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The Botswana Construction Sector Now

The Unresolved Issues That Should Be at the Top of the New Ministers' Agendas

by Killion Mokwete & Kibo Ngowi



Minister N. Molefhi
Ministry of Infrastructure, Science & Technology



Minister P. Maele
Ministry of Lands and Housing (MLH)



Minister K. Mathambo
Ministry of Finance & Development Planning (MFDP)



Now that the dust has settled on the 2014 General Elections and the Cabinet Ministers have been announced, Botswana can turn its attention back to the pressing issues still to be resolved.

The challenges of the construction industry will fall squarely on the shoulders of the newly appointed Minister

of Infrastructure, Science and Technology (MIST) Mr. Nonono Molefhi and to tackle these issues effectively he'll have to get the buy in of several other ministries in addition to his own. **Boidus Focus** presents a snapshot of the most crucial issues this crop of ministers will have to confront in order to safeguard Botswana's construction industry.

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BOIDUS EXCLUSIVE >



Property Crowdfunding Comes To Botswana

Realty Africa To Introduce New Real Estate Investment Model to the Country

by Kibo Ngowi

Crowdfunding is a simple concept that is challenging traditional financing models and rising in popularity across the world. Through this model a project or company is financially supported by many individuals each contributing only a small percentage of the total funding required to get it off the ground.

ing platform specifically targeting property development projects in Southern Africa and led by entrepreneurs Patrick Chella from Zimbabwe and Erik van Eeten from the Netherlands. **Boidus Focus** spoke with Chella to gain more insight into the company which will be the first of its kind to become active in Botswana.

Realty Africa is an equity crowdfund-

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How Choppies Decides Where to Open Next

CEO Ramachandran Ottapath Opens Up About the Retail Giant's Expansion Strategy

by Kibo Ngowi

In business it's often said that location is everything and none should understand this better than the company that seems to be around the corner in just about every part of the country. Choppies has grown to be the largest supermarket chain in Botswana with 71 stores within the country, 28 in South Africa and 14 in Zimbabwe. As with any recognisable brand its

presence always has an influence on consumer patterns and thus the value of the commercial property in which it is located. **Boidus Focus** spoke to Choppies CEO Ramachandran Ottapath about the decisive role that real estate trends have played and will continue to play in his company's expansion plans.

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Gardening without a Garden

Few things are more frustrating than being a garden lover trapped in a small flat or townhouse. What to do? You can actually grow more than you realize in small areas as long as they get enough light. There's something special about harvesting your own homegrown food. Most available spaces can be used as long as you get enough light. In any case, whether you have a little space behind your house, space to hang a window box outside your window, or even a tiny balcony, your urban garden can be a veritable Eden of fresh, healthy, home-grown vegetables, and herbs.



By using trellises, containers, window boxes, hanging baskets or wall fitted pots you can maximize your garden in small areas. Not only will you save valuable space, but growing container plants vertically can turn just about any nook or cranny into a beautiful garden spot.

Even if you have plenty of room, vertical gardens will help keep plants up off the ground. They can also be used to define landscaped areas, by creating interesting focal points and eye-pleasing boundaries. Advantages include:

- » Fruits and flowers are easier to pick
- » Cultivating and harvesting is easier.
- » More plants can be grown with less space.
- » Can be used as a privacy screen or to cover up unsightly views.
- » Provides better air circulation, reducing fungal problems.
- » Allows for more efficient watering.
- » Yields are generally higher.
- » Creates a shady spot in the garden.



Trellises for Potted Plants

Trellises can be pretty nifty garden accessories. They're used for supporting and training plants and really help out when growing in smaller areas. By using trellises with pots, you can extend small growing spaces. Many potted plants can be transformed from cascading creepers into "the-sky's-the-limit" climbers when you give them a garden trellis to latch on to. Just make sure that it is firmly attached to your container and that the trellis is in proportion to the pot you are using.

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Property Crowdfunding Comes To Botswana

by Kibo Ngowi

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Crowdfunding is a simple concept that is challenging traditional financing models and rising in popularity across the world. Through this model a project or company is financially supported by many individuals each contributing only a small percentage of the total funding required to get it off the ground. As such, one crowd-funded project can have thousands of backers and the need for physical interaction is eliminated through the use of websites called Crowdfunding Portals (CFPs), through which potential backers can find projects and contribute money.

There are currently four different crowdfunding models gaining traction. Donation crowdfunding allows people to donate to projects they believe in and want to support. The most popular of the crowdfunding sites – Kickstarter.com, which has raised more than \$1 billion for over 60,000 completed projects – is a donation-based crowdfunding site. Reward-based crowdfunding, while also based on donations, includes the exchange of a non-monetary reward for each donor such as a T-shirt, acknowledgement or tickets to an event. Debt crowdfunding, also called peer-to-peer lending or lend-to-save, allows investors to lend money to a company that then repays the investor on a regular basis. It allows businesses and entrepreneurs to borrow money without traditional banks.

The fourth model and the model adopted by an international start-up company that will soon be launched in Botswana is equity crowdfunding. This model allows investors to buy shares or equity in a company, project or venture and thus become part owners. It allows companies to raise capital by selling small pieces of equity to a large number of investors, who make a return on their investment either by being paid a dividend or by selling their shares at a later date, when the company value has increased.

Realty Africa is an equity crowdfunding platform specifically targeting property development projects in Southern Africa. It is led by entrepreneurs Patrick Chella from Zimbabwe and Erik van Eeten from the Netherlands. *Boidus Focus* spoke with Chella to gain more insight into the company which will be the first of its kind to become active in Botswana.

BF: Why did you choose Botswana as one of the first countries in which to launch your company?

PC: Botswana offers a great environment with good fundamentals of governance, stability, economic growth and no exchange controls. Botswana is not always on the global investor or property developers' radar and we intend to put it there. Botswana also sits in a region that is a hub of Africa politically, industrially and in terms of tourism. Now, Realty Africa seeks to provide the global investor with growth opportunities here and also to help developers raise capital for promising projects through our platform.

BF: Have you identified and/or initiated any projects of particular interest in the country?

PC: There is one particular project that is of great interest to us right now. It involves subdividing and densifying a large farm in Gaborone North. The business case is very strong and there is high demand for residential property in Gaborone as I am sure you already know. The developer of this project is eager for Realty Africa to launch and we envision it being one of our first projects in Botswana. There are of course perhaps 100 other farms in Gaborone North which will eventually become residential land. Realty Africa will provide a platform where local developers or landowners can raise funding. This is a viable alternative to pension funds, banks and DFI's (development finance institutions) who hitherto have monopolised debt funding for large-scale property development.

BF: Are you at all concerned that Botswana and regional residents will be slow to adopt this new business model?

PC: That is a concern. However when they see that the platform works and that it is robust, open and transparent, it will grow fast. Anything new takes times to become embedded especially when it is a completely new way investing and raising funds.

BF: How soon after the launch do you plan to open the platform for investments into projects within Botswana?

PC: Realty Africa is dependent on the regulatory process within Botswana as well as our developers in the country obtaining the necessary permits to begin construction. I understand it is common to experience delays in this area. Once all necessities are satisfied we will have an international third party conduct a due diligence on the

property developer and project to ensure that investors know that the projects are of a high standard and bankable. When this process is completed, then the project comes onto the platform and is ready for investment.

BF: Why should local investors and developers take the risk of trying to adopt the crowdfunding model?

PC: Having been tried and tested in the US and in parts of the EU, the concept of property crowdfunding arrives in Africa. In the US where the idea first gained traction, the industry has quickly become a 5 billion dollar industry in a short space of time. It is even being cited by US government officials as a way of propping up the economy.

The concept is known as crowdfunding, and as the name entails, funds are sourced from a wide variety of individuals and corporates alike. A sort of level playing field is created in the investment arena. This is a big deal from an investment perspective because the days of a limited few getting access to high yielding investment opportunities are going to be opened up to the participating general public together with institutions. Similarly companies such as Kickstarter and Indiegogo have been doing tremendously well with this regard, spawning several start-ups in South Africa that offer crowdfunding on the arts, film and charity side.

"Together they have come up with a way of injecting much needed capital into the continent by offering a way that brings together investors and property developers onto their platform."

Just to reiterate, the assistance of an internationally recognized third party is used to perform a due diligence on the investment. Developers are checked locally to mitigate the risk of offerings on the platform due to previous unscrupulous individuals that may have tarnished new ideas. Together with the use of escrow accounts to control cash flows, all possible precautions are taken to calm the foreign negative perceptions of doing business in Africa.

