



# TEMO LETLOTLO

## GUIDELINES



# CONTENT PAGE

---

## TABLE OF CONTENTS

Introduction .....	1
Guiding Principles .....	3
Programme objectives .....	3
Categories and characteristics of farmers.....	4
Characteristics of a group.....	5
Categories and characteristics of clusters.....	5
Target yields for priority crops.....	7
Programme Description.....	11
Strategic grain reserve contributory initiative.....	11
Programme packages.....	12
Guidelines.....	12
Provision of seasonal loans.....	12
Provision of Supervised Credit.....	20
Provision of 100% subsidy on Inputs for Micro Scale Farmers.....	26
Provision of Mmoko Reward package.....	27
Fencing.....	29
Tractor and Implement Scheme.....	32
List of Implements subsidised.....	36
Interest subsidy scheme for large-scale farmers.....	37
Crop Insurance.....	40
Capacitation of Extension Service .....	41
Learning and Knowledge Management.....	43

## FOREWORD

The agriculture sector plays an important role as a source of income, employment, and investment opportunities particularly to the rural populace. The sector is a source for building investment opportunities, income generation and employment creation for Botswana and residents, with those in the rural communities reliant upon it. Therefore, to facilitate the preceding, significant, and sustainable improvements in farm productivity, mainly within the sub-sector of arable farming, have to be implemented to realise long lasting benefits.

Previous arable agricultural programmes such as Arable Land Development Programme (ALDEP) and Integrated Support Programme for Arable Agriculture Development (ISPAAD), did not improve food security situation in this country due to operational and structural challenges. These factors include: lack of a comprehensive and consistent database; inadequate monitoring and evaluation; as well as misalignment of programmes to beneficiaries. This resulted in significant insufficiencies leading to multiple-double dipping by beneficiaries, misaligned farm input allocations, and to some extent, unsustainable funding structures and allocations. The ISPAAD-sponsored farmers did not respond to the free inputs by raising their productivity and output. This resulted in the programme benefiting tractor operators and input suppliers instead of farmers. Based on lessons from the previous initiatives, the Government of Botswana through the Ministry of Agriculture (MoA), has designed a new initiative called Temo Letlotlo Programme.

Temo Letlotlo offers a more robust architecture, meticulously crafted to cater for arable farmers' multifaceted needs across the entire value chain. It seamlessly integrates cutting-edge automation, mechanization, and meticulously structured financing mechanisms, all while emphasizing the imperative of climate-smart technologies.

The programme's refined and meticulously crafted architecture encompasses a rich tapestry of sustainable initiatives, with pronounced emphasis on regenerative agricultural methodologies and organic farming practices. Such endeavours not only preserve our cherished environment but also conserves our environmental resources, heralding Botswana's ascent as a trailblazer in sustainable arable farming. This transformational initiative, straddling a multi-sectorial collaboration spanning various ministries, state-owned enterprises, and the private sector, is an embodiment of His Excellency, the President of the Republic of Botswana's visionary "Reset Agenda".

Ms. Nancy Chengeta



Permanent Secretary  
Ministry of Agriculture

## 1.0 INTRODUCTION

Temo Letlotlo is a productivity-output reward based agro-ecological Programme whose main aim is to improve food security in Botswana. It is a transformational, multi-sectoral Programme comprised of various ministries, State-owned Enterprises, and the private sector. The Programme is automated for effective data collection and management to facilitate data-driven decision making. The role of Government is limited to planning, regulation, promotion, and coordination to create an enabling business environment in the agricultural sector. Its implementation and monitoring processes are based on multi-sectoral approach according to the mandate of each stakeholder.

The Programme has two components being Household Food Security and National Food Security. The Household Food Security component assists Micro-Scale Farmers with hundred percent subsidy and targets the farming population with no wage or monthly income up to P2.500.00. The expectation is that Micro-Scale Farmers will be capacitated through input supplies to grow enough crops to meet their household food security needs.

The National Food Security component targets Individual Small-Scale, Medium-Scale and Large-Scale Farmers, Groups and Clusters. For the National Food Security component, farmers will be provided with seasonal loans at prime rate through the National Development Bank (NDB) to purchase seasonal inputs. Farmers acquiring seasonal loans through the Programme will be required to purchase the weather-based Agricultural Credit Guarantee Scheme (ACGS) to mitigate the risks associated with crop loss. Farmers with alternative funding, have an option to purchase the weather based ACGS. This component will produce grain on a commercial basis marketed through the Botswana Agricultural Marketing Board (BAMB) and other various channels to meet national food security needs and ultimately export surplus.

Temo Letlotlo's blueprint meticulously identifies thirteen (13) priority crops, channelled into twenty-five (25) distinct product spaces, with a core objective of wealth creation via value addition. Anchoring one of its

strategic pillars is the pioneering initiative of agro-ecological mapping. This not only educates but also empowers farmers to judiciously select crops that have optimal and high-yielding outcomes given their unique ecological conditions; ultimately driving down production costs and optimizing financial outcomes. The priority crops are sorghum, maize, millet, mung bean, groundnuts, sunflower, safflower, cowpeas, sugar beans, wheat, soya bean, fodder (lablab, sweet sorghum, and Moringa) and rice.

Going beyond traditional paradigms, Temo Letlotlo champions the ethos of crop diversification, buttressed by incentivizing the use of climate smart technologies and implements as well as the strategic establishment of local seed repositories, ensuring resilience against climate uncertainties.

The enhancers under this Programme include a fifty percent fencing, tractor and implements subsidy for both components; improved extension farmer ratio for provision of technical advice and guidance. The enhancers are intended to encourage farmers to graduate from one category to another.



*Ripper*



## 2.0 GUIDING PRINCIPLES

The Programme is guided by the following principles:

- 2.1 **Product quality:** Introduction and implementation of standards to encourage grading and to generate incentives for improving product quality.
- 2.2 **Efficiency:** Improving the efficiency of farm operations through higher levels of technology adoption and training in good agricultural practices.
- 2.3 **Vertical contractualization:** Promoting interaction among value chain actors through clustering to help them develop trust and mutually beneficial relationships.
- 2.4 **Environment Conservation:** Managing farm operations in a way that protects the environment while maintaining economic viability of the business enterprise. Maintaining biodiversity and reducing farm activities that increases greenhouse gases.
- 2.5 **Inclusivity:** Promoting equal access to opportunities and resources by special populations which include: destitute persons, persons with disabilities, women, and remote area communities.

## 3.0 PROGRAMME OBJECTIVES

- i. Promote household food security by ensuring that Micro-Scale Farmers can produce enough output to contribute significantly to household food consumption needs.
- ii. Promote commercial production of grain by improving crop producer's access to inputs and credit.
- iii. Promote inclusivity in agricultural production by building rainfed agricultural production systems that are youth, disability, and gender sensitive and provide safe production environment for all.
- iv. Improve the social capital base by promoting collective bargaining of rainfed producers.

## 4.0 CATEGORIES AND CHARACTERISTICS OF FARMERS

The Programme has four categories of farmers, namely:

### Micro Scale Farmer

There are 2 categories of Micro Scale farmers being **Level 1** (Willing and able Destitute Persons) and **Level 2** (individuals with monthly income up to P2,500.00)

- Cultivates 1 to 4ha of land with estimated production of between 0.6tons 6 ton
- Productivity level is above 0.6 ton/ha.
- Produce to meet the family food requirement.

### Small Scale Farmer

Individuals with monthly income of more than P2500.00. There are 2 categories of Small Scale Farmers being; level 1- Small Scale Farmer (1-8 ha) and level 2- Small Scale Farmer (8.1-16 ha).

- This category Cultivates 1 to 16ha of land with estimated production between 1.2tons to 64tons.
- Member of Grain Producers Association
- Productivity level is above 1.5 ton/ha.
- Produce for the market.
- Has at least one (1) full-time employee or is working full time on the farm.
- Undertake production on a fully fenced field

### Medium Scale Farmer

There are 3 categories of Medium Scale farmers being **level 1**- Medium Scale Farmer (16.1-50 ha), **level 2**- Medium Scale Farmer (50.1-100 ha) and **level 3**- Medium Scale Farmer (100.1-150 ha)

- This category Cultivates 16.1 to 150ha of land with estimated production between 28.98tons to 675tons.
- Productivity level is above 2.0 tons/ha.
- Member of Grain Producers Association
- Produce for the market.
- Has at least two (2) full-time employees or is working full time on the farm.
- Undertake production on a fully fenced field

### Large Scale Farmer

There are 2 categories of Large-Scale Farmers being **level 1** ( 150.1-500 ha) and **Level 2** (above 500ha)

- This category Cultivates 150.1 to 500ha of land with estimated production between 375.25tons to 2500tons.
- 50% Contract based production.
- Productivity level is above 2.5 tons/ha.
- Member of Grain Producers Association
- Produce for the market.
- Has at least three (3) full-time employees or is working full time on the farm.
- Undertake production on a fully fenced field.

## 5.0 CHARACTERISTICS OF A GROUP

The Programme recognises formation of Groups which are expected to transition to Clusters for collective bargaining purposes. A group is two or more farmers with common interest..

### 5.1 Group Characteristics

- 5.1.1 Has a minimum of 2 members owning land.
- 5.1.2 Collectively cultivate up to 499 ha of land.
- 5.1.3 Have working arrangement (Memorandum of Agreement / Constitution)

## 6.0 CATEGORIES AND CHARACTERISTICS OF CLUSTERS

A cluster is a high-performance grain production zone with interconnected arable production activities. It operates as a cooperative or Agricultural Management Association (AMA).

### 6.1 Small Scale Cluster

- 6.1.1 Has a minimum of 10 members.
- 6.1.2 Cultivates between 500 and 2,000 ha with estimated production of above 2500tons.
- 6.1.3 50% Contract based production.
- 6.1.4 Productivity level is above 2.5 tonnes/ha.
- 6.1.5 Member of Grain Producers Association
- 6.1.6 Has at least 3 full-time employees
- 6.1.7 Undertake production on a fully fenced field

### 6.2 Medium Scale Cluster

- 6.2.1 Has a minimum of 10 members.
- 6.2.2 Cultivates between 2,000 and 6,000 ha with estimated production of between 1,250tons to 10,000tons.
- 6.2.3 50% contract-based production.
- 6.2.4 Productivity level is above 2.5 tonnes/ha.
- 6.2.5 Member of Grain Producers Association
- 6.2.6 Has at least 4 full-time employees
- 6.2.7 Undertake production on a fully fenced field



### 6.3 Large Scale Cluster

- 6.3.1 Has a minimum of 10 members.
- 6.3.2 Cultivates between 6,000 and 12,000 ha with estimated production of between 5000tons to 30,000tons.
- 6.3.3 Have annual turnover of above P50Million.
- 6.3.4 75% Contract based production.
- 6.3.5 Productivity level is above 2.5 tonnes/ha.
- 6.3.6 Member of Grain Producers Association
- 6.3.7 Has at least 5 full-time employees
- 6.3.8 Undertake production on a fully fenced field



Planter



Boom Sprayer

## 7.0 TARGET YIELDS FOR PRIORITY CROPS (2023/24 TO 2031/32 CROPPING SEASON)

The programme has fifteen (15) priority crops with annual targets which are farmer category specific. When the farmer meets these targets he/she qualifies for the Mmoko Reward Package.

### Target yields for priority crops

Table 1: Cereals

Commodity	Farmer Category	Yield Target (tonne/ha)				
		Year 1	Year 2	Year 3	Year 4	Year 5
Millet	Micro Scale farmers	0.7	1	1.5	2	2.5
	Small Scale Farmers	2.5	2.7	3	3.5	4
	Medium Scale Farmers	2.7	3	3.5	4	4.5
	Large Scale Farmers	3	3.5	4	4.5	5
Maize	Micro Scale farmers	0.9	1.5	1.7	2	2.5
	Small Scale Farmers	2.5	2.7	3	3.5	4
	Medium Scale Farmers	2.7	3	3.5	4	4.5
	Large Scale Farmers	3	3.5	4	4.5	5
Sorghum	Micro Scale farmers	0.95	1.5	1.7	2	2.5
	Small Scale Farmers	2.5	2.7	3	3.5	4
	Medium Scale Farmers	2.7	3	3.5	4	4.5
	Large Scale Farmers	3	3.5	4	4.5	5
Rice	Micro Scale farmers	0.6	0.8	1.2	1.5	2
	Small Scale Farmers	1.2	1.5	2	2.5	3
	Medium Scale Farmer	1.8	2	2.5	3	3.5
	Large Scale Farmers	2.5	2.8	3	3.5	4
Wheat	Micro Scale farmers	0.6	0.8	1.2	1.5	2
	Small Scale Farmers	1.2	1.5	2	2.5	3
	Medium Scale Farmers	1.8	2	2.5	3	3.5
	Large Scale Farmers	2.5	2.8	3	3.5	4
	Large Scale Farmers	2.5	2.8	3	3.5	4

**Table 2: Legumes**

Commodity	Farmer Category	Yield Target (tonne/ha)					
		2023/24	2024/25	2025/26	2026/27	2027/28	2031/32
Mung bean	Micro Scale farmers	0.8	1	1.3	1.6	2	3
	Small Scale Farmers	1.5	2	2.3	2.6	3	3.5
	Medium Scale Farmers	2	2.3	2.6	3	3.5	4
	Large Scale Farmers	2.6	3	3.5	3.8	4	5
Cowpeas	Micro Scale farmers	0.8	1	1.5	1.8	2.2	3
	Small Scale Farmers	1.5	1.8	2.2	2.6	3	4
	Medium Scale Farmers	2	2.6	3	3.3	3.6	5
	Large Scale Farmers	2.5	3	3.3	3.6	4	6
Sugar beans	Micro Scale farmers	0.8	1.2	1.5	1.8	2.1	3
	Small Scale Farmers	1.5	1.8	2.1	2.5	3	4
	Medium Scale Farmers	2	2.5	2.9	3.3	3.7	4.5
	Large Scale Farmers	2.5	3.3	3.7	3.9	4.2	5
Soya bean	Micro Scale farmers	0.8	1	1.5	2	2.5	3
	Small Scale Farmers	1.5	2	2.5	3	3.5	4
	Medium Scale Farmers	2	2.5	3	3.5	4	4.5
	Large Scale Farmers	2.5	3	3.5	4	4.5	5

**Table 3: Oilseeds**

Commodity	Farmer Category	Yield Target (tonne/ha)					
		2023/24	2024/25	2025/26	2026/27	2027/28	2031/32
Groundnuts	Micro Scale farmers	0.8	1	1.3	1.6	2	3
	Small Scale Farmers	1.6	2	2.5	3	3.5	4
	Medium Scale Farmer	2	2.5	3	3.5	4	4.5
	Large Scale Farmers	2.5	3	3.5	4	4.5	5
Sunflower	Micro Scale farmers	0.8	1	1.3	1.6	2	3
	Small Scale Farmers	1.6	1.9	2.3	2.7	3	3.5
	Medium Scale Farmers	2	2.3	2.7	3	3.5	4
	Large Scale Farmers	2.5	3	3.5	4	4.5	5
Safflower	Micro Scale farmers	0.8	1	1.3	1.6	2	3
	Small Scale Farmers	1.6	1.9	2.3	2.7	3	4
	Medium Scale Farmers	2	2.3	2.7	3	3.5	4.5
	Large Scale Farmers	2.5	3	3.5	4	4.5	5

**Table 4: Fodder**

Commodity	Farmer Category	Yield Target (tonne/ha)					
		2023/24	2024/25	2025/26	2026/27	2027/28	2031/32
Fodder	Micro Scale farmers	0.6	1	1.5	2	2.5	3.5
	Small Scale Farmers	1.2	1.5	2	2.5	3	4
	Medium Scale Farmers	1.8	2	2.5	3	3.5	5
	Large Scale Farmers	2.5	2.8	3	3.5	4	6



Disc Harrow



Precision Planter

## 6.0 PROGRAMME DESCRIPTION

The programme has two components being the:

- i. Household Food Security.
- ii. National Food Security.

The Household Food Security component targets Micro-Scale Farmers, while the National Food Security component targets Small-Scale, Medium-Scale and Large-Scale Farmers. The Micro-Scale Farmers are the farming population that have no wage or are earning the monthly income of less than P2,500.00. The expectation is that Micro-Scale Farmers will be capacitated through provision of inputs to enable them to grow enough crops to meet their household food security needs and sell surplus to the market. For the National Food Security component, Small, Medium and Large-scale farmers will be supported to produce grain on a commercial basis that will be marketed (sold) through various channels to meet national food security needs (and possible export), through incentives that reward the achievement of output and productivity targets.

### 10.0 STRATEGIC GRAIN RESERVE CONTRIBUTORY INITIATIVE (Tlatsa Difalana-Tema ke Kgetse")

All farmers participating in Temo Letlotlo Programme, Starting with Level 2 Micro Scale Farmers shall make a compulsory donation of one (1) 50kg bag of grain for every hectare subsidized to the Strategic Grain Reserve (SGR). This is expected to promote go lpelega and cultivate the spirit of self -reliance amongst farmers. Botswana Agricultural Marketing Board is responsible for the logistics regarding the collection of the donations. The contribution will start during the 2024/25 planting season.



## 11.0 PROGRAMME PACKAGES

<b>COMPONENT 1: HOUSEHOLD FOOD SECURITY</b>	
<b>Sub- component 1.1</b>	100% Subsidy for Micro Scale Farmers
<b>COMPONENT 2: NATIONAL FOOD SECURITY</b>	
<b>Sub- component 2.1</b>	Provision of Seasonal Loans
<b>Sub-component 2.2</b>	Agricultural Credit Guarantee Scheme
<b>Sub-component 2.3</b>	Local Production of Inputs
<b>Sub-component 2.4</b>	Mmoko Reward Packages
<b>Sub-component 3.1</b>	Extension service delivery <ul style="list-style-type: none"><li>▪ Private Extension</li><li>▪ Community Based Agricultural Extension</li><li>▪ Crop Management System</li></ul>
<b>Sub-Component 3.2</b>	Learning and Knowledge management <ul style="list-style-type: none"><li>▪ Farm Audits</li></ul>

## 12.0 GUIDELINES

### 12.1 PROVISION OF SEASONAL LOANS

This is a secured loan offered at a prime rate up to a maximum of P8,300.00/ha to business focused grain producing farmers. The loan will be used to provide working capital for farmers including procurement of inputs, farm production services and purchasing of Weather based Agricultural Credit Guarantee Scheme (ACGS).

#### a) Loan Limit

The maximum loan limit for each eligible farmer under the programme, will be decided based on the farmer's Cropping Plan and validated land size.

#### b) Interest Rate

The loan will be administered at prime rate (floating prime rate).

#### c) Tenor

The tenor of loans under the programme will be based on the gestation of the targeted commodity and shall not exceed 12 months.

#### **d) Repayment**

The loans granted under the programme shall be fully repaid within the tenor of the loan. Where the loan was accessed through a Commodity Association, the leadership of the Association shall be responsible for full repayment of loan granted to its members.

#### **12.1.1 Eligibility Conditions**

- i) Open to individuals who are citizens of Botswana aged 18 years and above.
- ii) 100% Botswana owned registered companies.
- iii) A cluster registered as Agricultural Management Association or a Cooperative
- iv) Entity registered in the Crop Management System.
- v) If you are a director of a company or member of a registered cluster who benefited from the programme you cannot benefit as individual.
- vi) Owner or Tenant of a farm (In case of Lease Agreement, the lease period should not be less than 5 years)

#### **12.1.2 Obligations/Requirements**

- i) Lease Agreement validated in the Crop Management System
- ii) Soil Test Result from an accredited Laboratory
- iii) All fields may be audited.
- vii) Must provide previous year's production information vetted by District Crop Production Officer. The farmer/cluster should have uploaded the production information into the Crop Management System.
- viii) Registered for Tax (TIN). Where farmers have not registered for tax (TIN) they should undertake to do so in 3 months from date of loan agreement.
- ix) Farmers operating as companies should be registered with CIPA.

#### **12.1.3 Insurance**

Mandatory weather based ACGS

### 12.1.4 Disbursement

Once application has been approved, the National Development Bank will disburse funds through electronic transfer into the farmer's account.

#### a) Loans for Small Scale Farmer cultivating 1ha to 16 ha

Condition	Description	Notes
<b>Loan Amount</b>	Loan limit: - P8,300 per Ha Maximum loan for Level 1 – P67,230 Maximum loan for Level 2 – P132,800	Capitalization of Loan fees (Existing loan fee structure)
<b>Collateral</b>	Personal Guarantee Certificate of Indebtedness	N/A
<b>Contribution</b>	Waved	N/A
<b>Existing NDB Loan(s)</b>	Only customers in good standing on their existing NDB loan will be considered	As per Credit Policy
<b>Credit Bureau Checks</b>	<ul style="list-style-type: none"><li>Listings of P10 000 and below without judgement will be considered</li><li>This is inclusive of both the company and Directors</li></ul>	<p>Any judgement obtained from 01 January 2020 will not be considered</p> <p>Any appeals will be referred to NDB Head of Credit for exceptional consideration.</p>
<b>Turn Around Time (TAT)</b>	14 working days	From receipt of complete application until a YES or NO Decision by the Bank

## b) Loans for Medium Scale Farmers cultivating between 16.1ha to 100ha

Condition	Description	Notes
Requirements	<p><b>Level 1 - P415,000</b>  Submit the following documents:  •12 months bank statements  •Creditors/debtors aging report  •Fixed Assets schedule  •Copy of their cash book/ cash receipt  •Proof of production</p> <p><b>Level 2 - P830,000</b>  •Submission of documents as required for level 1.  2nd Year  •Annual Financial Statements (Audited if applicable to be prepared BICA member).  •Current Historic Annual Financial Statements (Audited Financial Statements if applicable) and Cashflow projections, Management accounts etc.</p>	Financials to be prepared by BICA member.
Loan Amount	Loan limit: - P8,300 per Ha Maximum loan for Level 1 – P415,000 Maximum loan for Level 2 – P830,000	Capitalization of Loan fees (Existing loan fee structure)
Collateral	Trader partner Cession (e.g. BAMB) Personal Guarantee Certificate of Indebtedness	N/A
Contribution	Waved	N/A

<b>Existing Loan(s) including NDB</b>	Only customers in good standing on their existing loans will be considered	As per Credit Policy
<b>Credit Bureau Checks</b>	<ul style="list-style-type: none"> <li>▪ Listings of P10 001 up to P50 000 without judgement will be considered</li> <li>▪ This is inclusive of both the company and Directors</li> </ul>	<p>Any judgement obtained from 01 January 2020 will not be considered</p> <p>Any appeals will be referred to NDB Head of Credit for exceptional consideration.</p>
<b>Turn Around Time (TAT)</b>	14 working days	From receipt of complete application until a YES or NO Decision by the Bank

**c) Loans for Medium Scale Farmer cultivating between 100.1 ha to 150ha and Large Scale farmers cultivating 150.1ha to 500ha)**

<b>Condition</b>	<b>Description</b>	<b>Notes</b>
<b>Requirements</b>	<ul style="list-style-type: none"> <li>Financial Statements (past year)</li> </ul>	<p>Financials to be prepared by BICA member. Audited Financials Statements if Applicable.</p> <p>Current Historic Annual Financials Statements (Audited Financials Statements if Applicable) and Cash Flow projections, Management accounts etc.</p>
<b>Loan Amount</b>	<p>Loan limit: - P8,300 per Ha</p> <p>Maximum loan for Level 3 medium scale farmer- P1,245,000</p> <p>Maximum loan for Large Scale farmers – P4,150,000</p>	Capitalization of Loan fees (Existing loan fee structure)
<b>Collateral</b>	<p>Collateral as per NDB Credit Policy</p> <p>Trader partner Cession (e.g. BAMB)</p> <p>Personal Guarantee</p> <p>Certificate of Indebtedness</p>	N/A
<b>Contribution</b>	Waved	N/A
<b>Existing NDB Loan(s)</b>	<ul style="list-style-type: none"> <li>Only customers in good standing on their existing NDB loan will be considered</li> </ul>	As per Credit Policy
<b>Credit Bureau Checks</b>	<ul style="list-style-type: none"> <li>Listings of P50 001 to P100 000 without judgement will be considered</li> <li>This is inclusive of both the company and Directors</li> </ul>	Any appeals will be referred to NDB Head of Credit for exceptional consideration.



<b>Turn Around Time (TAT)</b>	14 working days	From receipt of complete application until a YES or NO Decision by the Bank
-------------------------------	-----------------	---

#### **d) Loans for Clusters (Micro, Medium and Large scale)**

<b>Condition</b>	<b>Description</b>	<b>Notes</b>
<b>Purpose</b>	The fund is Temo Letlotlo programme to provide working capital for farmers	The facility will cover small, medium and large businesses Definitions of Categories by Turnover Small – Up to P10m Medium - Between P10million & P50million Large - Above P50million
<b>Requirements</b>	<ul style="list-style-type: none"> <li>•Cluster should have legal capacity to borrow</li> <li>•Provide Constitution / Partnership Agreement governing the cluster</li> <li>•Financial Statements (Audited Financials Statements if Applicable) of the past year.</li> <li>•Cluster organized as companies should be registered with CIPA.</li> </ul>	<p>Financials to be prepared by BICA member.</p> <p>Current Historic Annual Financials Statements (Audited Financials Statements if Applicable) and Cash Flow projections, Management accounts etc.</p>
<b>Loan Amount</b>	<p>Loan limit: - P8,300 per Ha</p> <p>Maximum loan for small scale cluster is P16.6Million</p> <p>Maximum loan for medium scale cluster is P49.8Million</p> <p>Maximum loan for large scale cluster is P99.6Million</p>	Capitalization of Loan fees (Existing loan fee structure)

<b>Collateral</b>	Collateral as per NDB Credit Policy Trader partner Cession (e.g. BAMB) Personal Guarantee (By all Cluster members) Certificate of Indebtedness	N/A
<b>Contribution</b>	Waved	N/A
<b>Existing Loan(s) including NDB</b>	The Cluster must be in good standing on its existing loans with other financiers including NDB Loans.	As per Credit Policy
<b>Credit Bureau Checks</b>	<ul style="list-style-type: none"> <li>▪ Listings of P100 000 and below without judgement will be considered</li> <li>▪ This is inclusive of both the company and Directors</li> </ul>	Any appeals will be referred to NDB Head of Credit for exceptional consideration.
<b>Turn Around Time (TAT)</b>	14 working days	From receipt of complete application until a YES or NO Decision by the Bank

## **12.2 PROVISION OF SUPERVISED CREDIT**

### **12.2.1 Product Features**

All unsecured loans under the programme will be offered at a prime rate up to a maximum of P8, 300.00/ha to business focused grain producing farmers. These loans will be for farmers who cannot obtain credit from other sources at a reasonable rate or cannot raise a collateral and is based on the farmers' cash flow needs.

The loan is 85% guaranteed by Weather based ACGS. The loan will be used for procurement of inputs, procurement of farm production services and purchasing of crop insurance. NDB will practice ladderized lending scheme that limits new loans borrower to a maximum of 8ha only. The farmers qualify for 16 ha after two crop cycle.

### **12.2.2 Enhanced Technical Assistance**

The aim of Enhanced Technical Assistance will be to provide technical assistance and advise farmers concerning agricultural practices and new technologies that would help improve production. The Enhanced Technical Assistance will be a combination of technical and marketing assistance to help farmers increase productivity and income. Clients of the Supervised Credit will be assigned Extension Officer and Credit Supervisor.

#### **i) Extension Officer**

The role of Agricultural Extension Officer is to:

- Assist farmers to identify and overcome problems.
- Assist farmers to make better use of resources and technology.
- Assist farmers to introduce new technologies.
- Provide information on new technologies.
- Help farmers put new information to use.

The Extension Officer will visit each farm at least four times within a season as part of technical backstopping (train and give agronomical support).

The four (4) visits will be completed within 30- 45 days of the planting season.

1st Visit- During Land Preparation

2nd Visit- After planting/transplanting process

3rd Visit- During fertilizer application period

4th Visit- 20 days before harvesting.

## ii) Credit Supervisor

The function of the Credit Supervisor is Portfolio Management including validation of the borrower's operations records to ensure that the funds are allocated well and are used for their intended purpose. The Credit Supervisor ensures that the cropping plan is implemented as planned.

The Extension Officer will work closely with Credit Supervisor as part of the Loan Portfolio Management process, a technical network creates an efficient data-collection mechanism that captures farm-level information that not only helps provide timely and relevant advice to different farmers' situations but also provides the useful insight on the product's development.

### 12.2.3 Loan process

A new loan application will be processed within fourteen working days, while loan renewals for existing clients will be processed and approved in one day. New application starts with a product orientation to introduce the product features to potential clients as well as present application requirements. After screening the application and conducting a credit and background investigation, NDB will begin to process the loan. If all documentary requirements are sufficiently fulfilled, loan approvals will be processed along with registration for Weather Based ACGS. Fund disbursements will be delivered at a given schedule throughout the crop cycle. Loan Limit

The maximum loan limit for each eligible farmer under the programme, will be decided based on the farmer's Cropping Plan and validated land size.

#### a) Interest Rate

The loan will be administered at prime rate.

**b) Tenor**

The tenor of loans under the programme will be based on the gestation of the targeted commodity and shall not exceed 12 months.

**c) Repayment**

The loans granted under the programme shall be fully repaid within the tenor of the loan.

Option 1- Full payment upon harvest

Option 2- Instalment payment during loan period

**d) Collateral Requirements**

No Collateral required.

**12.2.4 Eligibility Conditions**

- i) An individual who is a citizen of Botswana aged 18 years and above.
- ii) An Individual registered in the Crop Management System
- ii) Owner or Tenant of a farm (In case of Lease Agreement, the lease period should not be less than 5 years)

**12.2.5 Obligations/Requirements**

- i) Lease Agreement validated in the Crop Management System
- ii) Soil Test Result from an accredited Laboratory
- iii) All fields may be audited.
- iv) To benefit for the second season and forward, the farmer/cluster should have uploaded previous year's production information into the Crop Management System

## 12.2.6 Disbursement

Once application has been approved, the National Development Bank will disburse funds through electronic transfer into the farmer's account.

### a) Small Scale Farmer

Condition	Description	Notes
<b>Requirements</b>	•The Farmer and the Credit Supervisor make a farm plan, which includes crops to be raised, inputs needed, credit requirements, income expected and repayment schedule.	Capitalization of Loan fees (Existing loan fee structure)
<b>Loan Amount</b>	Loan limit: - P8,300 per Ha Maximum loan for Level 1 – P67,230 Maximum loan for Level 2 – P132,800	Capitalization of Loan fees (Existing loan fee structure)
<b>Collateral</b>	Personal Guarantee Certificate of Indebtedness	N/A
<b>Contribution</b>	Waved	
<b>Existing NDB Loan(s)</b>	• Only customers in good standing on their existing NDB loan will be considered	As per Credit Policy
<b>Credit Bureau Checks</b>	• Listings of P10 000 and below without judgement will be considered • This is inclusive of both the company and Directors	Any judgement obtained from 01 January 2020 will not be considered Any appeals will be referred to NDB Head of Credit for exceptional consideration.
<b>Turn Around Time (TAT)</b>	14 working days	From receipt of complete application until a YES or NO Decision by the Bank



## **12.2.7 Value Chain implementation**

The farmers who acquired the loan through supervised credit dispensation are required to sell their produce to NDB Partner traders. The trader will also serve as a collection channel of the bank where the farmer's loan payments will be automatically deducted from the sale proceeds.

## **12.3 PROVISION 100% SUBSIDY ON INPUTS FOR MICRO SCALE FARMERS**

The programme will give a coupon to Micro Scale farmers to enable them to purchase Fertilizer, Seeds and tillage services for a maximum of 4ha. The Coupon is valued at P4,100.00/ha. In the context of Temo Letlotlo programme, Micro Scale farmers are farming population that has no wage or are earning minimum wage.

### **12.3.1 Temo Letlotlo Wallet**

The funds for 100% subsidy will be disbursed through a Temo Letlotlo wallet/ voucher developed and managed by BIUST and NDB. The service will facilitate the micro-scale segment to transact with various services providers, in line with prescribed limits as per the farmer's cropping plan. The farmer will be able to pay the service provider in real time. This also allows for real-time monitoring and evaluation of input distribution to farmers.

Micro Scale Level 1:

Obligations/Requirements:

- i. Identified through the Ministry of Local Government and Rural Development Database in collaboration with MoA.
- ii. Farmers are allowed to use borrowed land.  
Village Leadership (Kgosi, Councillor, VDC, Village Extension Team, Farmers committee) to facilitate borrowing of land.
- iii. Not expected to contribute a bag/ha to the Strategic Grain Reserve

(Tlatsa difalana-Tema ke Kgetsi).

Micro Scale Level 2:

Obligations/ Requirements:

- i. The resource poor individuals aged 18 years and above with monthly income up to P2,500.00.
- ii. Farmers are expected to contribute a bag/ha to the Strategic Grain Reserve (Tlatsa difalana-Tema ke Kgetsi).
- iii. To benefit, the farmer is not required to own land, they may borrow.

## **12.4 PROVISION OF MMOKO REWARD PACKAGE**

Mmoko Reward Package is the performance-based reward given to farmers in recognition for their productivity and quality of produce. It is a reward given to farmers who meet the yield target and quality of the priority crops. Grading of crops will be done by Extension Officers at harvesting and those who meet yield target and has Grade 1 grain will be given 100% of the reward, while grade 2 will get 75% of the value of the reward.

The reward package is in the form of Reward Voucher items contextualised to the specific needs of farmers. The incentive will be applicable only if the farmer/cluster has met their yearly yield targets, which varies depending on the crop planted and the farmer category.

The Reward Voucher items for clusters will only be issued once the cluster signs the Service Level Agreement (SLA) with Government. The SLA is meant to enhance farmers commitment on their obligation. Failure to honour the SLA gives Government the right to lease the land to interested party for the remaining duration of the SLA.

Table 2 and Table 3 presents the proposed Mmoko reward packages for individual farmers and clusters, respectively.

NB: Micro Scale Level 1 and Level 2 are not eligible for rewards, as these are producing under 100 percent grant.

### 12.4.1 Eligibility Conditions

- i. All farmer except Micro Scale
- ii. 100% Batswana owned Registered Company in the business of commercial grain production.
- iii. Entity should have registered in the Crop Management System
- iv. Grade 1 grain meeting the annual yield target (Quality will be determined through grading by Extension Officer and validated by Agronomist).

### 12.4.2 Obligations/Requirements

- i. Upload production information into the system

**Table 2: Mmoko Reward Packages for Individual Farmers**

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Small Scale - Level 1	1-8 hectares	Year 1	Grade 1	10,000
			Grade 2	7,500
		Year 2	Grade 1	5,000
			Grade 2	11,250
		Year 3	Grade 1	20,000
			Grade 2	15,000
		Year 4	Grade 1	25,000
			Grade 2	18,750
		Year 5	Grade 1	30,000
			Grade 2	22,500
Small Scale - Level 2	8.1 - 16 hectares	Year 1	Grade 1	30,000
			Grade 2	22,500
		Year 2	Grade 1	35,000
			Grade 2	26,250
		Year 3	Grade 1	40,000
			Grade 2	30,000
		Year 4	Grade 1	45,000
			Grade 2	33,750
		Year 5	Grade 1	50,000
			Grade 2	37,500

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Medium Scale - Level 1	16.1-50 hectare	Year 1	Grade 1	60,000
			Grade 2	45,000
		Year 2	Grade 1	67,500
			Grade 2	50,625
		Year 3	Grade 1	75,000
			Grade 2	56,250
		Year 4	Grade 1	82,500
			Grade 2	61,875
		Year 5	Grade 1	90,000
			Grade 2	67,500
Medium Scale - Level 2	50.1-100 hectares	Year 1	Grade 1	90,000
			Grade 2	67,500
		Year 2	Grade 1	97,500
			Grade 2	73,125
		Year 3	Grade 1	105,000
			Grade 2	78,750
		Year 4	Grade 1	112,500
			Grade 2	84,375
		Year 5	Grade 1	120,000
			Grade 2	90,000
Medium Scale - Level 3	100.1 - 150 hectares	Year 1	Grade 1	120,000
			Grade 2	90,000
		Year 2	Grade 1	127,500
			Grade 2	95,250
		Year 3	Grade 1	135,000
			Grade 2	101,250
		Year 4	Grade 1	142,500
			Grade 2	106,875
		Year 5	Grade 1	150,000
			Grade 2	112,500

For an area planted between 150.1 and 500ha the maximum reward attainable is P190,000, for a period of 5 years.

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Large Scale - Level 1	150.1 - 250 Ha	Year 1	Grade 1	160,000
			Grade 2	120,000
		Year 2	Grade 1	167,500
			Grade 2	125,625
		Year 3	Grade 1	175,000
			Grade 2	131,250
		Year 4	Grade 1	182,500
			Grade 2	136,875
		Year 5	Grade 1	190,000
			Grade 2	142,500

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Large Scale - Level 2	250.1-350 hectares	Year 1	Grade 1	190,000
			Grade 2	142,500
		Year 2	Grade 1	195,000
			Grade 2	146,250
		Year 3	Grade 1	200,000
			Grade 2	150,000
		Year 4	Grade 1	205,000
			Grade 2	153,750
		Year 5	Grade 1	210,000
			Grade 2	157,500
Large Scale - Level 3	350.1-500 hectares	Year 1	Grade 1	210,000
			Grade 2	157,500
		Year 2	Grade 1	217,500
			Grade 2	163,125
		Year 3	Grade 1	225,000
			Grade 2	168,750
		Year 4	Grade 1	232,500
			Grade 2	174,375
		Year 5	Grade 1	240,000
			Grade 2	180,000

For an area planted between 500 and 2,000ha the maximum reward attainable is P3,750,000; for a period of five years.

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Small Scale Cluster- Level 1	501-1,000 hectares	Year 1	Grade 1	350,000
			Grade 2	262,400
		Year 2	Grade 1	700,000
			Grade 2	524,800
		Year 3	Grade 1	1,050,000
			Grade 2	787,200
		Year 4	Grade 1	1,400,000
			Grade 2	1,049,600
		Year 5	Grade 1	1,750,000
			Grade 2	1,312,000
Small Scale Cluster- Level 2	1,001-1,500 hectares	Year 1	Grade 1	550,000
			Grade 2	412,500
		Year 2	Grade 1	1,100,000
			Grade 2	825,000
		Year 3	Grade 1	1,650,000
			Grade 2	1,237,500
		Year 4	Grade 1	2,200,000
			Grade 2	1,650,000
		Year 5	Grade 1	2,750,000
			Grade 2	2,062,500

Small Scale Cluster- Level 3	1,501-2,000 hectares	Year 1	Grade 1	750,000
			Grade 2	562,500
		Year 2	Grade 1	1,500,000
			Grade 2	1,125,000
		Year 3	Grade 1	2,250,000
			Grade 2	1,687,000
		Year 4	Grade 1	3,000,000
			Grade 2	2,250,000
		Year 5	Grade 1	3,750,000
			Grade 2	2,812,500

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Medium Scale Cluster-Level 1	2,001-3,000 Ha	Year 1	Grade 1	800,000
			Grade 2	600,000
		Year 2	Grade 1	1,600,000
			Grade 2	1,200,000
		Year 3	Grade 1	2,400,000
			Grade 2	1,800,000
		Year 4	Grade 1	3,200,000
			Grade 2	2,400,000
		Year 5	Grade 1	4,000,000
			Grade 2	3,000,000
Medium Scale Cluster-Level 2	3,001-4,000 Ha	Year 1	Grade 1	1,000,000
			Grade 2	750,000
		Year 2	Grade 1	2,000,000
			Grade 2	1,500,000
		Year 3	Grade 1	3,000,000
			Grade 2	2,250,000
		Year 4	Grade 1	4,000,000
			Grade 2	3,000,000
		Year 5	Grade 1	5,000,000
			Grade 2	3,750,000
Medium Scale Cluster- Level 3	4,001-5,000 Ha	Year 1	Grade 1	1,200,000
			Grade 2	900,000
		Year 2	Grade 1	2,400,000
			Grade 2	1,800,000
		Year 3	Grade 1	3,600,000
			Grade 2	2,700,000
		Year 4	Grade 1	4,800,000
			Grade 2	3,600,000
		Year 5	Grade 1	6,000,000
			Grade 2	4,500,000
Medium Scale Cluster- Level 4	5,001-6,000 Ha	Year 1	Grade 1	1,400,000
			Grade 2	1,050,000
		Year 2	Grade 1	2,800,000
			Grade 2	2,100,000
		Year 3	Grade 1	4,200,000
			Grade 2	3,150,000
		Year 4	Grade 1	5,600,000
			Grade 2	4,200,000
		Year 5	Grade 1	7,000,000
			Grade 2	5,250,000





For an area planted between 6,000 and 12,000ha the maximum reward attainable is P10,250,000; for a period of five years.

FARMER CATEGORY	CULTIVATED AREA (HA)	PROGRAMME YEAR	QUALITY OF PRODUCE (GRADE)	REWARD VALUE (PULA)
Large Scale Cluster- Level 1	6,001-7,500 Ha	Year 1	Grade 1	1,450,000
			Grade 2	1,087,500
		Year 2	Grade 1	2,900,000
			Grade 2	2,175,000
		Year 3	Grade 1	4,350,000
			Grade 2	3,262,500
		Year 4	Grade 1	5,800,000
			Grade 2	4,350,000
		Year 5	Grade 1	7,250,000
			Grade 2	5,437,500
Large Scale Cluster- Level 2	7,501-9,000 Ha	Year 1	Grade 1	1,650,000
			Grade 2	1,237,500
		Year 2	Grade 1	3,300,000
			Grade 2	2,475,000
		Year 3	Grade 1	4,950,000
			Grade 2	3,712,500
		Year 4	Grade 1	6,600,000
			Grade 2	4,950,000
		Year 5	Grade 1	8,250,000
			Grade 2	6,187,500
Large Scale Cluster- Level 3	9,001-10,500 Ha	Year 1	Grade 1	1,850,000
			Grade 2	1,387,500
		Year 2	Grade 1	3,700,000
			Grade 2	2,775,000
		Year 3	Grade 1	5,550,000
			Grade 2	4,162,500
		Year 4	Grade 1	7,400,000
			Grade 2	5,500,000
		Year 5	Grade 1	9,250,000
			Grade 2	6,937,500
Large Scale Cluster- Level 4	10,501-12,000 Ha	Year 1	Grade 1	2,050,000
			Grade 2	1,537,500
		Year 2	Grade 1	4,100,000
			Grade 2	3,075,000
		Year 3	Grade 1	6,150,000
			Grade 2	4,612,500
		Year 4	Grade 1	8,200,000
			Grade 2	6,150,000
		Year 5	Grade 1	10,250,000
			Grade 2	7,687,500

## 12.5 FENCING

The introduction of compulsory insurance in the programme dictates that all fields should be protected to guard against moral hazard. Temo Letlotlo has a dispensation to enable farmers to fence their fields and protect their crops from animal damage.

### a) Individual Fencing

- An individual shall be subsidized up to a maximum of 16ha.
- A beneficiary is entitled to 50% subsidy on the cost of fencing (material and labour) up to a maximum of P150, 000.00 and the 50% Government contribution shall not exceed P75, 000.00.
- Applicants should have access to land (proof of ownership or lease). In case of lease, the lease period should not be less than 10 years.
- The farmer is required to apply for fencing through the Crop Management System.
- Farms designated as Integrated can be subsidized provided 50% of the farm is used for grain production.
- Farmers are expected to produce within 12 months of acquisition of the fence.

NB: Farmers who cannot raise the 50% have an option of contributing by erecting traditional poles and clearing the perimeter fence area in lieu of the 50%.

### b) Group Fencing

- A group of farmers who collectively own up to a maximum of 499 Ha will be assisted with 50% subsidy on the cost of fencing (material and labour) up to a maximum of P4,678,000.00 to construct enclosure fence and the 50% Government contribution shall not exceed P2,339,063.00.
- A group should have a minimum membership of two (2) who have arable land in proximity and shall have a Memorandum of understanding or working constitution.
- The group fence extends to use of electric fence for farmers in areas prone to Elephants (This will be done in partnership

with the Ministry of Environment and Tourism's Human Wildlife Conflict Fencing Initiative).

### c) Cluster Fencing

A group of at least 10 farmers with interconnected arable production activities operating as an Agricultural Management Association or Agricultural Cooperative can also apply for the fence.

- Clusters size range from 500ha up to 12,000ha.
- Cluster fence extends to use of electric fence for farmers in areas prone to Elephants (This will be done in partnership with Ministry of Environment and Tourism's Human Wildlife Conflict Fencing Initiative)
- Feasibility studies should be undertaken to confirm suitability of the proposed area and the alignment of the perimeter fence.
- To qualify for the 100% subsidy on fencing, 50% of the clustered area should be Debushed.
- Care and maintenance of the fence is the responsibility of the cluster.
- A Cluster is entitled to 100% subsidy on the cost of fencing (material and labour) up to a maximum of P112,000,000.00.
- *Small Scale Cluster* (500ha-2,000ha) will be assisted with 100% subsidy on the cost of fencing (material and labour) up to a maximum of P1,700,000.00 to construct enclosure fence.
- *Medium Scale Cluster* (2,001ha-6,000ha) will be assisted with 100% subsidy on the cost of fencing (material and labor) up to a maximum of P2,950,000.00 to construct enclosure fence.
- *Large Scale Cluster* (6,0001ha-12,000ha) will be assisted with 100% subsidy on the cost of fencing (material and labour) up to a maximum of P4,200,000.00 to construct enclosure fence.

**Table 4: Specifications for the fencing material**

PRODUCT	SPECIFICATION
Veldspan	Roll (Goat Proof) 1.2*10STR*119*15 by 100m
Corner Poles	Creosote treated gum poles 2.4m long minimum tips of 100-125mm. or Concrete poles of the same dimensions. or Processed Traditional poles (Excluding protected tree species).
Standards	Creosote treated gum poles 2.1m long minimum tips of 75-100mm. or Concrete poles of the same dimensions. or Processed Traditional poles (Excluding protected tree species).
Droppers	Creosote treated gum poles 1.8m long minimum tips 50-60mm. or Concrete poles of the same dimensions or Processed Traditional poles (Excluding protected tree species)
Galvanized Anchor wire	Means a 8 gauge wire 4.0mm*500m (50kg)
Galvanized binding wire	Means a 2.0mm binding wire (50kg)
Galvanized High strain wire	Means 2.24mm*1650m high strain wire (50kg)
Galvanized Double Gate	Means a 1.8m by 3.6m gate
Galvanized single Barbed wire	Means a 35kg SGL 2.5mm* 515m barbed wire

NB:

- i. All fencing Materials should meet ISO accredited Standards or SABS and BOBS Standards (BOBS code: BOBS173:20060). This is not applicable when using traditional poles.
- ii. The Fence should comply with SANS 675:2021 Zinc coated fencing wire specification (Mass of Zinc coating per unit area).

## 12.6 TRACTOR AND IMPLEMENT SCHEME

The scheme is aimed at helping farmers access financing for the acquisition of a tractor and implements. The country currently has 4,500 tractors of various conditions and horse powers.

More than half of these tractors are poorly maintained and serviced and experience frequent problems with hydraulics, power loss, engine oil leakage, front wheel bearings and the electric system (Patrick, Tapela, & Baryeh, 2002). Under ideal environment, a tractor is expected to plough-plant (ploughing, harrowing, Planting) 3ha per day. As a result of inefficiencies which include the condition of our tractors, poor management of operations, our current tractor fleet plough-plant an average of 1.5ha per day. This means an average tractor plough-plant 67.5ha per 45-day ploughing-planting window. This means our current population of tractors is capable of plough-planting 303,750ha per cropping season, under ideal environment.

The package also finances procurement of minimum tillage equipment which is anticipated to promote use of minimum tillage and move away from conventional tillage which is not climate smart friendly. The subsidy covers minimum tillage (for ripping, harrowing and weeding), Planting, weed control, pest control, harvesting and processing equipment. It also caters for procurement of a tractor trailer for ease of carrying equipment.

The aim is to procure an initial 200 tractors during the 2023/24 cropping season at a total cost of P150,000,000.00. The target group is individual farmers, farmer groups, and clusters/companies in the business of service centres. The programme will not subsidize procurement of used tractors.

During the 2024/25 and 2025/26 cropping season 400 tractors will be procured yearly. During the 2023/24 cropping season tractors will be bought from open market, while in subsequent years the programme will localize tractor assembly in Botswana which has evidence of farmer friendly after sale support.

#### **a) Individual tractor and Implement ownership.**

- A farmer is entitled to pay 50% of the value of the tractor/ tractor combo/implements up to a maximum of P500,000.00. The 50% Government contribution should not exceed P250, 000.00 for an individual farmer.
- Incase a farmer want to purchase a tractor worth more than P500,000.00 he/she is allowed to make a top up.
- A farmer cannot acquire a tractor without implements and those with existing tractors are allowed to procure implements provided there is an assessment done on the condition of the implements conducted by a qualified technician/Mechanical Engineer
- A farmer with tractor implements, qualifies to procure a tractor provided there is an assessment done on the condition of the tractor conducted by a qualified technician/Mechanical Engineer. The Scheme will be administered by National Development Bank.

NB: A farmer can only benefit once in this tractor subsidy package and tractor or implements cannot be sold for 5 years.

#### **i) Eligibility**

- An individual who is a citizen of Botswana aged 18 years and above.
- An Individual registered in the Crop Management System as a farmer.
- Owner or a tenant of a farm (in case of lease agreement, the lease period should be at least 10 years and validated through Crop Management System).
- The farm owned or leased should be at least 8.1ha for you to qualify for the scheme.

#### **ii) Obligations**

- The farmer is required to apply for Tractor and Implement Scheme through the Crop Management System.
- The farmer is required to fully pay 50% contribution or greater and submit proof of payment upon approval of his/her application.



## **b) Group Tractor and Implement Ownership**

Farmers are allowed to group themselves to benefit from this scheme under the same conditions as outlined for individual farmer, but they should have a legally binding Memorandum of Agreement. The group have an option of Co owning tractor or implements or a combo (both tractor and implements).

## **c) Service Centre Model Ownership**

A 100% citizen owned company providing grain production services to clusters under legally binding contracts can apply for a loan at prime rate at National Development Bank to procure machineries and equipment required to offer services to farmers.

NB: All subsidized tractors should be assembled in Botswana with demonstratable evidence of farmer friendly after sale support.



Fertilizer Spreader

**Table 5: Tractor and Implement Guide and Prize Capping**

<b>TRACTOR Engine Power Rating (horse power)</b>	<b>IMPLEMENT Working Power Rating (hp)</b>	<b>Price Cap (Tractor)</b>	<b>Price Cap (Implements)</b>	<b>Total Price (Implement + Tractor)</b>
10	4.6	P25,000.00	P5,000.00	P30,000.00
15	6.9	P30,000.00	P7,500.00	P37,500.00
20	9.2	P40,000.00	P10,000.00	P25,000.00
25	9.5	P35,000.00	P15,000.00	P50,000.00
35	13.2	P120,000.00	P40,000.00	P160,000.00
45	17.0	P150,000.00	P50,000.00	P200,000.00
50	18.9	P190,000.00	P60,000.00	P250,000.00
55	20.8	P210,000.00	P65,000.00	P275,000.00
60	22.7	P225,000.00	P75,000.00	P300,000.00
65	24.6	P270,000.00	P80,000.00	P350,000.00
70	26.5	P290,000.00	P85,000.00	P375,000.00
75	28.4	P305,000.00	P95,000.00	P400,000.00
80	30.3	P325,000.00	P100,000.00	P425,000.00
85	32.2	P345,000.00	P105,000.00	P450,000.00
90	34.1	P360,000.00	P115,000.00	P475,000.00
95	35.9	P360,000.00	P150,000.00	P500,000.00

## **d) LIST OF IMPLEMENTS SUBSIDISED**

### **Tillage stage**

Ripper- Designed to break up hard, compact soil into loose, broken-up dirt that can then be used for planting.

Plough- Used for loosening or turning the soil before sowing seed or planting.

Harrow - Used to pulverize the soil, break up crop residues, uproot weeds, and cover seed.

### **Planting Stage**

Precision Planter- Used to plant crops and gives accurate control of plant population, specific spacing between and along the rows.

### **Weed/Pest control stage**

Tractor Mount Boom Sprayer- Used for applying herbicides in broadscale farming.

### **Fertilization**

Fertilizer Spreader- Used to evenly distribute fertilizer in the field.

### **Harvesting stage**

PTO Driven Harvester - A type of agricultural machinery that is designed to do all the harvesting operations including reaping, threshing, gathering, and winnowing.

### **Processing stage**

PTO Driven Thresher- Used for separating wheat, soybeans, and other small grain and seed crops from their chaff and straw.

Bailer- Used for processing straw and hay into bales.

## **12.7 INTEREST SUBSIDY FACILITY FOR LARGE SCALE FARMERS (500 HA AND ABOVE)**

The Temo Letlotlo Interest Subsidy Facility will support the wider program by extending the range of farmer categories that may benefit from the program. Under the Facility, farmers that are excluded under Temo Letlotlo such as those cultivating more than 500 ha and non-citizen commercial farmers will be eligible for subsidized NDB loans under the Facility.

### **12.7.1 The Facility**

The loans under the Temo Letlotlo Interest Subsidy Facility shall be granted for a period of up to 12 (twelve) months for arable farming at an interest rate to be determined by the Bank from time to time and communicated to the Government of Botswana in writing. The interest margin is currently set as 8% (eight percent) and is subject to review from time to time.

### **12.7.2 Eligibility**

- Must be a farmer registered in the Crop Management System
- Normal NDB Credit Requirements Apply
- Covers farmers producing one or more of the grain crops identified under Temo Letlotlo.
- A customer may only benefit from both a Temo Letlotlo Loan and Interest Subsidy Facility at the same time for different ploughing fields
- May be a citizen, non-citizen, or company
- Citizens and citizen companies cultivating above 500 ha
- Non-citizens and non-citizen companies cultivating more than 500 ha
- Pricing at Prime +8
- Customer Charged Prime Rate

### **12.7.3 Requirements**

The Facility will work as follows:

- Applicants must be 18 (eighteen) years and above with Omang

or residence and work permit.

- Applicants must produce proof of access to land (dully allocated or leased).
- Applicants must own or have access to farm implements and machinery (tractor, planter, cultivator, etc) in good working condition.
- Applicants will be required to keep farming records accessible to both Agricultural Extension Staff and NDB.
- Applicants should have the Agricultural Credit Guarantee Scheme (ACGS) for the seasonal loans in question.
- The repayment period is up to 12 (twelve) months and the farmer has the option to repay using other sources of income. No penalty will be charged on early repayment.
- There is an option to apply for another loan within the same season, but it will be due and payable within the same season.

#### **12.7.4 Scope of the facility**

The Facility will cover the following items: -

- Seeds/Seedlings
- Fertilizers
- Fuel
- Pesticides
- Repairs and maintenance of farm machinery, irrigation equipment and implements
- Labour costs for planting, weeding, bird scaring, harvesting, threshing, spraying, pruning (fruit production) and packaging
- Transportation costs to the market

#### **12.7.5 Documentation required (include but not limited to the following)**

- Farmers will complete application forms available through NDB.
- Certified true copy of Identity Documents.
- Proof of accessibility to land (e.g., Land Board field certificate, Lease Agreement, or Letter of approval to use land from the Landowner).
- Quotations for items required.
- A crop production schedule showing past hectarage planted and yield, types and schedule of crops to be planted, and

- expected total hectareage to be planted
- Current pay slip where farmer wants to pay through monthly deductions from salary (list of required supporting documents is enclosed on application forms and will be as per advice from the Bank officials, during submission and assessment of loan proposal)

#### **12.7.6 Farmer's Contract**

The farmer will be required to sign a contract with NDB, which includes the following:

- Offer letter
- Standard terms and loan conditions
- Deed of Cession over farm produce
- Certificate of Indebtedness

The Spouse will be expected to sign the letter of consent to the application for the advance.

#### **12.7.7 Disbursement**

Once the application has been approved and loan contract signed, the Bank will disburse funds to the client through one of the following modes:

- Electronic Funds transfer into the farmer's account.
- Or disburse directly to the Suppliers if need be.

As a matter of principle, all the loans should conform to the Bank's normal lending requirements.

#### **12.7.8 Obligations to Government of Botswana**

- a) Undertakes to make payment annually in April or within 30 (thirty) days of receipt of an invoice from the Bank indicating an amount paid above prime rate from time to time subject to clause 2.2 above.
- b) The deadline/latest payment date is the 30th September of every year. Penalty interest is charged at 5% (five percent) per annum on late payment.

#### **12.7.9 Approval & Disbursement**

The Bank shall decide whether to approve or reject the loan application and what security and other loan conditions shall apply to the granting of the loan, as usual and subject the approved loans to the reduction in interest rates.

#### **12.7.10 Credit Management**

The Bank shall be responsible for the credit management of the Facility.

### **12.8 CROP INSURANCE**

Farmers and citizen registered companies taking seasonal loans through Temo Letlotlo will be required to purchase the weather based Agricultural Credit Guarantee Scheme (ACGS –referred to as the Scheme). The purpose of the weather based ACGS is to assist rain-fed farmers to repay part of their loans with National Development Bank (NDB) or any other financial institution approved by Government, in case of crop loss due to drought (total rainfall below a threshold value, consecutive dry days or spells), high temperatures, floods (excess rainfall), frost (low temperatures), hailstorm and crop destruction due to animals and wildlife. Specific items and activities covered by the scheme.

The Scheme shall cover three main items or operations:

- i) Seasonal inputs – fertilizers, seeds, crop production fuel, insecticides, pesticides, and other agro-chemicals used to protect crops, workers' wages and salaries, packaging materials, crop transport costs and other similar working capital requirements to produce the crops.
- ii) Farm or field development – destumping, de-bushing or land clearing, labour for arable rainfed crop operations, contract ploughing and planting, fencing of farms or fields, draining expenses, land ripping and related operations.
- iii) Farm machinery and equipment – tractors, planters, cultivators, harrows, ploughs, crop spraying equipment, and borehole equipment.

## 12.9 CAPACITATION OF EXTENSION SERVICE

The Ministry currently has 268 Extension officers across the country with each Extension Officer overseeing an average of 438 Farmers. This extension farmer ratio is too high and cannot facilitate adequate contact between the farmer and the Extension Officer. The role of Agricultural Extension Officer is to:

- Assist farmers to identify and overcome problems.
- Assist farmers to make better use of resources and technology.
- Assist farmers to introduce new technologies.
- Provide information on new technologies.
- Help farmers put new information to use.

According to the programme, the Extension Officers will undertake at least four (4) visits within 30- 45 days of the planting season as follows.

- i) 1st Visit- During Land Preparation.
- ii) 2nd Visit- After planting/transplanting process.
- iii) 3rd Visit- During fertilizer application period.
- iv) 4th Visit- 20 days before harvesting.

### 12.9.1 REDUCING WORKLOAD OF EXTENSION OFFICERS

The Extension farmer ration will be reduced to 120 farmers, this means 601 Extension Officers will be recruited to complement the existing 268 for facilitating 105,000 farmers.

The ratio of 1 is to 120 is not adequate to facilitate the envisaged level of contact between the farmer and the extension officer, especially when considering the terrain and distance between farms. The individual farmer extension method will be complimented by mass and group extension methods to further increase contact. Mass Extension includes village meetings and Extension campaigns while Group Extension includes Group meetings, Demonstrations, Fields days, Farm Walks and Farm Field Schools.

The existing ministry Call Centre (17755) will be revamped to facilitate its reach to the farming community and be used as the first level support to farmers.



## **12.9.2 ENGAGEMENT OF PRIVATE EXTENSION SERVICE**

Promotion of private sector will allow for gradual disengagement of public services from direct extension service delivery. As part of creating opportunity to the private sector, the Ministry will no longer do soil testing and analysis for farmers. Plans are underway to appoint Botswana owned companies to undertake extension service and complement the public extension.

## **12.9.3 COMMUNITY BASED AGRICULTURAL EXTENSION**

The farmers are organised under an apex autonomous and voluntary organisation which acts collectively in the interests of the economic welfare of the grain producers in Botswana. It is a mouthpiece of grain producers such that they can address commodity issues with Government and other role-players in the industry.

### **a) Registration of the Association**

The association should be registered as a Society and fully compliant with requirements of the Registrar of Societies or Board of Trustees.

### **b) Role of the Ministry in the Extension Model**

The ministry will build capacity of the Grain Producer Associations to undertake the new function (Establishment of Agronomic Board) and thereafter the associations should be able to sustain themselves.

### **c) Role of Agronomic Board in Temo Letlotlo**

The associations will be responsible for validating information submitted by their members including tillage and other production information. The association will also be required to provide collateral for their membership and manage loans acquired from the bank. The ministry will build capacity of these associations to undertake the new functions and thereafter the associations should be able to sustain themselves through annual member contribution. Other revenue generating activities like exhibitions and agricultural shows will be hived off to the associations such that they can increase their revenue streams.

### **1.9.4 EXTENSION TRANSPORT INITIATIVE**

To facilitate access to farmers by Extension Officers, members of the community will be engaged to transport Extension Officer at a minimum daily flat rate of P300.00 and a Maximum of P700.00. The rate is district specific. This transport initiative is expected to increase revenue streams for the rural population and improving technical backstopping by Extension Officers.

The following principle will apply.

- Transporters are hired on rotational basis unless there is only one transporter in an Extension Area.
- Transporter should be a resident of the extension area and should not be a Public Servant.

## **13.0 LEARNING AND KNOWLEDGE MANAGEMENT**

The programme will attract different stakeholders from different levels, to exchange lessons learnt and mutual learning. It will generate periodic knowledge management products for stakeholder engagement, publicity, advocacy and performance management.

### **13.1 Farm Audits**

The Crop Management System will randomly select 10% of the district farming population for audit. The audit will be done at Extension area level, Sub District level and at District Level. The findings of the Audit will be captured in the journal linked to the profile of the farm audited.

# PARTNERS

---

## **MINISTRY OF FINANCE**

- Administration of seasonal loans
- Management of ACGS

## **MINISTRY OF ENTREPRENEURSHIP**

- Development of value chains
- Establishment of Clusters
- Management of Supervised Credit

## **MINISTRY OF TRANSPORT AND PUBLIC WORKS**

- Establishment of engineered gravel roads

## **MINISTRY OF LANDS AND WATER AFFAIRS**

- Cadastral surveying of arable land.
- Updating of land information system
- Validation of land ownership

## **MINISTRY OF ENVIRONMENT AND TOURISM**

- Expansion of meteorological stations network
- Construction of electric fence for groups and clusters in elephant prone areas

## **NATIONAL DEVELOPMENT BANK**

- Issuance of loans including Supervised Credit
- Disbursement of annual grant to Micro Scale Farmers
- Redemption of Mmoko reward Vouchers
- Administration of fencing and tractor subsidy

## **BOTSWANA INTERNATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

- Development of Temo Crop Management System

## **MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

- Provision of database for destitutes persons eligible for benefiting under the micro scale level 1 farmer category
- Facilitation of borrowing of agricultural land to destitutes through village leadership
- Provision of Extension support to micro scale level 1 beneficiaries

## **MINISTRY OF LABOUR AND HOME AFFAIRS**

- Clearance of Omang backlog
- Provision of national identification and immigration data for validation of citizen and non citizen data

## **MINISTRY OF TRADE AND INDUSTRY**

- Development of standards for priority crops and associated value chain activities
- Establishment of food and feed manufacturing companies

## **MINISTRY OF AGRICULTURE**

- Agriculture Extension Service
- Administration of Crop Management System
- Administration of Micro Scale grants

## **BAMB**

- Distribution of fertilisers to microscale farmers
- Collection of Tlatsa difalana-Tema ke kgetsi contributions
- Aggregator

