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**A Guide to Starting a Tourism Enterprise
in Botswana**

Pete Hancock and Frank Potts

Published by: IUCN/SNV CBNRM Support Programme
Funded by: Hivos / SNV Netherlands Development Organisation Botswana
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Citation: Pete Hancock and Frank Potts. 2002. A Guide to Starting a Tourism Enterprise in Botswana.

Series editor: Nico Rozemeijer

Translation in Setswana: Patricia Mahloane

ISBN: 99912-986-1-4

Cover Design: Herre Methorst
Layout by: Bay Publishing (Pty) Ltd, Gaborone
Printed by: Printing and Publishing Company Botswana, Gaborone, 2002

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SNV Netherlands Development Organisation strengthens local government and non-governmental development organisations, with a view of making a sustainable contribution to the structural alleviation of poverty in rural areas in developing countries. It deploys skilled professionals for this purpose. Over 700 Dutch and local experts are currently involved in the transfer and exchange of knowledge, skills and technology. SNV's 26 field offices are active in 28 countries throughout Africa, Latin America, Asia and Europe. SNV Botswana has been operating since 1978, building up experience in land-use planning, rural development and community mobilisation. The organisation works in conjunction with local organisations and Government to reach its target populations of poor rural women and marginalised minority groups in western Botswana, which are mainly the Basarwa (San or Bushmen). For more information, visit the Internet on <http://www.snvworld.org>

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The Community Based Natural Resource Management Support Programme is a joint initiative by SNV Botswana and IUCN Botswana. It is built on SNV's experience in CBNRM pilot projects at the grassroots level and on IUCN's expertise in information sharing, documentation of project approaches, and establishing dialogue between Non-Governmental Organisations, Government and private sector on a national, regional and international level. The three main objectives of the programme are: 1) to establish a focal point for CBNRM in Botswana through support to the Botswana Community Based Organisation Network (BOCOBONET). 2) To make an inventory of and further develop CBNRM project approaches and best practices, and disseminate knowledge regarding implementation of CBNRM activities through the provision of information and technical advice to CBNRM actors. 3) To improve dialogue and co-ordination between CBOs, NGOs, private sector and Government. For more information, visit the Internet on <http://www.cbnrm.bw>

Table of Contents

Foreword
Acknowledgements
Abbreviations
Khutswafatsho – Kaelo ya go Simolola Madirelo a Kgwebo ya Bojanala

Introduction
 The Purpose of this Guide
 How to use this Guide

Part 1 – Background

 Why to Start a Tourism Business?
 Potential Opportunities in the Tourism Industry in Botswana
 Have you Got what it Takes to Start a Tourism-related Project/ Business?

Part 2 - Community Groups

Steps to follow:

1. Set up and register your organisation
2. Open a bank account
3. Identify a suitable business venture
4. Draw up a business plan
5. Acquire the land/premises
6. Obtain the necessary licences and permits
7. Ensure that adequate start-up funds are available
8. Recruit suitable personnel

Part 3 - Individual entrepreneurs

Steps to follow:

1. Set up and register your organisation
2. Open a bank account
3. Identify a suitable business venture
4. Draw up a business plan
5. Acquire the land/premises
6. Obtain the necessary licences and permits
7. Ensure that adequate start-up funds are available
8. Recruit suitable personnel

Part 4 – Now the real work starts

Bibliography

Annexes:

1. Wildlife, Tourism and Co-operatives Offices throughout the country
2. Samples of forms for opening a bank account
3. List of communities in Botswana that are involved in tourism
4. Details of a marketing plan and strategy
5. Details of a financial plan and strategy
6. Details of a human resources development programme
7. Organisations to approach for financial assistance
8. Useful contacts

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The information contained in this Guide has been verified by consulting with the relevant authorities e.g. Department of Tourism, CEDA, Land Boards etc. and is, to the best of the authors' knowledge, correct at the time of going to press. However, neither the authors nor the publisher and associated organisations such as SNV or IUCN can be held responsible for any loss that users of the Guide may suffer as a result of any inaccuracy or omission.

Foreword

Acknowledgements

Eco-tourism Support Services would like to acknowledge the assistance of the members of our Reference Group who contributed to the concept and contents of this publication - they were our partners in the process, and helped to ensure that the publication meets the needs of the target groups.

Reference Group:
Mogodu Mogodu
Brigade Motsamai
Charles Motshubi
Lesedi Ntshakisang
John Passmore
Sue Sainsbury

In addition, valuable assistance and comments were received from Dingaan Gumede, Kevin Leo-Smith, Moreri Mabote (HATAB), Titus Rooi (Community Extension & Outreach Division, DWNP), Nico Rozemeijer (SNV CBNRM Support Programme), Sharon Safran (Conservation International), and Mrs T. Sekwati (Department of Co-operatives).

We are grateful to Sheila Earle for doing the illustrations that appear in the Guide.

Abbreviations

BDC	Botswana Development Corporation
CBNRM	Community Based Natural Resources Management
CBO	Community Based Organisation
CCF	Community Conservation Fund
CEDA	Citizen Entrepreneurial Development Agency
CHA	Controlled Hunting Area
CI	Conservation International
CE&O	Community Extension & Outreach Division (of DWNP)
DoT	Department of Tourism
DWNP	Department of Wildlife and National Parks
FAP	Financial Assistance Policy
HATAB	Hotel and Tourism Association of Botswana
JVA	Joint Venture Agreement
JVP	Joint Venture Partner
MTI	Ministry of Trade and Industry
NACCEE	National Conference on Citizen Economic Empowerment
NGO	Non-Governmental Organisation
OPT	Okavango Polers Trust
S & CD	Social and Community Development
SLAAC	State Land Allocation Advisory Committee
TAC	Technical Advisory Committee
TLB	Tourism Licensing Board
VAT	Value Added Tax
WMA	Wildlife Management Areas

Khutswafatso

Kaelo ya go Simolola Madirelo a Kgwebo ya Bojanala

Maikaelelo a mokwalo o

Kgwebo ya madirelo a bojanala mono Botswana e setse e godile fela thata mo lebakeng la dingwaga tse di lesome go ya kwa go tse di lesome le botlhano tse di fetileng. Ka ngwaga wa 1990, fa molao wa tsamaiso ya bojanala o ne o rebolwa ke goromente, lephata la bojanala le ne le ise le nne teng, mme gape madirelo a, a ne a tsamaisiwa gantsi fela ke batswakwa ba letso la batho basweu (makgoa) ba ba neng ba dira dikgwebo tsa diSafari mo kgaolong ya bokone ja lefatshe leno. Mo nakong eno, bojanala ke nngwe ya madirelo a matona fela thata a a tlisetsang lefatshe leno madi go tswa ka kwa ntle, mme ka jalo go dira tiro ya go nna moitseanape wa bojanala ke nngwe ya ditsela tse di kgatlhisang fela thata, segolo jang mo bathung ba ba nngang mo dikgaolong tsa metse ya magae. Botswana ba le bantsi ba a eletsa le bone go tsena mo madirelong a mofuta o, e seng fela e le babereki mo dikgwebong tse di setseng di le teng, mme e le bone ba ba eteletseng pele dikgwebo tsa madirelo a bone tse di nang le maduo a a nang le tswelopele e ntsi.

Le fa go ntse jalo, go tsamaisa kgwebo ka bo gone, ga se tiro e e motlhofo – batho ba le bantsi gantsi ga ba itse fela gore ba ka simolola fa kae. Go ipaakanya mo go tseneletseng pele ga go ka simololwa kgwebo le fa e ka bo e le ya mofuta ofe fela, go botlhokwa fela thata, ebile gape go a tlhokafala gore go nne le mokwalo o o kaelang mogwebi ka dikgato dingwe le dingwe tse di tshwanelwang ke go tsewa gore a tle a kgone go nna le thutuntsho mo go yone tiro ya mofuta o. Mokwalo o fa go le jalo maikaelelo a one ke go thiba patlha ya yone ntlha e ya letlhoko le, mo go tlhokafalang fela thata – o tlhalosa ka dikgato tse di tshwanelwang ke go tsewa fa go dirwa mananeo ga mmogo le go tlhoma madirelo a kgwebo ya bojanala. O dirilwe jalo o kwalelwa makgotlana a a direlang kwa metseng ya magae, le gape gore o kgone go thusa le bone bagwebi ba ba ikemetseng ka bo bone, mme gape ba na le keletso ya go nna le seabe mo kgwebong ya mofuta o, e e golang ka bofefo jo bo hakgamatsang e le ya tlhabololo ya itsholelo. O supa ka botlalo ditselana tse di tshwanelwang ke go salwa morago mme di itebagantse le mananeo, ditesi, dithuso tsa madi, jalo, jalo, go tloga foo o bo gape o kwalwa sentle ka go latelelana go simolola kwa ntlheng ya fa kgwebo e santse e tlhomiwa go fitlhelela mo seemong se mo go sone kgwebo e tlaabong e siametse go simololwa mme jaanong e bo e ka kgona go bereka sentle.

Tsela ya go dirisa mokwalo o

KAROLO YA NTLHA (1) e direletswe baagi ba metse ya magae kgotsa batho fela ba ba ikemetseng ka bo bone mme ba na le kgatlhego ya go simolodisa kgwebo ya bojanala, mme gape ba ise ba tseye tshwetso mabapi le tsela e kgwebo ya bone e tlaabong e dirwa ka yone, kgotsa ba ba setseng ba simolotse mananeo a go tlhoma madirelo a mofuta o. E kgaogantswe ka dikarolo di le tlharo, mme karolo ya ntlha yone ke e e tlhalosang gore ke eng fa nako jaanong e le e e siameng go ka simolola go tlhoma madirelo a mofuta o. Goromente o na le melawana e le mentsinyana e e setseng e tlhomilwe e le ya dithuso mme ebile gape e rotloetsa tlhabololo ya bojanala. Karolo Ya Bobedi e tlhalosa ka botlalo maemo ka bophara a a teng gape a le mantsinyana mo madirelong a bojanala. Mme tsone ditiro tsa maemo a di simolola ka tsamaiso ya kgwebo ya diSafari ka go kapa ditshwantsho, matlo a baeng a boroko, ditiro tsa bokaedi, go palama dipitse, go rekisa dikgong ga mmogo le go dira tiro ya go olela matlakala mo dikampeng tsa diSafari. Karolo Ya Boraro yone e tlhalosa ka maemo a yo e leng ene rakgwebo – mofuta wa motho yo o ititeileng sehuba go ka tswelela mo go direng kgwebo ya bojanala.

KAROLO YA BOBEDI (2) e dirilwe go akantswe ditlhopho tsa baagi ba metse ya kwa magaeng ba ba nang le maikaelelo a go simolodisa kgwebo ya bojanala e e dirwang ke morafe. E tlhalosa ka ditselana tse di tshwanetseng tsa salwa morago ke tsone ditlhopho tse go kgona go tlhoma le go tsamaisa kgwebo ya bone. Tselana nngwe le nngwe mo karolong ya bobedi e kwadilwe ka bokhutshwane mme e bo e tlhalosiwa gape ka puo ya Setswana. Fa o batla go itse go le go ntsi go feta fa, o tlaa tshwanelwa ke go batla mongwe yo o ka go thusang ka go bala mokwalo o o kwadilweng ka puo ya seeng (sekgoa).

KAROLO YA BORARO (3) e diretswe maloko a ba ema nosi ba ba teng mo morafeng mme ebile gape ba batla go simolola kgwebo ya bojanala ya maemo a mabotana e e dirwang e le mo seemong sa morafe. E tshwana fela le karolo ya bobedi, mme legale yone e kwaletse batho ba ba

batlang go tsena mo kgwebong ya bone e le ba ema nosi, e seng e le ditlhopha tsa morafe. Gape, kgato e nngwe le e nngwe ya ka fa tiro e e ka dirwang ka teng e kwadilwe ka bokhutshwane ya ba ya tlhalosiwa gape ka Setswana. Fa o batla go itse thata go feta fa, o tlaa tshwanelwa ke go batla mongwe yo o ka go thusang ka go bala mokwalo o o kwadilweng ka puo ya seeng (sekgoa).

KAROLO YA BONE (4) e gape e leng yone mantswe a bofelo a thotloetso mo morafeng ga mmogo le mo bathong fela ba ba ikemetseng ka bo bone, mme ba setse ba kile ba leka go dira maiteko a go tlhoma dikgwebo tsa bone, go gatela pele ka dikgato tse ditonatona tsa bofelo – e le tsa gone go dirafatsa mananeo a bone ga mmogo le gone go bona gore kgwebo e simolola jaanong go tsamaya!

Introduction

The purpose of this Guide

There has been a tremendous growth in the tourism industry in Botswana over the past ten to fifteen years. In 1990, when the Tourism Policy was passed by Government, there wasn't even a Department of Tourism, and the industry was dominated by expatriate-run safari businesses in the northern part of the country. Today, tourism is the second largest foreign exchange earner for the country, and a career in tourism is an attractive option, particularly for people living in rural areas. Many Botswana would like to participate in the industry, not just as employees in existing businesses, but as managers of their own viable ventures.

However, running a business can be a daunting undertaking - many people simply do not know where to start. The tourism industry, like any other private sector activity, is highly competitive, and businesses that are not well thought out receive impartial and ruthless treatment! Thorough preparation is essential when starting a business of any kind, and it is useful to have a step-by-step manual to guide one through the process.

This booklet aims to fill that need - it outlines the steps to be taken in planning and establishing a tourism business. It is written for Community Based Organisations *and* for individual entrepreneurs already involved or wishing to become involved in this fast-growing sector of the economy. It outlines the conditions that need to be met in terms of plans, licences, funding *etc.* and then follows a logical sequence from start-up through to the stage when the business is ready to be implemented.

The procedure for establishing a successful tourism business, as outlined in this booklet, may seem long and challenging, and in some ways it is. However, large difficult tasks are always less formidable when broken down into easily manageable parts, and this is the approach taken here. There is nothing difficult about the individual steps to be followed. However, perseverance, determination and hard work will be needed to see the process through right to the end. You have already taken the first step by reading this guide - don't look back!

How to use this Guide

PART 1 is intended primarily for those communities or individuals who have an interest in starting a tourism enterprise, but have not yet made up their minds about the exact form it will take. It consists of three chapters, the first of which outlines why the time is right for starting such a business, while the second highlights the wide range of opportunities that exist in the tourism industry. The third chapter describes the characteristics of an entrepreneur - the type of person who has got what it takes to succeed in a tourism business. PART 1 need not be read by communities or individuals who already have a clear idea of the type of tourism business they want to start, or who have already started setting up such an enterprise.

PART 2 is intended for community groups investing in community-based tourism. It outlines the steps to be taken by these groups to get their business up-and-running. This section will be especially useful to those communities who are just starting to mobilise their members to set up tourism enterprises.

PART 3 is for individual community members who want to start small-scale tourism businesses at community level. It is similar to Part 2, but written for enterprising individuals rather than community groups.

PART 4 is a final word of encouragement for communities and individuals who have worked through the process of getting their business set up, to take the last giant step forward - that of actually implementing the plans and getting the business going!

Part 1 - Background

Why to Start a Tourism Business?

The time is right for Botswana to become more involved in starting and running their own tourism businesses. Government has created an “enabling environment” by passing the necessary policies, providing funding opportunities and generally supporting the involvement of Botswana in tourism development. In other words, Government has put in place the conditions needed to assist Botswana to play a much more active role in tourism throughout the country.

Here are some of the things Government has done to make sure that conditions are right for Botswana to start tourism businesses:

- The Tourism Policy was passed in 1990 to make sure that tourism development in Botswana is in the best interests of the country and all its people. The aim of the Tourism Policy is to obtain, on a sustainable basis, the greatest possible net social and economic benefits for Botswana from their tourism resources. This statement, although general, clearly spells out Government’s intention of ensuring that Botswana benefit from tourism in the country. The Policy then continues by outlining some concrete ways in which Botswana are to benefit *e.g.* it states that through a licensing system, it will ensure that tour operators “provide Botswana with genuine opportunities for investment and employment ...”. It is also very specific about setting general terms and conditions for Controlled Hunting Areas (CHAs) in order to achieve maximum benefit for Botswana. And finally, the Tourism Policy also includes a section on localisation, “to bring about, as quickly as possible, an orderly increase in the participation of Botswana in the tourism industry as employees, investors and operators”.
- The Wildlife Conservation and National Parks Act (1992) gazettes eight Wildlife Management Areas (WMAs) throughout the country. The draft Wildlife Management Area Regulations then go on to specify that some of the CHAs in the WMAs are for community use - whether for photographic or multipurpose tourism activities. These CHAs are a very valuable resource that forms the basis for community tourism businesses.
- A draft CBNRM Policy has been produced, and one of its aims is to “enhance economic and social development in rural areas by providing qualified communities opportunities to earn benefits from natural resource conservation”. What this means in practical terms is that communities that have formed themselves into Trusts will have access to options such as the leasing, tendering and subleasing of community CHAs. In the community multipurpose areas, the Department of Wildlife and National Parks allocates an annual quota of animals to the community for hunting purposes. This quota forms the basis for lucrative tourism businesses based on hunting.
- The recently passed National Eco-tourism Strategy (2002), is a further indication that Government would like to see more community members involved in tourism businesses. One of the aims of Eco-tourism is “to maximise the involvement in, and economic benefits to, host communities”. This means that the Eco-tourism Strategy specifically aims to benefit rural communities. There is even a division within the Department of Tourism, looking at the implementation of this Strategy, and ensuring that citizens benefit more from the tourism resources in the country.
- Government has recently established the Citizen Entrepreneurial Development Agency (CEDA) to assist Botswana financially to become involved in running businesses, including tourism businesses. The old FAP was not really geared for assisting tourism enterprises, and this is one of the reasons that CEDA has replaced FAP. This is another way in which Government has shown its commitment to promoting the involvement of local people in the tourism industry. There are also other funding sources available *e.g.* Botswana Development Corporation assistance.
- The Department of Tourism has been conducting Tourism Awareness Seminars for Rural Communities throughout the country to inform communities and individuals of the

opportunities that exist in this field. A Tourism Board will soon be in place, and will focus on marketing tourism - an area where new tourism businesses struggle. The Department is continually looking for new ways to promote the involvement of Batswana in tourism.

From the above, it should be clear that the Government is seriously promoting the involvement of Batswana in tourism. After all, tourism is the second largest contributor to Botswana's economy (P64 million or 11% of GDP in 1999), and it can only be sustainable if Batswana play a major role in its development, so it makes sense that Government should be promoting the industry.

Potential Opportunities in the Tourism Industry in Botswana

Introduction

Botswana has huge potential for tourism growth and success, and there are numerous opportunities for getting involved. The domestic tourism market has hardly been tapped, and will provide secure investment opportunities for those prepared to venture into this field. In addition, the country possesses several essential ingredients necessary for developing a vibrant international tourism industry: prolific wildlife in pristine natural habitats, diverse cultures, political stability, a multi-party democracy and a strong economy. As a relatively untapped destination, offering a unique wilderness experience, Botswana is in a perfect position to capitalise on the negative impacts of over-crowding and commercialisation of the tourism attractions witnessed in other African countries. Through effective policies and legislation, Botswana has also been able to avoid the pitfalls of some resource management practices that have proven to be unsustainable.

Small business

For local communities, tourism can be a difficult industry to break into. With larger projects requiring capital investment on a scale seldom available locally, the barriers to getting involved can seem insuperable (DFID, 2001). The article in which this statement is contained, goes on to say that small business offers a solution. Lower levels of capital are needed and risks can be more easily managed. The climate is right for the growth of small tourism businesses in Botswana, as more resources and expertise becomes available - though small businesses, can of course, grow into bigger enterprises!

Profiles of successful participants in the tourism industry

As you will see later, many opportunities exist for Botswana to get involved in the tourism industry. In actual fact, several Community Based Organisations (CBOs) and individuals have “taken the bull by the horns” and have started their own tourism-related business. To show that it is possible to succeed in the industry, we have chosen one profile of a Community Based Organisation, which is doing well and one personality profile of an individual Botswana who is also succeeding in the tourism business (extracted from the Tourism Awareness Seminars, DoT). In addition, see Annex 3 for a list of communities in Botswana that are involved in tourism, including project details and contact addresses.

Start box

The Okavango Polers Trust (OPT)

OPT is a shining example of a working community-based tourism enterprise in Botswana. This organisation was formed in 1998 with a membership of 75 mokoro polers from a few small, remote villages, mainly Seronga and Gunitsoga located at the northern end of the Okavango Delta. Its main activities are self-catering mokoro trails, with camping on the Delta’s many islets. The trails include game viewing, walks on the islands, bird watching and fishing. These activities are all conducted in CHA NG 12.

Through the African Development Fund (ADF) and Financial Assistance Policy (FAP) grants, OPT has also developed a fully serviced tourist facility. Their fantastic camp built from “scratch” includes: camping site with excellent ablutions, gas water heating, laundry facilities, extensive lounge area with restaurant and bar, curio shop, Trust office, Polers’ lounge, staff accommodation, storerooms and furnished rondavels and two-storey chalets. Tents, sleeping bags and mattresses may be hired from the camp as well. The camp is situated at Mbiroba on the Okavango River floodplain outside Seronga. Solar power provides lighting for the entire complex and power to run computers, printers, etc. Telephone lines have also been recently installed enabling the Trust office to operate its business using modern technology like e-mail and the Internet.

OPT used part of the grant money to hire consultants to train their polers and staff in all spheres of the business they run in order to manage their own operations properly. They also engaged a qualified expatriate manager to assist in running their affairs and to train staff.

OPT has marketing arrangements with a few different safari operators in Ngamiland and even as far afield as Namibia. Most of their clientele is from the lower end of the tourism market, i.e. large back-packer groups, mobile safaris or self-drive adventure tourists. OPT was one of the first CBOs to ever exhibit at the Durban Indaba, in South Africa (an international tourism and travel fair) to market their product - a wise move that is already bearing fruit. The Trust sent one community member to the Durban Indaba and covered all his expenses, including the cost of the design and production of professional brochures that were widely distributed at the fair. OPT also has its own Internet web site (<http://www.mokoro.org>), and information about it can be potentially accessed by millions of people around the world.

Proceeds earned through the activities of OPT are not shared with the community at large, but accrue to the members directly in the form of daily rates (wages) for the safaris they undertake. Other profits are ploughed back into OPT for its own development. Apart from the 75 members, an additional 30 local people are employed through the Trust ranging from Manager to Gardener.

In the first year of its operations, i.e. 1998/1999, its annual turnover (income earned) was a few Pula short of P640,000.00 from approximately 4,000 tourists on mokoro trips. Approximately P400,000.00 was spent on polers' wages. The estimated turnover for 2002 was over P1,000,000.00.

Brownie Ditshwane - Nsundano Travel Tours and Safaris

A long and dynamic career in the tourism and hospitality business with various hotels around the country eventually led Brownie Rabosigo Ditshwane to become the Director of his own travel and tour company in Kasane.

Born on the 1st of February 1962 in Kachikau village (Chobe District), Ditshwane had the sense from an early age to do things for himself without the influence of anyone, not even from his parents, who are now both deceased. He comes from a poor family background and grew up having quite a hard life.

Ditshwane was educated from grade one to four at Kachikau Primary School and then went on to complete his grade seven at Kavimba Primary School. His family could not afford to pay for him to further his education, so he went out into the world early in life and found a job to pay for the continuation of his studies through enrolment with the Department of Non-formal Education to study for a junior certificate. With a full junior certificate to his credit, he joined the Marakanelo Group of Hotels as a dishwasher.

Ditshwane worked his way up through the system from dishwasher to Assistant Food and Beverage Manager. He worked at various hotels including: Bosele Hotel in Selebi Phikwe, Riley's Hotel in Maun and Thapama Hotel in Francistown before eventually leaving the Marakanelo Group in October, 1994. He reached the pinnacle of his career in the hospitality industry to become the General Manager (GM) of the Sedia Hotel in Maun, where he worked for a year and a half.

With the vision and the drive to set up his own business Ditshwane returned home to Kasane. After his brief stint in Maun as GM, he decided to venture into the industry himself, because he knew he had the potential and the experience to do it. He is now the proud owner of Nsundano Travel Tours and Safaris, which became fully operational on the 18th of November 1997. His company specialises in quality safaris, tours and transfers in and around Kasane/Chobe and from local hotels to Victoria Falls in Zimbabwe and vice versa. The company also does full or half day trips to Zambia. All the tours are vehicle-based.

Ditshwane says it is not easy to start a tourism-related business, but to succeed you essentially need three qualities: experience, willingness to take risks and vision. To get his business started, Ditshwane initially took out a bank loan and then he later applied for and was awarded a FAP grant by the Government. Ditshwane uses the internet and e-mail to market his product, but he also distributes his brochures in the conventional way (as widely as he can). Judging by what we have heard so far, his marketing strategy seems to be paying off!

Ditshwane stated that he would love to see more and more Batswana venturing into the tourism industry, especially if they have the potential and previous experience in the business. He is certainly not stopping where he is, his ambition for the future is to build his own hotel. “To all my fellow countrymen and women in Botswana, please let us join hands and explore the tourism potential”, are a few words of encouragement offered by Brownie Rabosigo Ditshwane.

End box

We do hope that the above two profiles will motivate you to start your own tourism venture. Do you possess the essential ingredients to start a successful tourism business enterprise?

Potential tourism-related business opportunities

When looking for a business opportunity, it is important to know the difference between businesses based on products versus those based on services, and then choose the appropriate type that suits your interest. Businesses can sell physical products such as curios, cold drinks *etc.*, where the tourist actually takes an item away or consumes it. Or businesses can provide a service like transport, bookings, or guiding which tourists are willing to pay for although they do not receive something concrete and touchable in return. As can be seen below there is long list of exciting, new and unique services and products to select from for the type of tourism-related business you may wish to get involved in:

Travel and tour operations

The operator organises and conducts tours locally or even regionally and these are usually vehicle-based (see for example the profile on Brownie Ditshwane above). Some companies specialise in day trips, for example from Kasane to Victoria Falls and return, or from Maun to Moremi Game Reserve and return. Travel and tour operators work closely with others; for instance, they may sub-contract their services to a large hotel or to another tour/safari operator. In this case, the operator’s company may be hired by the hotel or safari operator to provide transport services, but not necessarily on a full-time basis. This is different to the individual being employed by the safari operator.

Photographic safaris

Most photographic safari companies like Okavango Wilderness Safaris started as “one-man shows”, and grew to the huge successful organisations we see today. Although the photographic safari tourism industry in Ngamiland is quite saturated, there are still areas in Botswana with tremendous potential; for example Tuli Block, Central Kalahari Game Reserve, Kgalagadi Trans-frontier Park and even smaller protected areas like Khutse Game Reserve and Khama Rhino Sanctuary. There are two main types of photographic safaris that can be established, *i.e.* lodge/camp-based safaris and mobile safaris.

Hunting safaris

Free-lance professional hunters earn good money and only work for approximately six months of the year. There is a dire need for qualified citizen professional hunters in this country. Batswana already have some of the prerequisite skills learned from the cattle post, like tracking and shooting. They will, however, have to effectively serve a five-year apprenticeship before fully qualifying. The hunting industry is quite robust and unlike the photographic industry is not necessarily swayed by events like “September 11th” bombing in the USA, for instance. Overseas hunting clients will even visit countries where there are wars or civil strife. Communities or individuals could participate, and/or buy shares in hunting safaris initially with a view to setting up their own business in the future.

Hotels

The establishment of a hotel, even a small one, requires huge capital input. They are capital and labour intensive enterprises and have huge overheads. Thorough market research and planning need to be done before building a hotel.

Motels

Motels are usually strategically located on busy highways to accommodate passing travellers and to provide facilities like convenient parking, telephone/fax/e-mail, food, and comfortable and

affordable rooms. Overheads are also quite high to maintain this type of business.

Ranch, farm, cattle post lodgings

Many ranchers/farmers in South Africa successfully run this type of a business. Lodgings (with catering done by the host/hostess) are usually provided along with other activities like horse riding and organised tours to nearby sites of interest. Some farms offer self-catering bungalows or guest units. Ample opportunities do exist for this type of venture in Botswana. The target market usually is self-drive tourists including domestic tourists and business travellers.

Backpackers' hostels

Backpackers' hostels consist of dormitory type accommodation for separate sexes and communal ablutions. A good model is the YWCA hostels that are set up all around the world. A swimming pool, dartboard, pool table, telephone/fax/e-mail, security lock-up and tuck shop are all essential facilities at these hostels. A good atmosphere has to be created at these places *i.e.* if you get the formula right then you will get on to the back-packer circuit. This is a reasonably good business to invest in if there is a large influx of tourists coming to the place where you would like to start it.

Guest house/Bed & Breakfast (B&B)

The provision of this type of accommodation is becoming quite a popular choice amongst small business owners, who want to get a portion of the tourism market. The target market is usually the self-drive tourist including domestic tourists and business travellers.

Travel/tour agencies/sub-agencies

These are usually situated in larger cities where there is an influx of tourist arrivals (like Gaborone) or at tourist centres like Maun and Kasane. Travel/tour agencies/sub-agencies could either do bookings for local, regional or international tourist destinations. They network with other agents and sometimes do the marketing and bookings for safari companies. These agencies generally serve as good bases for tourist information centres.

Guiding services

Guiding services could be provided in conjunction with travel and tour operations or they could be done on their own. The provider could maintain/retain a pool of professional guides/camp managers, interpreters, mokoro guides, etc. In the peak tourist season, when there is a demand for such people, they would be commissioned. They could temporarily replace managers/guides who go on extended time off. The provision of couriers (as a service to hotels especially) in villages/towns/cities would be new idea. A courier is a professionally trained person who leads tours to places of interest in and around villages/towns/cities - these could include visits to sites of historical, archaeological, mining, cultural, scientific, natural history and general interest.

Walking trails

Could take place in natural areas surrounding or in the vicinity of villages/settlements. Guided tours/walks can be done in small reserves like Maun Wildlife Educational Park, for example.

Bird watching tours

Could take place at similar locations as outlined above for walking trails or more extensively around the larger protected areas of the country. If set up properly, this activity lends itself well to large specialist groups like bird clubs or associations.

Transport/transfer services for tourists

Transport could either be provided to take tourists from point A to point B or hired out for a fee. There are many forms of transportation to choose from in Botswana; *i.e.* aircraft (including micro-lights), boats, mekoro, conventional canoes, horses, donkeys, animal-drawn carriages, camels, 4x4 trucks, 4x4 vehicles, mini buses, mopeds/motorcycles, 4-wheelers and bicycles). At Victoria Falls the hiring out of bicycles is quite a good business - there is no reason why this cannot be the same for places like Maun or Kasane.

Horse riding

As already mentioned this activity can take place on farms or ranches. However, it is also possible to have stables in or around towns to cater for those markets.

Hot air ballooning

Hot air ballooning is a capital intensive and technical business that appears to be doing reasonably well in other countries like South Africa and Zimbabwe, but has never been tried in Botswana. The wide-open spaces/wilderness in Botswana would make it quite a suitable activity.

Parachuting

Parachuting will probably be restricted to a very small market. This activity needs specialised equipment, technical expertise and a major capital input.

Desert 4x4 trails and 4-wheelers

This type of activity appeals to the South African self-drive market, and seems to be increasingly gaining popularity. Botswana is an ideal venue for 4x4 desert trails and this is already taking place in and around the Kgalagadi Trans-frontier Park.

Desert/bush survival courses

Desert/bush survival courses appeal to large business corporations who want their top executives to learn leadership qualities, etc. The recent exercise where Botswana hosted armies from several countries, which participated in desert/bush survival courses for elite paratroopers, may very well put Botswana on the map as a future top destination for this activity. Survival courses could even be conducted for schools, colleges or other educational institutions. Local community members can participate by using their tracking skills and area knowledge.

Tourist campsites, picnic sites

Tourist campsites are typically cleared and fenced-off areas that have shady trees, demarcated camping and caravan sites, communal ablutions with hot and cold water, water stand-pipes, braai places and litter receptacles. This is probably one of the easier forms of tourism business that can be established by communities especially, but also individuals. There are many suitable and attractive spots in and around villages/towns/cities along primary roads, at national dams, and other scenic and/or strategic places around the country.

Fishing (commercial) camps

Privately owned fishing camps along the Okavango River are presently extremely popular with local and regional sport anglers. Opportunities exist for enterprising people to set up such camps along the Okavango and Chobe rivers and at large dams around the country.

Houseboats

This is not a novel idea in Botswana as one businessman has already applied to conduct houseboat safaris along the Okavango River.

Camping equipment hire

The hiring of tents and other camping equipment is quite a good idea, because it saves the camper/traveller having to carry heavy and bulky equipment. Tents are also commonly hired for social events like weddings, parties and funerals, so there will be no shortage of business even during the low tourist season.

Boat station

There is great need for an efficient, reliable ferry service between Sepopa and Seronga, for example. However, a proper, secure mooring site for boats with a filling station and little supply store is required. Boat cruises or hire of boats and canoes from the boat station could be the main business activity.

Film industry outfitter

Professional film-makers and photographers (and even researchers) are always looking for good local assistants to provide logistical support, area knowledge and to act as interpreters. They also need material support in the form of fully self-contained 4x4 vehicles and camping equipment.

Traditional cuisine - restaurants, cafes, food stalls/outlets, etc.

Botswana produces some of the world's top quality free-range beef and, as a result, beef is an important traditional food, with Seswaa, a flavoursome shredded beef dish, being one of the favourites. This is often served with "papa", a traditional maize meal, local spinach and beans. Mophane worms are also very popular traditional delicacies, commonly served as dry snacks or

in a variety of cooked dishes. Foreign tourists are always keen to try out the local cuisine and will pay to get value for money. The capital outlay for a small food outlet is not high and people are encouraged to use their cooking skills to start small businesses.

Traditional bars

Entertainment is a big money spinner if it is provided at the right time and at the right place. Foreign tourists enjoy visiting traditional bars, mixing with the locals and listening to, preferably live music by local artists. If the decor of the bar is done in true African style it will likely be a major attraction. A good example of a bar decorated in true African style is at Planet Baobab, near Gweta.

Cultural centres

Cultural centres could turn out to be huge places, housing and marketing the wares of curio and craft makers, paintings and sculptures belonging to local artists and even hosting live shows for choir or drama groups, etc. This type of business would suit a co-operative arrangement. A good example of such a centre is at Jairos Jiri in Bulawayo, Zimbabwe.

Dance and theatre groups

These could perform at cultural centres, major national events, special functions and at hotels/lodges, etc.

Traditional storytelling and games

Tourists visiting remote community areas enjoy listening to folklore and participating in traditional games, and there is an ever-increasing need for people to learn about each other. In fact, the modern tourist is sometimes referred to as an “educated traveller”. The Dq̄e Qare Game Farm in the Ghanzi area is an example of where you can listen to stories of the local Nharo people around the campfire.

Gathering veld products and tracking wildlife

Remote communities like the Basarwa people at /Xai-/ Xai offer this kind of activity to tourists, who visit their area and it appears to be quite well-liked (see Annex 3). These activities are simple yet very effective, because foreigners are fascinated at the way the Basarwa people live their hunter-gatherer lifestyle.

Traditional music

Traditional music - marimbas, for example - is always very popular with tourists. Small groups can perform at all possible venues such as hotels, lodges, airports, etc. Management contracts can be signed with these establishments to provide entertainment for them on certain days or nights.

Curio and craft factories

Many tourists would like to take home souvenirs from their visit to Botswana, but they also want to see how these are manufactured. They could be charged a small fee for visiting your “factory”, but the real idea is to sell something to them.

Curio and craft outlets

These can be installed at lodges, camps or at suitable sites in villages/towns/cities or along national roads, with the right permission, of course. If you have good selling skills as an individual, this is a business worth thinking about.

Visits to traditional healers - medicine

Foreigners find traditional healers and “witch doctors” extremely intriguing and will pay to see one of these people in action.

Game parks/reserves/farms

A good example of such a development is at Dq̄e Qare Game Farm in the Ghanzi area - a community based tourism project of the San people of that area (see Annex 3). They have a guesthouse and a campsite on the farm. Eco-cultural activities such as guided bushwalks and traditional dancing are also put on for their guests. The disadvantage of these places is that they need intensive management. However, if properly marketed and managed they can be self-sustaining.

Snake/reptile parks, aviaries, butterfly farms

All three of these would be novel ideas, but require some effort and expertise to set up. The majority of people hold snakes in awe and establishing a reptile park would be a major crowd puller for locals and tourists alike. It is usually a good plan to have a kiosk providing refreshments and an attractive spot for people to relax.

Botanical gardens

Natural spots at some of the national dams lend themselves extremely well to the establishment of botanical gardens. Expert advice would be needed to set these up and only indigenous plants should be propagated at these sites. At a botanical garden it is also a good idea to have a kiosk providing refreshments and an attractive spot for people to sit and relax.

Potential subsidiary or secondary activities to support the tourism industry

Filling stations and convenience stopovers

These are usually franchises and could be likened to the Shell Ultra Cities, for example. There is nothing better than stopping for fuel (on a long, tiring journey), at a well organised place with clean toilets (and even showers), and a convenience store, where freshly prepared hot food and cold drinks are available. Northgate Filling Station at Nata is a good example of a thriving business situated in the right place to capture the passing tourist trade.

Supply of firewood to camps/lodges, hotels, etc.

Millions of tons of firewood have been cleared along the national roads for the installation of water pipes, electricity lines, etc. This is a major resource that needs to be tapped and put to good use. Communities living close to camps/lodges, hotels, etc. could negotiate with these establishments to supply them with firewood. The only major initial financial output would be the purchase of a truck(s) or an animal-drawn cart(s).

Refuse collection from camps/lodges, hotels, etc.

Communities living close to camps/lodges, hotels, etc. could negotiate with these establishments to collect and dispose of their refuse. The only major initial financial output would be the purchase of an appropriately modified truck(s) or an animal-drawn cart(s).

Thatching services

Most up-market camps/lodges have thatched roofs, which require frequent maintenance - a perfect business opportunity! Many community members have thatching and roofing skills that could be profitably employed.

Supply of natural materials

Thatching grass is often imported from Zimbabwe or South Africa, but it could quite easily be supplied locally from Botswana. Other natural materials like reeds are also in high demand.

Bottling and supplying spring or mineral water

Mineral water has a relatively high value and is in huge demand from tourists visiting the country. Lodges/camps consume thousands of litres of bottled mineral water each month.

Supply of traditional food items

There is tremendous scope for the processing and supply to camps/lodges and hotels of other natural or traditional food items like jams, wild fruit, wild mushrooms, mopane worms, honey, etc. There are also probably opportunities for supplying food items like mealies, water melons, sweet potatoes, beans, nuts, vegetables, etc.

Game bird breeding and supply to hotels/lodges

Preliminary marketing surveys need to be conducted, but indications are that there is a demand for game bird meat like that from guinea fowl.

Bee-keeping and supply of honey

Honey is a much sought after commodity and if processed and packaged properly, a ready market exists.

Supply curios/crafts

As with other items mentioned above, there is a wide open market for the supply of curios and crafts to camps/lodges, shops, etc. Additionally, there is a market for handcrafted African furniture, grass mats, table-cloths, soap, etc. for the camps and lodges.

Training and human resource development

There is a need to provide training and technical assistance to communities or ordinary people interested in becoming involved in the tourism business.

Tourism and wildlife consultancy business

Opportunities exist for individuals to form consultancy companies that provide services for CBOs and even individuals interested in getting involved in the tourism industry. Consultants provide many different services ranging from legal advice (assistance with formation of trusts) through to training of staff. A comprehensive list of such companies appears in "The CBNRM Services Directory for Botswana" published by BOCOBONET in collaboration with the IUCN/SNV CBNRM Support Programme.

Different scenarios for businesses

There are different types of business structures available to communities or individual entrepreneurs interested in setting up their own tourism venture(s). These include the following:

Joint venture agreement (JVA)

A joint venture is a business activity undertaken between two or more partners for their mutual benefit. Partners in a joint venture as defined in this publication, will be rural people, who have land, labour or other valuable resources, and established private sector individuals or companies that have relevant skills or other useful expertise such as marketing. The JVA is a sub-lease agreement (see also below).

Joint venture partnership (JVP)

A joint venture partnership is when two or more parties agree to work together on a common task or goal, by committing resources and sharing the risks as well as the benefits.

Management contract

This arrangement involves two parties: usually a private company with management and marketing expertise and another party which has the natural resources, land or lease on land. Management contracts can also be drawn up for the supply of commodities or services. Terms and conditions are clearly spelt out in these contracts.

Community owned business

These are business(es) wholly owned and managed by legal entities like Community Trusts, e.g. general dealer stores, bottle stores, grinding mills, etc.

Sub-lease arrangement

A sub-lease is where one party is leasing a facility (such as a shop, for example) and then in turn leases out part of that facility to another party. In other words, it is a lease under another lease. This type of arrangement could be made between an individual entrepreneur (who may also be a community member) and a CBO. Sub-lease arrangements also exist between private companies.

Co-operatives

A group of people with a common interest who come together to achieve a common business goal, e.g. basket weaving, fishing, etc.

Companies

Companies are formed between two or more individuals and many businesses are incorporated as private limited companies in terms of the Companies Act of 1959. The main advantage of these is that in law your company has an identity that is distinct from your own. It exists independently of you, so if the business fails, you won't usually be personally liable.

Partnership

A partnership is a legal association of individuals, who have a registered Deed of Partnership. In a partnership, two or more people combine their expertise and capital. The partners are jointly and separately liable for all the debts of the partnership (in their personal capacities as well). Jointly and separately liable means that they are responsible for all the debts together *and* in their own personal capacity. So what this means is that if your partner incurs a debt, even if you know nothing about it, you will be responsible for it. The responsibility for management is usually predetermined in the Deed of Partnership. Profit-sharing is also determined in the partnership contract and is usually in accordance with the capital contributed by each partner.

Individual ownership or sole proprietorship

Sole proprietorship is the simplest form of business arrangement, and the one that leaves you with the most control. You can put in as much money as you like and you are free to run the business as you like. However, you are also entirely responsible for it and if the business fails you can go bankrupt yourself. What this means is that the bank and other people you owe money to may have a claim against your property, your car, everything you own.

Franchises

Franchises are a bit different from the rest. You can take up a franchise as a sole trader, a limited company or a partnership and the great advantage is that you can run your own business with a product that is already successful, using the financial and marketing influence of a much larger organisation. Needless to say franchises are more popular with investors, because of the relatively low failure rate. However, franchises can be a bit expensive, and things can still go wrong, so make sure that you do your research carefully.

Have you Got what it Takes to Start a Tourism-related Project/ Business?

Introduction

For communities or individuals who would like to enter into a tourism-related business, there are a number of critical factors which they need to consider before developing their business(es):

- Existing and potential tourist markets;
- Cost and convenience of travel to the area;
- Accessibility to tourist destinations, i.e. by road, water, rail, air, etc.;
- Competing destinations (these could be local or regional like, Zimbabwe, Namibia or South Africa);
- Competing businesses in the same field;
- Community sentiment on tourism (will other members of the community approve developments in their area?);
- Organisational and financial capabilities;
- Political stability;
- Public safety and security (crime levels, violence, etc.); and
- Public health, sanitation and hygiene (visitors to Africa are always afraid of contracting diseases, like malaria, cholera, dysentery, yellow-fever, etc.).

Entrepreneurial qualities

The qualities and characteristics of successful entrepreneurs are discussed below to give you, the reader, an idea of whether you have what it takes to start your own business. To begin with it is necessary to define what is an entrepreneur. People who start their own business and work for themselves are called entrepreneurs. An entrepreneur is responsible for the success or failure of the business. He or she plans and organises his/her business and assumes all the financial risk of the business. An entrepreneur makes a profit by satisfying a customer need.

Interviews with successful entrepreneurs have uncovered that many of them were enterprising children, who displayed some of the characteristics entrepreneurs need at an early age. Many of them started life with very little money or education (see profile on Brownie Ditshwane above). Also, over half of all successful entrepreneurs had parents who owned a business.

No one is born with all the necessary characteristics for success, but if you have some natural drive and motivation, the other traits can be developed over time. Most entrepreneurs start businesses in areas they already have experience or skills. Using these attributes is a good way to get ready to start your own small business.

In many ways, it is easier for individuals to develop entrepreneurial skills, than for a community. A community is a diverse group of individuals, and this is a strength and a weakness. Some of the members may have entrepreneurial skills, but equally there will be others who do not, and they may prevent the group from setting the required goals and taking the calculated risks to attain them. In this way, a community can be a cumbersome organisation to run a business. Building the necessary entrepreneurial and other skills takes time and effort, and must be actively worked at.

Entrepreneurial skills

The following is a quick list of entrepreneurial skills:

- Critical and creative thinking;
- Goal setting;
- Decision making;
- Human relations and communication;
- Management skills; and
- Problem solving.

Some characteristics of the successful entrepreneur

Along with skills and experience, entrepreneurs also possess certain characteristics, such as a tremendous amount of energy, drive, determination and perseverance that make them successful. Take a look at the list below and decide which of the characteristics you have already and which one(s) you could develop:

Adaptability - the ability to cope with new situations as they arise and find creative solutions to problems as they develop.

Competitiveness - a willingness to compete with others; to test oneself against others.

Confidence - belief in oneself and in one's abilities.

Drive - the desire to work hard to accomplish goals.

Honesty - the commitment to refrain from lying and to be truthful in dealings with other people.

Organisation - the ability to structure one's life and work and keep tasks and information in an orderly manner.

Perseverance - the refusal to give up; willingness to keep goals in sight and work towards them, despite obstacles.

Persuasiveness - the knack for convincing people to see one's point of view and to become interested in one's ideas and convictions.

Risk-taking - the courage to expose oneself to possible losses.

Understanding - an ability to listen to and empathise with other people.

Vision - the ability to see one's goals in one's mind while working toward achieving them.

To conclude, you must realise by now that the kind of person you are can determine how successful you are. It is important to realise your strengths and weaknesses and improve on them each day. You also may have noticed that your day at school, work or home goes better when you feel good about yourself and the world - in other words when you have an optimistic attitude. Entrepreneurs are invariably optimists. They have to be, in order to see opportunities where other people see problems.

What do entrepreneurs do?

Typically, entrepreneurs do five things:

- Entrepreneurs introduce a new product or service into the marketplace;
- Entrepreneurs discover new resources or new uses for old resources;
- Entrepreneurs develop new technologies;
- Entrepreneurs open new markets; and
- Entrepreneurs organise existing enterprises.

They are constantly trying to work out a better way to do things. It may be a new product, a better service or a new process or way of doing something. In economic terms, entrepreneurs use three factors of production (Land, Labour and Capital) to produce goods and services. Entrepreneurship is the fourth factor of production, because it provides the catalyst required to get things done.

The pros and cons of being an entrepreneur

There are advantages and disadvantages to being an entrepreneur. Some advantages to owning a small business are:

Independence - business owners do not have to follow orders or observe working hours set by someone else. Entrepreneurs must be responsive to the needs of their customers to succeed, but the day-to-day structure of their time is up to them.

Satisfaction - there is a great deal of satisfaction to be gained from working for yourself and creating your own business. Turning a skill, talent, hobby or interest into a means of support can make your life more pleasurable than it would if you were just tolerating a job to pay the bills and/or support your family.

Control - up to a point, business owners can control their own destiny.

Financial security - how much money you make is up to you. You set your own salary. Through hard work and perseverance you can reach for any goals, and you won't be laid off or fired at someone else's whim.

Self-esteem - knowing you managed to create something valuable from nothing can make you feel extremely good about yourself.

Some disadvantages to owning a small business are:

Business failure - a large number of small businesses in Botswana fail. You can lose not only your money, but also money invested in your business by others.

Obstacles - you are bound to run into unexpected problems that you will have to solve by yourself.

Loneliness - it can be lonely and even a little scary to be completely responsible for yourself. There is security in having others tell you what to do. The entrepreneur gives this up in exchange for freedom. The entrepreneur may also have to deal with discouragement from friends and relatives.

Hard work - you will have to work long hours to get your business off the ground and to maintain it. Some entrepreneurs work six or seven days a week for as much as 12 hours a day.

As you can see, the advantages and disadvantages of owning your own business can be two sides of the same coin:

- The hard work can create great rewards;
- Early failures can lead to later success;
- Loneliness and obstacles can build inner strength and resilience;
- The challenges and hard work will help you develop new skills and inner resources.

Even if your first business fails, the time and experience will not have been lost. Many, if not most, famous entrepreneurs failed a number of times before they finally succeeded. Henry Ford once wisely said, "Failure is the chance to begin again more intelligently."

Part 2 - Community Groups

The major steps in setting up a tourism business

Step 1. Set up and register your organisation
(see page)



Step 2. Open a bank account
(see page)



Step 3. Identify a suitable business venture
(see page)



Step 4. Draw up a business plan
(see page)



Step 5. Acquire the land/premises
(see page)



Step 6. Obtain the necessary licenses and permits
(see page)



Step 7. Ensure that adequate start-up funds are available
(see page)



Step 8. Recruit suitable personnel
(see page)

Use this chart to identify your starting point. For example, if you already have a registered Trust with a bank account, go straight to step 3.

The chart can also be used to measure your progress as you are getting your business set up. Tick off the steps you have completed so that you have a record of what still needs to be done.

Step 1

Set up and register your organisation

Start box

Kgato ya ntlha (1)

Tlhoma lekgotlana la gago o bo o le kwadisa ka fa molaong

Selo sa ntlha ntlha fela se maloko a baagi ba metse ya magae ba tshwanetseng go se dira fa e le gore ba na le mogopolo wa go simolodisa kgwebo ya bojanala, go sa kगतlhalesege gore ke ya mofuta ofe kapa ofe, ba tshwanelwa ke go simolodisa pele lekgotlana la RALE – ke gore lekgotlana la boemedi jo bo nang le maikarabelo gape le ikemetse ka nosi ka fa molaong. Se sone se lebega se le thata go dirwa – segolo jang fa o sa itse gore fa gotwe RALE go tewa eng! Legale, mo gone go motlhofo tota, gape fa e le gore o tlhoka thuso, o ka ikopanya le ba makgotla a e seng a mmuso a dithuso, kgotsa le fa e le bone ba lephatla la diphologolo le makgabisa naga, segolo jang fa ele gore o na le mogopolo wa go simolola kgwebo e e leng ya bojanala jo bo amanang le diphologolo (lebelela mokwalo wa ntlha (Annex 1)) o o go kaelang gore o ka kgona jang go ikopanya le ofisi ya ba lephatla la diphologolo tse di leng teng mo lefatsheng leno lotlhe. Gape ntlha e nngwe e e teng, fa e le gore o batla go simolodisa kgwebo e e tlaabong e le ya dilwana tse di betliwang ka diatla kgotsa e le ditshwantsho, o ka nna wa etela ofisi e e gaufi le wena e le ya koporasi, e e leng ka fa tlase ga ba lephatla la temo thuo. O tlaa tshwanelwa ke go tsaya tshwetso mabapi le gore a RALE ya gago a e ka nna lekgotlana la tlhokomelo kgotsa koporasi.

Karolwana e e tlhalosa ka bokhutshwane gore o ka kwadisa ka tsela e e ntseng jang lekgotlana la tlhokomelo (trust) (tiro ya komiti ya nakwana, go dira mokwalo wa tsamaiso, go kwadisa le go tlhophha maloko a tsamaiso) kgotsa gore o ka kwadisa jang lekgotlana la koporasi.

End box

The very first thing that community members need to do if they are thinking about starting any kind of tourism business is form a RALE - a Representative and Accountable Legal Entity. This sounds very difficult to do - especially if you are not quite sure what a RALE is! However, its quite simple really, and if you need assistance, you can approach the Community Extension & Outreach Division of the Wildlife Department, particularly if you are thinking about a wildlife-related tourism venture (see Annex 1 for contact details of Wildlife Offices throughout the country). You can also get assistance from the Attorney General's Chambers in Gaborone or from one of the relevant NGOs such as Permaculture Trust of Botswana and Thusano Lefatsheng. Alternatively, if you are intending to start a business based on crafts or curios, you may want to visit your nearest Co-operative Office, under the Ministry of Agriculture. You will have to decide whether your RALE should be a Trust or a Co-operative.

The draft CBNRM Policy explains what a RALE is. It is a Community Based Organisation and it must be representative of the particular community. It must also be accountable to the community in general - in other words, the members must be prepared to accept the credit or blame for whatever they do on behalf of the community. The "L" in RALE stands for Legal - it must be a legal body such as a Trust or Co-operative, recognised by the Laws of Botswana. The RALE must respond to the demands of community members, act in the best interests of members, inform members of all decisions, and in general operate according to democratic principles.

The RALE must be created and managed using a participatory process observed and approved by the District Authorities with the advice of the Technical Advisory Committee (TAC). The TAC is made up of people from relevant government departments such as Wildlife, Agriculture etc. Although the TAC has to be satisfied with the way in which the RALE is set up, the members are also there to advise on the process. Community members should feel free to consult them.

Registering a Trust

The role of the Interim Committee

Setting up a proper RALE can be a lengthy process, so it is usually best to have the community elect an Interim Committee first. The purpose of the Interim Committee is to set up the RALE, and it is therefore a temporary working group.

The main task of the Interim Committee is to undertake extensive consultations with community members, and to produce a Constitution - this is a set of guidelines and procedures that describe how the Trust is going to operate and regulate itself. It can be compared to the Constitution of Botswana - this is a set of guidelines and procedures that describe how the people of Botswana live and govern themselves. The Trust's Constitution serves a similar function. The drafting section of the Attorney General's Chambers will assist communities to produce their constitutions, but it is probably easier to work with an NGO or the Community Extension & Outreach Division of DWNP. The CE&O Division has guidelines for a model constitution for community Trusts; it is important though to remember that these are just guidelines to help make sure that the Constitution includes all the relevant points. In reality, the Constitution is developed by and for the community members so that the whole process is transparent and owned by the community. The Interim Committee must drive this process with (if necessary) the assistance of a facilitator from outside the community, until a draft Constitution results.

The starting point for discussion when developing the Constitution, is to produce Vision and Mission Statements that will form an important part of the final Constitution. The Vision describes what the members want their CBO to be like in the future, and the Mission outlines the aims and objectives of the CBO; in other words, how the members will achieve their Vision. The Leadership and Governance Manual for Community-Based Organisations produced by PACT, describes clearly how to develop Vision and Mission Statements, but the key aspects are the following:

- Both are discussed and developed by the community members;
- The Vision results from "brainstorming" and an analysis of the strengths and weaknesses of the CBO in relation to how members see it in the future;
- The Mission must clearly define the purpose, function, the beneficiaries and stakeholders of the CBO, and its products and services; and
- The Vision and Mission must be understood and accepted by all community members.

The remainder of the Constitution includes information on Membership, the Board of Trustees, Village Trust Committees, Community Meetings and Settlement of Disputes. Information on these aspects is available from the Community Extension & Outreach Division of DWNP, as mentioned above. For further reading on how to facilitate the design of a Constitution, see CBNRM Support Programme Occasional Paper #8: "Practical guide to facilitating CBNRM in Botswana" (2002).

Once the community members are satisfied with the draft Constitution, this is not the end of the process yet - it must be given to a lawyer so that it can be checked for accuracy, and to ensure that it conforms with other laws and regulations in Botswana. It is sometimes helpful if the lawyer is involved in the process of developing the draft constitution so that the community's ideas are clearly understood from the outset. If the community wants to avoid involving a lawyer, similar assistance can be obtained from the Attorney General's Chambers in Gaborone, free of charge. This is also a good route to follow, because in the end, the constitution has to go to the Deeds Registry in the A-G's Chambers anyway (see below).

Where will the Interim Committee get the money to pay a lawyer to check their Constitution? An application for funds to pay legal fees may be submitted to the Community Conservation Fund administered by DWNP. It is possible to obtain from DWNP the application form and a document entitled "Community Conservation Fund: Guidelines, Criteria and Procedures" that describes how the Fund operates. However, as far as legal fees are concerned, the important information to know is that up to P30,000.00 can be obtained to pay for legal services and a proposal writer. To obtain the CCF document mentioned above, contact the Wildlife Office nearest to you (see Annex 1 for contact details).

Once the lawyer has tidied up the draft Constitution, it can be submitted to the Deeds Registry so that the Trust becomes properly registered. The Deeds Registry is part of the Attorney General's Chambers, and is located in the Government Enclave in Gaborone, and the

Constitution can be handed in there, or posted to the Deeds Registry, Attorney General's Chambers, Private Bag 009, Gaborone. This is usually done by the lawyer on behalf of the community.

The importance of having a proper Constitution cannot be over-emphasised. A legally recognised CBO with a registered constitution can open a bank account, hold elections, apply for a wildlife quota, lease the quota to a third party, form a joint venture, and in general, carry out the business of the community. Donors and funding agencies are eager to work with legally recognised bodies as opposed to individuals.

Election of the Board of Trustees

Once the Deed of Trust has been received, the role of the Interim Committee is over. The community is now required to elect a Board of Trustees in accordance with its own Constitution. Trustees are elected by the voting members of the CBO following democratic procedures. This Board will represent and be accountable to the community, make decisions, formulate policies and carry out business on behalf of the community. The Community Based Organisation is now a RALE.

Registering a Co-operative

What is a Co-operative?

A Co-operative is a business entity formed by a group of people in a particular community. They share a common objective, and decide to pool their resources to the benefit of them all. "Moroto wa o esi ga ele".

It is formed in the following way:

Firstly, there is usually an idea that the group subscribes to, and this must be formulated into a clear objective. This objective forms the basis for the Constitution. The Registrar of Co-operative Societies can assist with this process and provide the relevant forms. On the formation of the Co-op, its members contribute the necessary capital by way of shares, and in this respect a Co-op is very similar to a company. After the value of each share is decided on, those who pay become members and lay down the bye-laws on which they will operate the Co-op. All the members attend an Annual General Meeting at which they select a Board of at least nine members to be the overseers of the business. The Board hires the Manager of the Co-op, who in turn hires other staff, with the consent of the Board. This Board is similar to the Board of Trustees of a Trust, and to the Board of Directors of a Company.

The Co-operative Offices are very helpful in the process of setting up a Co-op. They will assist with formulation of the objectives, and with conducting a feasibility study to see if the Co-op is going to be worthwhile. They also offer a member education course at an early stage in the proceedings, to help members formulate the bye-laws, and prepare for operating the Co-op. A pre-registration course informs members exactly how to register the Co-op. Forms are sent to Gaborone where the Co-op will be registered under the Co-operative Society's Act (see address in Annex 8).

A Co-operative is a more business-like entity than a Trust, and is actually owned by its members. Any profits made are distributed to the members only, and since this is a relatively small group, the profits can be quite substantial. Co-operatives are suitable for community businesses based on veld products and agricultural resources (e.g. producing vegetables to supply camps and lodges, or rearing guinea fowls for local restaurants etc.).

Step 2

Open a bank account

Start box

Kgato ya bobedi (2) **Bula bukana ya go boloka madi kwa bankeng**

Go bula bukana ya go baya madi kwa bankeng ke nngwe ya ditselana tse di tsayang nako e ntsi thata go dirwa gape le gone go tlhokana le gore go tsewe ditshwetso dingwe tse di tshwanelwang ke go dirwa. Lekgotlana la gago la tlhokomelo la morafe le tshwanetse la tsaya tshwetso ya gore le batla go bula bukana ya polokelo ya banka ya mofuta ofe ka gore go na le mofuta e le mebedi ya dibukana tse di ka bulwang le banka – go na le bukana e e ka bulwang e le e e dirisang dicheke, fa e nngwe yone e le bukana fela ya polokelo ya madi.

Karolo e yone e go tlhalosetsa ka se se tlhokafalang gore o se dire gore o kgone go bula bukana ya polokelo ya madi le banka.

End box

Opening a bank account is a relatively time-consuming undertaking and also requires some decisions to be made. Your Community Trust must decide on what type of bank account it needs to open as there are two types of accounts - current account and savings account.

Type of bank accounts

Savings account

The savings account is, as the name suggests, designed to encourage savings. The main advantage of a savings account is that whatever money is in the bank account earns interest. Interest is paid on your money - in other words, the bank in which you deposit your money pays you for having the use of it.

If you have a normal savings account, you can draw up to a certain amount (it varies from bank to bank) without notice. Large amounts can be withdrawn by simply advising the bank of your intention in advance. In some types of savings account, you need to give a prescribed number of days notice of your intention to draw any money. These accounts normally pay higher rates of interest than the ordinary savings account.

There are several types of savings accounts that basically function on minimum balances and each offer different interest rates. Simply put, the more money you put in the account, the more interest it earns. Interest is calculated on the monthly minimum balance for lower interest accounts and on daily closing balance for higher interest accounts. Interest is usually paid quarterly (January, April, July, October) for all accounts. Barclays, for instance, offers four different types of savings accounts to choose from, these are:

- Instant savings account;
- High rate savings account;
- High interest bonus savings account; and
- Pula based call accounts.

A disadvantage of this type of account, however, is that you will have to draw cash each time you need to pay bills and there is always a chance that the money could get stolen, lost or misused.

Current account

Most businesses operate a current account, also known as a cheque account. This is an account on which you receive no interest on your money, but it is designed to allow quicker and easier access to your money by means of cheques. When you open a current account you are issued with a cheque book with which you can make payments to your vendors/suppliers. The cheque is your instruction to your bank, in terms of the conditions printed on the cheque, provided you have sufficient funds in your account to cover the amount of the cheque or have overdraft

facilities. Overdraft facility is an arrangement with the bank to lend you money up to an agreed amount. Normally to obtain an overdraft, you have to cede to the bank certain agreed-upon assets, so that the bank could take over these in the event of your not repaying your overdraft.

Because a current account is a convenience account and requires more work on the part of the bank than a savings account, you have to pay for each cheque you write. This charge varies from bank to bank.

Using this account, your bills can be paid by cheque and you have the security of not having to keep huge amounts of cash on hand. There is also a measure of financial control, because often cheques require two signatures and outgoing money can be tracked using the cheque stubs.

Which type of account is best?

If you do not have much money and only conduct a few transactions it will probably be better to open an ordinary savings account so that your money will earn interest.

If your Trust has quite a lot of money and has to make many transactions on a monthly basis then it should open both accounts. Enough money should be placed in the current account to cater for Trust operations and the remainder can be put in the savings account to earn interest. Large amounts of money should be placed into the savings account and transferred to the current account as and when it is needed.

How to open an account

The following steps need to be followed to open a bank account:

1. Authorisation - The bank needs confirmation from the Trust that it has the necessary authorisation from the community to open a bank account. The bank will want you to produce your Trust constitution and minutes of meetings where the official decision to open a bank account was made. The Chairperson and Secretary will also be required to complete and sign a certain form (see sample Form A in Annex 2).

The bank also needs to see originals of the certificate of registration and Trust Deed, which they copy and return to you, or certified copies.

2. Confirmation of activities - Provide copies of latest audited financial accounts, business plan, or brochures and literature that will assist the bank in understanding your business.
3. Bank statements - Six months bank statements (if another bank account is already held).
4. Complete application pack - Some banks have a comprehensive application pack especially for trusts, clubs, associations, etc. and the forms in this pack need to be completed. The documentation is set out quite clearly showing what you need to do to apply for an account.
5. Address confirmation - Banks generally need some proof of the address of a Trust or other NGO opening an account. If the Trust has water or electricity (utility) bills showing the Trust's name and its address, then copies of these are sufficient proof to the bank of the Trust's address. If however, the Trust has no utility bills, then the best thing to do is to get ten existing customers at that particular bank to confirm the Trust's address. This is done by completing a form (see sample Form B in Annex 2) authorising the bank to contact the customers listed in order to check on the Trust's address. Note that the people listed must have had their own bank accounts for at least six months, and they must have known you for at least 12 months.
6. Signatory authorisation - Once the bank approves the account, it will need to know the names and designations of the people who are authorised to sign on the account. As mentioned above, your Trust should have at least two people sign each cheque for control purposes. One of the signatories is usually your treasurer and the other should be a senior

member of the Trust who will always be readily available to co-sign cheques (see sample Form C in Annex 2).

7. Signature card - The bank requires a signature card to be completed so that it can identify the signatures of the officials authorised to sign Trust cheques (see sample Form D in Annex 2).
8. Information Trust Company (ITC) clearance - This clearance is required by most banks to ensure that your organisation is not blacklisted for bad debts anywhere in Botswana.
9. Monthly bank statements - Arrangements must be made for the Trust to receive monthly bank statements so that it can reconcile its accounts at the end of each month.

Step 3

Identify a suitable business venture

Start box

Kgato ya boraro (3)

Tlhopha madirelo a kgwebo e e lebanyeng le tiro e o e batlang

Kgato e e latelang ke go batla madirelo a a lebanyeng le kgwebo e wena o batlang go e dira. Ditselana di le dintsi tse di leng teng di a tlhalosiwa mo karolong ya ntlha mme legale se ga se reye gore tsona ditselana tse tsotho tsa madirelo a kgwebo di ka siamela makgotlana otlhe a di CBO kgotsa gore a di ka nna le tswelolepele ga mmogo le sebaka sa go atlega mo maemong otlhe fela. Se se ka dirwang fela se le botlhokwa, ke go tlhopha ditselana di se kae tse baagi ba motse ba bonang ba na le sebaka sa go ka di tsamaisa sentle, go tloga foo ba bo ba dira dipatlisiso tsa gore a mme di ka kgona go dirwa sentle di na le tswelolepele gape di tliša madi mo kgwebong gore e nne le dipolelo. Fa go sena go bonwa ntlha ya kgwebo e e ka dirwang gape e siame, go ka nna le thuso thata gore e tlhalosiwe sentle ka tsela e e motlhofo gore mongwe le mongwe a kgone go nna le lesedi la gore e tlaa kgona go tsamaisiwa e na le makgwere a mofuta ofe. Go fa sekai, a baagi ba motse ba ka kgona go nna le madi a a lekaneng, ga mmogo le meamuso ya badiri ba ba rutetsweng go tsamaisa tiro, gore kgwebo e tle jaanong e simolole go tsamaisiwa ke beng ba yone? Kgotsa a go tlaa tlhokafala gore go nne le ditumelano tsa go tlhakanela kgwebo, kgotsa gore a kgwebo e ka dirwa e kopanetswe le ba bangwe batho fela ba ba itseng go dira tiro e, e le ba dikgwebo tsa ba ema nosi?

Go tshwanetse ga gatelelwa gore se sone ke tiro fela ya kwa tsimologong, e e dirwang ka maikaelelo a go tlhopha kgwebo e e ka *kgonang go atlega*, ke gore, e le e e ka kgonang go dirwa ke baagi ba kgaolo kgotsa morafe mme gape ba kgona go e tsamaisa le go e tswelolepele sentle, mme ebile e na le tshono ya go *tliša dipolelo*, ke gore, go kgona go bona gore tiro e ya kgwebo e nne e e tlaa tswelolepele sentle mme gape e bo e ikemela ka bo yone. Ga gona mosola wa go tlhopha mofuta wa kgwebo e e ratwang fela ke maloko a baagi ba kgaolo, ba bo ba senya nako le sebaka sa go e tlhoma, mme e bo e re kwa morago ga maiteko a otlhe go bo go lemogiwa gore ga e kake ya tswelolepele sentle ka gobo go ile ga tlhaga mathata mangwe a a ileng a kgoreletsa go tswelolepele ga yone kgwebo eo. Go fa sekai, fa e le gore kgwebo ga e kake ya kgona go tsenya madi a a lekaneng go busa madi a a dirisitsweng kwa tshimologong ga mmogo le go dira dipolelo tse di bonalang, baagi ba motse ba tlaa tshwanetse ke go itse ka ga ntlha e fela go tswa kwa tshimologong. Kgotsa fa e le gore kgwebo e tlaa tlhokana le meamuso ya baitseanape ba ba rutetsweng tiro ba mofuta mongwe, ba e leng gore ga ba yo mo morafeng wa baagi ba kgaolo eo, mme gape ba le tlhwatlhwa kgolo go thapiwa, se sone mme fa go le jalo se tshwanetse sa itsisiwa morafe gone go tswa kwa tshimologong, ka gore fa kitsiso e e sa dirwe go santse go simololwa, go tlaa fitlhelwa kwa bofelong go sentswe nako e ntsi ga mmogo le maiteko ka tsela e e neng tota e sa tlhokafale.

Karolo e yone e tlhalosa ka go tlhophiwa ga ditselana tsa maemo a a farologanyeng a go dira kgwebo, ka fa go ka dirwang tiro ya ntlha ya dipatlisiso tsa mmabarakana ka teng go leka go bona tsela e kgwebo e ka tswelolepele ka yone le go tlhatlhoba seemo sa kgonagalo ya go simolola kgwebo e e kopanetsweng le borakgwebo ba ba ema nosi.

End box

The next step is to identify a suitable business venture. Many potential options are described in Part 1, but not all of them will necessarily suit every CBO or be viable and have a chance of success in every circumstance. The most important thing to do, is choose a few options that the community feels it has the capability of successfully running, and then conduct some preliminary market research (as described below) in order to find out if the business could be financially viable. When a potentially viable business is identified, it is helpful to describe it in very general terms so that everybody has an idea of the rough form it will take. For example, will the community have sufficient funds and qualified human resources to start the business on its own? Or will a joint venture agreement or partnership with a private sector company be needed?

It must be emphasised that this is a preliminary exercise, aimed at selecting a business that is

feasible i.e. within the community's capability to transform it into a business, and potentially *viable i.e.* it can be made into a profitable business. There is no point in choosing a business that community members like, and then putting a lot of effort into setting it up, only to find later that it could not work because of some serious problem. For example, if the business cannot generate sufficient money to cover costs and make a profit, then the community needs to know this at an early stage. Or if the business requires specific trained human resources that do not exist in the community and are very expensive to buy in, then this must be known at the outset or a lot of time and effort will be unnecessarily wasted.

Later on (Step 4), when the business plan is drawn up, the question of availability of human resources and financial viability will be looked at again in more detail.

Selecting preliminary business options

One of the strengths of communities as opposed to individuals is that community members between them have far greater wisdom than does a single person, and this should be taken advantage of when selecting potential business options. A workshop with community members as participants is a good forum for identifying and selecting a few worthwhile options for following up. The workshop should be well facilitated, either by a community member who has undertaken a 'Nonotsho' course or similar training, or by inviting a facilitator from an appropriate Non-Governmental Organisation (NGO).

The starting point at the workshop will be to list all possible business enterprises that could be undertaken by the CBO. Small working groups can do this, and then all ideas are pooled during a plenary session. At this stage, all suggestions are acceptable, even seemingly unsuitable ones, because sometimes one suggestion will prompt another better one by a different person. This is what is known as "brainstorming" - when people creatively generate ideas collectively ("two heads are better than one"!). Don't forget to consider product and service businesses. The options that are provided in Part 1 could also be added to the list.

The working groups can then start to rank the ideas in order of importance. When discussing each one, it is essential to use some objective criteria rather than simply personal preference. The important considerations are the following:

- Feasibility of the business - determine to what extent the community has the ability to conduct the particular business (many people look for something that they think is a business opportunity, then see if they can make it happen instead of looking at what they can do well, and then looking for a way of making money from that activity);
- Viability of the business - think about which businesses could be profitable (this could be done by considering existing profitable businesses in the country or even the region).

At a plenary session, the groups could discuss the selections that they made, until a short list of the top three (at most) is produced. These three potentially suitable options are the ones that will be subject to further investigation.

Feasibility analysis

In determining the feasibility of a business option, it is the community members themselves who know best what their collective capabilities are. Remember that by feasibility we mean the ability of the community to develop the idea into a business by using its own human resources. It would not be a good idea to start a business that relied to a large extent on people from outside the community. Of course, it is also true that community members would like to see their CBO involved in a business in which they could be employed.

For each of the three potential businesses, the workshop participants should make a list of the tasks that need to be carried out to make the business function, and then see to what extent the community has the required human resources to match the tasks. This exercise will further help to choose between the short-listed businesses. However, the financial viability of the businesses still needs to be evaluated before a final decision is made.

When assessing the feasibility of the business, it may help to use a table such as the one shown below:

Type of potential business: traditional village (for example)			
Expertise required/tasks to be undertaken	Availability in community		Possible person
	Yes	No	
Construction of traditional buildings	✓		Mompati Gabasaleteng and Merafe Morongwa.
Provision of thatching grass	✓		Masego Ledimo, Julia Keatimilwe and Botshelo Bogatsu.
Provision of mophane poles	✓		John Oagile
Organise traditional dance group	✓		Joyce Kwelagobe, Olive Malepeng, Bontle Monyatsi and Baipidi Gofamang
Traditional healer	✓		BK Moloji
Marketing of the traditional village		✗	Outside expertise needed
Book-keeping and accounts			Matlodi Magole
Etc.	✓		Etc.

In the example given, it is apparent that establishing a traditional village is well within the capability of the community. Only limited outside expertise is needed, and the project will instead offer quite a lot of employment opportunities for skilled community members. Such a project *would be feasible*.

Viability of the business

From here on, a different approach will be needed. The viability of the business can only be determined by conducting some preliminary market research, and this cannot be done in a workshop. The purpose of the market research is to find out whether or not there is a market for whatever business the community proposes to undertake. Clearly, if no one is interested in what the community has to offer through its business, the business will be doomed to failure. For example, a business selling televisions in rural areas of Botswana where there is no electricity will not be very successful because people there will not be able to use them.

The aim of the market research is specifically to find out:

- Who will buy your product or service?
- Why?
- Where are these people? and
- What will they pay for the product or service?

Good market research will provide information about your market, your customers and your competition. The best way to obtain the information you need is to go out and speak to your potential customers and competitors, and anybody else who can provide answers to the following questions.

The market

- Is the market growing, staying the same size or getting smaller?
- Will people buy more or less of your products or services at different times of the year?
- How much of the market are you likely to gain? (How many people are likely to buy your product or service?)
- What methods will you use to tell the market of your products or services? (How will you

advertise?)

- What will advertising cost?
- What is the price range in which the product or service will sell?
- Why will people buy your product or service?
- What regulations govern your proposed venture (What licenses do you need?)

The customers

- What type of person will buy your product or service?
- Where are your potential customers situated?
- What are the needs of your potential customers in relation to your product or service? (Ask as many of them as possible.)
- Do the customers buy according to price, the service provided or personal recommendation?

The competition

- Who are the major competitors?
- How many are there?
- How big are they?
- Which customers are they supplying at present?
- What are the prices of the competition?
- What are the strengths and weaknesses of the competition?
- Why should you be able to compete successfully against them?

The more accurate the answers you get to the above list, the more chance you will have of assessing the viability of your proposed business. When you look at the answers together, a clear picture will emerge. The market research will enable you to rank the short-listed businesses and choose the one that has the greatest chance of success.

A suggested approach to conducting the market research would be to elect a small working group of appropriate people from within the community, to go out and gather the information needed and then report back to the CBO. It is possible to employ someone with expertise in conducting market research from outside of the community, but the disadvantage of this is that the community would only get the results of the research and would not have built its own capacity to do the job.

Another approach to assessing the viability of the business would be to do a rough calculation of the business's breakeven point. This is a calculation to find out exactly what turnover or total sales are required to cover all expenses before making a profit. A common mistake made by quite a number of people starting new businesses is to forget about the 'hidden' expenses that make up the overheads. These people think that if they are buying baskets (for example) for P50.00 each and selling them for P100.00 each, they are making a profit of P50.00 each time, and this business is viable! It is essential to understand the simple statement shown below.

Start text box

Income must be greater than the cost of sales (or the cost of providing the service) plus overheads.

In order to see if the proposed business will be viable, work out how much money will need to be made every month *just to exceed the monthly expenses*. This will be your breakeven point – when your income equals your expenses and you make no profit. Look at the example below, based on running a basket co-operative:

Expenses	Pula
Cost of sales (amount spent monthly to purchase baskets)	5,000.00
Overheads	
Salaries	5,500.00
Telephone and postage	275.00

Printing and stationery	350.00
Legal fees	50.00
Accountancy fees	150.00
Rent	500.00
Electricity and water	75.00
Insurance	300.00
Bank charges	60.00

Total expenses – simply add up all the expected or actual expenses 12,260.00

This basket business must sell P12,260.00 worth of baskets every month just to break even (over 130 baskets at P100.00 as mentioned above). Is this possible? If not, the business will not 'break even' – let alone make a profit!

End box

Although less easy to do, this exercise should really be done for a year, looking at the anticipated expenses and income for the whole year since these will vary from month to month. The types of overheads listed are common to most businesses, and this provides a useful checklist to highlight expenses that could easily be forgotten about.

A final word on identifying a suitable business venture – once a selection has been made, consideration should be given to the type of management structure needed for starting and running the business. A community-based organisation can be a very clumsy entity for conducting business – imagine if all decisions relating to the business have to be discussed with community members! It would take too long, and some community members may not be well informed about the business venture. Some communities e.g. CgaeCgae Tlhabololo Trust and Sankuyo Tshwaragano Management Trust have set up enterprise groups to manage specific moneymaking ventures, and they have overall responsibility for running the enterprise. Whatever structure is chosen, remember that it must have flexibility, decision-making powers and preferably include some members with business skills.

An alternative scenario

The process of selecting a potentially feasible and viable business as described above is not the only way in which a community can become involved in a tourism business. Quite a few community-based tourism enterprises in Botswana have been started by communities entering into joint venture agreements with the private sector. In these cases, the business is usually identified by the prospective joint venture partner, who approaches the community with a proposal that has already been researched and which is thought to be viable. There are advantages and disadvantages to both approaches, and the community must decide on which route it prefers to follow.

The main advantages and disadvantages of joint venture partnerships

The advantages of the community "going it alone" is firstly that it will not be sharing the profits with a partner, and secondly it will be increasing the capacity of community members to operate viable tourism ventures. The community will be driving the process, and will be fully in control. There are some businesses that do not lend themselves to joint venture partnerships and are best run by the community alone e.g. traditional village, community campsite etc. The major disadvantage is that the community will not be sharing the risks of the business with a partner - or to put it the other way round, the community will be bearing all risks involved in starting the business.

The advantages of working with a Joint Venture Partner are that usually the community bears little or no risk. The JVP usually has complementary resources or skills that it brings to the partnership e.g. marketing expertise, finances, established customers etc. Significant income and jobs become available to the community in the immediate short-term. The major disadvantages of this arrangement are that the community gets only a share of the profits, and often does not fully develop the capacity necessary to operate an independent and viable tourism venture. The community is usually a passive partner in the process, and can end up once again as employees

instead of managers of their own enterprises. This is why communities that have been allocated CHAs and have sub-leased them to Joint Venture Partners, have been criticised as being “reduced to mere land lords, who collect their rent and have no say in how their lands are being utilised.” (Daily News, 11th of March 2002, page 5).

In some cases, there is definite merit in forming a short to medium term Joint Venture Agreement or Partnership with the private sector - as long as the relationship is used to slowly build the CBO’s capacity and gain information on the feasibility and viability of the business. This is one way of doing it without taking any risks.

If the community decides to develop a business enterprise partnership, the following guidelines should be useful. They are based on information in the latest Joint Venture Guidelines as produced by DWNP.

Conditions for success in a business partnership

1. The community must have a clear understanding of what a business partnership is, and the potential benefits of such an arrangement. The members should understand that potential partners can contribute or share management skills with them and can provide equity, cash, training, employment and other opportunities as a result of the partnership.
2. The community must decide what it wants from the partnership. Some of the potential benefits are:
 - a fair share of the financial returns from enterprise activities;
 - employment, education and training in the tourist industry, business, wildlife and natural resources management; and
 - the opportunity to be involved in taking management decisions.
3. The community must be prepared to accept its own share of responsibilities to ensure that it is a proper partnership. Both parties should share responsibilities to ensure that the partnership is successful.

After working through these issues, the community will be in a position to decide if it wishes to seek a suitable partner. The Joint Venture Guidelines produced by DWNP focus on agreements made between CBOs and private sector safari operators, but can be applied to other types of business partnerships as well. Copies of the most updated version of the Joint Venture Guidelines may be obtained from your nearest Wildlife Office, but the main points are summarised below.

Role of the Review Committee in the Joint Venture process

Once a CBO decides to seek a partner, the Board of Trustees must appoint a Review Committee that will act on behalf of the community in matters relating to achieving a Joint Venture Agreement. The Guidelines recommend that the Review Committee should consist of no more than nine community members, who have some experience with different types of natural resource enterprises, and who have a clear understanding of the CBO’s objectives in seeking a Joint Venture Agreement.

The Board of Trustees and the Review Committee should work together to:

1. Prepare the CBO’s Tender Invitation Proposal with assistance from the Technical Advisory Committee. They should also set up proper procedures for advertising the Tender Invitation Proposal in newspapers. DWNP and the Directorate on Corruption and Economic Crime (DCEC) has written guidelines to assist the CBO in preparing these proposals;
2. Make sure that the Tender Invitation Proposals require bidders to respond to benefits the CBO wants from the bidder. These may include offers to provide the CBO with a fair share of the business, jobs, income and other support for the CBO’s own business and social development objectives;
3. Make sure that the correct procedures are followed for the submission of the Tender Proposals and the opening of the Tender Proposals; and

4. Review or assess the Tender Proposals, together with the Technical Advisory Committee, following the specified evaluation criteria. The best three proposals will be short-listed, and a report-back made to the community so that they understand the terms and conditions of the eligible proposals.

The Review Committee members will be helped throughout the process by members of the Technical Committee and DWNP, who will clarify any technical, legal, or financial issues that may arise.

Selecting the Joint Venture Partner

Once the process reaches this stage, the short-listed joint venture proposers may introduce themselves and their company to the community. They are not allowed to refer to their tenders in any way - they just introduce themselves so that everyone in the community knows who they are. Thereafter, it is up to the community members to make the final selection of the Joint Venture Partner by secret ballot. Once all votes have been cast, the Technical Advisory Committee and the Review Committee count them. The short-listed tenderers may be present during this process.

Once the final decision has been made, the land authority for each area will have to approve the Joint Venture Partnership. Note that the CBO will not be able to sub-lease to a Joint Venture Partner unless it has a head lease for the area from Land Board (see Step 5). When the approval has been obtained, the contract between the CBO and the Joint Venture Partner can be signed. The contract must clearly state the rights *and* responsibilities for each partner.

Should legal assistance be needed with the drafting of the joint venture agreement, up to P30,000.00 can be obtained from the CCF to cover these expenses.

Step 4

Draw up a business plan

Start box

Kgato ya bone (4)

Dira lenaneo la go tsamaisa kgwebo

Lenaneo la go tsamaisa kgwebo ke ntlha e e botlhokwa fela thata mo go simololeng tiro e ya tsamaiso, gape le fa e ka bo e le ya mofuta mongwe le mongwe. Karolo e e tlhalosa gore ke eng se se tlhokafalang go nna teng mo lenaneong la go tsamaisa kgwebo, se se direlwa gore lekgotlana la CBO le tle le kgone go itirela lenaneo la lone, kgotsa gore gongwe le kgone go tlhaloganya mekgwa ya go le dirafatsa fa e le gore boitseanape ja go dira lenaneo la kgwebo bo ka thapiwa go tswa mo makalaneng a ba ema nosi. Gape se se tlaa thusa gore ba makgotlana a di CBO ba kgone go sekaseka lenaneo la kgwebo ya madirelo a a kopanetsweng fa e le gore baagi ba metse ya magae ba ka nna le mogopolo wa go dira kgwebo e e kopanetsweng le ba makgotla a ba ema nosi.

Mokwalo o o tletseng wa dikitsiso o tlhalosiwa mo karolwaneng ya boraro (dintlha tsa lenaneo la mmaraaka le leano), karolwana ya bone (dintlha tsa lenaneo la madi le tsamaiso) karolwana ya botlhanano (dintlha tsa tsamaiso ya tlhabololo ya meamuso ya badiri).

End box

A business plan is an essential pre-requisite for any business. This section describes what a business plan should contain, so that a CBO can either develop its own, or at least understand the process if business-planning expertise is hired from the private sector. It will also enable the CBO to evaluate the business plan of a Joint Venture Partner if the community decides to go into partnership with the private sector.

What is a business plan?

A business plan is a detailed action plan or roadmap outlining every aspect of a proposed business. It is a comprehensive, self-explanatory plan of:

- What the community intends doing;
- How it intends doing it;
- When the community intends doing it; and
- Why the community believes its business idea is viable.

In short, it is a structured guideline to achieving the community's business goals.

Who should compile the business plan?

Most people can draw up their own business plan without consulting experts all the time. It is not difficult, but requires a bit of time and effort. A good starting point for this process would be for the community members to select a Community Enterprise Group to take responsibility for developing the community's own business plan. The Enterprise Group should comprise people with useful skills such as writing, generating ideas, accountancy, facilitating discussions etc. If the Community Enterprise Group members compile the plan themselves, they will learn a lot of interesting things about the proposed business. Even if a private agency is used to compile the business plan, they can only do it if all the information is given to them by the CBO - in other words, the CBO may as well complete the job by actually writing the plan. It is far better for the Community Enterprise Group members to take responsibility for compiling the plan, and to consult with experts only on specific issues that they struggle with.

The importance of a business plan

Putting your business plan down on paper is important for the following reasons:

- It forces you to arrange your thoughts in a logical order;
- It helps you to do a trial run of the business in your mind, and anticipate problems before they actually occur;

- It can eliminate fatal flaws in your ideas. Fatal flaws are serious mistakes in your ideas that can cause the business to fail;
- It is an essential aid when applying for financial assistance as it shows the viability of the business;
- It helps the whole community to understand all aspects of the business; and
- Once your business is up and running, the business plan can be used as a working or action plan.

A business plan is an indication of your degree of commitment to the proposed business, and shows that you are determined to make it work. This is why organisations such as the Department of Tourism and CEDA insist that you have a business plan before they even consider assisting you. If you can't take the trouble to prepare a concise business plan, then it shows that you are not really serious about the business.

Start box

Points to bear in mind when compiling the business plan

- It must look good - if it looks sloppy, then others might interpret this as a lack of care and commitment;
- It must be concise - keep it as short as possible;
- It must be comprehensive - make sure it includes all the important aspects;
- It must be logical - this shows that it has been well thought through;
- It must be simple and easy to read; and
- It must be based on facts as far as possible.

End of box

The major components of a good business plan

Here are a few guidelines to preparing a comprehensive business plan.

Prepare a professional-looking front page

Ensure that the front page looks business-like, neat and eye-catching. It should preferably contain the following information:

- The name of the business;
- The type of business;
- The name of the CBO to which it belongs;
- The address and telephone numbers of the CBO;
- Logo or emblem if the Trust has one;
- The date presented; and
- A contents page with clear headings and corresponding page numbers.

Start off with an interesting introduction

Your introduction should be concise, stimulate interest in your proposal, and contain the following information:

- A description of the service or product you intend selling;
- Why you believe your venture is viable; and
- Your short, medium and long-term business objectives.

This last point is most important because without objectives that are specific, measurable, achievable, realistic and have definite target dates, the plan will be a futile exercise.

Provide a comprehensive description of the proposed business venture

It should contain the following information:

- The type of business ownership i.e. Trust, Co-operative;
- Any legal requirements like licensing, permits and tax regulations;
- A comprehensive outline of the product(s) or service(s). Explain it/them in detail, showing how the business will operate;
- An outline of any technical aspects to the business;

- A description of the business location;
- A comprehensive outline of the human resources involved in the business - their qualifications, work experience and training courses attended;
- A comprehensive and objective SWOT analysis of the business, outlining the Strengths, Weaknesses, Opportunities and Threats. Indicate what you are going to do about each of these four factors (SWOT); and
- A description of your competitors.

Comprehensively outline of your proposed marketing plan and strategy

This is one of the most critical parts of the plan. It should contain the following information:

- A description of the specific target market or customers;
- What percentage of the market share do you intend capturing in the short, medium and long-term and why?
- A description of your competitors' marketing strategy and the potential effect on your business; and
- A description of your purchasing, costing, pricing, selling and sales promotion strategy.

Start box

For more detailed information on developing a marketing plan and strategy, see Annex 4.

Close box

Comprehensively outline of your financial plan and strategy

This is *the* most important aspect of the plan. One of the most important things in the business is finance (i.e. the flow of money in and out) so spend a great deal of time working out a detailed financial plan. Be realistic - a business takes time to become established. The financial plan should contain the following information:

- A detailed Income Statement or Profit and Loss Account for a projected period of 12 months. By this is meant a monthly account of all your sales and expenses as well as the expected profit or loss;
- An indication of what your break-even point is. This is how much money you have to get in to cover all expenses, before making a profit;
- A detailed Cash Flow for a projected period of at least 12 months, but preferably longer. By this is meant a monthly indication or budget of how cash flows in and out of the business;
- A detailed Balance Sheet for a projected period of 12 months. This is like a photograph of all your business assets and liabilities at a particular point in time;
- An indication of what would happen if business was good, average or poor;
- The community's own financial contribution to the business (e.g. money, vehicles, equipment etc.);
- Financing required and what for (e.g. equipment, working capital etc.); and
- Security available (e.g. fixed property).

This is a difficult part of the business plan, but don't despair - consult an accountant for assistance if needed. Funds are available from the Community Conservation Fund to assist with this aspect if the CBO does not have funds of its own.

Start box

For more detailed information on developing a financial plan and strategy, see Annex 5.

Close box

Comprehensively outline of the human resources involved in the business

The following should be included:

- A description of how many staff will be employed, why, where and how they will be recruited;
- A description of the management staff, their qualifications and experience, job descriptions and remuneration packages. Include an organisational chart if possible (a diagram showing who will be doing what);
- A description of your staff record-keeping system; and
- A description of your staff policy regarding working hours, overtime, sick leave etc.

Start box

For more detailed information on a human resources development programme, see Annex 6.
Close box

End off with a positive and motivating conclusion

Just as the introduction should be interesting, so the conclusion should be positive and motivating. It should be:

- A summary of why you believe the business plan will succeed;
- Why you believe that finance should be granted; and
- A motivating factor so that other people will have faith in the proposed venture.

The conclusion is the final chance for selling the plan to others.

The relationship between management plans and business plans

How does the community's management plan for their CHA fit together with their business plan? The management plan is submitted to the land authority in order to acquire access to a CHA – it indicates the usage to be made of the land, and ensures that it meets the land authority's criteria. The business plan though, is specifically for a business enterprise that is to be conducted within the CHA (as described broadly in the management plan), and is for the community's own use. The management plan is the over-arching document for the CHA. There can be several business plans for different enterprises in the same CHA.

Step 5

Acquire the land/premises

Start box

Kgato ya botlhamo (5)

Batla lefelo le le siametseng go dira kgwebo/dikago (lefatshe)

Go tlhopha setsha se kgwebo e tlaa tsamaisiwang mo go sone go tshwanetse ga dirwa ka kelotlhoko. Fa e le gore ke lebenkele, go fa sekai, le tshwanetse la agiwa mo lefelong le le tlaa kgonang gore le bonwe ka tsela e e motlhofo gape le siametse le bone bareki. Popego ya lefelo le yone gape e botlhokwa – go tshwanetse gape ga lebiwa le gore a lefelo leo le ka bo e le le nang le motlhaba, le na le seloko, maje kgotsa le thulame. Dintlha tse tsotlhe kana di ka ama thata ditshenyegelo tsa gago tsa go dira dikago kgotsa gongwe kago ya gago e ka tloga ya seka ya thaega sentle. Go ka nna ga bo go na le bontsintsi ja ditshoswane tse di nnang mo setsheng seo tse e leng gore mo nakong e e tlang ditshoswane tseo di ka nna tsa go kobela bareki. Fa e le gore o aga kgwebo e e tshwanang le jaaka lefelo la dijo la bojelo, gape gongwe le bara e e tlaa okang bajanala, lefelo le o agang dikago tsa gago mo go lone le botlhokwa fela thata. Bajanala ba rata thata mafelo a a nang le ditlhare tse di tona tsa meriti gape di le mo lefelong le le ntle ebile gape le kgatlhisa. Kgakololo ya moitseanape e tshwanetsa ya batlwa pele ga go tlhomiwa ga dikago go ise go simololwe.

Karolo e yone e tihalosa ka ditsamaiso tsa go bona setsha sa mmuso kgotsa sa morafe go simolodisa kgwebo ya go dira bojanala.

End box

Wildlife Management Areas (WMAs) and Community Controlled Hunting Areas (CHAs)

The following definitions were extracted from “Guidelines for investment options in CBNRM. Version March, 2002” to explain the use of land and land acquisition from Land Authorities by community groups.

The primary form of land use in WMAs is wildlife utilisation and management. These areas have been zoned to promote the sustainable use of wildlife and other natural resources. Wildlife utilisation includes both consumptive and non-consumptive uses. Examples of consumptive uses are hunting, live capture and venison processing. Non-consumptive uses are activities that do not include a wildlife off-take, such as game viewing and photographic safaris.

WMAs and other areas of Botswana are divided into Controlled Hunting Areas (CHAs), which in turn are zoned for various types of management. A CHA is a land designation as defined by the Wildlife Conservation and National Parks Act of 1992. The community CHAs are planned around existing settlements and are designed to benefit local people, while at the same time assisting poorer rural dwellers to increase their incomes and hence improve their standard of living. If they wish, communities living in, or immediately adjacent to, the CHAs are able to lease their areas from the Land Authorities in order to use and manage the resources contained therein. Once a community has secured the “head lease” for its CHA, it will be able to negotiate subleases or joint venture arrangements with the private sector.

It should be emphasised that the head lease (Community Natural Resource Management Lease) is not a land lease. It allows the use of prescribed natural resources and does not give title to land. Any infra-structural development that requires land needs to be applied for by the Trust separately.

Procedure for acquisition of state-land in rural areas

The following steps/procedure have to be followed when applying for state-land:

1. Identify the land desired;

2. Complete application forms and send them for approval to:
State-land Applications
Ministry of Lands and Housing
Private Bag 00128, Gaborone
3. Land Registry verifies that the land is actually available;
4. When it is cleared, the Minister is advised, and approves;
5. After it is recommended, the Department of Lands advises the Attorney General's Chambers;
6. If the land has not been surveyed, the applicant may survey the land at his or her own cost or wait for Government to do the job (the latter may take considerable time);
7. Once surveyed and approved, the Attorney General's Chambers writes a formal letter of offer to the applicant, who then has to make some statutory payments. Payments will depend on the size of the plot, which is sold per square metre. This information will be communicated in the letter; and
8. Once the above procedure has been finalised, a Title Deed is issued. Payment of the Title Deed can be made over four years through instalments.

Procedure for acquisition of plots on Tribal Land

CBOs that may want to construct an office, shop or whatever outside of their CHA will have to comply with the following steps/procedure when applying for Tribal Land:

1. Apply in writing to the Headman/Chief, stating the need for the land, i.e. residential, agriculture, cattle post or commercial and also the location and size of the plot;
2. After approval is given, the Chief stamps the application form and sends it to the Sub-Land Board. After approval by the Sub-Land-Board it moves to District Land-Board;
3. The Chief will identify the plot to District Land-Board;
4. Land-Board will visit and verify the site;
5. The applicant will be called for an interview;
6. Once Land-Board is satisfied, a lease agreement is drawn-up and issued to the applicant. This gives the applicant authority to occupy the land only, but no right to sub-lease or mortgage the plot. All members of the District Land-Board sign this document;
7. A certificate is issued at a later date;
8. The applicant should send the approved lease for registration to:
Department of Lands
Ministry of Local Government
Private Bag 006, Gaborone;
9. Once registered, the applicant submits the same to the Attorney General's Chambers to get the Lease Agreement converted to a Title Deed. This procedure cannot be completed without formally surveying the plot;
10. The Attorney General's Chambers returns the Title Deed to the applicant. Payment of the Title Deed can be made over four years through instalments. The applicant can mortgage the plot once in possession of the Title Deed.

A slightly different procedure is applicable in the case where communities want to apply for land

inside their CHA, for setting up infrastructure as part of their tourism enterprise. This procedure would apply, for example, to a curio shop, traditional village or campsite inside the CHA:

1. Submit a project memorandum describing the proposed project to the Technical Advisory Committee (TAC). It is helpful to do this even if the project is part of the management plan for the CHA because the TAC will have useful technical advice and comments that will enhance the project. In addition, once the proposal has the blessing of the TAC, it will proceed smoothly through the system.
2. An application should then be made to Land Board, accompanied by the project memorandum. The Land Board will give permission for the development to go ahead.

Start text box

NB. It is important to remember that there is no long-term security for infra-structural developments in CHAs where the community only has a short to medium term (15 years natural resource use) lease. Consequently it is inadvisable to invest large sums of money in permanent infrastructure in CHAs since it will be forfeit on expiry of the lease.

More security could be obtained by convincing the Land Authority to allocate a (50 year) common law lease to a Trust over a piece of land necessary to build the tourism infra-structure, e.g. along roads, adjacent to villages.

End of text box

Suitable location/premises for community managed business

Careful thought must be given to the choice of plot. If it is a shop, for instance, it should be built at a place where it is easily accessible and convenient for your customers. The terrain is also very important - consideration should be given as to whether it is too sandy, clayey, rocky or sloping. These factors may affect your actual construction costs or the building may be structurally weak. There may be ant colonies living on the plot and in the future these may chase your customers away! Professional advice should be sought before construction commences.

If you are setting up a business like a restaurant and a bar to attract tourists, the location of your premises is extremely important. Tourists enjoy places with large shady trees and attractive views.

Step 6

Obtain the necessary licences and permits

Start box

Kgato ya borataro (6) **Tsaya diteseletso tse di tlhokafalang/tetlelelo**

Mo lenaneong la gago la kgwebo, o tlaabo o setse o bonye tsotlhe tse di tlhokafalang ka fa molaong mme di tshwana le diteseletso le di tetlelelo, gape o tshwanetse go netefatsa gore di ka kgona go bonwa, e seng jalo se se ka tloga ya nna sekgoreletsi se se diphatsa se se tlaa dirang gore kgwebo e retelelwe ke go tswelela pele sentle mo nakong e e tlang. Legale, mo seemong sa ntlha sa go dira lenaneo la kgwebo, o ka bo gongwe o ile ka tsela e nngwe wa bo o ile wa tlhela go tlhothomisa thata dintlha dingwe tse di tlhokafalang mme e le tse di amang tsamaiso ka fa molaong. Maikaelo a karolo e jaanong ke go tlhalosa ka diteseletso le di tetla ka tsela e e tseeneletseng, le gape go supa ditselana tse di tshwanetseng go salwa morago fa di dirwa.

End box

In your business plan, you will have identified any legal requirements like licences, permits and tax regulations. It is important to have an idea of these licences and permits, and to be reasonably certain that they can be obtained, otherwise they may turn out to be fatal flaws that will cause the business to fail later on. However, during the business planning stage you will not have looked at these legal requirements in any depth. The purpose of this section now is to describe the major licences and permits in detail, and to outline the procedures for obtaining them.

(Note that this section deals only with the major licences required by most tourism businesses. There are many different enterprises, some of which need their own specific licences e.g. a casino is a type of tourism business, and all casinos must have a casino licence issued by the Casino Licensing Board. This section does not deal with all these specific licences, except to mention some of them).

Licences from the Department of Tourism

The most important licence from the Department of Tourism is the Tourism Enterprise Licence. Everybody wishing to carry out tourism operations, including community-based tourism enterprises requires it. When the Tourism Act was passed in 1992, it became law for all tourist enterprises to be licensed. The First Schedule of the Act describes four categories of tourist enterprises, each of which has its own licence.

Start box

4 types of Tourism Enterprise Licences

Category	Tourist Enterprise
A	Operations that offer facilities only on site, such as hotels, motels, guest houses* and apartments;
B	Operations that offer facilities on and off site, such as tourist camps, lodges, caravans, hunting camps and tented tourist camps, which also operate tours which require the services of professional guides or professional hunters licensed under the Wildlife Conservation and National Parks Act, 1992;
C	Operations that offer facilities off site only, such as safari tour operators, and any enterprise that receives and transports travellers and guests, providing them with sleeping accommodation and food beverages in equipment that is not geographically fixed; and
D	Operations that act as agents only, such as travel agents.

* Note that guest houses with five or less bedrooms, belonging to citizens, are exempt from having a Tourism Enterprise Licence.

End of box

The Act also makes provision for a Tourism Licensing Board to issue these licences, and details a standard application form in the Third Schedule. However to obtain the Tourism Enterprise Licence is more complicated than just filling in the application form, and requires quite a bit of work!

Start box

The procedure to obtain a Tourism Enterprise Licence

- Fill in the application form in detail. The application form is written specifically for companies, not for Trusts, although Community Trusts definitely have to have Tourism Enterprise Licences. This means that when a CBO completes the application form, it is advisable to get some assistance from the nearest Tourism Office. For example, where the application form refers to the Directors of the Company, the information required is about the members of the Board of Trustees. Other questions though, apply in both cases e.g. questions about existing premises apply to companies and Trusts;
- Attach a copy of the Deed of Trust in the case of a CBO;
- Include the details of the members of the Board of Trustees e.g. their O mangs, CVs etc.;
- Include a copy of the Head-lease for a CHA (if any), and the Title Deed or Lease Agreement for any other land used for the business (if any). Most community-based tourism enterprises to date have been centred around community CHAs, and the Head-lease is important to show the Tourism Licensing Board that the community has proper, legal access to the necessary land. However, the CBO may have offices or other tourism ventures inside or outside the CHA e.g. a bookings office in a nearby town, and this is where Title Deeds or lease agreements come in. The Land Board needs to be sure that the enterprise they will be licensing complies with other regulations;
- Eight copies of the Business Plan must be submitted. This is straightforward - can you see how important your business plan is? Without it, you will not be able to obtain a Tourism Enterprise Licence;
- Technical/architectural drawings and plans for any buildings approved by Council must be attached. If the proposed tourism business requires any buildings e.g. tourist accommodation, booking office, restaurant, curio shop etc. (especially in towns or villages) the plans must be approved by Council and submitted with the application; and
- Finally, the Certificate of Change of Land Use must be attached, where applicable. This Certificate would be needed in a case when, for example, a residential plot is intended for use as a commercial plot, and the change in use has been approved by Land Board.

Notes:

The application must be submitted to the nearest Tourism Office (see Annex 1). Officers of the Department of Tourism and/or Council will carry out an inspection of the premises, before the licence is granted.

If the tourist enterprise is a Category A Enterprise i.e. hotel, motel, guest house or apartment, it must be graded according to the Tourism Regulations passed in 1996.

The Tourism Enterprise Licence that is issued follows the format given in the Act (Third Schedule, Form B).

The Tourism Enterprise Licence must be renewed every year. The cost of the licence varies, with the Category A licence presently (2002) costing P200.00 per annum, and the others cost P1,000.00 per annum.

End of box

Licences from the Department of Wildlife and National parks (DWNP)

Many of the existing community-based tourism enterprises are based on community CHAs, and therefore involve mainly wildlife viewing or hunting. In these cases, certain licences will be required from DWNP. These licences are mainly for the personnel that accompany tourists involved in these activities. There are two main categories of licences here (each with sub-categories), as described in the Wildlife Conservation (Hunting and Licensing) Regulations 2001:

*1. Guides licences **

- Professional guide licence

To qualify for this licence, the applicant must be over 21 years of age, must have held an assistant professional guide licence for a period not less than three years or have appropriate experience, and have successfully completed the Guides Licensing exam;

- Assistant professional guide licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Guides Licensing exam; and

- Specialist guide licence (mokoro polers)

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Specialist Guides Licensing exam.

* Note that Community Escort Guides do not require any licence.

2. Hunters licences

- Professional hunter licence

To qualify for this licence, the applicant must be over 21 years of age, must have held an assistant professional hunter licence for a period not less than three years or have appropriate experience, and have successfully completed the Hunters Licensing exam;

- Assistant professional hunter licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Hunters Licensing exam; and

- Trainee professional hunter licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Hunters Licensing exam.

Application forms for these licences are available from Wildlife Offices throughout the country (see Annex 1 for contact details).

Note that the following licences and permits are also needed for specific types of hunting: Bird Licence, Single Game Licence, Small Game Licence, and Controlled Hunting Area Permit. The Controlled Hunting Area Permit is not well-known, despite the fact that it appears in the Wildlife Conservation and National Parks Act (1992) – it is a permit that is required by any hunter (whether citizen or non-citizen) hunting in any CHA. If a community is leasing a CHA and organises for a non-citizen to hunt there, it must still obtain the CHA permit. It is issued for the duration of the hunt only, and is relatively inexpensive (currently P20.00 for citizen hunters and P200.00 for non-citizen hunters).

Note also that guides and hunters who transport guests in a motor vehicle must also have a Public Service Vehicle (PSV) licence obtainable from the Department of Transport.

Commercial licences

There are two licence issuing authorities involved here, the National Licensing Authority and the Local Licensing Authority.

National Licensing Authority

This is in the Ministry of Trade and Industry, and issues the following licences (some of which may be needed for certain tourism-related businesses):

- Agency licence;
- Import/export licence;
- External representative licence;
- Hotel liquor licence; and
- Wholesaler licence (general and specialised).

Local Licensing Authority

These are located in the City, Town and District Council Offices, and issue the following licences:

- Hawkers and Vendors licences;
- Specialised dealer licences;
- Take-away, restaurant and supermarket licence;
- A range of liquor licences (*e.g.* bar, bottle store *etc.*);
- Travel agency licence;
- Hairdressing licence;
- General trading licence;
- Pharmacy licence;
- Fresh produce licence;
- Filling station, garage and workshop licence; and
- Dry cleaning and laundry licence.

Note that the Tourism Enterprise Licence covers the Liquor Licence, Curio Licence and the Vendor's Licence i.e. if you have a Tourism Enterprise Licence, it is not necessary to get these others.

There are also other specific registrations and licences required for certain businesses only. For example, if you are planning a tourism business in which guests will fly to your area, you will have to register with the Department of Civil Aviation who will inspect your runway and issue you with a runway licence. Other similar licences, not required by all tourism businesses, but which may be relevant to yours, include a boat registration licence and the boat movement permit for moving it.

When applying for any of the above-mentioned licences, your application should be supported (where relevant) by the following documents:

Health Inspector's Report on premises or approved plans:

- Title Deed or lease agreement;
- Bank statements to indicate financial position or source of income;
- Deed of Trust;
- Covering letter explaining how the business is to be operated; and
- Letters from prospective suppliers and buyers to indicate market area to be covered.

Various other compulsory business registrations

Tax registration

Although Community Trusts may run some profit-making enterprises, they are not liable for tax. However, Trust employees must pay personal tax, and for this reason, once the Trust has been registered, it should also register with the Commissioner of Taxes in order to receive a tax number and be able to deduct tax from employees (see below).

Personal income tax

Trusts with regular and permanent employees are required by law to make deductions from their employees' salaries for income tax. These deductions are sent to the Income Tax Department, and the tax-year ends on 30th June each year. Tax tables and details of the tax structure can be obtained from the Department of Taxes, Ministry of Finance and Development Planning, Private Bag 008, Gaborone.

Value Added Tax

Since 1st July, 2002, all businesses have to be registered for Value Added Tax, which replaces Sales Tax. Who must register for VAT? All businesses, individuals and organisations providing goods and services in Botswana with an annual turnover exceeding, or expected to exceed P250,000.00 per annum, must register. Businesses with a turnover of less than P250,000.00 may register if they wish, but must then remain registered for at least two years. The advantage of registering is that you can then claim back the VAT that you pay – those organisations that are not registered do not charge VAT. The only tourism businesses that need not register will be those making less than P250,000.00 per annum. There is a specific registration form that is available from your nearest Customs and Excise Office.

Step 7

Ensure that adequate start-up funds are available

Start box

Kgato ya bosupa (7)

Netefatsa gore madi a go simolola kgwebo a teng mme gape a lekanetse

Fa e le gore o dirile lenaneo la gago le le tletseng la kgwebo, o tlaa nna le lesedi le le tlhomameng la madi a a tshwanetseng go dirisiwa, gape o tlaa nna le kitso ya gore o tlaa tlhokana le madi a a ka tshwarang bokae go kgona go tsamaisa kgwebo ya gago sentle mo nakong ya fa e santse e simologa. O ka nna wa bo o na le madi a gago a a lekanetseng, mme fa e le gore ga go a nna jalo, go na le makgotla a le mantsinyana a a farologanyeng a o ka buisanang le one mabapi le go batla dithuso. Fa e le gore o batla madi a mangwe a o ka tlatsang ka one, go na le dilo di le pedi tse di botlhokwa tse o tshwanetseng wa di gakologelwa: Makgotla a a dirang dikadimo tsa madi ga a kake a go adima madi ka maikaelelo a go go thusa – ba dira se ba batla dipelo tse ba tlaa di bonang ka madi a bone e le tsa mofuta wa morokotso o o kwa godimo. O seka wa ba wa tsiediwa ke ope wa bone ka tsela ya go go bolelela fa ba dira se go go thusa. Sa bobedi, fa e le gore kgwebo ya gago ga e kake ya kgona go itirela madi fa e se fela ka go nna le dithuso tsa madi tse di tswang ka kwa ntle, se sone se tlaa raya gore kgwebo ya gago e seka ya tlhlongwa fela gone go simolola kwa tshimologong. Batho ka bontsi ba kgona fela go bona mofuta ya ditsela tsa go bona madi e le tse di motlhofo, e bo e re go tswa foo, ba bo ba dirisa mananeo ao ba sa tlhomamisi pele gore mme tota gone se se tlhokafalang thata ke eng. Kakanyo fela ke gore fa e le gore go na le madi a a teng a a ka bonwang, a tshwanetse a kopiwa! Dithuso tse di tswang ka kwa ntle tsa madi ga ntsi di na le tlhwatlhwa e e kwa godimo, mme gape di dirisediwa fela go tsamaisa kgwebo mo nakong ya fa e santse e simologa kgotsa go kgona go bona madi a mangwe gape a a ka kgonang go e thusa.

Go na le mananeo a le mmalwa a a teng e le a ga goromente le a e seng a ga goromente a a tlhomilweng e le a dithuso tsa madi a a ka kgonang go abelwa go thusa ditiro tsa CBNRM mono Botswana, mme legale mananeo a otlhe ga se gore a ntshetswa maiteko a dithuso tsa bojanala fela ka tsela e nngwe – a mangwe a ntshediwa dithuso tsa mananeo a tsa temo thuo kgotsa a ditiro tse dingwe fela tse motho a ka ithusang ka tsone. Mokwalo o o tletseng wa mananeo a dithuso tsa madi o kwadilwe mo karolong ya borataro. Karolo e ya bosupa gape e tlhagisa ka dikgang tsa kitsiso tsa lenaneo la CEDA, le ditselana tsa dithuso tsa madi tse di dirwang ke ba PEO Holdings le tse di dirwang gape ke ba BDC.

End box

If you have done a proper business plan, you would have a good idea of the projected cash flow, and therefore how much money you would need to tide you over the initial start-up period. You may have adequate funds of your own, but if not, there are a variety of institutions that you could turn to for assistance. When looking for additional finance, there are two important things to remember:

1. Money lending institutions don't lend money to help you – they are looking for a return on their investment in the form of a high interest rate. Don't be misled by any of them claiming that they are assisting you; and
2. If your business is not financially viable without outside financial support, then it should not be started in the first place. Many people automatically identify funding programmes and then tap into them without looking at their real requirements. The perception is that if there is money available, it should be applied for! Outside finance is usually expensive, and is to be used for tiding the business over the start-up period or for initiating further money-generating capacity.

There are several Government and non-Government funding programmes that can support CBNRM projects in Botswana, but not all of them support tourism initiatives per se - some support agricultural or other self-help activities. A comprehensive list (derived from the 2001 CBNRM Status Report and updated) appears in Annex 7.

Below are highlighted a few options relevant to the tourism industry, including the recently established Citizen Entrepreneurial Development Agency.

Citizen Entrepreneurial Development Agency (CEDA)

Project description

Government has established CEDA in response to recommendations from both the National Conference on Citizen Economic Empowerment (NACCEE) held in July 1999 in Gaborone and the 4th Evaluation of FAP (Financial Assistance Policy), which was completed in 2000. Both reports have called for support for business development and citizen involvement, which has been lacking among a large majority of citizens. NACCEE also recommended the citizen empowerment schemes be consolidated and that the financial assistance be provided as loans at subsidised interest rates and not grants (a loan is when the money is *lent* to the investor; a grant is *given*, and does not need to be repaid).

CEDA is now the agency for the development of viable, sustainable, citizen owned business enterprises, through the development of and access to entrepreneurial and management skills training, monitoring and mentoring, provision of finance and sharing of risks. Furthermore a Venture Capital Fund is established and managed by CEDA to provide citizen-owned projects and joint ventures between citizens and foreigners with financial support. The fund will invest in ventures of any size (small, medium and large).

Eligibility criteria for assistance

1. Registered viable new start-up business in all sectors of the economy owned by citizens;
2. Viable expansions to existing registered businesses in all sectors of the economy owned by citizens;
3. Under the Venture Capital Fund both citizen and joint ventures between citizen and foreign investors can apply; and
4. The applying businesses are encouraged to contribute to the project, either in cash or in kind or a combination of both. Small/micro scale projects will be assisted even if no contribution by the owner will be available.

How much assistance does a project receive?

Small/micro scale projects (100% citizen owned):

1. Loans from P 500.00 - P 150,000.00;
2. Interest rate 5% per annum; and
3. Repayment period: depends on the size of the loan and the project cash flow. The smaller the amount, the shorter the repayment period will be. The maximum repayment period is five years, with some flexibility for projects of a special nature in sectors such as agriculture.

Medium scale projects (100% citizen owned):

1. Loans from P150, 001.00 - P2,000,000.00;
2. Interest rate 7.5% per annum; and
3. Repayment period: depends on the size of the loan and the project cash flow. The smaller the amount the shorter the repayment period will be. The maximum repayment period is seven years, with some flexibility for projects of a special nature in sectors such as agriculture.

Large scale projects (under the Venture Capital Fund):

Assistance is in the form of equity capital and/or loans. Promoters are required to contribute up to a maximum of 25% of the total project costs as equity and pay market related interest rates.

Only one loan at a time will be accessible; eligibility for a further loan will depend on the successful retirement of the initial loan and the performance of the financed project. (Exceptions can be made under particular conditions).

Training, monitoring and mentoring programme

Training, monitoring and mentoring is made available to CEDA funded projects for the improvement of management skills related to: purchasing, production, marketing, financial

management, human resource management and other business practices.

Application procedures

Applications consist of:

1. Filled-in standard application form (form available at CEDA);
2. Business plan (form and guidelines available at CEDA).

CEDA can be contacted at National Development Bank offices in Francistown, Gaborone, Ghanzi, Kanye, Lelhakane, Mahalapye, Maun, Mochudi, Molepolole, Selebi-Phikwe, Serowe, Tsabong.

For more information contact:

CEDA at National Development Bank
PO Box 225, Gaborone
Tel: 5(31)70895

PEO Holdings

This is a business development initiative established by De Beers Botswana (Pty) Ltd and Debswana Diamond Company (Pty) Ltd to promote and facilitate the development of commercially viable businesses in Botswana.

Who is eligible for assistance?

Companies and individuals wishing to start up new businesses, and businesses wishing to expand.

How does PEO assist businesses?

PEO provides financial assistance in the form of equity and loan funding. This means that they can provide supplementary funds only if the prospective business has contributed its share. Equity funding is provided in return for a minority shareholding in the business. Loans are provided at competitive rates to supplement equity funding.

What PEO does not do?

PEO does not provide any form of grant or subsidy to businesses (grants and subsidies are not repaid, and are therefore like gifts – they do not encourage good business practices!). PEO also does not re-finance businesses that are experiencing financial difficulty or those that are not considered to be financially viable.

What criteria are used to evaluate applications?

- Commercial viability of the business idea;
- Applicant's ability to manage the business;
- Sound credit and trade references; and
- Applicant's contribution relative to the size of the investment and their own resources.

What contribution is the applicant required to make towards the business?

- An applicant is required to contribute either financial or other assets to the business; and
- The applicant must be available to manage the business.

How to obtain assistance from PEO?

An entrepreneur wishing to apply for assistance is initially interviewed, telephonically or in person, to discuss the business idea. If the business passes the screening process, the entrepreneur is requested to complete an application form and prepare a detailed business plan. The business plan is evaluated, and if it meets the criteria for assistance, a recommendation is submitted to the Board of Directors for approval. Following approval by the Board, all required legal agreements must be signed by the respective parties before funds can be made available.

Contact details

PEO Holdings (Pty) Ltd
Private Bag 00507
Gaborone
Tel: 3902991
Fax: 3902990

E-mail: PEO@debswana.bw

Botswana Development Corporation (BDC)

(Information source - HATAB, Tourism Development Guide)

BDC provides assistance to the development of tourism in Botswana in the following ways:

- Loans (call and term);
- Share capital - (loans and share capital together);
- Guarantees;
- Hotel property development - leased to hotel operator;
- Management securing; and
- Overdraft finance.

BDC's forms of assistance are rendered in a way that is complementary to those provided by the private sector, commercial banks and other financial institutions. However, areas of overlap cannot be totally avoided. The issue of overlap between the activities of BDC and those of other financial institutions applies in particular situations where:

1. BDC implements its own viable projects which the private sector has failed to undertake or is unwilling to participate in; and
2. Makes term loans without any associated equity investment.

BDC can provide financial assistance that meets business's full requirements. BDC loans are available at commercial rates, repayable over five to 12 years. Grace periods of up to two years on principal repayment may be given. In some cases such moratorium is applicable on principal and interest.

BDC requires 25% (of the capital cost) minimum contribution by the project sponsor. In the case of projects eligible for CEDA funding where the sponsors include Botswana citizens, this contribution may include capital grants available from Government and are considered as part of the sponsor's contribution. It must be noted that BDC will generally not finance more than 50% of the total capital cost including permanent working capital with the exception of investments below P500, 000.00, where a minimum of 75% applies, and with subsidiary companies.

Some considerations, which form part of the investment criteria, have to be addressed before a project can be assisted:

- Does the project conform with BDC policy in general and for the sector in question?
- Should the project be undertaken as an extension of an existing BDC subsidiary, or associated company in the sector, or independently?
- What priority does the project have for funds?
- What is the funding proposed and are funds likely to be available?

New projects in BDC are initiated in a number of different ways, which can, for the most part, be grouped into three categories:

- Projects identified by BDC or through feasibility studies and which BDC itself is promoting;
- Projects brought to BDC by an entrepreneur/sponsor/company with the hope of financial participation from BDC; and
- Projects initiated by companies already financed in some way by BDC.

BDC has three main departments - Finance, Marketing and Operations. The Operations Department is divided into six divisions, one of which is the Hotel and Tourism division, which as the name suggests, is responsible for the tourism sector.

For further information contact:

Botswana Development Corporation Ltd
Private Bag 160
Gaborone
Tel: 3(9)52564
Fax: 3(9)73539/3(9)04193/3(9)59354

Professional assistance to raise funds

Fund-raising can be done through specialists like Initiatives (Pty) Ltd., a Maun-based company that assists communities to write fund-raising proposals, and to source funding from appropriate donor organisations. In doing so, it also helps build the fund-raising capacity of the organisation applying for the funds.

Step 8

Recruit suitable personnel

Start box

Kgato ya borobabobedi (8)

Hira babereki ba ba kgonang ebile ba lebane le go dira tiro

Kgato ya bofelo pele ga kgwebo ya gago e ka simolola go tsamaisiwa gape e bo e bereka sentle, ke go hira batho ba ba tlhokafalang gape ba siametse go dira tiro, se se direlwa gore kgwebo e tle e kgone go tsamaya sentle le gape gore e atlege. Mo lenaneong la gago la kgwebo, o ne wa tlhalosa ka se se tlhokafalang e le sa meamuso ya babereki ba ba tlaabong ba berekela mo kgwebong ya gago, mme jaanong o tshwanetse wa batla bone batho bao. Karolo e e ntsha kaelo ya gore o ka dira yone tiro eo jang.

End box

The final step before your business is up-and-running is to recruit the right people needed to make the business succeed. In your business plan, you identified the human resource requirements of the business, but now you have to find those people.

Remember that it is the people that make a business, or for that matter, any organisation: that is one of the most important things to understand when starting a business. A business is only as good as the people that run it – it's not necessarily as good as the product it makes or the goods that it sells. Community-based tourism enterprises usually have broad aims that include aspects like job creation for community members, in addition to simply making money. It is possible to have both, as long as there is a commitment to choosing the best people from the community. Here are some guidelines to help you chose the right people for the business:

1. Choosing the right people can be a costly affair - in terms of time and/or money. An employment/recruitment agency could be used to reduce some of the workload, but this may be expensive as they typically charge between 10% and 15% of the employee's salary for the first year as a fee. Alternatively the advertising and interviewing can be done by the Board of Trustees, or by the Community Enterprise Group, but obviously this will take a lot of time;
2. Don't underestimate the time, skill and care needed for successful staff interviewing and selection. Leave sufficient time for the interview. Not only is the decision of whom to employ an important one for you, but also for the potential employee, especially as he or she will be entering a new business with no proven track record;
3. Prepare an outline for the interview, but be flexible about it. You should have a fairly small number of key questions that you need answered, but let the candidate talk about him/herself. You will be able to find out much more that way. An indication of the points that you must learn about the candidate is:
 - What qualifications, skills and experience the candidate has relative to the requirements of the job;
 - Loyalty to previous employers - beware of someone who has had frequent changes of job or who emphasises minor grievances about past employers;
 - The candidate's existing salary and how it compares with the package you are offering;
 - The candidate's long-term aspirations; and
 - The candidate whom you are employing is probably applying for other vacancies as well. You need to make a special effort to sell your business to him/her.
4. After the interview, follow up references, by telephone if possible, but make sure that you have the candidate's permission to do this. A key question to ask a previous employer is "Would you re-employ him/her?"
5. Send an offer letter to the successful candidate as soon as you have made your decision.

Remember that this is likely to form the basis of a contract of employment, so be very careful about the drafting of the letter. Inform the unsuccessful candidates as politely and as soon as possible; and

6. Once you have secured the right staff, you need to make sure that they are happy by continuing or increasing the motivation and standard of working that they had at the outset. Keep employees, especially key people, in the knowledge of where they stand and what their progress has been. A high staff turnover can create havoc, and is extremely expensive, especially in a small business.

Part 3 - Individual entrepreneurs

The major steps in setting up a tourism business

Step 1. Set up and register your organisation
(see page)



Step 2. Open a bank account
(see page)



Step 3. Identify a suitable business venture
(see page)



Step 4. Draw up a business plan
(see page)



Step 5. Acquire the land/premises
(see page)



Step 6. Obtain the necessary licences and permits
(see page)



Step 7. Ensure that adequate start-up funds are available
(see page)



Step 8. Recruit suitable personnel
(see page)

Use this chart to identify your starting point. For example, if you have already registered your company and have a bank account, go straight to step 3.

The chart can also be used to measure your progress as you are getting your business set up. Tick off the steps you have completed so that you have a record of what still needs to be done.

Step 1

Set up and register your organisation

Start box

Kgato ya ntlha (1)

Tlhoma lekgotlana la gago o bo o le kwadisa ka fa molaong

Pele ga o ka tsena mo lenaneong la go dira kgwebo, go botlhokwa thata go itse sengwe mabapi le mefuta e e farologanyeng ya makgotla a a dirang a le mo lephatleng la molao gape e le one a a ka dirisiwang e le sepalamo se se ka berekang mo kgwebong. Lengwe le lengwe la one le na le dintlha tse di farologanyeng e le tse di siameng ga mmogo le tse di sa siamang. Mme se se botlhokwa thata, mofuta wa lekgotla le o tlaabong o le tlhophela le na le dintlha tse di botlhokwa e le tse di amang molao, ka tsela e fa go le jalo, o ka nna wa batla go nna le kgakololo ya baitseanape ba molao. Gantsinyana go na le mefuta e le meraro ya popota e e leng ya tsamaiso ya dikgwebo mme gape e le e e siametseng dikgwebo tsa bojanala. Tsela ya ntlha ebile e le e e motlhofo thata, ke ya “mogwebi yo o ikemetseng ka bo ene”. Ntlha ya bobedi ke ya “kgwebo e e kopanetsweng” mme ya boraro yone ke ya “kgwebo ya kompone e e ikemetseng ka bo yone”.

Karolo e yone e tlhalosa ka dipharologanyo tse di leng teng mo gare ga yone mefuta e ya dikgwebo tse tharo tse le gore o ka itlhophela go dira kgwebo ya mofuta ofe mo gare ga tsone.

End box

Before going into business, it is essential to know something about the different types of legal organisations that can be used as the vehicle for the business. Each has different advantages and disadvantages. Most importantly, the type of entity you choose has important legal implications, so you may like to get professional legal advice.

There are basically three main types of business structures that are suitable for tourism enterprises. The first and easiest, is the “sole proprietorship”. The second is a “partnership” and the third is a “private limited company”.

The sole proprietorship

A sole proprietorship is owned and operated by one person. It is the simplest legal structure where the individual controls all of the business assets and profits. The business is conducted for the sole benefit of the proprietor (owner), and any profit or loss made by the business is a profit or loss for the owner.

This last statement is important, since it means that in a sole proprietorship, the owner is responsible for all debts of the company. This is a potential disadvantage of this type of business. Another disadvantage is that the owner may be subjected to high tax rates, since the business income is effectively the owner’s income. It may also be more difficult to attract capital for development of this type of business, since the business is so closely linked to the individual. Finally, a sole proprietorship, being a “one-person show”, may suffer in the event of the owner being ill.

The name of the business must be registered if it is not the name of the individual, who will still be fully responsible in all cases for his business debts and commitments.

Sometimes sole proprietorships are used as a means for starting a business specifically to test the market before venturing further. For example, a person intending to start a curio business could start off as a sole proprietorship because it is easy to set up - a different type of business ownership can be adopted later if the curio business looks profitable and worthwhile.

Partnership

This is where two or more people (but not more than 20) conduct a lawful business to which each

of them has made a contribution, with the object of making a profit and then sharing the profit between them. The legal definition of a partnership is “the relationship that exists between persons carrying on a business in common, with a view to making a profit”.

A partnership is formed by an agreement between two or more persons to carry on a trade, profession or business together under a joint name. The partners are individually and jointly responsible for all aspects of the business, and permission from all partners is needed for the partnership to enter into a contractual agreement.

The formation of a partnership is relatively straightforward, inexpensive, confers legal status and may provide some tax advantages. All profits and losses are allocated to the partners for tax purposes. Partners are free to agree amongst themselves as to the distribution of profits and the allocation of losses, as well as management and normal operational procedures. A partnership also results in the combination of skills and expertise of each individual partner. In addition, the partnership can determine a division of labour in accordance with the competence and skills of the partners.

Difficulties may arise within a partnership with additions or withdrawals of partners.

Partnerships are the best style for some situations, but the main disadvantages are:

- Partnerships require a thorough agreement on sharing of responsibilities; and
- From a legal point of view, any single partner can be held liable for all the obligations of the partnership in the event that there are problems between the partners. Each partner is personally liable for the debts of the partnership, and each partner is liable for the actions of any of the other partners.

The limited company

The limited company is the most important form of business establishment in Botswana, and also the most popular one. There are two types of limited companies, private and public, and both are subject to the provisions of the Companies Act (CAP 42:01).

A *private limited company* is an association of people (not exceeding 50 in number) who agree to associate together for business purposes (as covered by the Memorandum of Agreement).

There is no minimum capital requirement for a limited company under the Companies Act (CAP 42:01) and this means that the company can start with shares worth a nominal amount e.g. P1.00 each. The private limited company must have a minimum of two shareholders, and not more than 50. Each such company needs a Memorandum of Association and Articles of Association, and must be registered under the Companies Act (see below).

Forming a company of this nature creates a separate legal identity - in other words, the limited company has an identity of its own, separate from that of its owners, and this enables the owners to deal with the company without mixing their personal finances in the company. The word “limited” in the name means that the owners have limited financial liability - this is precisely because the company has its own separate identity. This also means that the company has continuity of existence, and will carry on even if a member withdraws (or even if all members withdraw - this is how “shelf companies” become created - see below). This type of arrangement is advantageous to the owners, and explains why this is a popular form of business entity. Other advantages of a limited company are that the transfer of shares is simple, and additional capital can be obtained easily.

On the downside, registration of a private company (or incorporation as it is called) is relatively more difficult and expensive, and limited companies are subject to compulsory reporting requirements e.g. annual financial statements etc. In addition, company shareholders are not necessarily entitled to participate in management.

The “owners”, in return for a monetary contribution to the company, receive shares in the company (which is why they are called shareholders) in which the liability of the members is limited to the amount unpaid (if any) on the shares they hold.

A *public limited company* is an association of persons, also called shareholders, but in this case

the company raises funds by going on the stock exchange and selling shares to the public.

Choosing the right business entity

There is no easy answer to the question most asked – “Which is the best option to choose?” The advantages and disadvantages of each must be related to the particular business and the individuals involved in setting it up. However, as pointed out, the private limited company is most popular, mainly because of the limited liability of the shareholders (owners). This type of company must be registered (or incorporated) with the Registrar of Companies, and the procedure for doing this is described below.

Acquiring or registering a limited liability company in Botswana

There are two routes that can be followed when establishing a limited liability company - either purchasing an existing but dormant company (this is referred to as purchasing a company “off the shelf”) or registering a new one. Whichever option one chooses, it is worth noting that both are relatively simple to do. However, for registering a company, it is best to work through an auditing and secretarial firm as part of the procedure is a bit complicated. The quickest and easiest option is to buy a company off the shelf, so let’s consider this first, although it is slightly more expensive than registering a new company.

Buying a company off the shelf

Companies that have been registered, but which are no longer active may be purchased from an auditing and secretarial firm. These companies usually have very general Memoranda and Articles of Association, so that they cover a range of business options. The process of purchasing a shelf company usually takes only a matter of days.

This company will of course come with its own registered name, which may not be suitable as a name for your intended business. In this case, you should reserve your own company name by submitting it to the Department of the Registrar of Companies, Trade Marks, Patents and Designs, PO Box 102, Gaborone (this Department is in the Ministry of Trade and Industry, and is located in the Government Enclave). The procedure to be followed is simple, and costs a small amount - obtain Form RBN/2 from the above address, complete it and return it to the Registrar with the small payment required (it is best to give at least three choices of names in case your preferred name is already taken). The whole procedure may take a while, but your newly purchased company can of course continue to operate under its existing name.

Registering a new company

To register a new company, the first thing that has to be done is to reserve the company name. The procedure for doing this is described in the paragraph above.

Thereafter, the Memorandum of Association and Articles of Association for the company need to be drawn up - this is the part that requires the assistance of an auditing and secretarial firm (you may choose to get them to handle the whole process for you). What exactly are the Memorandum and Articles of Association? The Memorandum of Association is an agreement between the people associating together to form the business. They do this by signing the Memorandum. The Articles of Association prescribe the regulations governing the company. The Memorandum and Articles of Association should include the objectives of the company, total capital, number and value of shares, details of the Directors and the number of shares held by each. These documents are submitted in duplicate (two copies) to the Registrar of Companies for checking - if satisfied, the Registrar incorporates (includes) the company, returns one set of the Memorandum and Articles of Association, and issues a Certificate of Incorporation. This is the registration certificate for the company, and will be required for opening a bank account, among other things (see later). Registering a company is relatively inexpensive.

Implications of registering a company

It is important to note that all registered companies are required by law (the Companies Act) to keep proper books of accounts. A balance sheet and statement of accounts should be prepared annually, certified by the Directors of the company, and presented to the shareholders. In addition, an annual return must be filed by each company with the Registrar of Companies.

The Companies Act (CAP 42:01) governs all aspects of setting up and running a company, and a copy can be obtained from the Government Printer if needed.

Step 2

Open a bank account

Start box

Kgato ya bobedi (2) **Bula bukana ya polokelo ya madi le banka**

Go bula bukana ya polokelo ya madi le banka ke nngwe ya ditiro tse di tsayang nako e ntsi fela thata go dirwa, gape go batla gore go nne le ditshwetso dingwe tse di tshwanelwang ke go tsewa. O tshwanetse wa tsaya tshwetso ya gore ke mofuta ofe wa bukana ya polokelo ya madi le banka e go tlhokafalang gore e bulwe ka gore go na le mofuta e le mebedi ya go ka boloka madi le banka – ke bukana e e dirisang dicheke le bukana fela ya polokelo.

Karolo e e tlhalosa se o tshwanelwang ke go se dira fa o batla go nna le bukana ya polokelo ya madi le banka.

End box

The procedure for opening a bank account for a company/individual is relatively time-consuming, and a decision must be made as to what type of bank account you should open – a current account or a savings account (or both).

Type of bank accounts

Savings account

The savings account is, as the name suggests, designed to encourage savings. The main advantage of a savings account is that whatever money is in the bank account earns interest. Interest is paid on your money - in other words, the bank in which you deposit your money pays you for having the use of it.

If you have a normal savings account, you can draw up to a certain amount (it varies from bank to bank) without notice. Large amounts can be withdrawn by simply advising the bank of your intention in advance. In some types of savings account, you need to give a prescribed number of days notice of your intention to draw any money. These accounts normally pay higher rates of interest than the ordinary savings account.

There are several types of savings accounts that basically function on minimum balances and each offer different interest rates. Simply put, the more money you put in the account, the more interest it earns. Interest is calculated on the monthly minimum balance for lower interest accounts and on daily closing balance for higher interest accounts. Interest is usually paid quarterly (January, April, July, October) for all accounts. Barclays, for instance, offers four different types of savings accounts to choose from, these are:

- Instant savings account;
- High rate savings account;
- High interest bonus savings account; and
- Pula based call accounts.

A disadvantage of this type of account, however, is that you will have to draw cash each time you need to pay bills and there is always a chance that the money could get stolen, lost or misused.

Current account

Most businesses operate a current account, also known as a cheque account. This is an account on which you receive no interest on your money, but it is designed to allow quicker and easier access to your money by means of cheques. When you open a current account you are issued with a cheque book with which you can make payments to your vendors/suppliers. The cheque is your instruction to your bank, in terms of the conditions printed on the cheque, provided you have sufficient funds in your account to cover the amount of the cheque or have overdraft facilities. Overdraft facility is an arrangement with the bank to lend you money up to an agreed

amount. Normally to obtain an overdraft, you have to cede to the bank certain agreed-upon assets, so that the bank could take over these in the event of your not repaying your overdraft.

Because a current account is a convenience account and requires more work on the part of the bank than a savings account, you have to pay for each cheque you write. This charge varies from bank to bank.

Using this account, your bills can be paid by cheque and you have the security of not having to keep huge amounts of cash on hand. There is also a measure of financial control, because often cheques require two signatures and outgoing money can be tracked using the cheque stubs.

Which type of account is best?

If you do not have much money and only conduct a few transactions it will probably be better to open a savings account so that your money will earn interest.

If you have quite a lot of money and make numerous transactions on a monthly basis then you should decide to open both accounts. Enough money should be placed in the current account to cater for business operations and the remainder can be put in the savings account to earn interest. Large amounts of money should be placed into the savings account, and then transferred to the current account as and when needed.

How to open an account

The following things need to be done to open a bank account:

1. Application - Produce information showing that the company is a legal entity, *i.e.* certificate of registration or memorandum of agreement or shareholder certificates, and a completed form authorising the opening of an account (see sample Form A in Annex 2). In the case of a company, details of at least two directors must be provided. Original identity documents/passports should be presented to the bank for confirmation/certification. Non-citizens should present residence and work permits.
2. Address confirmation - Banks generally need some proof of the address of a Company opening an account. If the Company has water or electricity (utility) bills showing the Company name and address, then copies of these are sufficient proof to the bank of the Company's address. If however, the Company has no utility bills, then the best thing to do is to get ten existing customers at that particular bank to confirm the Company's address. This is done by completing a form (see sample Form B in Annex 2) authorising the bank to contact the customers listed in order to check on the address. Note that the people listed must have had their own bank accounts for at least six months, and they must have known you for at least 12 months.
3. Signature authorisation - Once the account is approved by the bank, it will need to know the name(s) and designation(s) of the person(s) who is/are authorised to sign on the account (see sample Form C in Annex 2).
4. Signature card - The bank requires a signature card to be completed so that it can identify the signatures of the officials authorised to sign cheques (see sample Form D in Annex 2).
5. Information Trust Company (ITC) clearance - This clearance is done to ensure that you are not blacklisted for bad debts anywhere in Botswana.
6. Monthly bank statements - Arrangements must be made with the bank for you to receive monthly bank statements so that you can reconcile your accounts at the end of each month.

Step 3

Identify a suitable business venture

Start box

Kgato ya boraro (3) **Netefatsa go tswelapele ga madirelo a kgwebo**

Kgato e e latelang ke ya go tlhophisa madirelo a kgwebo e e lebanyeng gape e ka kgona go tswelapele e bo e ikemela sentle ka bo yone. Dintlha di le dintsi tse di teng di tlhalosiwa mo karolong ya ntlha, mme legale ga se gore ke tsone tsotlhe mo go tse di setseng di balolotswe, tse di tlaabong di siametse go ka dirisiwa kgotsa gongwe gore e ka bo e le tsone fela tse di tlaa tswelelang sentle gape di na le tshono ya go tsamaisiwa sentle mo maemong otlhe a a teng. Se se botlhokwa thata se se ka dirwang, ke go tlhophisa mananeo a le palonyana fela a go lemogiwang gore mogwebi o ka bo a na le bokgoni ja go a tsamaisa ka tsela e e tlaa nnang le katlego, go tloga foo a bo a dira dipatlisiso pele ga a ka simolola go dira tshokatsheko ya mmara, gore a tle a kgone go bona gore a mme kgwebo ya mofuta o a o tlhophileng e ka kgona go tsamaisiwa ka tsela e e tlaa tlang dipoelo.

Go tshwanetse ga gatelelwa gore mo gone mme e tlaa bo e le tiro ya dipaakanyo fela, e e direlwang gore go kgonwe go tlhophisa mofuta wa kgwebo e e ka kgonang go tswelisiwa gape e dira sentle, ke gore e dirwa ka bokgoni ja gago wena mogwebi ka tsela ya go e tlhabolola gore e nne kgwebo ya popota, le gore e nne le sebaka sa go tswelela e dira sentle mo nakong e e tlang, ke gore go kgona gore e dirwe mme gape e tlang dipoelo. Ga go dire tlhologanyo go tlhophisa lenaneo la kgwebo, go bo go dirwa maiteko a mantsi a go e simolodisa, mme e bo e re kwa morago ga maiteko ao otlhe e bo e sa kake ya kgona go tswelisiwa sentle ka go bo go na le mathata a matona a a e kgoreletsang. Go fa sekai, fa e le gore kgwebo ga e kake ya kgona go dira madi a a lekanetseng gape ebile a ka kgona go busa madi a a dirisitsweng fa e simololwa ga mmogo le go kgona go tlang dipoelo, kgotsa fa e le gore kgwebo eo e tlhokana le meamuso ya boitseanape jo bo lebanyeng ja meamuso ya babereki ba ba rutetsweng tiro ba e leng gore gape wena mogwebi ga o na nabo, mme mo godimo ga tse tsotlhe go bo gape go lopa madi a mantsi go ba hira, se mme sone go a tlhokafala gore se itsiwe fela gone kwa tshimologong, e seng jalo nako e ntsi thata ga mmogo le maiteko di tlaabo di sentse fela go sena lebaka lepe.

Karolo e yone e tlhalosa ka tsela ya go dira mokwalo o mokhutshwane wa dintlha tsa go dira kgwebo le gore go ka dirwa jang dipaakanyo tsa dipatlisiso tsa mmara gore go tle go nne motlhofo go lemoga fa kgwebo e ka kgona go tswelela sentle e ikemetse ka bo yone.

End box

The first thing to do when assessing a business opportunity is to determine to what extent you can draw on your own skills, experience and education. This is because you will have far more chance of success if you already have the basic skills needed to make or sell your particular product or service. This may appear obvious, but many people tend to look for something that they think is an opportunity, and then see if they can make it happen, instead of looking at what they can do well, and preferably enjoy doing, and then looking for a way of making money from that activity.

Secondly, and equally important, you must make a preliminary investigation into the financial viability of the business at this early stage. Nothing detailed, but enough to be sure that you are backing a potentially viable business from the start.

Many potential tourism business ideas are described in Part 1, although the list is not exhaustive. Decide on two or three options that appeal to you, and then conduct a preliminary exercise, aimed at selecting a business that is *feasible* i.e. within your capability to transform it into a business, and potentially *viable* i.e. it can be made into a profitable business. There is no point in choosing a business, and then putting a lot of effort into setting it up, only to find later that it could not work because of some serious problem. For example, if the business cannot generate sufficient money to cover costs and make a profit, then you must know this at an early

stage. Or if the business requires specific expertise that you do not have and which is very expensive to buy in, then this must be known at the outset or a lot of time and effort will be unnecessarily wasted.

Later on (Step 4), when the business plan is drawn up, these issues will be looked at again in much more detail.

Selecting preliminary business options

The starting point for choosing a potential business is to list all possible options that could be undertaken. The potential opportunities as provided in Part 1 could also be added to the list.

From these, choose three or four that you are interested in, and which you think you could manage profitably. These potentially suitable options are the ones that will be subject to further investigation.

Feasibility analysis

In determining the feasibility of a business option, you will have to relate the skills required to run the particular business to those that you know you have. Remember that by feasibility we mean your ability to develop the idea into a business by using your own qualifications and experience. Buying in expertise from outside has additional financial implications. It would probably not be a good idea to start a business that relies to a large extent on outside expertise in key areas e.g. technical aspects of the business, since in these cases, the owner would be totally reliant on employees.

For each of the short-listed businesses, do the following exercise in order to see which of the three is most feasible:

Make a table such as the one shown below, listing first the tasks that need to be carried out to make the particular business function. Thereafter, against each task, list the qualifications, skills or experience that you have – this will enable you to see which option matches your particular profile of expertise.

Type of potential business: Donkey-cart tours to cultural centres in a village (for example)		
Expertise required/tasks to be undertaken	Do you have the knowledge/skill?	
	Yes	No
Caring for and managing donkeys	✓	
Communicating with foreign tourists	✓	
Knowledge of local cultural centres e.g. craft shops, traditional healer etc.	✓	
Marketing/advertising skills	✓	
Book-keeping and accounts		x
Etc.		

In the example given, it is apparent that establishing donkey-cart tours is well within your capabilities. Only limited outside expertise is needed, and the project *would be feasible*.

When you have done this for all the short-listed options, you will have a good indication of which business would be most feasible. However, the financial viability of the businesses still needs to be evaluated before a final decision is made.

Viability of the business

From here on, a different approach will be needed. The viability of the business can only be

determined by conducting some preliminary market research. The purpose of the market research is to find out whether or not there is a market for whatever business you propose to undertake. Clearly, if no one is interested in what you have to offer through your business, the business will be doomed to failure. For example, a business selling televisions in rural areas of Botswana where there is no electricity will not be very successful because people there do not have electricity.

The aim of the market research is specifically to find out:

- Who will buy your product or service?
- Why?
- Where are these people? and
- What will they pay for the product or service?

Good market research will provide information about your market, your customers and your competition. The best way to obtain the information you need is to go out and speak to your potential customers and competitors, and anybody else who can provide answers to the following questions:

The market

- Is the market growing, staying the same size or getting smaller?
- Will people buy more or less of your products or services at different times of the year?
- How much of the market are you likely to gain? (How many people are likely to buy your product or service?)
- What methods will you use to tell the market of your products or services? (How will you advertise?)
- What will advertising cost?
- What is the price range in which the product or service will sell?
- Why will people buy your product or service?
- What regulations govern your proposed venture (What licenses do you need?)

The customers

- What type of person will buy your product or service?
- Where are your potential customers situated?
- What are the needs of your potential customers in relation to your product or service? What do they require - ask as many of them as possible.
- Do the customers buy according to price, the service provided or personal recommendation?

The competition

- Who are the major competitors?
- How many are there?
- How big are they?
- Which customers are they supplying at present?
- What are the prices of the competition?
- What are the strengths and weaknesses of the competition?
- Why should you be able to compete successfully against them?

The more accurate the answers you get to the above list, the more chance you will have of assessing the viability of your proposed business. When you look at the answers together, a clear picture will emerge. The market research will enable you to rank the short-listed businesses and choose the one that has the greatest chance of success.

The best approach to conducting the market research would be to do it yourself. It is possible to employ someone with expertise in conducting market research from outside, but the disadvantage of this is that you would only get the information second-hand, and you would not benefit from the discussions and ideas that will be generated during the market survey.

Another approach to assessing the viability of the business would be to do a rough calculation of the business's breakeven point. This is a calculation to find out exactly what turnover or total sales are required to cover all expenses before making a profit. A common mistake made by quite

a number of people starting new businesses is to forget about the 'hidden' expenses that make up the overheads. These people think that if they are buying baskets (for example) for P50.00 each and selling them for P100.00 each, they are making a profit of P50.00 each time, and this business is viable! It is essential to understand the simple statement shown below:

Start text box

Income must be greater than the cost of sales (or the cost of providing the service) plus overheads.

In order to see if the proposed business will be viable, work out how much money will need to be made every month *just to exceed the monthly expenses*. This will be your breakeven point – when your income equals your expenses and you make no profit. Look at the example below, based on a business buying and selling baskets:

Expenses	Pula
Cost of sales (amount spent monthly to purchase baskets)	5,000.00
Overheads	
Salaries	5,500.00
Telephone and postage	275.00
Printing and stationery	350.00
Legal fees	50.00
Accountancy fees	150.00
Rent	500.00
Electricity and water	75.00
Insurance	300.00
Bank charges	60.00

Total expenses – simply add up all the expected or actual expenses: 12,260.00

This basket business must sell P12,260.00 worth of baskets every month just to break even (over 130 baskets at P100.00 as mentioned above). Is this possible? If not, the business will not 'break even' – let alone make a profit!

Close text box

Although less easy to do, this exercise should really be done for a whole year, looking at the anticipated expenses and income for the year, since these will vary from month to month. The types of overheads listed are common to most businesses, and this provides a useful checklist to highlight expenses that could easily be forgotten about.

If your proposed business looks feasible and viable after doing these preliminary checks, proceed to Step 4!

Step 4

Draw up a business plan

Start box

Kgato ya bone (4)

Dira mokwalo wa lenaneo la go tsamaisa kgwebo

Lenaneo la go dira kgwebo ke ntlha e e botlhokwa thata mo go simololeng kgwebo e nngwe le e nngwe. Karolo e fa go le jalo, e ntsha tlhaloso ya tse di tlhokafalang go nna teng mo lenaneong la kgwebo, se se direletswe gore motho a kgone go itshimololela lenaneo la gagwe, kgotsa gongwe gore a kgone go nna le lesedi la go dira tiro e fa e le gore go ka tlhokafala gore go thapiwe boitseanape ja batho ba ba itseng go dira mananeo a kgwebo mme gape ba tswa mo makalaneng a a ikemetseng ka bo one.

Dintlha tse dingwe tse di tletseng di tlhagisitswe mo karolwaneng ya boraro (dintlha tsa lenaneo la mmaraka wa kgwebo le leano), karolwana ya bone (dintlha tsa lenaneo la madi le leano), karolwana ya bothano (dintlha tsa meamuso ya tsamaiso ya tlhabololo ya babereki).

End box

A business plan is an essential pre-requisite for any business. This section describes what a business plan should contain, so that you can either develop your own, or at least understand the process if business planning expertise is hired from the private sector. In subsequent steps in getting your business set up, you will realise just how important and useful your business plan is e.g. you will have to submit a copy when applying for your Tourism Enterprise Licence, and you will need it when applying for finance. This is probably one of the most important steps in setting up your business.

What is a business plan?

A business plan is a detailed action plan or roadmap outlining every aspect of a proposed business. It is a comprehensive, self-explanatory plan of:

- What you intend doing;
- How you intend doing it;
- When you intend doing it; and
- Why you believe your business idea is viable.

In short, it is a structured guideline to achieving your business goals.

Who should compile the business plan?

Most people can draw up their own business plan without consulting experts all the time. It is not difficult, but requires a bit of time and effort. The best approach would be to compile the plan yourself, only getting assistance with specific difficult parts. If you do the plan yourself, you will learn a lot of interesting things about the proposed business. Even if a private agency is used to compile the business plan, they can only do it if you give them all the information required - in other words, you may as well complete the job by actually writing the plan.

The importance of a business plan

Putting your business plan down on paper is important for the following reasons:

- It forces you to arrange your thoughts in a logical order;
- It helps you to do a trial run of the business in your mind, and anticipate problems before they actually occur;
- It can eliminate fatal flaws in your ideas. Fatal flaws are serious mistakes in your ideas that can cause the business to fail;
- It is an essential aid when applying for financial assistance as it shows the viability of the business;

- It helps other people (e.g. partners, shareholders) to understand all aspects of the business; and
- Once your business is up and running, the business plan can be used as a working plan.

A business plan is an indication of your degree of commitment to the proposed business, and shows that you are determined to make it work. This is why organisations such as the Department of Tourism and CEDA insist that you have a business plan before they even consider assisting you. If you can't take the trouble to prepare a concise business plan, then it shows that you are not really serious about the business.

Start box

Points to bear in mind when compiling the business plan

- It must look good - if it looks sloppy, then others might interpret this as a lack of care and commitment;
- It must be concise - keep it as short as possible;
- It must be comprehensive - make sure it includes all important aspects;
- It must be logical - this shows that it has been well thought through;
- It must be simple and easy to read; and
- It must be based on facts as far as possible.

End box

The major components of a good business plan

Here are a few guidelines to preparing a comprehensive business plan.

Prepare a professional-looking front page

Ensure that the front page looks business-like, neat and eye-catching. It should preferably contain the following information:

- The name of the business;
- The type of business;
- The name(s) of the owner(s);
- The address and telephone numbers of the owner(s);
- Logo or emblem if you have one;
- The date presented; and
- A contents page with clear headings and corresponding page numbers.

Start off with an interesting introduction

Your introduction should be concise, stimulate interest in your proposal, and contain the following information:

- A description of the service or product you intend selling;
- Why you believe your venture is viable; and
- Your short, medium and long-term business objectives.

This last point is most important because without objectives that are specific, measurable, achievable, realistic and have definite target dates, the plan will be a futile exercise.

Provide a comprehensive description of the proposed business venture

It should contain the following information:

- The type of business ownership i.e. sole proprietorship, partnership, private limited company etc.;
- Any legal requirements like licensing, permits and tax regulations;
- A comprehensive outline of the product(s) or service(s). Explain it/them in detail, showing how the business will operate;
- An outline of any technical aspects to the business;
- A description of the business location;
- A comprehensive outline of the human resources involved in the business - their qualifications, work experience and training courses attended;

- A comprehensive and objective SWOT analysis of the business, outlining the Strengths, Weaknesses, Opportunities and Threats. Indicate what you are going to do about each of these four factors (SWOT); and
- A description of your competitors.

Comprehensively outline of your proposed marketing plan and strategy

This is one of the most critical parts of the plan. It should contain the following information:

- A description of the specific target market or customers;
- What percentage of the market share do you intend capturing in the short, medium and long-term and why?
- A description of your competitors' marketing strategy and the potential effect on your business; and
- A description of your purchasing, costing, pricing, selling and sales promotion strategy.

Start box

For more detailed information on developing a marketing plan and strategy, see Annex 4.

Close box

Comprehensively outline of your financial plan and strategy

This is *the* most important aspect of the plan. One of the most important things in the business is finance (i.e. the flow of money in and out) so spend a great deal of time working out a detailed financial plan. Be realistic - a business takes time to become established. The financial plan should contain the following information:

- A detailed Income Statement or Profit and Loss Account for a projected period of 12 months. By this is meant a monthly account of all your sales and expenses as well as the expected profit or loss;
- An indication of what your break-even point is. This is how much money you have to get in to cover all expenses, before making a profit;
- A detailed Cash Flow for a projected period of 12 months. By this is meant a monthly indication or budget of how cash flows in and out of the business;
- A detailed Balance Sheet for a projected period of 12 months. This is like a snapshot of all your business assets and liabilities at a particular point in time;
- An indication of what would happen if business was good, average or poor;
- A description of your own financial contribution to the business (e.g. money, vehicles, equipment etc.);
- Financing required and what for (e.g. equipment, working capital etc.); and
- Security available (e.g. fixed property).

This is a difficult part of the business plan, but don't despair - consult an accountant for assistance if needed.

Start box

For more detailed information on developing a financial plan and strategy, see Annex 5.

Close box

Comprehensively outline of the human resources involved in the business

The following should be included:

- A description of how many staff will be employed, why, where and how they will be recruited;
- A description of the management staff, their qualifications and experience, job descriptions and remuneration packages. Include an organisational chart if possible (a diagram showing who will be doing what);
- A description of your staff record-keeping system; and
- A description of your staff policy regarding working hours, overtime, sick leave etc.

Start box

For more detailed information on a human resources development programme, see Annex 6.

Close box

End off with a positive and motivating conclusion

Just as the introduction should be interesting, so the conclusion should be positive and motivating. It should be:

- A summary of why you believe the business plan will succeed;
- Why you believe that finance should be granted; and
- A motivating factor so that other people will have faith in the proposed venture.

The conclusion is the final chance for selling the plan to others.

Step 5

Acquire the land/premises

Start box

Kgato ya botlhano (5)

Batla lefelo le le siametseng go dira kgwebo/dikago (lefatshe)

O tshwanetse go akanya ka kelotlhoko fa o setse o tlhopha setsha sa gago sa kgwebo. Fa e le gore ke lebenkele, go fa sekai, le tshwanetse go agaiwa mo lefelong le bareki ba tlaa kgonang go tsena kwa go lone motlhofo, gape le se kgakala thata le bone. Popego ya lefelo le yone e botlhokwa fela thata – go tshwanetse ga elwa tlhoko thata gore a lefelo leo le ka bo e le le le motlhaba, e le seloko, le na le maje kgotsa seemo sa lone se thulame. Dintlha tse tsotlhe kana le tsone di kgona go ama thata tlhwatlhwa ya madi a o tlaa a dirisang fa o simolola go tlhoma kago ya gago, e seng jalo gongwe kago ya gago e ka se tlaege sentle fela e tiile go tswa kwa tshimologong. Go ka tswa go na le setlhopha sa ditshoswane tse di agileng foo, mo e leng gore go ka dira gore mo nakong e e tlang tsone ditshoswane tseo di go kobeke bareki. Fa e le gore o tlhoma kgwebo e e tshwanang le jaaka ntlo ya dijo ya bojelo e e nang le bara gore e tle e kgone go oka bajanala, lefelo le o tlaabong o akantse go tlhoma madirelo a gago mo go lone, le botlhokwa fela thata. Bajanala ba rata thata mafelo a a nang le ditlhare tse di tona ebile gape di na le meriti, popego ya lefelo leo gape e tshwanetse ya nna e e kgatlhisang fela thata. Dikgakololo tsa baitseanape di tshwanetse tsa batliwa pele ga tshimololo ya go tlhoma dikago e dirwa.

Karolo e e tlhalosa ka ditsamaiso tsa go bona setsha se se kopiwang mo go goromente kgotsa e le sone sa lefatshe la morafe se motho a tlaabong a direla mo go sone kgwebo ya gagwe ya bojanala.

End box

Procurement of a commercial CHA

Procedure for accessing land in the commercial multiple use/photographic concession areas:

1. The Department of Tourism advertises in the local media for companies to apply for pre-qualification to manage available concession areas. The tenders are required to be returned within a specified time period;
2. Entrepreneurs, both citizen, resident or non-resident companies, pay a nominal fee to purchase the pre-qualification documents (normally P200.00). The documents are available through the Departments of Tourism and Lands in Gaborone, Land Boards in the respective districts and Botswana's Representative offices outside the country. All applicants must appoint a Gaborone Agent to receive necessary correspondence;
3. Successful pre-qualifiers are invited by the Department of Tourism to put in their tender proposals within the stipulated time period; and
4. Successful tenderers are notified and invited to sign a lease/royalty agreement with the respective Land Board and Department of Lands. A notice of the successful tenderers is issued in the public media.

Procurement of stateland

Serviced plots are available in the following areas: Francistown, Gaborone, Lobatse area, Selebi-Phikwe Phase 1, Kasane, Ghanzi and Jwaneng.

The Department of Lands provides serviced land (with the provision of water, electricity, roads and sanitation) and these are directly available to citizens to build houses for themselves. However, houses are constructed by the Botswana Housing Corporation for sale and primarily for rental to members of the public. In addition, the City and Town Councils allocate low-cost self-help housing plots to individuals, and assist with construction grants and loans.

Only Botswana citizens are eligible to be allocated land. All citizens regardless of where they live will be eligible for two residential, commercial and industrial plots in the eight urban areas of Botswana, provided a first plot has been developed.

Procurement of stateland in urban areas

The procure to apply for any plot in any city/town of Botswana is as follows:

1. Obtain, complete and return application forms to:
State-land Applications
Ministry of Lands and Housing
Private Bag 00128, Gaborone
2. All applications must be made on the prescribed application forms. You must use the correct form to avoid a delay in the processing of your application. Complete all the questions and cross out those not applicable to you. Make sure to include your National Identity (O mang) number. In the event that you do not have one, attach a copy of the receipt that shows that you have applied for National Identity;
3. Any Motswana over the age of 21 can apply for a plot. Married couples can only submit one application;
4. If you are a 100% citizen-owned company, you must apply using the following forms:
 - Residential plot(s) - form RC (yellow)
 - Commercial plot(s) - form CC (pink)
 - Industrial plot(s) - form IC (blue)
5. Organisations, societies, partnerships, etc. must use the same forms as for companies;
6. The State Land Allocation Advisory Committee (SLAAC) than allocates a plot against the Standing List;
7. The Attorney General’s Chambers makes offers as soon as the allocations are made by the SLAAC;
8. The process can be expedited by referring to the Ministry of Lands and Housing only those applications that present difficulties and hence require appeals to the Minister;
9. Regarding commercial plots it is not necessary to specify what the plot will be used for in the application. When you are allocated a plot, its specific use will be established on application for permission to develop from the appropriate authorities;
10. The size of plots for small-scale commercial use, e.g. shops, range from 200m² - 600m².

Others vary as follows:

Shop/office block	-	1,000m ² - 10,000m ²
Petrol Filling Station	-	2,000m ² - 10,000m ²
Hotel	-	1,000m ² - 6,000m ²
Cinema	-	1,000m ² - 6,000m ²
Mortuary	-	1,000m ² - 2, 500m ²

Industrial plots:

Rail-serviced plots	-	10,000m ² - 20,000m ²
Non-rail serviced	-	3,000m ² - 9,000m ²
Light industrial plots	-	2,500m ² - 3,000m ²

Procedure for acquisition of plots on Tribal Land

Individual community members who may want to construct an office, shop or whatever outside of the CHA in which they may be residing will have to comply with the following steps/procedure when applying for Tribal Land:

1. Apply in writing to the Headman/Chief, stating the need for the land, i.e. residential, agriculture, cattle post or commercial and also the location and size of the plot;
2. After approval is given, the Chief stamps the application form and sends it to the Sub-Land Board. After approval by the Sub-Land Board it moves to the District Land Board;
3. The Chief will identify the plot to the District Land Board;
4. The Land Board will visit and verify the site;
5. The applicant will be called for an interview;
6. Once the Land Board is satisfied, a lease agreement is drawn-up and issued to the applicant. This gives the applicant authority to occupy the land only, but no right to sub-lease or mortgage the plot. All members of the District Land Board sign this document;
7. A certificate is issued at a later date;
8. The applicant should send the approved lease for registration to:
Department of Lands
Ministry of Local Government
Private Bag 006, Gaborone.
9. Once registered, the applicant submits the same to the Attorney General's Chambers to get the Lease Agreement converted to a Title Deed. This procedure cannot be completed without formally surveying the plot;
10. The Attorney General's Chambers returns the Title Deed to the applicant. Payment of the Title Deed can be made over four years through instalments. The applicant can mortgage the plot once in possession of the Title Deed.

Note that an individual entrepreneur may not acquire a plot of land inside a community CHA.

Step 6

Obtain the necessary licences and permits

Start box

Kgato ya borataro (6) **Tsaya ditesiletso tse di tlhokafalang/ditetla**

Mo lenaneong la gago la kgwebo, o tlaabo o setse o kile wa dira ditlhotlhomiso tse di amanang le tse di tlhokafalang ka fa molaong jaaka ditesiletso, ditetla le tsamaiso ya go duela lekgetho. Go botlhokwa thata go nna le kitso ya tsone ditesiletso tse ga mmogo le ditetla, gape le go itse gore di ka kgona go bonwa go sena ape makgwere, e seng jalo fa o sa di bone nako e santse e le teng, e ka re kwa morago wa iphitlhela o itietse sebaka fela thata ebile o na le mathata a gore kgwebo ya gago e tle e palelwe ke go tswelapele mo nakong e e tlang. Legale, mo nakong ya fa o santse o dira lenaneo la go tlhoma kgwebo, o tlaabo fa gongwe o ile wa tlhokana le go kanoka ka kelotlhoko se se batliwang mo kgwebong mme gape se amana le molao. Maikaelelo a karolo e fa go le jalo ke go tlhalosa ka ditesiletso tse di tlhokafalang thata ga mmogo le ditetla ka tsela e e tseeneletseng, gape le go nankola ka tsamaiso ya gore a mme tsone di ka kgona go bonwa jang.

End box

In your business plan, you will have identified any legal requirements like licences, permits and tax regulations. It is important to have an idea of these licences and permits at an early stage, and to be reasonably certain that they can be obtained, otherwise they may turn out to be fatal flaws that will cause the business to fail later on. However, during the business planning stage you will not have looked at these legal requirements in any depth. The purpose of this section now is to describe the major licences and permits in detail, and to outline the procedures for obtaining them.

(Note that this section deals only with the major licences required by most tourism businesses - there are many different enterprises, some of which need their own specific licences e.g. a casino is a type of tourism business, and all casinos must have a casino licence issued by the Casino Licensing Board. This section does not deal with all these specific licences, except to mention some of them).

Licences from the Department of Tourism

One of the most important licences needed is the Tourism Enterprise Licence from the Department of Tourism. Everybody wishing to carry out tourism operations requires it. When the Tourism Act was passed in 1992, it became law for all tourist enterprises to be licensed. The First Schedule of the Act describes four categories of tourist enterprises, each of which has its own licence.

Start box

4 types of Tourism Enterprise Licences

Category	Tourist Enterprise
A	Operations that offer facilities only on site, such as hotels, motels, guest houses* and apartments;
B	Operations that offer facilities on and off site, such as tourist camps, lodges, caravans, hunting camps and tented tourist camps, which also operate tours which require the services of professional guides or professional hunters licensed under the Wildlife Conservation and National Parks Act, 1992;
C	Operations that offer facilities off site only, such as safari tour operators, and any enterprise that receives and transports travellers and guests, providing them with sleeping accommodation and food beverages in equipment that is not geographically fixed; and
D	Operations that act as agents only, such as travel agents.

* Note that guest houses with five or less bedrooms, belonging to citizens, are exempt from having a Tourism Enterprise Licence.

End of box

The Act also makes provision for a Tourism Licensing Board to issue these licences, and a standard application form is shown in the Third Schedule of the Act. However to obtain the Tourism Enterprise Licence is more complicated than just filling in the application form, and requires quite a bit of work!

Start box

The procedure to obtain a Tourism Enterprise Licence

- Fill in the application form in detail. The application form is quite comprehensive, but is not difficult to complete - if necessary, assistance can be obtained from the nearest Tourism Office;
- Attach a copy of the Certificate of Incorporation for the company, and a copy of the Certificate of Registration in the case of a business trading name. Also attach “Form 2” – “The Companies Proclamation” from the Company Secretaries;
- Include copies of the Share Certificates for the shareholders/Directors;
- Include a copy of the Title Deed for land that has been acquired for the business, or the Lease Agreement/Rent Agreement if the land does not belong to the company. The Tourism Licensing Board needs to be sure that the enterprise they will be licensing complies with other regulations;
- Eight copies of the Business Plan must be submitted. This is straightforward - can you see how important your business plan is? Without it, you will not be able to obtain a Tourism Enterprise Licence;
- Technical/architectural drawings and plans for any buildings approved by Council must be attached. If the proposed tourism business requires any buildings e.g. tourist accommodation, booking office, restaurant, curio shop etc. (especially in towns or villages) the plans must be approved by Council and submitted with the application; and
- Finally, the Certificate of Change of Land Use must be attached, where applicable. This Certificate would be needed in a case when, for example, a residential plot is intended for use as a commercial plot, and the change in use has been approved by Land Board.

Notes:

The application must be submitted to the nearest Tourism Office (see Annex 1). Officers of the Department of Tourism and/or Council will carry out an inspection of the premises, before the licence is granted.

If the tourist enterprise is a Category A Enterprise i.e. hotel, motel, guest house or apartment, it must be graded according to the Tourism Regulations passed in 1996.

The Tourism Enterprise Licence that is issued follows the format given in the Act (Third Schedule, Form B).

The Tourism Enterprise Licence must be renewed every year. The cost of the licence varies, with the Category A licence presently (2002) costing P200.00 per annum, and the others cost P1,000.00 per annum.

Licences from the Department of Wildlife

Many of the existing tourism enterprises are based on CHAs, and therefore involve mainly wildlife viewing or hunting. In these cases, certain licences will be required from DWNP. These licences are mainly for the personnel that accompany tourists involved in these activities. There are two main categories of licences here (each with sub-categories), as described in the Wildlife

Conservation (Hunting and Licensing) Regulations 2001:

1. *Guides licences* *

- Professional guide licence

To qualify for this licence, the applicant must be over 21 years of age, must have held an assistant professional guide licence for a period not less than three years or have appropriate experience, and have successfully completed the Guides Licensing exam;

- Assistant professional guide licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Guides Licensing exam; and

- Specialist guide licence (mokoro polers)

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Specialist Guides Licensing exam.

* Note that Community Escort Guides do not require any licence.

2. *Hunters licences*

- Professional hunter licence

To qualify for this licence, the applicant must be over 21 years of age, must have held an assistant professional hunter licence for a period not less than three years or have appropriate experience, and have successfully completed the Hunters Licensing exam;

- Assistant professional hunter licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Hunters Licensing exam; and

- Trainee professional hunter licence

To qualify for this licence, the applicant must be over 18 years of age, must be a citizen of Botswana, and have successfully completed the Hunters Licensing exam.

Application forms for these licences are available from Wildlife Offices throughout the country (see Annex 1 for contact details).

Note that the following licences and permits are also needed for specific types of hunting: Bird Licence, Single Game Licence, Small Game Licence, and Controlled Hunting Area Permit. The Controlled Hunting Area Permit is not well-known, despite the fact that it appears in the Wildlife Conservation and National Parks Act (1992) – it is a permit that is required by any hunter (whether citizen or non-citizen) hunting in any CHA. It is issued for the duration of the hunt only, and is relatively inexpensive (currently P20.00 for citizen hunters and P200.00 for non-citizen hunters).

Note also that Guides and Hunters who transport guests in a motor vehicle must also have a Public Service Vehicle (PSV) licence obtainable from the Department of Transport.

Commercial licences

There are two main licence issuing authorities involved here, the National Licensing Authority and the Local Licensing Authority.

National Licensing Authority

This is in the Ministry of Trade and Industry, and issues the following licences (some of which may be needed for certain tourism-related businesses):

- Agency licence;
- Import/export licence;
- External representative licence;
- Hotel liquor licence; and
- Wholesaler licence (general and specialised).

Local Licensing Authorities

These are located in the City, Town and District Council Offices, and issue the following licences:

- Hawkers and Vendors licences;
- Specialised dealer licences;
- Take-away, restaurant and supermarket licence;
- A range of liquor licences (e.g. bar, bottle store etc.);

- Travel agency licence;
- Hairdressing licence;
- General trading licence;
- Pharmacy licence;
- Fresh produce licence;
- Filling station, garage and workshop licence; and
- Dry cleaning and laundry licence.

Note that the Tourism Enterprise Licence covers the Liquor Licence, Curio Licence and the Vendor's Licence i.e. if you have a Tourism Enterprise Licence, it is not necessary to get these others.

There are also other specific registrations and licences required for certain businesses only. For example, if you are planning a tourism business in which guests will fly to your area, you will have to register with the Department of Civil Aviation who will inspect your runway and issue you with a runway licence. Other similar licences, not required by all tourism businesses, but which may be relevant to yours, include boat registration licence and the boat movement permit for moving it.

When registering or applying for any of the above-mentioned licences, your application should be supported (where relevant) by the following documents:

- Health Inspector's Report on premises or approved plans;
- Title Deed or lease agreement;
- Bank statements to indicate financial position or source of income;
- Certificate of Incorporation;
- Covering letter explaining how the business is to be operated; and
- Letters from prospective suppliers and buyers to indicate market area to be covered.

Various other compulsory business registrations

Tax registration

All companies are liable for various forms of taxation. Once the company has been incorporated (registered), it should also register with the Commissioner of Taxes in order to receive a tax number and pay Company tax and deduct income tax from its employees.

Income tax

Companies with regular and permanent employees are required by law to make deductions from their employees' salaries for income tax. They must register with the Income Tax Department, and send the monthly deductions to the Department. Tax tables and details of the tax structure can be obtained from the Department of Taxes, Ministry of Finance and Development Planning, Private Bag 008, Gaborone. The tax-year ends on 30th June each year.

Company tax

Company tax is 25% and companies start paying tax as soon as they show a profit.

Value Added Tax

Since 1st July, 2002, VAT has been introduced to Botswana, and replaces Sales Tax. Who must register for VAT? All businesses, individuals and organisations providing goods and services in Botswana with an annual turnover exceeding, or expected to exceed P250,000.00 per annum, must register. Businesses with a turnover of less than P250,000.00 may register if they wish, but must then remain registered for at least two years. The advantage of registering is that you can then claim back the VAT that you pay – those organisations that are not registered do not charge VAT. In short, the only tourism businesses that need not register will be those making less than P250,000.00 per annum. There is a specific registration form that is available from your nearest Customs and Excise Office.

Step 7

Ensure that adequate start-up funds are available

Start box

Kgato ya bosupa (7)

Netefatsa gore madi a a lekanetseng a o simololang kgwebo ka one a teng

Fa e le gore o dirile lenaneo la gago la kgwebo sentle, o tlaa nna le kitso e e tletseng ya gore madi a o tlaa a dirisang e tlaa nna bokae, le gape gore o tlaa tlhoka madi a a tsamaisang kgwebo ya gago sentle mo nakong ya fa o santse o simolola e le bokae. O ka nna wa bo o na le madi a gago a a lekanetseng, mme fa e le gore ga go a nna jalo, go na le mafelo a le mantsinyana a o ka ikopanyang le one mabapi le go kopa dithuso. Fa o batla dithuso tsa madi gore o itlaetse, o tshwanetse wa gakologelwa gore go na le dilo di le pedi tse di botlhokwa: makgotla a a adimang batho madi ga a dire tiro e ka tsela ya go ntsha dithuso – ba dira se fela ka tsela ya gore ba tle ba bone morokotso o o kwa godimo gape gore ba nne le dipelo mo mading a bone a ba go a adimileng. O seka wa ba wa tsiediwa ke ope wa bone ka go ipolela fa ba batla go go thusa. Sa bobedi, fa e le gore kgwebo ya gago ga e kake ya tswela sentle fela ka bo yone kwa ntle ga go bona dithuso tsa madi a a tswang ka kwa ntle, se mme se tlaa raya gore o seka wa itshwenya ka go e tlhoma fela gone go tswa kwa tshimologong. Batho ka bontsi ba kgona go itse ka mananeo a a teng a dithuso tsa madi mme ba kgone go a batla le go a dirisa mme ba sa leba pele se bone tota ba se tlhokang. Se se teng ke gore madi o ne a teng, mme ebile go tshwanetse ga lekwa gore a bonwe! Dithuso tse di dirwang di tswa ka kwa ntle ga ntsi di na le tlhwatlhwa e e kwa godimo, mme gape di tshwanetse tsa dirisiwa fela go thusa kgwebo mo nakong ya fa e santse e simologa, kgotsa e le go oketsa bokgoni jo bo ntseng bo le teng ja go tsenya madi mo kgwebong.

Karolo e e tlhalosa ka dikgang tsa lenaneo la CEDA, le go bona dithuso tsa madi go tswa mo go ba Peo Holdings ga mmogo le mo go ba BDC.

End box

If you have done a proper business plan, you would have a good idea of the projected cash flow, and therefore how much money you would need to tide you over the initial start-up period. You may have adequate funds of your own, but if not, there are a variety of institutions that you could turn to for assistance. When looking for additional finance, there are two important things to remember:

1. Money lending institutions don't lend money to help you – they are looking for a return on their investment in the form of a high interest rate. Don't be misled by any of them claiming that they are assisting you; and
2. If your business is not financially viable without outside financial support, then it should not be started in the first place. Many people automatically identify funding programmes and then tap into them without looking at their real requirements. The perception is that if there is money available, it should be applied for! Outside finance is usually expensive, and is to be used for tiding the business over the start-up period or for initiating further money-generating capacity.

Individual entrepreneurs have access to a variety of sources of funding. Botswana Development Corporation (BDC) caters for large projects, whereas CEDA caters for small, medium and large projects. Funds can also be obtained from commercial financial institutions (banks). It is also well worthwhile getting in touch with PEO Holdings. Details of these funding sources are outlined below.

Botswana Development Corporation (BDC)

(Information source - HATAB, Tourism Development Guide).

BDC provides assistance to the development of tourism in Botswana in the following ways:

- Loans (call and term);
- Share capital (loans and share capital together);

- Guarantees;
- Hotel property development - leased to hotel operator;
- Management securing; and
- Overdraft finance.

BDC's forms of assistance are rendered in a way that is complementary to those provided by the private sector, commercial banks and other financial institutions. However, areas of overlap cannot be totally avoided. The issue of overlap between the activities of BDC and those of other financial institutions applies in particular situations where:

1. BDC implements its own viable projects which the private sector has failed to undertake or is unwilling to participate in; and
2. Makes term loans without any associated equity investment.

BDC can provide financial assistance that meets business's full requirements. BDC loans are available at commercial rates, repayable over five to 12 years. Grace periods of up to two years on principal repayment may be given. In some cases such moratorium is applicable on principal and interest.

BDC requires 25% (of capital cost) minimum contribution by the project sponsor. In the case of projects eligible for CEDA funding where the sponsors include Botswana citizens, this contribution may include capital grants available from Government and are considered as part of the sponsor's contribution. It must be noted that BDC will generally not finance more than 50% of the total capital cost including permanent working capital with the exception of investments below P500, 000.00, where a minimum of 75% applies, and with subsidiary companies.

Some considerations that form part of the investment criteria have to be addressed before a project can be assisted:

- Does the project conform to BDC policy in general and for the sector in question?
- Should the project be undertaken as an extension of an existing BDC subsidiary, or associated company in the sector, or independently?
- What priority does the project have for funds?
- What is the funding proposed and are funds likely to be available?

New projects in BDC are initiated in a number of different ways, which can, for the most part be grouped into three categories:

- Projects identified by BDC or through feasibility studies and which BDC itself is promoting;
- Projects brought to BDC by entrepreneur/sponsor/company with the hope of financial participation from BDC; and
- Projects initiated by companies already financed in some way by BDC.

BDC has three main departments - Finance, Marketing and Operations. The Operations Department is divided into six divisions, one of which is the Hotel and Tourism division, which as the name suggests, is responsible for the tourism sector.

For further information contact:
 Botswana Development Corporation Ltd
 Private Bag 160
 Gaborone
 Tel: 3(9)52564
 Fax: 3(9)73539/3(9)04193/3(9)59354

Citizen Entrepreneurial Development Agency (CEDA)

Project description

Government has established CEDA in response to recommendations from both the National Conference on Citizen Economic Empowerment (NACCCE) held in July, 1999 in Gaborone and the 4th Evaluation of FAP (Financial Assistance Policy), which was completed in 2000. Both reports have called for support for business development and to promote citizen

entrepreneurship, which has been lacking among a large majority of citizens. NACCEE also recommended the citizen empowerment schemes be consolidated and that the financial assistance be provided as loans at subsidised interest rates and not grants (a loan is when the money is *lent* to the investor; a grant is *given*, and does not need to be repaid).

CEDA is now the agency for the development of viable, sustainable, citizen-owned business enterprises, through the development of and access to entrepreneurial and management skills training, monitoring and mentoring, provision of finance and sharing of risks. Furthermore a Venture Capital Fund is established and managed by CEDA to provide citizen-owned projects and joint ventures between citizens and foreigners with financial support. The fund will invest in ventures of any size (small, medium and large).

Eligibility criteria for assistance

1. Registered viable new start-up businesses in all sectors of the economy owned by citizens;
2. Viable expansions to existing registered businesses in all sectors of the economy owned by citizens;
3. Under the Venture Capital Fund both citizen and joint ventures between citizen and foreign investors can apply; and
4. The applying businesses are encouraged to contribute to the project, either in cash or in kind or a combination of both. Small/micro scale projects will be assisted even if no contribution by the owner will be available.

How much assistance does a project receive?

Small/micro scale projects (100% citizen owned):

1. Loans from P500.00 - P150,000.00;
2. Interest rate 5% *per annum*; and
3. Repayment period depends on the size of the loan and the project cash flow. The smaller the amount the shorter the repayment period will be. The maximum repayment period is five years, with some flexibility for projects of a special nature in sectors such as agriculture.

Medium scale projects (100% citizen owned):

1. Loans from P150,001.00 - P2,000,000.00;
2. Interest rate 7.5% *per annum*; and
3. Repayment period depends on the size of the loan and the project cash flow. The smaller the amount the shorter the repayment period will be. The maximum repayment period is seven years, with some flexibility for projects of a special nature in sectors such as agriculture.

Large scale projects (under the Venture Capital Fund):

Assistance is in the form of equity capital and/or loans. Promoters are required to contribute up to a maximum of 25% of the total project costs as equity and pay market related interest rates.

Training, monitoring and mentoring programme

Training, monitoring and mentoring is made available to CEDA funded projects for the improvement of management skills related to: purchasing, production, marketing, financial management, human resource management and other business practices.

Only one loan at a time will be accessible, eligibility for a further loan will depend on the successful retirement of the initial loan and the performance of the financed project. (Exceptions can be made under particular conditions).

Application procedures

Applications must include:

1. Filled-in standard application form (form available at CEDA); and
2. Business plan (form and guidelines available at CEDA).

CEDA can be located at National Development Bank offices: Francistown, Gaborone, Ghanzi, Kanye, Lelhakane, Mahalapye, Maun, Mochudi, Molepolole, Selebi-Phikwe, Serowe, Tsabong.

For more information contact:

CEDA at National Development Bank
PO Box 225, Gaborone
Tel: 5(31)70895

PEO Holdings

This is a business development initiative established by De Beers Botswana (Pty) Ltd and Debswana Diamond Company (Pty) Ltd to promote and facilitate the development of commercially viable businesses in Botswana.

Who is eligible for assistance?

Companies and individuals wishing to start up new businesses, and businesses wishing to expand.

How does PEO assist businesses?

PEO provides financial assistance in the form of equity and loan funding. This means that they can provide supplementary funds only if the prospective business has contributed its share. Equity funding is provided in return for a minority shareholding in the business. Loans are provided at competitive rates to supplement equity funding.

What PEO does not do?

PEO does not provide any form of grant or subsidy to businesses (grants and subsidies are not repaid, and are therefore like gifts – they do not encourage good business practices). PEO also does not re-finance businesses that are experiencing financial difficulty or those that are not considered to be financially viable.

What criteria are used to evaluate applications?

- Commercial viability of the business idea;
- Applicant's ability to manage the business;
- Sound credit and trade references; and
- Applicant's contribution relative to the size of the investment and their own resources.

What contribution is the applicant required to make towards the business?

- An applicant is required to contribute either financial or other assets to the business; and
- The applicant must be available to manage the business.

How to obtain assistance from PEO?

An entrepreneur wishing to apply for assistance is initially interviewed, telephonically or in person, to discuss their business idea. If the business passes the screening process, the entrepreneur is requested to complete an application form and prepare a detailed business plan. The business plan is evaluated, and if it meets the criteria for assistance, a recommendation is submitted to the Board of Directors for approval. Following approval by the Board, all required legal agreements must be signed by the respective parties before funds can be made available.

Contact details

PEO Holdings (Pty) Ltd
Private Bag 00507
Gaborone
Tel: 3902991
Fax: 3902990
E-mail: PEO@debswana.bw

Borrowing money from financial institutions

Another obvious avenue for entrepreneurs to obtain funding is through financial institutions such as commercial banks and investment companies. Individuals/companies should be very careful not to borrow too much money from these institutions and find themselves with unrealistic monthly repayments. Very careful thought and planning must be done before borrowing money.

Financial institutions such as banks and investment companies are part of the business scene

today. Individuals/companies who wish to set up business or progress and expand sometimes do not have the necessary finance to do so. If this is the case, the company will look to these financial institutions as a source of long-term financing.

When banks or other financial institutions lend money, they do so to make a profit for themselves. Therefore, in return for a loan, the borrowing company will have to pay the lender (for example, the bank) interest, as well as repay the capital sum borrowed. The two major points that a financial institution will consider before lending money to a company are:

1. The company's past and expected profitability; and
2. The company's liquidity situation (how financially secure the company is in assets/money), which reflects how easily the company can convert its assets into cash.

Financiers usually require a lot of documentation to support an application for funds - the following is a general loan application checklist:

- Memorandum and Articles of Association;
- Certificate of incorporation;
- Board resolution (prepared by Company Secretary) authorising the company to source funding from a financier;
- Shareholder details: names, designation, shareholding percentage, financial contributions, authorised and issued share capital;
- Concise project memorandum indicating activities of the proposed business, including marketing survey results and revenue forecasts;
- Business or trading licence;
- Bank statements (for the last six months). Statement of personal assets and liabilities of shareholders if it is a new company. Some institutions accept cattle as collateral;
- CV of manager/owner or applicant. Provide supporting information on management experience relevant to the proposed project;
- Copies of O manq or passport. If manager is a non-citizen, furnish work and residence permits;
- Lease agreement or letter of intent (rented premises);
- Financial statements. Latest records for the past 12 months to date. If it is a new company the financial statement normally includes a balance sheet and income statement. These show the level of sales your business is targeting, cost of operation and how you intend to finance the business and repay the loans;
- Cash flow projection for the next 12 months showing how you intend to manage the cash, in order to pay creditors without bankrupting the business;
- Valuation reports of any assets or collateral which will be used to secure the loan;
- Title Deeds if using property as collateral, or guarantors;
- List (and amounts) of outstanding creditors and debtors, i.e. people who you owe money and people who owe you money;
- Pro forma invoices/quotations/estimates for proposed purchases of materials, equipment, vehicles, etc.;
- Consent to register a second bond from the first bond holder if you are planning to use your mortgage to secure funds;
- Orders from prospective customers; and
- Tender award.

Step 8

Recruit suitable personnel

Start box

Kgato ya borobabobedi (8)

Hira babereki ba ba lebanyeng ebile ba kgona go dira tiro sentle

Kgato ya bofelo pele ga kgwebo ya gago e ka simolola go tsena mo tseleng e bo e simolola go bereka sentle ke go hira batho ba ba siametseng go dira tiro sentle ba na le kitso, ebile e le ba ba tlhokafalang gore kgwebo ya gago e tle e kgone go atlega. Mo lenaneong la gago la go dira kgwebo, o ne wa batlisisa gore meamuso ya babereki e e tlhokafalang mo kgwebong ya gago ke ya mofuta ofe, mme jaanong o tshwanetse wa batla bone batho ba go nna jalo. Karolo e yone e ntsha kgakololo ya go go kaela ka fa o ka dirang tiro e ka teng.

End box

The final step before your business is up-and-running is to recruit the right people needed to make the business succeed. In your business plan, you identified the human resource requirements of the business, but now you have to find those people.

Remember that it is the people that make a business, or for that matter, any organisation: that is one of the most important things to understand when starting a business. A business is only as good as the people that run it – it's not necessarily as good as the product it makes or the goods that it sells. Here are some guidelines to help you choose the right people for the business:

1. Choosing the right people can be a costly affair - in terms of time and/or money. An employment/recruitment agency could be used to reduce some of the workload, but this may be expensive as they typically charge between 10% and 15% of the employee's salary for the first year as a fee. Alternatively you can do the advertising and interviewing yourself, but obviously this will take a lot of time;
2. Don't underestimate the time, skill and care needed for successful staff interviewing and selection. Leave sufficient time for the interview. Not only is the decision of whom to employ an important one for you, but also for the potential employee, especially as he or she will be entering a new business with no proven track record;
3. Prepare an outline for the interview, but be flexible about it. You should have a fairly small number of key questions that you need answered, but let the candidate talk about him/herself. You will be able to find out much more that way. An indication of the points that you must learn about the candidate are:
 - What qualifications, skills and experience the candidate has relative to the requirements of the job;
 - Loyalty to previous employers - beware of someone who has had frequent changes of job or who emphasises minor grievances about past employers;
 - The candidate's existing salary and how it compares with the package you are offering;
 - The candidate's long-term aspirations; and
 - The candidate whom you are employing is probably applying for other vacancies as well. You need to make a special effort to sell your business to him/her.
4. After the interview, follow up references, by telephone if possible, but make sure that you have the candidate's permission to do this. A key question to ask a previous employer is "Would you re-employ him/her?"
5. Send an offer letter to the successful candidate as soon as you have made your decision. Remember that this is likely to form the basis of a contract of employment, so be very careful about the drafting of the letter. Inform the unsuccessful candidates as politely and as soon as possible; and

6. Once you have secured the right staff, you need to make sure that they are happy by continuing or increasing the motivation and standard of working that they had at the outset. Keep employees, especially key people, in the knowledge of where they stand and what their progress has been. A high staff turnover can create havoc, and is extremely expensive, especially in a small business.

Part 4 - Now the real work starts

The aim of this guide is to help people set up tourism businesses. Once the eight steps have been followed, the role of the guide is over. However, although this is where the guide ends, in reality it is just the beginning - now the real job starts!

If you have followed the steps in the guide, you should be thoroughly prepared. All your preliminary work will be wasted if you don't implement the plan. There is always some element of risk in starting a business of any kind, but if you have done your homework, the risk is minimised. In fact, "The greatest risk in life is to wait for and depend on others for your security. The greatest security is to plan and act and take the risk that will make you independent".

Remember that there are many organisations that are prepared to assist you with advice - Government Departments, Parastatals, Private Consultants and even Non-Governmental Organisations. Some of these are listed in Annex 8. There are also good publications to assist with administration of the business once it is up and running e.g. PACT Financial Management Manual for Community Based Organisations. Be flexible as you develop your tourism business. Adapt to changing circumstances.

Most importantly, though - remember that all your preparations, without action, are meaningless. Don't dream about your future. Implement the plans you have made. A good plan implemented now is better than a perfect plan implemented next week. Start now! Go for it!

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Annex 1

Wildlife, Tourism and Co-operatives Offices throughout the country

Dept. of Wildlife and National Parks

Headquarters, PO Box 131, Gaborone

Tel: 3(9)71405 switchboard, 3(9)06396 CE&O direct and Fax: 3(9)12354

District Wildlife Office in Francistown, PO Box 167

Tel: 2412367

District Wildlife Office in Ghanzi, PO Box 48

Tel: 6596323/4 and Fax: 6596466

District Wildlife Office in Maun, PO Box 11

Tel: 6860368 and Fax: 6861264

District Wildlife Office in Serowe, PO Box 679

Tel: 4630443

District Wildlife Office in Tshabong, PO Box 4

Tel: 6540254

Department of Tourism

Headquarters, Private Bag 0047, Gaborone

Tel: 3953024 and Fax: 3908675

District Office in Kasane, PO Box 66

Tel: 6250357

District Office in Maun, PO Box 439

Tel: 6860492

District Office in Selebi-Phikwe, Private Bag 17

Tel: 2611023 and Fax: 2611021

Department of Co-operatives

Headquarters, PO Box 86, Gaborone

Tel: 3950500

Co-operative Development in Francistown, PO Box 304

Tel: 2412339

Co-operative Development in Ghanzi, PO Box 152

Tel: 6596271

Co-operative Development in Kasane, PO Box 222

Tel: 6250339

Co-operative Development in Maun, PO Box 403

Tel: 6860419

Co-operative Development in Serowe, PO Box 61

Tel: 4630292

Co-operative Development in Tshabong, PO Box 249

Tel: 6540087

Annex 2 Samples of forms for opening a bank account

The following pages show examples of the types of forms that need to be completed when opening a bank account. The forms that appear here are not specific to any particular bank, and have been filled in for an imaginary Trust or individual to show the type of information required.

Start box

Sample FORM A

To: LETLOLE BANK OF BOTSWANA LIMITED

SIR,

We wish to inform you that a meeting of the*Board of Trustees/Directors*..... of the*Dijo di Monate Trust/ JoJo PTY LTD*..... held at *Phuduhudu*..... on the*27th* ...day of*August* of the year *2002* it was resolved "That an account be opened at LETLOLE BANK OF BOTSWANA LIMITED and that the said bank be hereby authorised and requested to pay all Cheques, Bills of exchange, Promissory Notes and other negotiable instruments purported to be signed, made or accepted on behalf of the said*Dijo di Monate Trust/ JoJo PTY LTD*..... and to debit the same to the account to be kept with them by the said*Dijo di Monate Trust/ JoJo PTY LTD*..... whether such account be in credit or otherwise; to hold the said*Dijo di Monate Trust/ JoJo PTY LTD*..... liable on all Cheques, Bills of exchange, Promissory Notes, other negotiable instruments and all agreements, indemnities and documents in connection with all the usual banking transactions, including amongst others the lodging and withdrawal of moneys on Fixed Deposit or on Savings Account, the pledging by the said*Dijo di Monate Trust/ JoJo PTY LTD*..... of any of its property, the issue of Letters of Credit, Drafts and Telegraphic Transfers, provided that such Cheques, Bills, Promissory Notes, or other documents are signed by officials duly appointed by resolution of the said*Dijo di Monate Trust/ JoJo PTY LTD*..... from time to time and advised to the said Bank on the appropriate bank form; that a copy of this resolution be furnished to the said Bank; and that it remains in force until the receipt by the said Bank of a copy of a resolution passed by the said*Dijo di Monate Trust/ JoJo PTY LTD*..... rescinding or amending the same".

We accordingly hand you herewith:

- (1) Copy of our Constitution/Regulations.
- (2) A full list of the present persons authorised to sign with their respective signatures.

Dated:*7th of September 2002* ...

..... *M. Modulasetilo*..... CHAIRMAN

..... *J.K. Mokwaledi*..... SECRETARY

End box

Start box

Sample FORM B

APPLICANT TO COMPLETE

CONSENT

I authorise LETLOLE BANK to contact the people listed below to obtain a letter of address confirmation from them:

1. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

2. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

3. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

4. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

5. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

6. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

7. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

8. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

9. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

10. Name (In capital blocks): *(Insert name of person with account at the particular bank)*.....

ADDRESS OF THE APPLICANT ORGANISATION:

..... *(Insert the address of organisation here)*

.....

.....

.....

End box

Start box

Sample FORM C

TO: The Manager
LETLOLE BANK OF BOTSWANA LIMITED

Dear Madam,

The people listed below are authorised to sign on the account specified:

Name of the company/public body: *Dijo di Monate Trust*

NAME		SIGNING CAPACITY
<i>.. Morengwa Modulasetilo</i>	<i>Can sign</i>	<i>..... Chairperson</i>
<i>...Ryder Gakenemadi</i>	<i>Must sign</i>	<i>..... Treasurer</i>
<i>.....Mabijo Betjana</i>	<i>Can sign</i>	<i>.....Vice Chairperson</i>

Two signatures required on each cheque and the Treasurer must always sign.

We certify that the above is a correct list and is in terms of a Resolution passed at the meeting held at *Phuduhudu*..... on*15th of August 2002*

Dated *7th of September 2002*

.....*M. Modulasetilo*..... CHAIRPERSON

.....*J.K Mokwaledi* SECRETARY

End box

Start box

Sample FORM D

SIGNATURE CARD

Name (in full)
.....

A/C No.

.... 7th of September 2002

Bank appointed executor yes/no

Specimen signature of account holder

.....

FULL NAMES OF PERSONS AUTHORISED TO OPERATE

SIGNATURES

..... *Morengwa Modulasetilo*

..... *MModulasetilo*

..... *Ryder Gakenemadi*

..... *Rgakenemadi*

..... *Mabiyo Betjana*

..... *Mbetjana*

.....

.....

RUBBER STAMP

Mandate Form No

Signature of Mandate

.....

.....

CALL

STATEMENT PERIOD
POST
DELIVER

End of box

Annex 3

List of communities in Botswana that are involved in tourism

The following list of communities in Botswana that are involved in tourism, including project details and contact addresses, is taken from the CBNRM Support Programme web site <http://www.cbnrm.bw>

1. Okavango Polers Trust in Seronga operates a campsite in NG12, north of the Okavango Delta and runs mokoro safaris in the area. You can get to Seronga via Shakawe. For the road from the ferry crossing north of Shakawe to Seronga, a 4x4 vehicle is advisable. For more information and bookings, contact OPT, PO Box 24, Seronga, telephone/fax (267) 6876861.
2. Dq̄ae Qare Game Farm between D'kar and Ghanzi offers a range of (Bushman) cultural tourism activities as well as accommodation at the campsite and guesthouse. For the nine kilometre access road from the main Ghanzi-Maun road to the farm, a 4x4 vehicle is required. Transport to the farm can also be arranged on request from D'kar village. For more information and bookings, contact PO Box 219, Ghanzi, telephone/fax: 6596574 or email: dqae@info.bw
3. Nata and surrounding communities have established the Nata Sanctuary, east of Nata on the Francistown road that offers a camping site and bird watching at the Makgadikgadi Pans for travellers to/from Maun or Kasane. Contact Private Bag F198, Francistown, cell 72286307.
4. Kubu Island is a well-known tourism destination at the edge of the Makgadikgadi Pans. The site and camping ground are presently managed by the Mmatshumo community. Guided tours around the island are available on request. 4x4 vehicles are required to reach the island.
5. In the Chobe Enclave, at Kavimba Village, on the dirt road (4x4 vehicles are required) between Kasane and Maun, the community has established a campsite on the edge of the Chobe Forest Reserve. Contact PO Box 91, Kavimba for more information or phone Chobe Enclave Conservation Trust at 6250159.
6. Community campsites have been established in Ukhwi, Ngwatle and Ncaang in the south-western part of Botswana for the more adventurous 4x4 traveller who does not like to book a campsite in advance.
7. To experience the "real people" in /Xai-/Xai, the Cgaecgae Tlhabololo Trust operates several types of packages that range from one to seven nights and include activities such as: bow-and-arrow hunting, gathering veld foods, traditional dancing, singing and story telling, exploring Gcwihaba (Drotsky's) Caves and horseback riding. It is possible to fly into /Xai-/Xai (40 minutes by light plane from Maun) or drive (about six hours from Maun via Nokaneng and Quangwa - 4x4 vehicles are required). You can book packages through Desert and Delta Safaris (afromaun@info.bw); Phakawe Safaris (phakawe@info.bw); or phone directly with a community member at cell 71688631 or write to Private Bag 235, Maun.
8. The Sankuyo Tshwaragano Management Trust has developed a campsite and traditional village 25 kilometres south of Sankuyo on the road to Savuti and Moremi Game Reserve. The campsite is operational and properly indicated with road signs (70 kilometres north of Maun). Contact PO Box 251, Maun, telephone 6865126.

Annex 4

Details of a marketing plan and strategy

What is marketing?

To understand marketing, we need to start by defining the term and taking a look at it in the wider context before going on to see its relevance to the travel and tourism industry. Some people define marketing as selling and others say it is a more sophisticated form of advertising. Selling and advertising are, however, part of marketing, which is an all-embracing term used to indicate the direction and thrust of a company's policies and strategies. Marketing is about anticipating demand, recognising it, stimulating it and finally satisfying it. It is about understanding what can be sold, to whom, when, where and in what quantities.

There are literally dozens of acceptable definitions of marketing offered by the Institute of Chartered Marketing - this is one good example:

“Marketing is the management function which organises and directs all those business activities involved in assessing customer needs and converting customer purchasing power into effective demand for a specific product or service, and in moving that product or service to the final customer or user so as to achieve the profit target or other objective set by the company or other organisation”.

Start box

The aim of marketing is to get more customers to buy your product or service with the ultimate aim to achieve a profit.

End box

The definition has three important implications:

- It is a management function within the company;
- It underlies, and provides the framework for, all the activities that a business undertakes; and
- It places the emphasis on customers' needs as the starting point for the business's operations.

As Theodore Levitt expressed it: “while selling focuses on the needs of the seller, marketing focuses on the needs of the buyer”. Marketing is about finding out what the customer wants first, and then producing the product to fit those needs (“market-oriented” approach) as opposed to producing the product or service and then seeing to whom it can be sold (“product-oriented” approach).

Start box

The “Market” described in simple terms

The customer DEMANDS.

You SUPPLY what the customer demands.

Other businesses also supply what the customer demands.

That is called COMPETITION.

You try to convince the customer to satisfy his or her demands by buying your products or services. That is called MARKETING.

There are some INTERNAL FACTORS, over which you have control, which are influencing your market. They are:

- Product or service;
- Marketing;
- Selling;
- Purchases;
- Financial and administrative matters;

- Personnel matters; and
- Public relations and guest care.

End box

Conversely, there some EXTERNAL FACTORS over which you will have no or only limited influence. The external factors are as follows (*with examples*):

- Social and cultural environment (*local cultures and traditions*);
- Institutional environment (*laws and legislation*);
- Political situation (*stability in Botswana*);
- Physical environment (*natural resources and neighbouring companies*);
- Economical environment (*spending money available*); and
- Technological environment (*means of transport, services available e.g. water*).

Developing a marketing plan

Listed below are a series of “easy to follow” steps in formulating a marketing plan:

- Find out what the customer needs or wants;
- Find out what you can supply;
- Define your target market;
- Find out if you have competitors, and who they are;
- Contact your customers;
- Create a demand by potential customers;
- Convince customers to buy your product or service; and
- Do your utmost to keep your customers satisfied (they will tell others).

Start box

The six Ps of marketing

When developing your marketing plan you can easily recall the six Ps of marketing to assist you:

Product

- Anything that can be offered to a market that satisfies a need or a want; and
- Goods, services, places, experiences.

Price

- Money received in exchange for a product;
- Value of the product or service; and
- Willingness to pay for the service.

Place

- Where will you sell your product or services?
- How will the customer come there?
- Place where supply and demand meet.

Promotion

- The effort you make to sell a product or to create a demand;
- To tell the customer about your product or service; and
- To convince your customer that s/he is interested in your product or service.

People

- People who supply the product or service;
- People who demand the product or service; and
- The interaction between people.

Plan

- The project proposal; and
- Plan on how to approach the other factors of marketing.

Close box

Tourist markets

For management and marketing purposes, a good definition to describe the “market” here is:

“All those actual and potential customers who do, or could buy a product or service”.

In this case it means “the actual and potential demand for a tourism product based on a specified tourism motivation or purpose”. Here are four different ways in which tourism markets can be classified:

- Holiday market: Tourists seeking to escape from harsh climates (weather), or from pressure of work (stressed living conditions), or the desire for a change of scenery and people, or for adventure, etc.;
- Cultural market: Tourists who are interested in learning about other countries, cultures, traditions and customs;
- Business market: Tourists who are participating in business activities, trade fairs, conferences, workshops, etc.; and
- Common interest market: Tourists who travel together for common interest, e.g. walking, bird watching, educational visits, etc.

Other classifications:

- Age or status: Young people are often looking for totally different travel experiences to older people. Wealthy people often like to travel to specific destinations;
- Origin: The main countries that tourists come from could become the main target group;
- Demand: Primary markets are the countries from which most tourists come. In Botswana, the primary tourism markets are South Africa and Zimbabwe; and
- Secondary markets or opportunity markets are those countries from which it may be possible to attract more tourists.

Accessing domestic markets

To access domestic tourism, we need to know what type of tourism it is:

Domestic tourism is short-term travel within one’s own country. People involved in domestic tourism include citizens of that country and foreign residents staying in the country for a temporary period, like diplomats and expatriates.

The domestic market can be accessed through: district shows, the Gaborone International Trade Fair, and local travel agents, for example.

Accessing regional/international markets

The following are brief explanations of regional and international tourism in order to understand the market:

- Regional tourism: Short-term movement of people within the same region, having a common culture, religion, language and politics or having a common or acceptable currency, e.g. Southern Africa; and
- International tourism: Short-term travel outside one’s own country where the traveller is expected to carry travel documents and foreign currency.

Both regional and international markets can be accessed through international trade and travel fairs, e.g. Zimbabwe International Trade Fair, or Durban Indaba Travel Fair, or London - World Travel Market.

The Department of Tourism, HATAB and travel agents can be used as marketing agents to promote individuals or communities. Promotional material (e.g. brochures) to market their product will, however, have to be done by the individuals/communities themselves. Partnerships can be formed with agents who have overseas contacts, marketing networks, and managerial skill to provide clients and to run tour facilities/operations.

Individuals or communities wishing to enter into the tourism industry and become competitive will need to develop their marketing skills, and to understand both the potential demand and how to meet it.

Conclusion

Individuals/communities have to be aware of the options, benefits and costs of different tourism

options, and feasibility studies to evaluate market potential, accessibility, and other factors are necessary.

Annex 5

Details of a financial plan and strategy

As mentioned in the section entitled “Draw up a business plan”, the financial plan and strategy are critically important to the success of the business - no matter what type of business it is. For this reason, and also because people sometimes struggle with working out projected income and expenditure, and developing financial statements, this Annex contains a step by step description of how to do this.

Some people make the mistake of taking only the cost of the material used in making their product into account, considering the amount they receive in excess of this to be profit, without including other “overheads”. They then take this “profit” as their income, since they do not differentiate between business and living expenses. They see all their expenses as household expenses irrespective of whether they are buying food, clothes, or tools for the business. They do not separate or budget their income for business expenses and living expenses, with the result that they seldom accumulate money to develop and expand the business.

It is essential to develop good financial management practices right from the business planning stage, to avoid a situation like that described above. Producing a proper financial plan and strategy is not as difficult as it seems. A good businessperson at least understands how to produce an income statement or a cash flow projection, or a balance sheet, although in well-established businesses, accountants are hired to do the actual “number crunching”. If you have a ‘tame’ accountant to help you with financial matters, so much the better!

The income statement, cash flow projection and balance sheet are the tools for predicting and monitoring the flow of money in and out of the business. The following step-by-step account is centred around producing and using these tools.

The Income Statement

The steps below break down the income statement into smaller pieces, in a theoretical example. When the steps have been completed, the parts are put together to make up the income statement.

Step 1

Calculate the expected monthly sales (income) for your business based on your market research. It could look something like this (but note that these figures are not real – they are just for the example):

Month	Pula
April	19 800
May	26 700
June	25 500
July	27 000
August	18 900
September	40 500
October	48 600
November	38 100
December	24 300
January	58 800
February	60 000
March	59 100
	447 300

Step 2

Calculate the purchases of materials that you need, and how much stock you need to hold to achieve the above sales. Then calculate the materials that you expect to use every month, by taking the opening stock (which is normally nil at the start), adding the purchases and deducting

the closing stock that is left.

Check the example below:

Month	Opening stock (Pula)	Purchases (Pula)	Closing stock (Pula)	Materials used (Pula)
April		22,722	15,000	7,722
May	15,000	12,447	16,500	10,947
June	16,500	11,790	18,600	9,690
July	18,600	13,740	21,000	11,340
August	21,000	9,060	22,500	7,560
September	22,500	17,394	24,300	15,594
October	24,300	22,869	27,000	20,169
November	27,000	21,429	33,000	15,429
December	33,000	16,497	39,900	9,597
January	39,900	30,720	47,100	23,520
February	47,100	29,400	51,900	24,600
March	51,900	23,352	52,500	22,752
		231,420		178,920

In this example, the company holds an initial stock level at P15,000 building up to P52,500 by the end of the year. Material use appears to be a bit excessive, and the company hopes to reduce this in the second year.

Step 3

Calculate the wages of those involved in production (this is a further cost). See example - calculate this for the whole year and then divide by 12 to give the monthly wage bill, which will go into the Income Statement.

	Pula
Gross wages and salaries	
- 4 employees	100,431
Other employment costs	
- Pension contributions <i>etc.</i>	10,494
	110,925 (i.e. 9,244 per month)

Step 4

Estimate your overheads - this is the cost of items that don't contribute directly to production. Usually it is helpful to categorise the overheads - the example below has three categories as follows: administrative overheads e.g. telephone, stationery; establishment (office) overheads e.g. rent, electricity, water; and finance overheads e.g. bank interest and bank charges. Normally you work on the maximum overhead cost. If you are not conservative and under-estimate overheads you will find later, when you start the business, that you are running into financial difficulties. See example below, which lists some of the potential overheads that businesses have.

	Monthly amount (Pula)
Overheads - Administrative	
Directors' salaries/Sitting allowance for Trustees	3,900
Pension contributions	125
Salaries of admin. Staff	875
Telephone and postage	300
Travel	550
Printing and stationery	425
Legal and Accountancy Fees	575
Sundries	250
	7,000

Overheads – Establishment

Rent	1,925
Electricity and water	700
Insurance	300
Depreciation - machinery	375
- vehicles	100
- other *	50
Lease payments	175
Repairs	125
(* See Step 5 for calculating depreciation)	3,750

Overheads - Finance

Bank interest	350
Bank charges	50
	400

Step 5

Work out the expenditure you require on capital items (e.g. vehicles and machinery) and then calculate the depreciation on these items in the first year by dividing the purchase value by the expected life of the item. See example below.

Capital items	Capital cost (Pula)	Expected Life (Years)	Annual depreciation (Pula)
Machinery	18,000	4	4,500
Vehicles	4,800	4	1,200
Other	1,200	2	600
	24,000		6,300

Now combine all the information gathered in these five steps, to produce an Income Statement as shown below. Remember that the purpose of the Income Statement is to calculate the profit or loss the business is making.

Example of Income Statement

	Step no.	April (Pula)	May (Pula)	June (Pula) etc.	Year (Pula)
SALES	1	19,800	26,700	25,500	447,300
Less cost of sales					
Materials used	2	7,722	10,947	9,690	178,920
Production wages and salaries	3	9,244	9,244	9,244	110,928
		16,966	20,191	18,934	289,848
GROSS PROFIT (Sales minus cost of sales) 'A'		2,834	6,509	6,566	157,452
OVERHEADS –					
Administration					
Directors' salaries	4	3,900	3,900	3,900	46,800
Pension contributions	4	125	125	125	1,500
Salaries of admin. Staff	4	875	875	875	10,500
Telephone and postage	4	300	300	300	3,600
Travel	4		550	550	6,050
Printing and stationery	4	425	425	425	5,100
Legal and Accountancy Fees	4	200	200	200	2,400
Sundries	4	250	250	250	3,000
		6,075	6,625	6,625	78,950
OVERHEADS –					
Establishment					
Rent	4	1,925	1,925	1,925	23,100
Electricity and water	4		700	700	7,700
Insurance	4	300	300	300	3,600
Depreciation – machinery	5	375	375	375	4,500
- vehicles	5	100	100	100	1,200
- other	5	50	50	50	600
Lease payments	4	175	175	175	2,100
Repairs	4	125	125	125	1,500
		3,050	3,750	3,750	44,300
OVERHEADS – Finance					
Bank charges	4	50	50	50	600
TOTAL OVERHEADS 'B'		9,175	10,425	10,425	123,850
PROFIT or LOSS before tax (A minus B)		-6,341	-3,916	-3,859	33,602

In the example given above, the business will make a loss for several months (see negative figures in the bottom line), but by the end of the first year, a profit of P33,602 will have been made.

Cash Flow

It is not enough to know that your business can theoretically make a profit. Before actually starting it, you need to do a cash flow projection for at least a year, so that you can be sure that you are not going to run short of cash at any time. This is especially important in the case of businesses that have seasonal peaks of activity, alternating with quiet periods - exactly what happens with tourism in Botswana (April to October are the busy months). The cash flow projection is also particularly important for tourism businesses, because many of them do not show a profit in the first, or even second, year - for this reason, the cash flow projection should be longer than one year, preferably five years.

The same information gathered in Steps 1 to 5 above will be used to produce the Cash Flow Projection. The key feature here though, is to reflect the income and expenses against the months when they would actually occur. Look at the example overleaf, and you will notice that the income from sales is all reflected two months later than in the Income Statement. For example, in the Income Statement, P19,800 was predicted for April, but in the Cash Flow, this is shown in the column headed June. This is because many debtors pay their accounts 60 days (two months) from the issue of the invoice. This is a normal practice, and so it is safer to assume that this is what will be happening - money from sales in April will only come into the business two months later.

Have a look at the Cash Flow Projection overleaf, and read the explanatory notes that go with it.

THIS PAGE FOR CASH FLOW PROJECTION (LANDSCAPE) - SEE END OF THIS DOCUMENT

Note 1

Wherever negative balances are shown at the bottom of the Cash Flow Projection, this indicates that the business will have a shortage of cash in those months. This may cause the business to collapse even though the Income Statement shows that it is profitable. Arrangements have to be made to tide the business over these lean periods e.g. taking a bank loan, reducing expenses, delaying the purchase of non-essential items etc. In the example given, even a bank loan of P24,000.00 doesn't help much!

Note 2

The rent of P1,925 per month is payable to the landlord in advance at the beginning of the month. This is why it is shown right from the first month (April).

Note 3

Electricity and water are payable one month in arrears at P700 per month. This is why this expense only starts in May.

Note 4

Insurance is an annual premium paid in advance at P3,600. Capital purchases, repairs, travel, printing and stationery, advertising, legal and accounting, and sundries are all paid in the month in which they are incurred.

Balance sheet

The Balance Sheet is like a snapshot of the business at a particular point in time, showing its assets and debts. It actually reflects how wealthy the business is - and is a measure of whether it is getting richer or poorer.

The example shown below illustrates the structure of the Balance Sheet.

	See Note	Pula	Pula
FIXED ASSETS			
Cost		24,000	
Depreciation		-6,300	
Book value	1		17,700
CURRENT ASSETS			
Stocks	2	52,500	
Debtors	3	114,600	
		167,100	
CURRENT LIABILITIES			
Trade creditors	4	23,352	
Sundry creditors	5	3,465	
Bank			
Overdraft	6	52,843	
term loan	7	22,600	
		102,260	
NET CURRENT ASSETS	8		64,840
NET ASSETS	8		82,540
MEMBERS' INTEREST			
Initial capital	9		75,000
Reserves	9		7,540
	9		82,540

Note 1

The balance sheet value of the fixed assets is calculated by deducting the total depreciation

charge from the total fixed asset cost.

Note 2

Stocks should always be shown in the balance sheet at their cost. However, a lower valuation can arise if the stocks are old, slow to sell, obsolete or where (for some reason) the selling price is below cost.

Note 3

The debtors in the balance sheet represent the outstanding amounts due from your customers for the period. In other words, this is money still owed to the business.

Note 4

Trade creditors are the outstanding amounts due to your suppliers.

Note 5

Sundry creditors are other amounts owed but not yet paid.

Note 6

The bank overdraft figure would normally be taken from the end of a cash flow projection.

Note 7

The amount due to the bank under the term loan arrangement in the example, is the P24,000 advance, plus one year's interest of P4,000, less the repayments including interest of P5,400, giving P22,600 still outstanding.

Note 8

"Current assets" are the assets of the business that can normally be realised within 12 months of the balance sheet date.

"Current liabilities" are the amounts due and payable by the business normally within 12 months of the balance sheet date.

"Net current assets" are the current assets less the current liabilities (if current liabilities exceed current assets, then the term "net current liabilities" is used).

"Net assets" are fixed assets plus net current assets.

Note 9

"Members interest" represents the amounts that theoretically could be distributed if the company were to be wound up (closed) and the assets and liabilities were to work out as shown in the balance sheet.

The "reserves" are the income retained in the company.

In conclusion

The Income Statement, Cash Flow Projection and Balance Sheet are vital tools for monitoring the finances of the company. Accountants can be hired to produce them, but it is important to be able to understand the process by which they are developed, and to be able to interpret what they mean.

Annex 6

Details of a human resources development programme

As has been seen in both Parts 2 and 3, the human resources development programme is a very important part of the business plan. Also, it was pointed out in Part 1 that entrepreneurs (and even community groups) should use the three factors of production (Land, Labour and Capital) to produce goods and services. Labour being the second factor of production, is an important catalyst required to get things done.

For any business owner, regardless of the size of the business which s/he runs or its range of activities, a capable, loyal team of staff is of utmost importance if the business is to operate smoothly and efficiently. Machines, materials and even premises can be replaced, but it is not at all easy to replace reliable and hard working staff. Equal consideration must be paid to training of your staff and to their welfare and motivation, so that they will work well and willingly and, what is more, will be sufficiently content in the employ of the business to stay with it. The last point is emphasised because the time, effort and expense involved in recruiting and training good staff are considerable.

In establishing your business, it is best to get the personnel (labour) component correctly set-up from the beginning. The following step-wise approach can be adopted:

- Identify human resource requirements and available skills;
- Compile staff plan with job descriptions and required qualifications;
- Comprehensively outline the human resources involved in the business; and
- Outline the training that will be needed to ensure that staff acquires the right knowledge/skills.

Identify human resource requirements and available skills

This can be done in the community situation by making an inventory of all the available skills in the community and then recruiting the appropriate staff. People should preferably be employed from the community, but of course, some skilled people from outside may have to be recruited. This is called external recruitment and you can use the same sources outlined below for individual entrepreneurs.

In the case of an individual starting a tourism business, you should look to the following sources to recruit from:

- Local schools - particularly when juniors or beginners are required;
- Colleges/technical colleges, training institutes and universities - when special aptitudes or knowledge are required or when potential managerial material is sought. It is usually advantageous for even small organisations to maintain contact with some of the institutions that may be able to "sift" possible candidates, and so reduce the length of the selection process;
- Local employment agencies, secretarial agencies, staff/personnel bureaux, etc. These organisations specialise in locating and selecting staff for specific posts or professions, as do some management consultants; and
- Advertisement in national or local newspapers, either in classified "situations vacant" or using larger more expensive display advertisements.

Before a particular vacancy is publicised, it must be known exactly what work the successful applicant will be required to perform, and what attributes - in terms of skills, technical knowledge, previous experience, personal qualities, etc. will be required in order to perform that work. Any job comprises a series of "tasks", some of which may be very important or require special skill, knowledge or training, whilst others may be easier, routine or even mundane. In order to describe a job, it is necessary first to analyse it, that is, to examine it and to evaluate it to ascertain the following facts about it:

- What different tasks are involved in the job as a whole;
- How the tasks should be performed, i.e. the procedures involved in the best possible performance of each task or group of related tasks;
- What qualifications (education, training, experience, special skills, etc.) and personal

attributes (good, hearing, good eyesight, pleasant speaking voice, etc.) should be possessed if the various tasks are to be performed in the most satisfactory manner; and

- For what and/or to whom the holder of the post will be responsible.

In small businesses, job analysis may neither be necessary nor practicable; however as a business grows and employs more staff, there is a tendency for specialisation, and so job analyses, and job descriptions based on them, are important in replacing staff, in training, in promotion, etc.

Compile staff plan with job descriptions

A job description, as its name implies, describes, specifies or defines the particular job, and is embodied in a document which is based on the information obtained from the relevant job analysis. A job description usually states the purpose of the job and its relations with other jobs and people, and lists the physical, social and economic features involved. The contents and order in which they are listed may vary, but a typical job description contains:

- The current job title, the section/department in which the holder will work, details of the work group or groups with whom the post-holder will be involved;
- A (usually) brief statement of the purpose of the job - its objectives, for example: to ensure the entertainment and comfort of all the guests in the camp (for the host/hostess of a safari camp);
- A list of all the tasks and duties involved in the whole job;
- Details of the responsibilities of the post-holder, i.e. for what and to whom he or she will be responsible;
- Information on the relationships involved in the job with people both inside and outside the organisation, and the job title of the person to whom the post-holder will be responsible;
- Facts about the environment in which the post-holder will work: e.g. remote, bush environment, or any dangerous conditions the post-holder may be exposed to;
- Details on such matters as hours of work, overtime, holidays, sick leave, etc; and
- Full details of salary or wage rates, overtime rates, bonuses, commission and fringe benefits, medical aid, and any others.

A job description may also include information on prospects for promotion, training necessary and available and other pertinent information. As stated earlier, promotion prospects are a valuable motivating factor, and they tend to attract the employee who wishes to make a career with the business rather than those just interested in gaining experience before “moving on”.

Start text box

An example of a job description - LODGE/CAMP MANAGER

The role of the Lodge/Camp Manager is to supervise operations in a lodge or camp. He/she is involved in planning, managing and co-ordinating all aspects of safari lodge operations, as well as undertaking some technical work, e.g. guiding, repairing equipment etc., and ensuring excellence in all guest services and activities that the lodge/camp offers. The Lodge/Camp Manager may also understudy a more senior person/post, for example Concession Manager and act in *locum* in his/her absence.

Basic Qualifications:

Citizenship: Motswana.

Education: Minimum of Cambridge O' Level or equivalent. Tertiary qualification; technical or graduate preferred.

Experience: Minimum of five years experience as a Professional Guide. Experience in Botswana preferred with at least two years experience as a senior professional guide. Demonstrated proficiency in administration, personnel management and handling of foreign guests. Maintenance/operation of field structures and

equipment essential.

Languages: Fluent written and spoken English essential. Spoken Setswana. At least one foreign language like French, German, Spanish, Italian, etc. would be a distinct advantage.

Others: Computer literacy;
Professional hunter's or guide's licence and expertise in administration and/or catering for lodge/camps;
Knowledge of adult education and training methods;
Thorough knowledge of first aid;
Knowledge and proficiency in the use of firearms;
Knowledge of radio communications;
Competence and/or qualifications in building and maintenance of infrastructure, operation and maintenance of plant/equipment and water supplies;
Demonstrated problem solving abilities and good organisational skills;
Good teamwork and motivational skills;
Good all round guest and public relations expertise;
Ability to work well with other staff and neighbouring communities, concessionaires, government officials, etc.; and
Clean driving licence for both light and heavy vehicles.

Responsibilities:

To: The Concession Manager
For: The overall running of the lodge/camp, including supervision of the staff. Also, responsible for the guests' entertainment and safety. Being neat and presentable in full uniform at all times when on duty.

Duties: Overall management of the lodge including guest activities, hosting, housekeeping, maintenance, accounts, banking, administration, catering, curio shop and staff management;
Co-ordinating of all guest and staff activities in close liaison with the Concession Manager to ensure smooth safari operations;
Supervising all tourist operations based out of the lodge/camp and managing these to ensure a high standard of operations and ethics;
Development and maintenance of high standards of service to guests, ensuring total guest satisfaction by adequately dealing with their needs/complaints;
Meet and greet, inform and entertain guests;
Ensuring punctuality, neatness and overall discipline of staff;
Overall management and monitoring of staff, on-the-job training, staff motivation and localisation training programme;
Carry out monthly staff appraisals and draw up meaningful progression and career plans;
Conducting monthly staff meetings;
The daily, weekly and monthly administration of ordering, receipts, budgets, staff movements, weather, wildlife sightings, and guest comments and information;
Supervise litter and waste management in the lodge/camp;
Ensure security, safety and general welfare of guests and staff in camp;
Take part in monitoring resources and tourism activities within the concession under the supervision of the Concession Manager; and
Assist the Concession Manager in liaising with neighbouring communities and concession holders, government officials and other interested and affected parties.

Duty Station: Any one of the photographic or hunting lodges/camps in the concession.

Close text box

Comprehensively outline the human resources involved in the business

The following should be included:

- A description of how many staff will be employed, why, where and how they will be

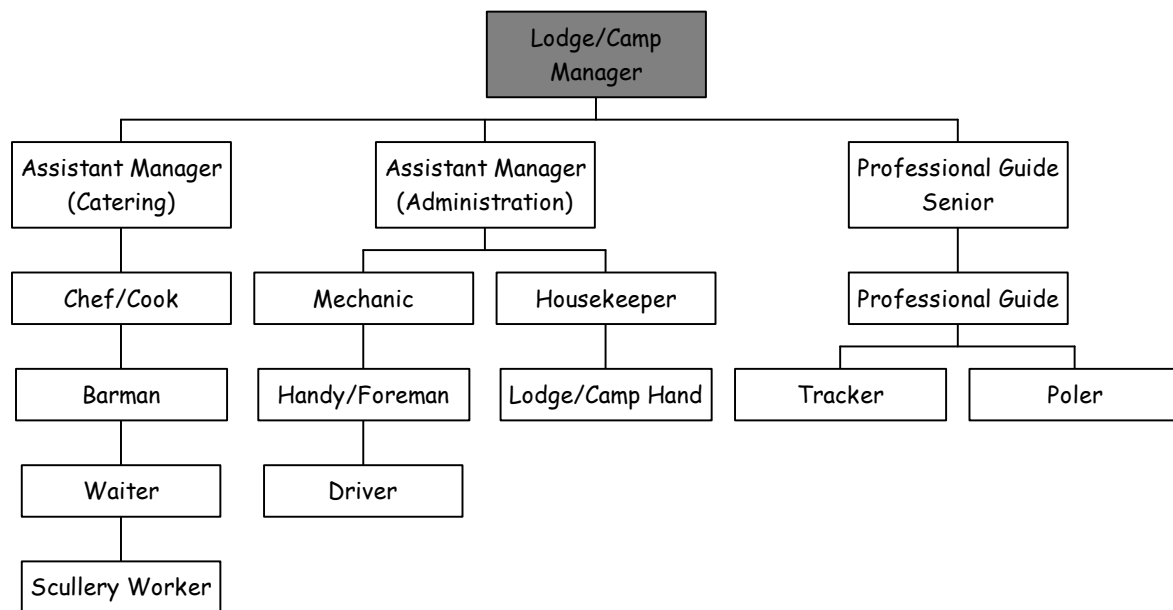
recruited;

- A description of the management staff, their qualifications and experience, job descriptions and remuneration packages;
- Include an organisation chart if possible;
- A description of your staff record keeping system; and
- A description of your staff policy regarding working hours, overtime, sick leave, etc.

The management, overall control and co-ordination of your business activities need to be well organised. One of the ways of doing this is to develop an organisation chart. An organisation chart shows how responsibility is delegated from top management to lower levels of employees. Managers break down the areas of responsibility and whilst retaining overall control of their departments, delegate certain responsibilities to various assistant managers or supervisors in charge of sections. Finally, those persons may themselves delegate responsibilities to more junior staff, and so on; for example the Senior Professional Guide may be responsible for the control of a number of Professional Guides and Trackers.

Example of an organisation chart for a safari lodge/camp:

INDIVIDUAL PHOTOGRAPHIC LODGE/CAMP ORGANIZATIONAL STRUCTURE AND FLOW CHART



Outline training needs

It is especially important for community enterprises (less so for small businesses run by individual entrepreneurs) to identify the training that will be needed to build the overall capacity of the organisation. Certain skills may be common within the group, while other key skills are missing. This needs to be detailed so that there is a systematic effort made to acquire the missing skills through training.

Annex 7

Organisations to approach for financial assistance

The following updated list of organisations that could provide financial assistance, particularly for communities, is derived from the 2001 CBNRM Status Report:

1. US Ambassador's Self-help Fund;
2. Canada Fund for Local Initiatives;
3. DWNP Community Conservation Fund;
4. Environmental Heritage Foundation NGO/CBO empowerment project;
5. RADP Economic Promotion Fund;
6. Global Environmental Facility - Small Grants Programme (GEF-SGP);
7. Micro Project Programme;
8. HIVOS - Micro Fund;
9. Action for Economic Empowerment Trust (AEET) (ADF) PPD&MS enterprise development;
10. IFS Training and General Support Fund;
11. LG 1109 Village Development Programme; and
12. EU Wildlife Conservation and Utilisation Fund.

US Ambassador's Self-help Fund

Objective

The fund promotes self-reliance within local communities; encourages project proposals that have a significant community contribution and/or involvement, intend to address community social concerns and/or generate income or employment opportunities.

Potential beneficiaries

1. Registered self-help groups, associations or other recognised organisations; and
2. No individuals or private business enterprises.

Eligibility criteria for the organisation

The organisation needs:

1. To be well established;
2. To be in operation for at least one year; and
3. To have a history of accomplishments.

Eligibility criteria for the project

1. The project must be sustainable after completion;
2. Projects should generate income and/or employment for the group;
3. Projects should be within the means of the community to manage and complete within a year after signing the contract; and
4. A project will receive funds only once.

Community contribution

Not necessary, but will help to get an approval. Projects that involve a significant contribution in labour, materials or money freely given by members of the local community have a preference.

Funding ceiling

Pula 40, 000.00

For more information contact:

Embassy of the United States of America
Government enclave
Self-help Co-ordinator
PO Box 90, Gaborone
Tel: 3(9)53982 ext. 5334 and Fax 3(9)56947

Canada Fund for Local Initiatives

General description

The Canada Fund for Local Initiatives (CFLI) is a small grants scheme available from the Canadian International Development Agency (CIDA). CFLI is managed by the Canadian High Commission in Harare, Zimbabwe and administered through the World University Service of Canada (WUSC) Botswana. CFLI is available for social sector initiatives in education, health, water and sanitation. In addition, self-help activities that benefit women, youth and the disabled can benefit from CFLI. CFLI cannot support recurrent costs such as rent and salaries, purely religious, cultural or political activities, projects normally done by the local or national government, projects in which the beneficiaries are a single person, single family or private business and projects leading to environmental degradation.

Objective

The Canada Fund Programme supports small community based projects providing technical, economic, educational and/or social development assistance to the local population.

Potential beneficiaries

1. NGOs;
2. CBOs; and
3. Others, like co-operatives, trade unions and associations.

Eligibility criteria for the organisation

The group must have an agreement that establishes its purpose, responsibilities and benefits (a constitution), or be operating with a local representative of a larger organisation (i.e. NGO), which accepts responsibility for the group. Although many community-based groups may be eligible for Canada Fund support, certain priority areas and regions are given greater emphasis. They include social sector initiatives in education, health, water and sanitation; self-help activities that benefit women, youth and the disabled; and remote areas, particularly in the Ghanzi and Ngamiland Districts.

Eligibility criteria for the project

1. Projects must intend to assist a group of people and not an individual;
2. Funds cannot be used to finance recurrent or core costs such as salaries, supplies, etc.;
3. The fund cannot be used for political or purely religious purposes;
4. Funds cannot be used for research, private businesses, parastatals or staff housing; and
5. Income generating activities must be "not for profit" or co-operatively run.

Community contribution

Not specified, but projects with a significant contribution in labour, materials or money are preferred.

Funding ceiling

Pula 75, 000.00 - per project.

For more information contact:

Canada Fund Co-ordinator
c/o World University Services Canada
PO Box 1856, Gaborone
Tel: 3(9)52208
Fax: 3(9)07098
Email: wusc@info.bw

Community Conservation Fund (CCF)

Project description

The Community Extension & Outreach Division in DWNP administers the CCF, which disburses money in the form of grants. There are two categories of funding: Community-based Natural Resources Management funding, and Conservation Projects funding. The former may support Trust development including legal fees, training and proposal development, and formation of a management plan and marketing plan. It is this aspect of the CCF that is likely to be of use to communities embarking on eco-tourism projects. This project is a Government measure to promote CBNRM by making a provision under NDP 8 for financial assistance to deserving community initiatives - one million Pula is available for the period 2002/2003.

Objective

The project is established to provide financial support to CBOs involved in CBNRM and viable conservation initiatives geared to the protection and breeding of endangered species and environmental education.

Eligibility criteria

CBNRM projects

The provision is in grants only, at a maximum of P500, 000 per CBO for the period of NDP 8. The communities will wherever possible be required to bear part of the costs of the particular activities themselves.

Projects eligible

- Support for constitution and Trust development and other legal fees. Maximum amount P30, 000.00;
- Training, technical assistance and proposal development. Maximum amount P50, 000.00;
- Development of management plan or natural resource profile. Maximum amount P50, 000.00;
- Wildlife-related processing of natural resources. Maximum amount P100, 000.00;
- Veld product-related processing of natural resources. Maximum amount P250, 000.00;
- Marketing studies and market development. Maximum amount P50, 000.00.

Conservation projects

The provision of funds will be through grants only at a maximum funding of P250,000.00 per organisation for the duration of NDP 8. The ventures should not be profit-making projects.

Projects eligible

- Operational costs. Maximum amount P150, 000.00;
- Infrastructure development. Maximum amount P150, 000.00;
- Animal re-introduction. Maximum amount P200, 000.00.

Application and approval procedures

1. Applications are in free-format, but have to be type written;
2. Prepare an application providing details of proposed project that adheres to the eligibility criteria. The Wildlife Office can be of assistance in the preparation of the application;
3. Submit the application to the District Wildlife Officer in the district in which the project falls;
4. The District Wildlife Officer will assess the application and verify whether it adheres to the eligibility criteria;
5. The District Wildlife Officer has to submit the application together with his recommendations to the CCF Appraisal Committee within two weeks of receipt of the proposal;
6. The CCF Appraisal Committee will consider the application in its first quarterly meeting after receipt of the proposal; and
7. The applicant will be informed of the decisions of the CCF Appraisal Committee, through the District Wildlife Office, within two weeks of the meeting.

Disbursement:

1. Funds will be disbursed to the applicant upon signing of an agreement with the

- Government of Botswana;
2. The District Wildlife Offices are required to monitor the utilisation of disbursed funds; and
 3. The implementing organisation will be required to present regular progress reports and submit audited accounts.

For more information contact:

Department of Wildlife and National Parks
PO Box 131
Gaborone
Tel: 3(9)71405

Environmental Heritage Foundation NGO/CBO empowerment project

Objective

The project aims to promote general and environmental resource management capacity with NGOs/CBOs to secure sustainable projects; to promote co-operative relationships and partnerships; and to initiate a model that may be replicated for the management of funds earmarked for community environmental conservation and empowerment projects.

Potential beneficiaries

Organisations whether legally registered, or not, that have a community environmental/conservation motive.

Eligibility criteria for the project

1. The project must have an environmental focus;
2. The project must have community empowerment components;
3. The project must respond to expressed needs of the community and/or NGOs;
4. The project must display community participation at the design and implementation stages;
5. The project must show sustainability in the form of active management, training components and monitoring of intended activities;
6. The programme must recognise and spell out complementary activities;
7. The project must have a steering committee or similar structure;
8. The project must have a long-term vision of least five years;
9. The project must have concise, but detailed impacts; and
10. A project proposal application form must have been completed and submitted.

Funding ceiling

Pula 60, 000.00 - per project per year.

For more information contact:

Environmental Heritage Foundation of Botswana Trust
c/o Rural Industries Promotions Company - Botswana
PO Box 2088, Gaborone
Tel: 3914431-2
Fax 3900316
Email: oggie@info.bw

RADP Economic Promotion Fund (EPF)

Project description

The EPF was established under the Remote Area Development Programme (RADP). The intention is to create employment opportunities, exploit resources, and to promote Remote Area Dwellers (RADs) participation and self-reliance.

Objectives of the Programme

1. To promote production oriented activities;
2. To create employment opportunities;
3. To evaluate and exploit resources available in each community;
4. To challenge and promote community participation in solving problems of unemployment;
5. To diversify community involvement in development; and
6. To make each community self-reliant.

Funds under the EPF are available for

1. Investment in production oriented and income generating activities e.g. game ranching, harvesting and projects for utilisation of veld products, and arable agriculture;
2. Infrastructure aimed at assisting the development of activities under (1) above e.g.:
 - tanneries;
 - handicrafts;
 - livestock schemes; and
 - poultry farming.
3. Training and studies related to activities under 1 and 2 above;
4. Any other investment or expenditure likely to be of significant assistance to the generation of additional productive activities such as:
 - new projects (products or ideas) related to 1 and 2 above;
 - market surveys; and
 - resource availability studies.
5. Down payment or supplement to other schemes when RADs are unable to meet one or more of the criteria in that scheme.

Eligibility criteria

1. The programme will be available for all RADs whether they live in settlements identified for infrastructure development or in smaller groups;
2. Local communities, NGOs and communally owned projects for RADs in the remote areas are also eligible for funding; and
3. Promotion of economic activities that may affect women's role and situation adversely shall not be eligible for support. All proposals must be appraised and scrutinised accordingly.

Application and approval procedures

1. The RADOs help initiate projects in co-operation with the Assistant Project Officers in the district. The RADOs are responsible for reviewing the professional (manpower, training, accounting, scale, marketing, etc.) and technical (buildings, transport, supplies, materials, resources, etc.) requirements of the projects. Each project should be appraised by the CPO in the districts;
2. Requests by means of project memorandum for funding of projects shall be approved by the Ministry of Local Government; and
3. Requests for funding of projects shall be channeled through the Project Development Committee (PDC) by means of a memorandum for appraisal and recommendation by the District Development Committee. The planning officer in the Ministry of Local Government - in consultation with the RADP unit - gives the final approval.

For more information contact:

RADP Departments at District Councils or
Ministry of Local Government
P Bag 006, Gaborone

GEF - Small Grants Programme

Objective

The purpose of the Small Grants Programme is to support and promote community level initiatives that address global environmental challenges.

Potential beneficiaries

1. Communities; and
2. NGOs.

Eligibility criteria for the project

1. Community based activities that seek to:
 - mitigate climate change effects;
 - protect bio-diversity;
 - protect international waters; and
 - combat desertification.
2. Capacity strengthening of organisations involved in activities that address global environmental concerns and promote the exchange of ideas among communities on successful approaches and strategies.

Community contribution

Not necessary, but will help to get an approval. Projects that involve a significant contribution in labour, materials or money freely given by organisation have a preference.

Funding ceiling

US\$50,000.00.

For more information contact:

GEF-SGP

PO Box 54, Gaborone

Tel/Fax: 3905146

Email: isang.pilane@undp.org

Micro Project Programme (MPP)

Description

The MPP is a new co-operation instrument set up by the Government of Botswana and the Delegation of European Commission. This programme is aimed at supporting local communities' efforts to develop their area and improve their living standards by promoting and sustaining small-scale activities at grassroots level.

Objective

The MPP shares the same operational objective as the Community Projects (LG 1109) and is implemented as a new component of the above programme.

Target groups

The MPP mainly targets vulnerable groups in rural and urban areas, such as the aged, poor, female-headed families, unemployed and all those groups that are marginalised in the socio-economic development of Botswana. In order to reach such groups MPP does receive applications from NGOs, Village Development Committees (VDCs), Brigades, Church groups or organisations and any other grassroots organisations that can apply for funding and implement projects on behalf of and in collaboration with local communities. Communities can also apply direct to the MPP.

Eligibility criteria

To be eligible for funding, a project should comply with the following general conditions:

1. Meet a priority need demonstrated and observed at local level;
2. Be identified, planned and undertaken at the initiative and with the active participation of the local community, which will benefit therefrom;
3. Benefit the marginalised and most vulnerable groups of the community such as the aged, poor, female-headed families, unemployed, etc.;
4. Be technically appropriate and, for an income-generating project, be economically viable;
5. Be sustainable upon completion;
6. Be in line with Government's and Local Authorities' Development Plan objectives;
7. Be endorsed by the relevant authorities at district level;
8. The estimated total cost of the project should range between P150,000.00 and P1,000,000.00. When a project hits the P1,000,000.00 mark, then it must be a very good project, as the higher the project cost the higher is the community contribution;
9. The applicant should make a contribution of at least 25% of the estimated total project cost; and
10. The project should be completed in one year and only in exceptional cases can it exceed one year.

Sectors of activity

The following list provides an example of the type of projects, which may be eligible for funding under the MPP in order of priority:

1. Production Units - Provision of equipment, infrastructure, training and credit scheme for small enterprises in industrial, craft and agricultural production;
2. Implementation and logistical support - Provision of equipment and logistical support for the implementation of the programme;
3. Training and capacity building - Formal training and on-the-job training for extension staff and other staff involved with the programme; and
4. Social infrastructure - Provision of equipment and buildings in education, recreational, health and sanitation, road and water supply sectors in rural areas.

Application and appraisal procedures

In order to apply, the local community representatives of the implementing agency, which is applying on their behalf, should:

1. Fill in the application form available at the S&CD Department and send it to the MPP Unit in the Ministry of Local Government. S&CD will assist the applicants in providing all information required or prepare a project memorandum;
2. Brigades, NGOs, CBOs, and other grassroots organisations can apply directly to the MPP Unit. Whenever possible the application should be endorsed by the district authorities.

The MPP Unit appraises applications. The appraisal mainly focuses on the sustainability of the project, management capability and relevance to the MPP criteria. In all cases the applicants must have the 25% contribution in place, which could either be in cash or in kind. The applicants might be requested to provide any additional information including detailed cost estimates.

Approval

The Steering Committee has the authority to approve or not to approve projects under the MPP. The committee is made up of representatives of the Ministry of Finance and Development Planning, Ministry of Local Government and the Delegation of European Commission in Botswana.

For more information contact:

The Co-ordinator
Ministry of Local Government
Department of Local Government and Development
P Bag 00338, Gaborone
Tel/Fax: 3658563
Email: dmwape@gov.bw

HIVOS - Micro Fund

Potential beneficiaries

1. CBOs; and
2. NGOs.

Eligibility criteria for the organisation

1. The organisation needs:
 - to be well organised
 - to show initiative
 - to be able to account for funds through proper reporting
2. Organisations may not already be sponsored through the HIVOS programme support; and
3. Not eligible are (quasi) government organisations, individuals, church related activities.

Eligibility criteria for the project

The project should directly or indirectly benefit civil society organisations and/or grassroots organisations.

Funding ceiling

DFL 20,000.00 - (Apr. Pula 50,000.00).

For more information contact:

HIVOS Foundation (Humanist Institute for Development Co-operation)
PO Box 2227
20 Phillips Avenue
Belgravia, Harare
Tel: 263-4-706704 / 727197 / 250463
Fax: 263-4-791981
Email: hivos@harare.iafrica.com

Action for Economic Empowerment Trust (AEET) (ADF) - Participatory Development and Micro and Small Enterprise Development

Objectives

The programme seeks to promote the use of participatory methodologies for human development and planning, implementation and evaluation of development projects. It also seeks to develop the capacity of NGOs/CBOs to manage and sustain development initiatives and their benefits.

Micro and Small Enterprise Development

The programme further promotes the establishment of more enterprises by grassroots communities and CBOs through quality support offered by NGOs or intermediary organisations for sustainable employment and income generation.

Potential beneficiaries

1. NGOs supporting member CBOs and groups involved in micro and small enterprises and practising and/or promoting participatory development initiatives;
2. Community organisations implementing micro and small enterprises; and
3. Associations with membership implementing micro and small enterprises.

Eligibility criteria for the organisation

1. AEET (ADF) will not fund a project that is owned by or under the control of a single individual or family;
2. AEET (ADF) will not fund projects proposed for implementation by government structures;
3. Organisations must demonstrate that the entire membership is involved in the design and implementation of the project;
4. Organisations must be registered in Botswana and have authority to receive and disburse donor funds; and
5. The organisation must have experience in working with grassroots communities.

Eligibility criteria for the project

1. Projects need to be owned and controlled by locals;
2. Projects need to benefit the local community through jobs and income;
3. Projects need to respond to the needs of the poor;
4. Projects need to have achievable goals and objectives;
5. Projects need to distribute the benefits equitably; and
6. Projects need to provide evidence of project sustainability once AEET funding has ended.

Community contribution

Applicants will have to contribute part of the project costs, e.g. land, human resource, finance, facilities, etc.

Funding ceiling

\$250,000.00.

For more information contact:

Action for Economic Empowerment Trust (formerly African Development Foundation/Botswana)
Thebe Circle, Ext 10, Plot 2838
PO Box 3039, Gaborone
Tel: 584638
Fax: 353342
Email: adf.bot@botsnet.bw

Training and General Support Fund

Project description

This fund is meant to address constraints to the expansion or establishment of viable non-farm rural productive activities.

Objectives of the programme

The purpose of this programme is to generate employment and income in the rural areas, to fully exploit local resources and to satisfy local demand for goods through local production.

Assistance provided by the programme

This fund is intended for feasibility studies, market surveys, training, small-scale infrastructure development, pilot demonstration projects, seminars and workshops for small scale industry promotion and dissemination of information. Projects implemented by districts can vary up to a maximum expenditure of P6,000.00. The Ministry of Trade and Industry, IFS Headquarters can help with projects involving a total expenditure of up to P10,000.00.

Eligibility criteria

1. This fund is used for rural and urban activities;
2. TGSF is not used to purchase vehicles or to provide loans;
3. Projects are assessed on the basis of their impact on employment generation and income distribution; and
4. Projects by low-income groups are encouraged.

Application and approval procedures

Normally projects for funding are identified by the Industrial Field Officers (IFO) in their course of duty. However, suggestions from other extension workers and the public are welcome. The project ideas must be discussed with Industrial Field Officers. When the Industrial Field Officer has found the need for funding, a project memorandum is written and submitted to the Production Development Committees. The Production Development Committees are empowered to approve projects of up to P6,000.00. For activities requiring more than P6,000.00, the PDC must endorse the project and DDC and Council must approve the project. Once approved the IFO disburses the funds as agreed.

Post approval procedure

Six months after project implementation, a report on the impact of the project is required. This report is prepared by the IFO.

Contact Persons:

IFS Field staff at district level.

Village Development Programme LG 1109 (Pilot Component)

Description

This component is mainly aimed at improving living standards of the rural communities through encouraging productive and employment generating activities. Assistance is offered as a pure grant and as a full package to cover the total cost of the project as requested. The assistance is exclusively for income generating pilot activities.

Objectives

1. To promote production oriented activities;
2. To create employment opportunities in rural villages;
3. To evaluate and exploit resources available in each village;
4. To diversify village involvement in development; and
5. To challenge and promote village participation in solving problems of unemployment, lack of resources, etc.

Packages provided

The assistance is exclusively for pilot type of projects such as:

1. The establishment, on an experimental basis, of productive oriented and income generating activities;
2. Consultancy and training related to such activities;
3. Infrastructure aimed at assisting the development of such activities;
4. Some examples of projects which can be funded under the component are: tanneries, market stalls, market surveys, bakeries, communal training/production centres, poultry farms, manpower and resource availability studies and horticulture projects; and
5. The ceiling for this component is P250,000.00.

Eligibility criteria

1. Production oriented and income generating activities;
2. Female-headed households;
3. Women's groups;
4. Remote area dwellers; and
5. Rural villages.

Application and approval procedures

1. A project memorandum is prepared with the help of the Integrated Field Service (IFS) Officers;
2. The project memorandum goes through the Production Development Committee for appraisal and recommendation to the Economic Policy Unit (EPU);
3. For individual proposals of less than P16,000.00 the EPU of the Ministry of Finance and Development Planning will determine acceptability; and
4. Projects above this limit are reviewed and appraised by the EPU and approved subject to NORAD's agreement.

Post approval procedures

1. Participants are notified by the EPU of the approval;
2. Funds are disbursed;
3. Project starts; and
4. Participants are expected to forward quarterly progress reports to the EPU with supportive invoices.

Contact Persons:

IFS Field staff at district level.

Wildlife Conservation and Utilisation (European Development Fund)

Background

The European Commission has funded, through the Department of Wildlife and National Parks, two wildlife-related projects: Wildlife Conservation and Utilisation in Central and Southern Botswana and Wildlife Conservation in Northern Botswana. Both these projects came to an end in 2001. A new Wildlife Conservation and Utilisation programme with EU funding started in 2002. This programme has a component for support to community-based projects, which may be channelled through NGOs. The criteria to access this fund are the same as used during previous EDF phases.

Criteria for funding

1. Proposals can be accepted from communities that can operate a bank account;
2. Proposals should be for projects that utilise wildlife resources and will provide benefits to rural communities;
3. Proposals should emphasize sustainability, both in terms of economic viability and resource use and a business plan should be included where possible;
4. There should be a distinct community, which the project is to benefit;
5. Projects may include a salary component;
6. Proposals should not include a land purchase;
7. There should be an environmental impact assessment or an environmental impact statement.
8. Only projects, which are not anymore suitable for funding by other government agencies, will be considered for funding;
9. Proposals should not exceed P150,000.00;
10. There should be a community contribution of 25%. This can be in monetary terms or in kind; and
11. Initial funding will be 30% of the overall project cost. To receive the next two installments of 30% each, 70% of the last installment and 100% of the previous one should be accounted for. To receive the last 10%, the progress report must account for the total amount of the project funds.

For more information contact:

Department of Wildlife and National Parks
PO Box 131, Gaborone
Tel: 3(9)71405

Annex 8

Useful contacts

Department of Wildlife and National Parks (Community Extension & Outreach Division), PO Box 131, Gaborone. Tel: 3(9)06396

Department of Tourism, Private Bag 0047, Gaborone. Tel: 3(9)53024

Registrar of Companies, PO Box 102, Gaborone. Tel: 3601200 or 588754

Registrar of Societies, Private Bag 002, Gaborone. Tel: 3611104 or 3611245

Deeds Registry, Attorney General's Chambers, Private Bag 009, Gaborone. Tel: 3(9)54710.

Co-operative Development, PO Box 86, Gaborone. Tel: 3(9)50500 or 3(9)71000

Customs and Excise, Private Bag 0041, Gaborone. Tel: 3642100 or 3(9)22855

Botswana Development Corporation, PO Box 438, Gaborone. Tel: 351811

BOCCIM (Botswana Confederation of Commerce, Industry and Manpower), PO Box 432, Gaborone. Tel: 3(9)53459

HATAB, Private Bag 00423, Gaborone. Tel: 3(9)57144

Publications available from the CBNRM Support Programme

CBNRM workshop and conference proceedings:

- L. Cassidy and M. Madzwamuse (Eds). 1999. Community Mobilisation in Community Based Natural Resources Management in Botswana. Report of Workshop Proceedings. Francistown, Botswana, December 9-11 1998. (Out of print)
- L. Cassidy and M. Madzwamuse (Eds). 1999. Enterprise Development and Community Based Natural Resources Management in Botswana. Report of Workshop Proceedings. Maun, Botswana, March 9-12 1999.
- L. Cassidy and S. Tveden (Eds). 1999. Natural Resources Monitoring and Community Based Natural Resources Management in Botswana. Report of Workshop Proceedings. Mokolodi, Botswana, June 10-11 1999.
- L. Cassidy and R. Jansen (Eds). 2000. National Conference on Community Based Natural Resources Management in Botswana. Report of the National Conference Proceedings. Gaborone, Botswana, July 26-29 1999.
- National CBNRM Forum in Botswana. 2000. Proceedings of the first National CBNRM Forum meeting in Botswana 30th and 31st of May 2000 and the CBNRM Status Report 1999/2000.
- National CBNRM Forum in Botswana. 2002. Proceedings of the second National CBNRM Conference in Botswana 14th – 16th of November 2001 and the CBNRM Status Report 2001.

CBNRM Occasional Papers:

1. T. Gujadhur. 2000. Organisations and their approaches in Community Based Natural Resources Management in Botswana, Namibia, Zambia and Zimbabwe.
2. C. J. van der Jagt, T. Gujadhur and F. van Bussel. 2000. Community Benefits through Community Based Natural Resources Management in Botswana.
3. T. Gujadhur. 2000. "It's good to feel like we own the land..." The people's view of community land rights under CBNRM in Botswana.
4. L. Cassidy. 2000. CBNRM and Legal Rights to Resources in Botswana.
5. L. Cassidy. 2001. Improving Women's Participation in CBNRM in Botswana.
6. T. Gujadhur. 2001. Joint venture options for communities and safari operators in Botswana.
7. B. T. B. Jones. 2002. Chobe Enclave, Botswana – Lessons Learnt from a CBNRM project 1993 – 2002.
8. C.J. van der Jagt and N. Rozemeijer. 2002. Practical Guide to Facilitating CBNRM in Botswana.
9. P. Hancock and F. Potts. 2002. A Guide to Starting a Tourism Enterprise in Botswana.

Other CBNRM-related Papers available from the CBNRM Support Programme:

- N. Rozemeijer (ed). 2001. Community-based Tourism in Botswana. SNV Publication.
- P. Hancock and F. Potts. 2001. The CBNRM Services Directory for Botswana. BOCOBONET/CBNRM Support Programme Publication.

Publications under the CBNRM Support Programme are available from:

IUCN Botswana
Hospital Way, Plot 2403
Private Bag 00300, Gaborone, Botswana
Tel / fax: (267) 371 584
E-mail: iucn@iucnbot.bw Web site: <http://www.iucnbot.bw>

and

CBNRM Support Programme
Hospital Way, Plot 2403
P.O. Box 611, Gaborone, Botswana
Tel / fax: (267) 3931882

E-mail: information@cbnrm.bw

Web site: <http://www.cbnrm.bw>

For more information on the CBNRM Support Programme contact the above and/or visit the CBNRM Support Programme web site: <http://www.cbnrm.bw>

Cash Flow

	April (Pula)	May (Pula)	June (Pula)	July (Pula)	August (Pula)	Sept (Pula)	Oct (Pula)	Nov (Pula)	Dec (Pula)	Jan (Pula)	Feb (Pula)	Mar (Pula)	Total (Pula)
RECEIPTS													
Expected sales			19,800	26,700	25,500	27,000	18,900	40,500	48,600	38,100	24,300	58,800	328,200
Bank loan	24,000												
TOTAL RECEIPTS 'A'	24,000	0	19,800	26,700	25,500	27,000	18,900	40,500	48,600	38,100	24,300	58,800	328,200
PAYMENTS													
Purchasing materials		22,722	12,447	11,790	13,740	9,060	17,394	22,869	21,429	16,497	30,720	29,400	208,068
Production wages	9,244	9,244	9,244	9,244	9,244	9,244	9,244	9,244	9,244	9,244	9,244	9,244	110,928
Directors salaries	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	46,800
Pension										1,500			1,500
Admin. Salaries	875	875	875	875	875	875	875	875	875	875	875	875	10,500
Rent	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	23,100
Electricity & water		700	700	700	700	700	700	700	700	700	700	700	7,700
Telephone & postage	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Insurance	3,600												3,600
Capital – Machinery	18,000												18,000
Vehicles	4,800												4,800
Lease payments	175	175	175	175	175	175	175	175	175	175	175	175	2,100
Repairs	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Travel		550	550	550	550	550	550	550	550	550	550	550	6,050
Printing & stationery	425	425	425	425	425	425	425	425	425	425	425	425	5,100
Advertising	1,125			1,125			1,125			1,125			4,500
Legal & accounting	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Bank interest	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Bank charges	50	50	50	50	50	50	50	50	50	50	50	50	600
Sundries	250	250	250	250	250	250	250	250	250	250	250	250	3,000
TOTAL PAYMENTS 'B'	45,394	41,841	31,566	32,034	32,859	28,179	37,638	41,988	40,548	38,251	49,839	48,519	468,646
	-	-	-	-5,334	-7,351	-1,179	-	-1,488	8,052	-151	-	10,281	-140,446
Cash inflow/outflow (A minus B)	21,394	41,841	11,766				18,738				25,539		