic plan and repeat the process on annual basis.
6. Implementation Plan

The implementation plan is for six months starting July 2006. It takes cognizance of the recommended activities.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Specific Tasks</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To establish a secretariat</td>
<td>a) To recruit a Project Manager</td>
<td>WIBA/Trade Hub</td>
<td>June</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) To carry out an orientation of the Project Manager</td>
<td>WIBA - Exec</td>
<td>July</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) To procurement of necessary office equipment</td>
<td>WIBA - Exec</td>
<td>July-August</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d) To acquire office space</td>
<td>WIBA - Exec</td>
<td>July</td>
<td></td>
</tr>
<tr>
<td>2. To plan and conduct a strategic and business planning session</td>
<td>a) To communicate to members the need for a strategic and business planning session</td>
<td>WIBA – Exec Trade Hub Other stakeholders</td>
<td>September</td>
<td>In view of the Trade Fair and other activities planned for July/Aug, Sept seems good timing</td>
</tr>
<tr>
<td></td>
<td>b) To identify a good facilitator in this area of strategic and business planning</td>
<td>Outside facilitator</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) To conduct strategic and business planning session</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>d) To document the process</td>
<td></td>
<td></td>
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<tr>
<td>3. To design and develop a WIBA brochure</td>
<td>a) To prepare the information for printing</td>
<td>WIBA-Exec WIBA secretariat</td>
<td>July</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) To disseminate the brochure</td>
<td>WIBA-Exec WIBA secretariat</td>
<td>On going</td>
<td></td>
</tr>
<tr>
<td>4. To administer the membership survey</td>
<td>a) To analyze the information, tabulate and prioritize key needs</td>
<td>WIBA-Exec WIBA secretariat</td>
<td>August</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) To document the findings</td>
<td>WIBA secretariat</td>
<td>By end of September</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) To use information as reference</td>
<td>WIBA-Exec</td>
<td>On going</td>
<td></td>
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<tr>
<td>Point</td>
<td>WIBA secretariat</td>
<td>Other stakeholders</td>
<td></td>
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<td>----------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
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<td></td>
<td></td>
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<tr>
<td>5. To design and develop financial services for WIBA membership</td>
<td></td>
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</tr>
<tr>
<td>Savings Program</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>a) To communicate with membership the decision to implement a savings program</td>
<td>WIBA-Exec Wu WIBA secretariat</td>
<td>July - August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) To negotiate with the bank for favorable terms and other procedural tasks</td>
<td>WIBA-Exec Wu WIBA secretariat</td>
<td>July - August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) To discuss with National Bank of Botswana and verify how WIBA will be affected by the regulation</td>
<td>WIBA-Exec Wu WIBA secretariat</td>
<td>July - August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) To inform members of the Bank details</td>
<td>WIBA secretariat</td>
<td>July - August</td>
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<tr>
<td>e) To develop system for tracking deposits</td>
<td>WIBA secretariat</td>
<td>August/Sept</td>
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<td>f) To commence the savings program</td>
<td>WIBA-Exec Wu WIBA secretariat The bank</td>
<td>October</td>
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<tr>
<td>Credit Program</td>
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<tr>
<td>a) To identify investor/funding partner</td>
<td>WIBA-Exec Wu Trade Hub</td>
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<tr>
<td>b) To develop a proposal for the CGS</td>
<td>WIBA-Exec Wu WIBA secretariat Trade Hub Resource person</td>
<td>Sept-Oct</td>
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<tr>
<td>c) To negotiate terms with Bank</td>
<td>WIBA-Exec Wu WIBA secretariat</td>
<td>Sept</td>
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<tr>
<td>d) To develop database for borrowers</td>
<td>WIBA secretariat</td>
<td>Sept/Oct</td>
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<td>e) To develop monitoring terms</td>
<td>WIBA secretariat</td>
<td>Sept/Oct</td>
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<td>f) To commence the credit program</td>
<td>WIBA-Exec</td>
<td>Nov /Dec</td>
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<td>6. To design and develop non financial services</td>
<td>WIBA secretariat</td>
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<td>BDS Client level</td>
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<tr>
<td>a) To identify BDS needs</td>
<td>WIBA secretariat Sept - October</td>
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<td>b) To develop training modules</td>
<td>WIBA secretariat Resource person Sept - October</td>
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<tr>
<td>c) To develop monitoring tools</td>
<td>WIBA secretariat Resource person Sept - October</td>
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<td>Board and management</td>
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<td>a) To identify skills gap</td>
<td>WIBA-Exec Sept</td>
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<td>WIBA secretariat</td>
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<td>b) To develop the necessary modules</td>
<td>WIBA secretariat Oct/Nov</td>
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<td>c) To identify training providers and negotiate terms</td>
<td>WIBA secretariat Dec</td>
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<td>d) To develop monitoring tools</td>
<td>WIBA secretariat Oct/Nov</td>
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<td>Advocacy and lobbying</td>
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<td>a) To identify projects to be implemented</td>
<td>WIBA-Exec July - Oct</td>
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<td>WIBA secretariat Other stakeholders</td>
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<td>b) To identify stakeholders to collaborate with</td>
<td>WIBA-Exec July - Oct</td>
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<td>WIBA secretariat</td>
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<td>c) To gather the necessary information</td>
<td>WIBA secretariat July - Oct</td>
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<td>d) To plan for the activities</td>
<td>WIBA secretariat July - Oct</td>
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<td>6. To review the six months progress</td>
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<tr>
<td>a) Communicate the intended process to the membership and other stakeholders</td>
<td>WIBA secretariat Dec</td>
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<td>b) Plan for the event</td>
<td>WIBA secretariat Jan 2007</td>
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<td>c) Conduct a review session</td>
<td>WIBA secretariat Jan 2007</td>
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Annex 1

Defining microfinance
Microfinance is based on the following key principles:

a) It is the provision of a variety of financial services for the poor. In addition to loans the poor want savings, insurance and money transfers. As such microfinance is seen as a powerful tool to reduce poverty. Poor households use financial services to raise income, build assets and cushion themselves against external shocks, such as death in the family, floods etc. Microfinance means building financial systems that serve the poor. This means that for microfinance to reach its full potential it has to be integrated into country’s mainstream financial system.

b) It has been shown that microfinance can pay for itself, and must do so if it is to reach very large numbers of poor households. Unless microfinance providers charge enough to cover their costs, they will always be limited by the scarce and uncertain supply of subsidies from donors and governments. Microfinance is about building permanent and local financial institutions that can attract domestic deposits, recycle them into loans, and provide other financial services.

c) However microcredit is not always the answer to poverty reduction efforts. Other kinds of support may work better for people who are so destitute that they are without income or means of repayment.

d) Interest rate ceilings hurt poor people by making it harder for them to get credit. Making many small loans costs more than making few large ones. Interest rate ceilings prevent microfinance institutions from covering their costs, and thereby choke off the supply of credit for poor entrepreneurs.

e) Donor funds should complement private capital, not compete with it. Donor subsidies should be temporary start-up support designed to get an institution to the point where it can tap private funding sources such as deposits. The key bottle neck is the shortage of strong institutions and managers. Donors should focus their support on building capacity.

f) Microfinance works best when it measures and discloses its performance. Reporting not only helps stakeholders judge costs and benefits, but it also improves performance. Microfinance institutions need to produce accurate and comparable reporting on financial performance (e.g. loan repayments and cost recovery) as well as social performance (e.g. number and poverty level of clients being served).

g) Microfinance institutions exist to serve clients so it is vital that the organization has a clear understanding about the demographics and cultural characteristics of the group that is being served.
Annex 2

Women in Business Association

Example of a BDS - Needs assessment

1) FINANCIAL MANAGEMENT - Select up to three areas that presently concern you.

- [ ] None
- [ ] Overview of money management
- [ ] Sources of capital
- [ ] Credit and collections
- [ ] Cash flow management
- [ ] Bookkeeping/financial statements
- [ ] Bookkeeping/financial statements
- [ ] Budgeting
- [ ] Access to capital
- [ ] Taxes
- [ ] Purchasing/cost control
- [ ] Other Please specify

Comments:

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2) MARKETING - Select up to three areas that presently concern you.

- [ ] None
- [ ] Marketing
- [ ] Selling
- [ ] Advertising
- [ ] Market research
- [ ] Marketing strategies
- [ ] Sales techniques
- [ ] Networking
Public relations
Franchising
Other Please specify

Comments

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3) GENERAL MANAGEMENT - Select up to three areas that presently concern you.

None
Insurance
Setting goals
Pricing
Strategic planning
Business expansion
Production
Business evaluation
Quality control
Retirement planning
Patents/trademarks/copyrights
Policies and procedures manuals
Business planning
Security
Technology transfer
Business research
Inventory control
Effective communication
Facility planning and management
Disaster contingency planning
Legal work
Leasing versus buying
Diversification
Succession planning
Conflict Management
Security
Other (please comment)

Comments:

4) PERSONNEL MANAGEMENT - Select up to three areas that presently concern you.

- None
- Personnel management
- Hiring/firing
- Employee evaluations
- Workplace ethics
- Motivating employees
- Customer service

Comments:

5) REGULATORY/COMPLIANCE - Select up to three areas that presently concern you.

- None
- Compliance with national (by-laws) regulations
- Micro and Small business legislation
- Health care reform
- Drug-free workplace
- Conservation/recycling
- Government services to micro and small businesses

Comments: