BOTSWANA INVESTMENT & TRADE CENTRE

Annual Report

2021/2022

10 YRS AN ERA OF GROWTH

CONTACTS

HEAD OFFICE
Private Bag 00445,
Gaborone, Botswana
Plot 54351, PG Matante Road
Exponential Building
Central Business District (CBD)
Gaborone, Botswana
T: +267 363 3300
F: +267 317 0452
Email: enquiries@bitc.co.bw

FRANCISTOWN
Plot 903, Unit A 14
Tati River Mall
Francistown
T: +267 363 3409
F: +267 317 0452
Email: gaorekweg@bitc.co.bw

SOUTH AFRICA
1 Santon Drive, The Place
Ground Floor
Sandton, Johannesburg 2196
T: +27 11 884 8959
F: +27 11 883 7798
Email: senosio@bitc.co.za

INDIA
No. 43, Maker Chamber VI
Nariman Point
Mumbai-400 021
India
T: +91 22 4360 2100
F: +91 22 4360 2111
Email: phiam@bitcin.co.in

INDIA
6 Stratford Place W1C 1AY
London
United Kingdom
T: +44 207 499 0031
F: +44 207 491 8528
Email: moemedi@bitcuk.co.uk

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TEN YEARS OF PROGRESS

The story of how Botswana built a remarkable economy is legendary. Ten years after independence, the discovery of diamonds almost single handedly transformed our country from the lower rungs in every measure of economic indicators and statistics.

Even during her greatest and most prosperous years, the dire need for a diversified economy has always been apparent and urgent to reduce reliance on minerals and beef.

In 2012, BITC was established to drive investment and trade to transform Botswana into a globally recognized trade and investment destination. The premise is that the next envisaged wave of the nation's economic growth will precipitate and generate wealth to ensure that the greatest number of citizens enjoy the benefits associated with economic growth.

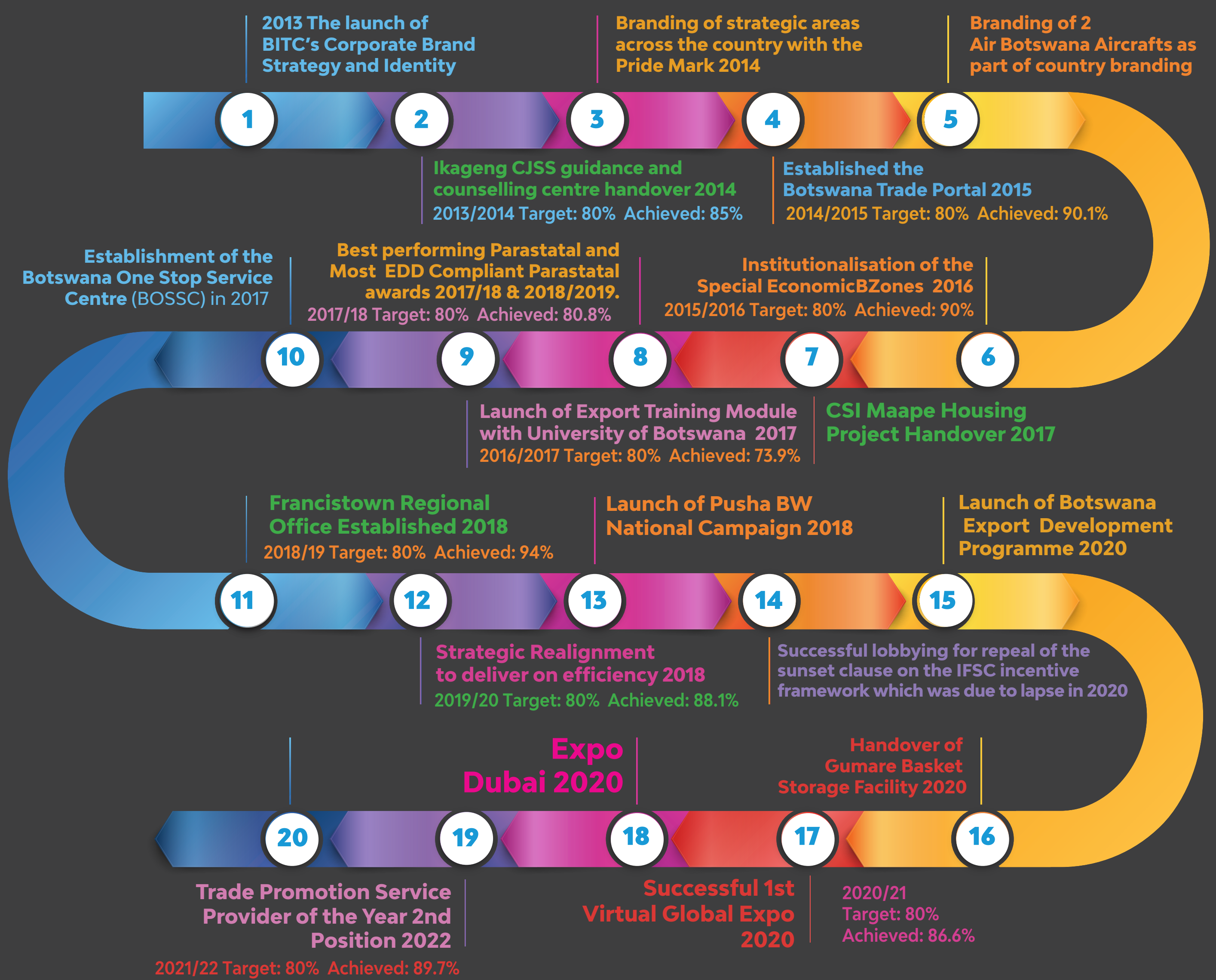
Pursuant to the national economic goals of turning Botswana into a high-income country, BITC now looks back to the milestones achieved in the past ten years. The organization has consistently surpassed all performance targets on export earnings, domestic investment and expansion, job creation and in attracting Foreign Direct Investment.

Notable key projects include facilitating the country's first 1200-hectare citrus project, first small stock export to the United Arab Emirates, a Mercedes Benz wire harness manufacturing and electric power transformer and general electric cable manufacturing projects.

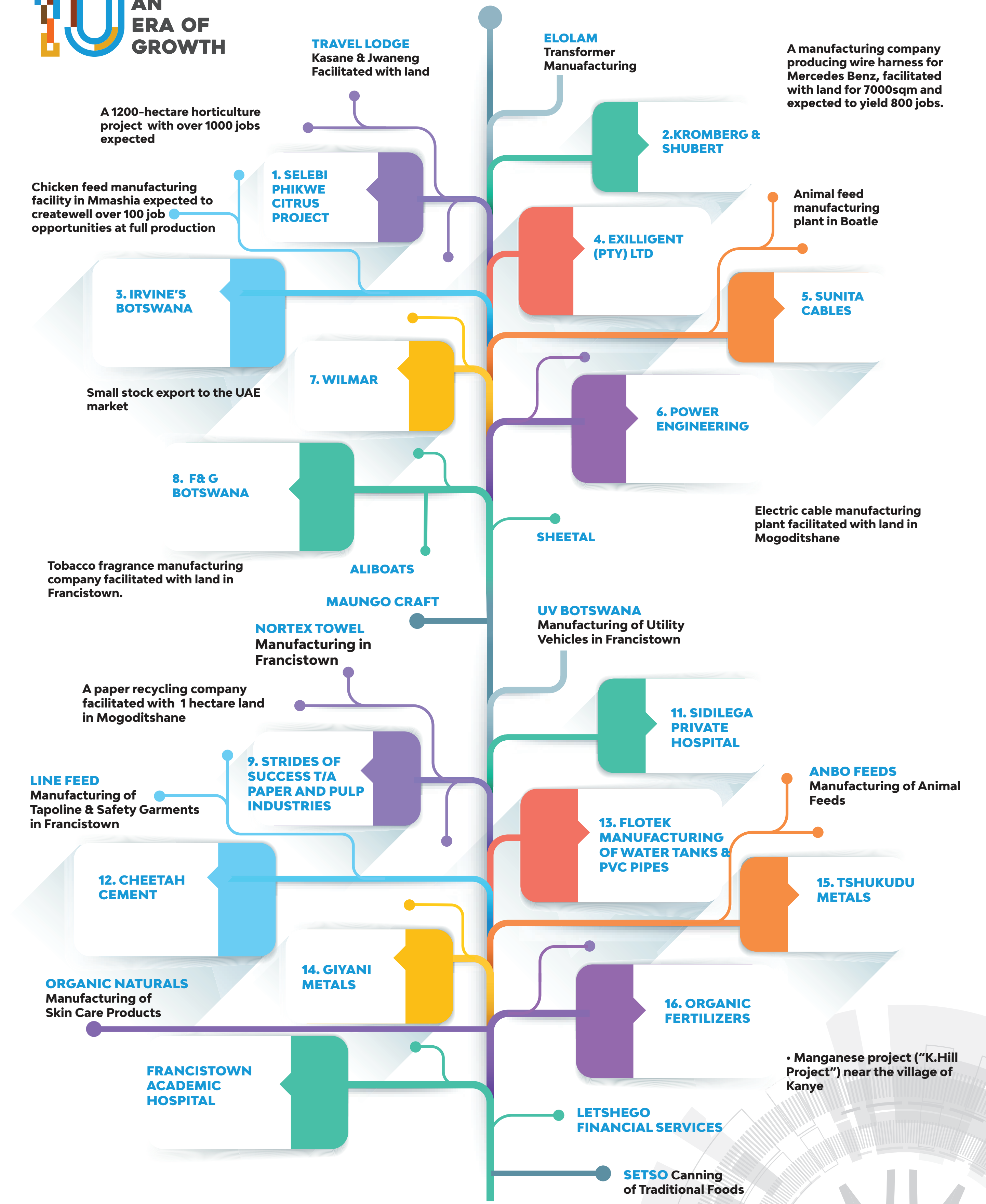
The contents of this celebratory annual report paints a picture of how Botswana has laid the foundation for its wealth creation and sparkling future of prosperity in the past decade.

BITC Overall Corporate Performance Over the 10-Year Period

The organisation attained an overall average of 85.6% during the nine years of operation against an excellence performance target of 80%. The performance data for 2012/2013 has not been featured since the inaugural year's structures, policies, and strategies were still incomplete.



FROM 2013/22 AVERAGE TARGET: 80%
FROM 2013/22 AVERAGE ACHIEVED: 85.6%



BOTSWANA INVESTMENT & TRADE CENTRE

01

INTRODUCTION

Introduction to **BITC**

Botswana Investment and Trade Centre (BITC) is an integrated Investment Promotion Authority (IPA) with an encompassing mandate of investment promotion and attraction; export development and promotion including management of the Nation Brand.

The organsiation plays a critical role of driving Botswana's economic growth through attraction of Foreign Direct Investment (FDI), domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets.

BITC drives wealth creation for Batswana by creating platforms that will instigate and ensure increased citizen participation in the economy and create sustainable job opportunities. Building and maintaining a positive and impressive image of our country locally and internationally is vital for this organisation.

OUR VISION

BITC will be a leading (apex) Investment and Trade Promotion agency for the transformation of Botswana into a globally recognized trade and investment destination.

OUR MISSION

We innovatively attract investment and facilitate export for Botswana's economic diversification and job creation by promoting Botswana as a place to visit, live and invest in.

OUR VALUES

Agility
is to be "change fit" open to new ways working as and when they are required. It is also openness to new ideas which are integrated into practice because they are improvement.

Boldness
is the drive to innovate and make changes in their sphere of influence. It's the total resolve to challenge the status quo at an individual and organizational level for the good of all.

Humility
is not self-denigration, but a genuine pride in what one knows and the skills one has. However, it is an acute awareness of what one does not know and the skills one does not have. The humble leadership and staff of BITC will be open to the ideas of others and actively solicit others' opinions and ideas to add to their own. It is a gentle way of asking instead of telling. "We strengthen me."

Curiosity
Is not merely an openness to new ideas, but an active seeking of new ideas, information and insights. It is an insatiable desire to know more about more and more.

In our efforts to become a leading and high performance Investment Promotion Agency, we place a premium on research-led investment promotion to attract investors to the country. Our greatest impetus is the pre-existing strategic national development priorities focused on delivering economic growth, development and diversification.

These include but are not limited to:

i. Mining & Energy - Beneficiation
ii. Agriculture & Agro processing
iii. Education
iv. Transport & Logistics
v. Financial & Business Services
vi. Tourism
vii. Manufacturing
viii. Information & Communication Technology

Effective Stakeholder Engagement, Involvement and Alignment

Proactive and continuous collaboration with key stakeholders is at the forefront of BITC's strategy. Our efforts and reach ride on the strength of a partnership with Botswana foreign missions, owing to their strategic geographic presence where the international trade market resides. The missions serve as a key partner for facilitating foreign investment by providing a legitimate framework for identifying business partnerships and beneficial industry associations and providing a point of information exchange for both international and domestic investors.

Effective Investor Facilitation and Aftercare

BITC houses the Botswana One Stop Service Centre (BOSSC) that provides the following services to local and international investors;

- Company and business registration
- Trade and business license applications
- Entry VISAs, Work and Residence Permit Exemptions
- Connection of utilities e.g. power, telecommunications and water
- Income Tax and VAT registration
- Access to industrial and commercial land
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) Compliance, Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Bank Account Opening

Building a Competitive and Attractive Business Environment

This significantly contributes to improvements in the investment climate through policy advocacy aimed at ensuring facilitation of a competitive business and investment climate and to foster greater economic activity. This includes making recommendations for competitive changes to legislation and the national investment framework.

Sustainable Export Development and Promotion

Through support of local manufacturers, Botswana has the potential to export more products to various regions of the world. An intensive operation to review the Botswana Export Development Programme (BEDP) is underway to realise this export potential. Through the BEDP, local manufacturers receive assistance and support to improve product quality and packaging and to increase production, to meet potential buyers'quotas, requirements and expectations. BITC engages in intensive export promotion to facilitate participation by local manufacturers in regional and international expos, with the aim of promoting their products to export markets and thereby increasing their export potential.

National Image Building and Global Awareness Creation

As BITC, we are privileged to manage and lead the Nation Brand Initiative, which seeks to position Botswana to domestic, regional and international audiences as an attractive place to visit, work and invest in. The Nation Brand highlights our national assets, our people, culture, tourist attractions, business potential and reputation for good governance.

THE BOARD AND GOVERNANCE

BOTSWANA INVESTMENT & TRADE CENTRE

02

GOVERNANCE

THE BOARD AND GOVERNANCE

The Board of Directors is a governing body appointed by the Honorable Minister of Trade and Industry (MTI). As the organisation's oversight body, it dispenses duties dealing with governance, risk management and financial reporting responsibilities.

The Board, drawn from diverse backgrounds with a wide range of experience and professional skills, oversees and guides the strategic direction of BITC. It determines policies and course of action to give effect to the objectives and purpose of the Centre as per the BITC Act CAP 42:12 and the BITC Board Charter adopted in 2013.

In the year under review the BITC board comprised of nine members; eight independent non-Executive Directors, who are the majority, and one Executive Director as stated below;

BOARD OF DIRECTORS

Non-Executive Directors

Mr. Terence Dambe	Board Chairman (Expired 31/01/2022)
Ms. Palesa Audrey Semele	Vice Chairperson
Ms. Ellen Richard-Madisa	(Expired 30/10/2021)
Ms. Macie Keneilwe Molebatsi	Member
Ms. Gomolemo Lolo Madikgetla	Member
Mr. Bakang Palai	Member
Mr. Tebo Motswagae	Member
Mr. Lesang Magang	Member

Executive Director

Mr. Keletsositse Olebile	Chief Executive Officer

Key Board Changes and Terms of Tenure

During the year, there were a number of movements in the Board. The table below captures those changes and highlights the terms of tenure of the Board.

BOARD MEMBER	DATE OF APPOINTMENT	EXPIRY OF APPOINTMENT
Mr. Terence Dambe	3rd February 2012 1st February 2016 1st February 2020	2nd February 2016 31st January 2020 Expired 31st January 2022
Ms. Palesa Audrey Semele	1st February 2016 1st June 2019	31st January 2019 31st May 2023
Ms. Macie Keneilwe Molebatsi	1st November 2015 1st November 2019 1st February 2020	31st October 2019 31st January 2020 31st January 2024
Ms. Ellen Richard Madisa	3rd February 2012	Expired when her position as Deputy Secretary for Financial Policy at the Ministry of Finance and Development Planning ceased in October 2021.
Mr. Bakang Palai	1st June 2019	31st May 2023
Ms. Gomolemo Lolo Madikgetla	1st June 2019	31st May 2023
Mr. Tebo Motswagae	25th February 2020	Tied to the tenure of his position as the Deputy Director, Doing Business and Investment Unit, Ministry of Trade and Industry (MTI).
Mr. Lesang Magang	1st February 2020	31st January 2024

Board Charter and Board Sub-Committees' Terms of Reference

The Board derives its duties, responsibilities, and powers from the BITC Act, Board Charter, and the Shareholder's Compact, amongst others. The Board sub-Committees are governed by their own Terms of Reference and Charters which define their scope of authority and composition, among other things. The Board Charter and sub-Committee Terms of Reference and Charters are reviewed annually and approved by the Board.

There were no significant changes made in the year under review.

Board Meetings

During the year under review, the Board of Directors, in compliance to its statutory obligation, held meetings to provide strategic direction and leadership, and discuss matters relating to, inter-alia, strategy and performance, financial objectives, plans and expenditure, governance and sustainability, risk management, performance and effectiveness of controls, as well as organisational structure, staffing and welfare.

Dates of meetings are scheduled annually in advance. Provisions for additional meetings are convened when material issues arise, which require timely decisions by the board exist.

Board Secretary

The Board Secretary is responsible for ensuring compliance with Board and sub-Committee Charters, Terms of Reference and provision of guidance and advice to the Board on matters of ethics, good governance and legislative changes.

This role is compliant to the requirements of the King Code of Corporate Governance Principle 2.21.

Board Members	Board	Project and Investment Committee	External Tender Committee	Human Resources Committee	Finance & Audit Committee
Ms. Palesa Audrey Semele	8/8	N/A	N/A	8/8	6/6
Ms. Macie Keneilwe Molebatsi	6/8	N/A	N/A	8/8	N/A
Ms. Ellen Richard - Madisa	4/8	N/A	N/A	N/A	3/6
Mr. Bakang Palai	8/8	2/2	6/6	N/A	N/A
Ms. Gomolemo Lolo Madikgetla	8/8	2/2	N/A	N/A	6/6
Mr. Lesang Magang	8/8	2/2	5/6	N/A	N/A
Mr. Tebo Motswagae	8/8	N/A	6/6	5/8	N/A

Key : NYM – Not Yet Member NLM No Longer Member, N/A – Not Applicable

Remuneration of Non-Executive Directors

Board Member	Total Sitting Fees Paid (Pula)
Mr. Terence Dambe	18,900.00
Ms. Palesa Audrey Semele	28,980.00
Mr. Bakang Palai	17,325.00
Ms. Ellen Richard-Madisa	3,780.00
Ms. Gomolemo Lolo Madikgetla	20,160.00
Mr. Lesang Magang	19,845.00
Ms. Macie Keneilwe Molebatsi	21,735.00
Mr. Tebo Motswagae	13,860.00

Board Evaluation

In compliance to the Board Charter section 20.1, an independent Board performance evaluation was carried out in the reporting period. The purpose of the review was to determine whether the Board and its Sub-Committees have adequately discharged their responsibilities, and to assess its operations and decision-making processes as well as its overall effectiveness. Provision of training for the Board on areas identified as gaps continues to be carried out, along with any further specified training where necessary.

Board Sub-committees

The Board has the power to establish sub-committees as it considers necessary to assist it in the performance of its duties. These sub-committees work on key issues in greater detail and provide feedback to the Board.

The BITC Board of Directors has in place the following four sub-committees:

1. Projects and Investment Committee

The purpose of the PIC is to assist the Board in fulfilling its oversight responsibility over BITC's functions of an integrated Investment and Trade Promotion Authority as highlighted in section 16 (1) of the BITC Act.

Members: Mr. Lesang Magang (Chair), Ms. Gomolemo Lolo Madikgetla (Member), Mr. Bakang Palai (Member).

2. Finance and Audit Committee

The purpose of the Committee is to assist the Board of Directors to fulfil its responsibility of oversight over the financial reporting process, risk management, system of internal controls, the audit process, and the Centre's compliance with laws and regulations. The Finance and Audit Committee derives its mandate from the Audit Committee Charter.

Members: Ms. Palesa A. Semele (Chair), Ms Gomolemo Lolo Madikgetla (Member) Ms. Ellen Richard-Madisa (Membership Lapsed).

3. Human Resources Committee

The mandate of the Human Resources Committee is to support and advise the Board on human resource policies and practices for improved staff wellfare.

Members: Ms. Macie K. Molebatsi (Chair), Mr. Tebo Motswagae (Member), Ms. Palesa A. Semele (Member).

4. External Tender Committee

The External Tender Committee's responsibility is to ensure adequate guidelines, controls, measures and standards to regulate fair and transparent procurement of goods and services.

Members: Mr. Bakang Palai (Chair), Mr. Lesang Magang (Member), Mr. Tebo Motswagae (Member)

Conflict of Interest

In order to ensure that any interest of a Board Member in a particular matter to be considered by the Board is brought to its attention, Declaration of Interest procedures have been put in place. These declarations are submitted by Directors at the beginning of each meeting and available for review any time.

Board members are required to disclose actual or potential conflicts of interest by disclosing ethical, legal, financial, and other conflicts.

Further, registers of individual Board Member's interests in and outside the BITC are maintained and regularly updated.

Independent External Advice

Board members are entitled to seek independent professional advice on any matter relating to the discharge of their responsibilities, in accordance with the procedures set out in the BITC Board Charter.

Internal Audit

The Internal Audit function of the organisation provides independent and objective assurance to the Audit Committee and Executive Management on the appropriateness and effectiveness of the Centre's Governance processes, Risk Management and Internal Control Environment, as well as identifying corrective actions and suggesting enhancements to these controls and processes.

The Finance and Audit Committee approves the implementation of the company's risk-based internal audit plans. The committee also ensures that internal audit activities remain relevant and align with organisational goals.

Ethics and Anti-Corruption

BITC is committed to eradicating fraud, corruption, unethical behavior and misappropriation of public funds, by promoting highest standards of integrity. The Centre desires to be a model of public probity by affording maximum protection to the public funds it administers.

In that regard, the Whistle-Blowing policy is in place to promote ethical behaviour. An anonymous toll-free ethics hotline was established through this policy to facilitate reporting of any acts of corruption, malpractice or unethical behaviour with the strictest confidentiality and anonymity. This line serves as a deterrent and detection mechanism for any undesirable act perpetuating fraud and corruption. Anti-fraud and anti-corruption training continues to be undertaken periodically to ensure continued awareness by staff.

Risk and Compliance Management

Risk management continues to evolve at an increasing rate. However, with a positive risk culture and clear ownership of risk management within the organisation, its stakeholders and shareholders derive comfort from knowing that a robust risk and compliance framework exists to address any risk that may hinder its operations as well as assess the environment for possible future risks.

Risk management is part of the collective governance, risk and compliance universe. BITC's risk management programme continues to evolve to set the tone for developing a robust risk culture at all levels in the organisation.

The Board of Directors and Management of BITC are responsible for the governance of the Enterprise Risk Management (ERM) and Compliance governance. The Board exercises an oversight function over the organisation's risk management and compliance management, while Executive Management is responsible for ensuring compliance with external rules imposed upon the organisation. Management designs internal frameworks and systems of control needed to achieve organisational compliance.

In setting its strategic direction the organisation assesses the opportunities and risks within its external and internal operating environment.

BITC proactively manages risk and compliance through a framework, this helps ensure that all risks are identified, assessed and mitigated to tolerable levels, and compliance obligations are honored when they fall due. The framework allows the organisation to deliver on its mandate effectively. Monitoring and reviewing processes is continuous.

BITCs approach to risk management comprises of three lines of defence as illustrated below:

RESPONSIBILITIES OF THE THREE LINES OF DEFENCE

First Line of Defence

The Management of BITC is responsible for risk management and compliance and the implementation of the Risk Strategy.

Second Line of Defence

The Risk and Compliance Management function is responsible for the establishment of a robust risk and compliance framework which is undertaken by creating policies across the organisation and conducting monitoring to ensure that the implementation of risk principles comply with regulatory and legislative requirements, as well as providing advisory services to Senior Management and the Board.

Third Line of Defence

Independent Assurance Providers (Internal Audit and External Audit) provide additional assurance on the effectiveness of risk management in the organisation. This ensures that risk competencies are integrated into all management functions and business areas.

Internal Control Statement

The Finance and Audit Committee gives assurance that there is a sound system of internal controls, designed to meet the Centre's objectives and that controls are generally applied consistently.

This is based on enquiries made and the reports from the internal and external auditors and the risk and compliance management processes which led to the opinion that systems of internal control of the Centre were effective for the year under review.

Reports from the internal and external auditors and the risk and compliance management processes have determined that the organisation's internal control systems were adequately effective during the reporting period.

No material weaknesses in financial controls of the company were reported for the year under review. In giving an opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided.

THE BOARD OF DIRECTORS

Ms Palesa A. Semele
Chairperson

Ms Macie K. Molebatsi
Board Member

Mr Lesang Magang
Board Member

Mr Bakang Palai
Board Member

Ms Gomolemo L. Madikgetla
Board Member

Mr Tebo Motswagae
Board Member

CHAIRPERSON'S STATEMENT

On behalf of the Botswana Investment and Trade Centre (BITC) Board of Directors, I am pleased and honoured to present the Annual Report for the financial year 2021/2022.

Key Highlights

The year 2021-2022 marked an epoch when Botswana rode in the eye of the storm and survived. In the winter of 2021, Botswana experienced the worse wave of the COVID-19 pandemic and total annihilation became a real prospect for the first time. In the most desperate acts of self-preservation, the globe collectively decided to temporarily stop all business operations. Worldwide closure of borders and restrictions on the movement of people adversely affected goods supply chains and caused investors to think long and hard before committing their resources to invest. Towards the latter half of 2021, with the introduction of vaccines which proved effective in controlling the spread of COVID-19, the world began to breathe a sigh of relief as restrictions on movements were lifted and international trade started to gather momentum. Because life in the 21st century is largely dependent on commerce, the securing stability of supply chains so that life supporting goods could move and reach all corners of the world was a top priority. The relaxation of travel movements breathed life into the tourism industry, which was hardest hit by the travel restrictions and boosted investor confidence. The world was slowly ebbing towards a semblance of normalcy.

World Economic Outlook

With the new normal and COVID-19 vaccine roll-out in 2021, experts projected that the global economy would grow by 6.1%. Signs of the world on a recovery route also signaled positive growth for international trade and investment. In 2021 Global Foreign Direct Investment flows rose to $1.58trillion, up by 64% from an exceptionally low year in 2020, as the world embraced learning to live with COVID-19. Trade volume growth rebounded to about 7.2% in 2021 but remained well below the pre-COVID-19 trend. In 2022 the Internations Monetary Fund estimated that global economic growth would surge by a moderate 3.8 % due to a weigh-down by the pandemic's lasting damage to potential growth. Trade was expected to return to the pre-COVID-19 trend as goods and natural persons' movement improved worldwide. There was a fast recovery in ICT, life sciences and renewable energy sectors in the investment space.

The celebrated relief and return to normalcy due to overcoming the menace of COVID-19 was short-lived, however, as an armed conflict broke out in Ukraine on 24th February, 2022. This war simply meant that another monstrosity shot to the fore because the two warring nations are major international producers of grains and other goods. The war plunged the world into another rough turbulence as supply chains were yet again disrupted. The aftermath of trade disruptions was sharp hikes in commodity prices. Fuel prices skyrocketed, resulting in an increase in commodity prices. There is an apprehension that the world could be heading for a recession; uncertainty hangs in the air as the Russia-Ukraine war rages on.

Global trade is forecast to grow by a modest 4% in 2022. The low figures demonstrate how the war in Ukraine has negatively affected supply chains and undermined trade and economic growth. Before the onset of the war, the IMF had projected a higher value than the current 3.2% growth projection for economic growth.

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Domestic Economic Outlook

Botswana's economy in 2021 very much reflected the effects of the global economic environment, when the global community is reeling in the shadow of twin evils of the COVID-19 pandemic and the Russia-Ukranian war. According to the Ministry of Finance, there was a recovery of about 9.7% in 2021, up from a contraction of about 10% in 2020 due to the adverse effects of the COVID-19 pandemic. The economic recovery was greatly influenced by successful vaccine roll-out, reduction in restriction of movement and the government's efforts to achieve economic recovery and transformation. In 2022, the economy is expected to grow by over 4% though this may be affected by the ongoing Russia-Ukraine war.

The government aims to pursue its economic diversification policy and will continue to spend on education, health and the construction of roads and electricity infrastructure. Considerable opportunities exist in infrastructure development (production and distribution of water and electricity). Key challenges that need to be tackled include persistent social inequalities in the country, with Botswana being the tenth most unequal country in the world, according to the World Bank. A high unemployment rate (26% in 2021) relative to its population is also a key concern. The heavy reliance on diamond production (90% of exports) poses serious economic challenges if it does not accelerate efforts to diversify. Furthermore, the tourism sector will likely remain challenged over the next few years, given the remnants of the adverse effects of the pandemic.

Future Trajectory

There is a general apprehension that the world economies will continue to suffer unless the Russia-Ukraine war ends. Commodity and fuel prices will continue to escalate, thus drawing the world closer and closer to a recession. The gloomy economic situation has made a case for self-reliance on basic commodities and supplies even more compelling. The government has tried to give local investors a shot in the arm by banning the importation of some agricultural products to stimulate local production. The government continues its relentless pursuit of diversification of the economy away from relying on diamond mining and mineral resources to other forms, especially the agricultural space with so much potential. The local investors should rise to the challenge and exploit the opportunities arising from the dark clouds of economic uncertainties.

Conclusion

In conclusion I would like to thank the management and staff of BITC as well as the Board of Directors for their hard work and congratulate them on their many victories and successes over the years. I believe that BITC will continue in this vein and the organisation as a whole will make great strides in developing the country's investment and manufacturing potential. Let us look back in gratitude over what we have achieved so far and look forward in hope of what is still to come.

Ms. Palesa A. Semele
Board Chairperson

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am greatly honoured and delighted to present the Botswana Investment and Trade Centre (BITC) 2021-2022 Annual Report; a culmination and snapshot of the milestones BITC has achieved in the past ten years. BITC is established and mandated to attract Foreign Direct Investment (FDI) in the form of multiple industries to enable Botswana to transform into a high-income country. In sync with the national economic agenda, we are working towards turning Botswana into a diversified, export-led and knowledge-based economy.

In the typical economic theory terms, Botswana has become bold enough to want to create sustainable wealth through its own labour and industry because owning the means of production is essential in economic growth mathematics. This Annual Report gives an eagle's eye of our efforts in achieving our mandate of investment promotion and attraction, export development and promotion, and positioning Botswana as a place to invest, work and live in among growing global competition in the three areas.

I particularly note and appreciate the international investors who bear testimony that our promotional messages are salient and that our offer is not only attractive but matches our projected brand image and promise. Because both the developed and the developing countries are on the quest for the same investment capital and export led growth and are reading from the exact investment and export promotion blueprint, we are happy to report that we have made strides at attracting investment and improving our exports within the ambit of the law of investment attraction and export promotion.

OUR PERFORMANCE

Because of the disruptive nature of the COVID-19 pandemic and the emerging global uncertainties, 2021/2022 was a term in contradiction for our economy. It brought with it a crest of success amid a trough of fear and uncertainty. Where one would expect complete failure, the cumulative FDI inflows hit about P2.37 billion valuation mark, against a target of P1.3 billion. In the same vein, the inflows of Domestic Investment and expansions for the same period were P2.05 billion, against a target of P1.50 billion. Export earnings were recorded at P3.83 against a target of P3.60 billion.

While expecting a yield of 2 000 jobs from BITC facilitated companies, the number more than doubled to 5 668 during the financial year. Investment expansion rose to P793 million compared to P733 million recorded the previous year. These expansions have generated 1195 jobs compared to 860 jobs in the economy during the previous year.

BUSINESS FACILITATION

At BITC, we are alive to the fact that, at the bare minimum, we are promoting and driving the concept of Ease of Doing Business in Botswana. In addition to the standard requirements of investment promotion and attraction, we have put forward the idea of creating a structure called the Board of Investment. As such, that Board would be strategically placed to improve coordination by fast-tracking investor-friendly decision-making between government agencies and breaking bottlenecks and silos.

Following a successful initial investor convention early in the cycle, we must make it easy for investors to establish projects in Botswana. There is a clear and urgent need for all stakeholders across the spectrum to support our efforts by embracing investors and intentionally establishing collaborative efforts to roll out the red carpet to investors. We all must work together to enhance our common understanding of foreign investment and emerging issues to improve outcomes. To that end, we never miss an opportunity to open conversations around the national mindset shift needed to foster a suitable environment for investors.

KEY MILESTONES

One of the most recent and most significant success stories as a direct result of our investment promotion work is the Selebi-Phikwe Citrus project. This flagship horticultural development project started in 2020, is situated on a 1500-hectare site and, when complete, will house 800 hectares of citrus and 400 hectares of other fruit. To date, over 700 000 orange trees of different varieties have been planted, with another 150 000 in the offing. The project sponsors have constructed a 12 km high volume water pipeline from Dikgatlhong Dam and a 10 km power line to the farm. Most of all, they have opened access to these utilities to the surrounding communities. Other developments include a pack house for sorting and grading fruit. We are assisting them to access export markets, including in the United States of America.

Another major project we are exceedingly proud of is the cement manufacturing plant in Matsiloje, by Cheetah Cement. When in full swing, the plant will produce 900 000 tonnes per annum, against the national demand of 620 000 tonnes. Meeting local requirements means opportunities for export.

Expo 2020 Dubai

We have had great response to our participation at the Expo 2020 Dubai. Currently, six (6) diamond companies that we engaged at that Expo are currently setting shop in Botswana.

Another renowned dairy farm is preparing to set up a large-scale commercial dairy operation here in Botswana. We have only been producing 14% to 16% of our local dairy demand, and now we are gleefully facing the prospect of completely substituting this huge importation.

In mining, we have three exciting developments. An Australian outfit, Tshukudu Metals extracting copper and silver deposits in the Kgalagadi Desert.

A Canadian company, Metals Corp, will soon turn Botswana into a credible producer of high purity battery grade manganese for the electric vehicle market, from Otse and Kanye.

PNR Botswana is another Canadian company working to reopen half of the nickel-copper-cobalt mine in Selebi-Phikwe, formerly known as the BCL Mine.

Transportation costs

One of Botswana's greatest challenges has always been our lack of access to the sea because we are a land-linked country. This has compelled us to continuously look for solutions, hence our ongoing talks with Dubai's DP World, a company that operates the biggest port in the world by volume in Dubai. They want to set up a dry port in Botswana; after having developed a dry port in Rwanda and a container terminal in Mozambique. If you can fathom it, Botswana's former handicap can be turned around to turn the country into a logistics hub and a gateway into the rest of Africa.

LOOKING AHEAD

The government recently announced plans to rationalise and realign some parastatals for better service delivery. It is currently unclear whether the BITC will merge with other organisations. All the successes we enumerated indicate the momentum we had built. It would be most unfortunate if the changes impede all we have done.

APPRECIATION

I am honoured to extend my sincere respect and appreciation to the BITC staff for their hard work, dedication, and zeal. Our organisation consistently performs beyond set targets because the employees love winning for themselves and their homeland. These are the true ambassadors of Botswana, of the company for their strong support.

My gratitude goes to our stakeholders. We are where we are and achieve what we achieve through their contribution and support. They are always eager to collaborate with us and hold our hands while pining for Botswana's victory together.

To our sponsors, we are thankful for your constant support of Botswana's cause and for walking the path with us. We can only do so much with our budget. The demand and expectations placed on us are so huge. I also thank the Government of Botswana most heartily for the opportunity to serve. We thank the public and citizens who take an active interest in our work and actions. They ground us and help us not have delusions of grandeur. We subject ourselves to review, criticism and feedback by the public to ensure that what we do fulfil their expectations. All these stakeholders are the ones weaving a giant tapestry in Botswana's loom of prosperity by 2036.

Last but not least, a big thank you to the Botswana Investment and Trade Centre Board of Directors, for providing the strategic direction and always available to rebuke and guide us. 2021/2022 has been a worthwhile journey with them.

Mr. Keletsositse Olebile
Chief Executive Officer

EXECUTIVE MANAGEMENT

Mr Keletsositse Olebile
Chief Executive Officer

Ms Malebogo Morakaladi
Chief Operations Officer (A)
Executive Director - Investment Promotion

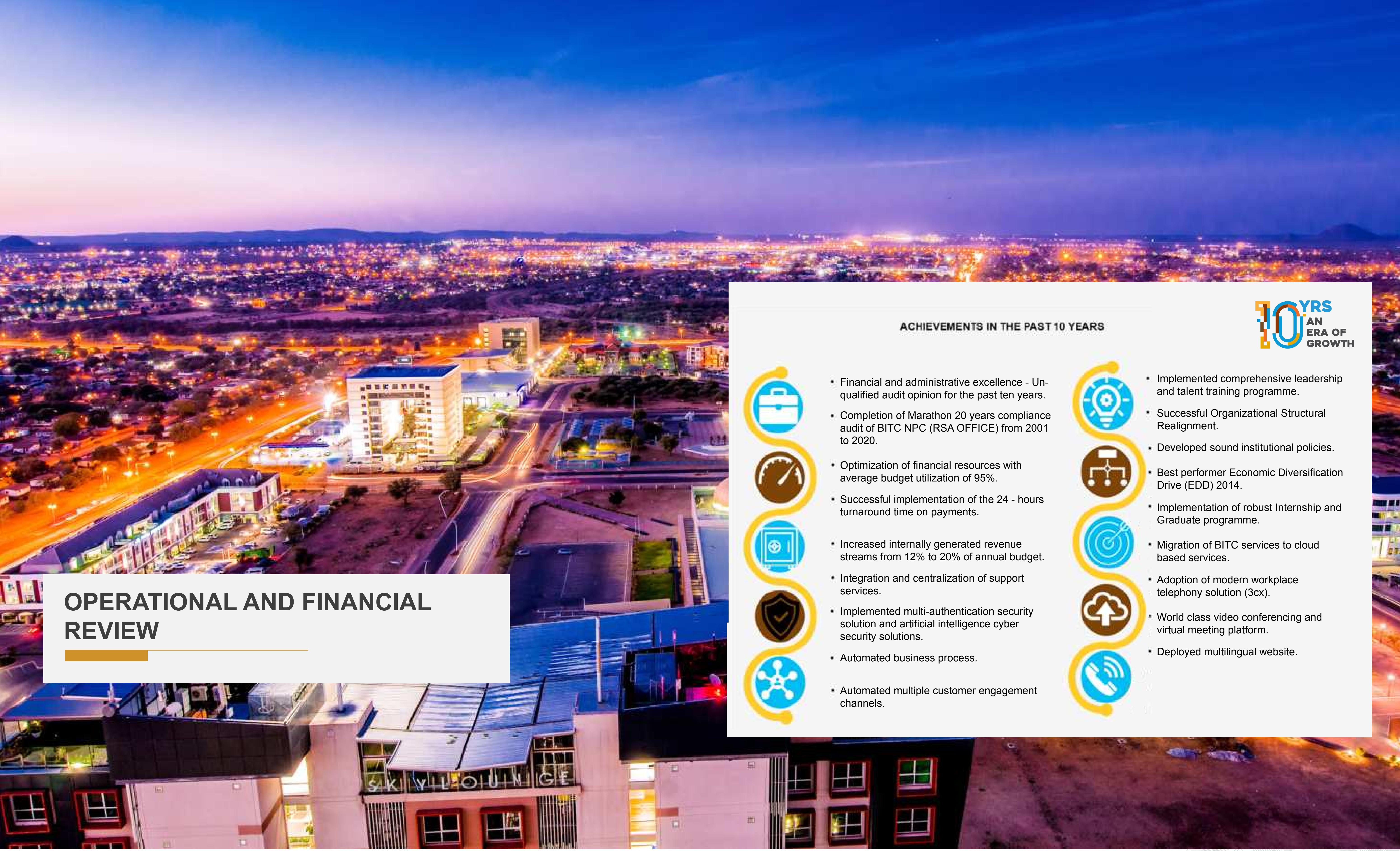
Mr Anthony Sefako
Executive Director - Business Facilitation

Ms Trunklinah Gabanthone
Executive Director - Export Development & Promotion

Ms Emeldah Phokoletso
Executive Director - Shared Services

Ms Botho Bayendi
Executive Director - Business Intelligence

Ms Kutlo Moagi
Executive Director - Brand Management (A)



OPERATIONAL AND FINANCIAL REVIEW

10 YRS AN ERA OF GROWTH

ACHIEVEMENTS IN THE PAST 10 YEARS

- Financial and administrative excellence - Un-qualified audit opinion for the past ten years.
- Completion of Marathon 20 years compliance audit of BITC NPC (RSA OFFICE) from 2001 to 2020.
- Optimization of financial resources with average budget utilization of 95%.
- Successful implementation of the 24 - hours turnaround time on payments.
- Increased internally generated revenue streams from 12% to 20% of annual budget.
- Integration and centralization of support services.
- Implemented multi-authentication security solution and artificial intelligence cyber security solutions.
- Automated business process.
- Automated multiple customer engagement channels.
- Implemented comprehensive leadership and talent training programme.
- Successful Organizational Structural Realignment.
- Developed sound institutional policies.
- Best performer Economic Diversification Drive (EDD) 2014.
- Implementation of robust Internship and Graduate programme.
- Migration of BITC services to cloud based services.
- Adoption of modern workplace telephony solution (3cx).
- World class video conferencing and virtual meeting platform.
- Deployed multilingual website.

FINANCIAL PERFORMANCE

The Centre presents its 2021/22 financial results under extraordinary circumstances. The challenging circumstances facing companies' housed at the BITC factory shells have undoubtedly affected BITC's ability to generate its own income and reduce dependency on government subvention. For the year ended 31st March 2022 the Centre recorded a deficit of P2,196,174 compared to last financial year's deficit of P908,114 due to increased level of activities. The Centre realized a steady rise on its operational expenses since the beginning of the financial year compared to the previous year.

The budget utilization was optimized at 95%, an increase of 4% from last financial year (2021: 91%). Budget utilization for the year matched the yearly target of 95%, contributed by;

- Execution of planned activities for the year.
- Cost optimization by adopting a more integrated approach to financing marketing and promotional activities.
- Implementation of cost saving initiatives developed during the year.
- Effective capital allocation and focused financial risk management.

Key Financial highlights

Financing of operations

BITC depends on government subvention to fund a significant part of its operational budget, this is augmented by internally generated revenue streams which constitute 20% of the total revenue. The grant subvention allocated to BITC has been on a reducing trajectory over the past ten years. The Financial outlook reflects declining revenue and uncertainty over recovery for a foreseeable future. This calls for radical transformation of operations supported by initiatives to diversify income and generate streams of self-sufficient income.

Cost Saving Measures

BITC was able to identify opportunities for revenue maximisation and cost containment initiatives.

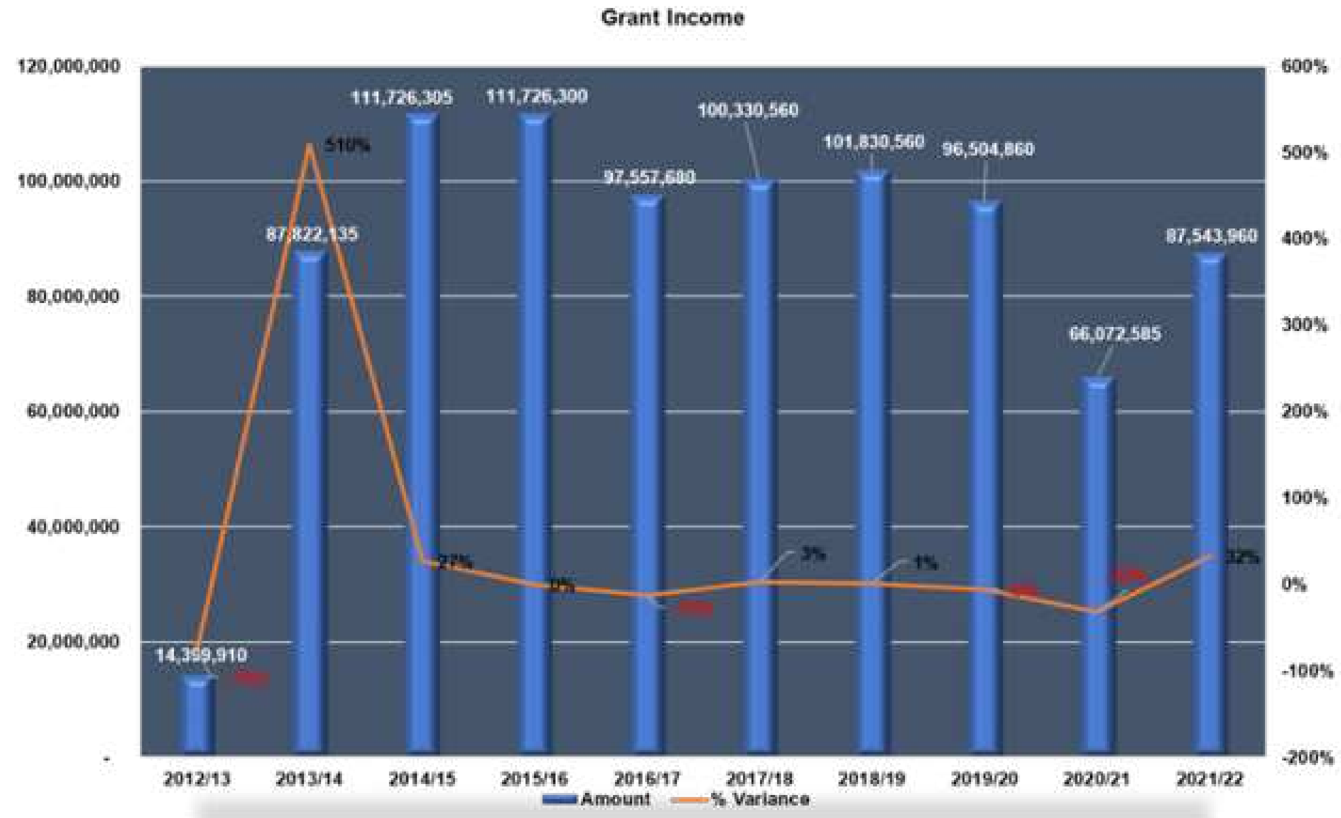
Some of the cost saving initiatives that were implemented during the year include:

- Business processes automation.
- Development of in-house capacity and skills sets to reduce spending on external consultants and technical support.
- Leveraged digital technology to conduct marketing and promotional activities.
- Collaborations and partnerships with stakeholders to execute key projects.

Grant Allocation Trend Analysis Over the past 10 years

The Government grant allocated to BITC over the last (10) ten years has continued to decrease making it more urgent for BITC to come up with new income generating initiatives.

The graph below shows Government grant trend over a period of ten years



Zero-Based Budgeting (ZBB) and Budget Options

We adopted a zero-based budgeting approach with the integration of 'Budget Options' for the 2021/22 budgeting process and beyond. This approach was in response to government's call to optimise the use of public resources and to identify opportunities for revenue maximisation and cost containment. The integration of Budget Options (BO) as part of the development process, to realign resources to priority services and eliminate redundancies and inefficiencies.

Challenges

The Financial year 2021/22 was a challenging year, with the world's economy experiencing drastic effects of Covid19 affecting the organisation's financial stability. The key financial challenges that BITC faced during the year, included but were not limited to the following;

• Financial Constraints driven by continuous subvention cuts.

• Subdued interest rates for local investments.

• Compliance issues in regional offices and high tax charges.

• Growing number of tenants undergoing litigation and slow recovery of long outstanding debts.

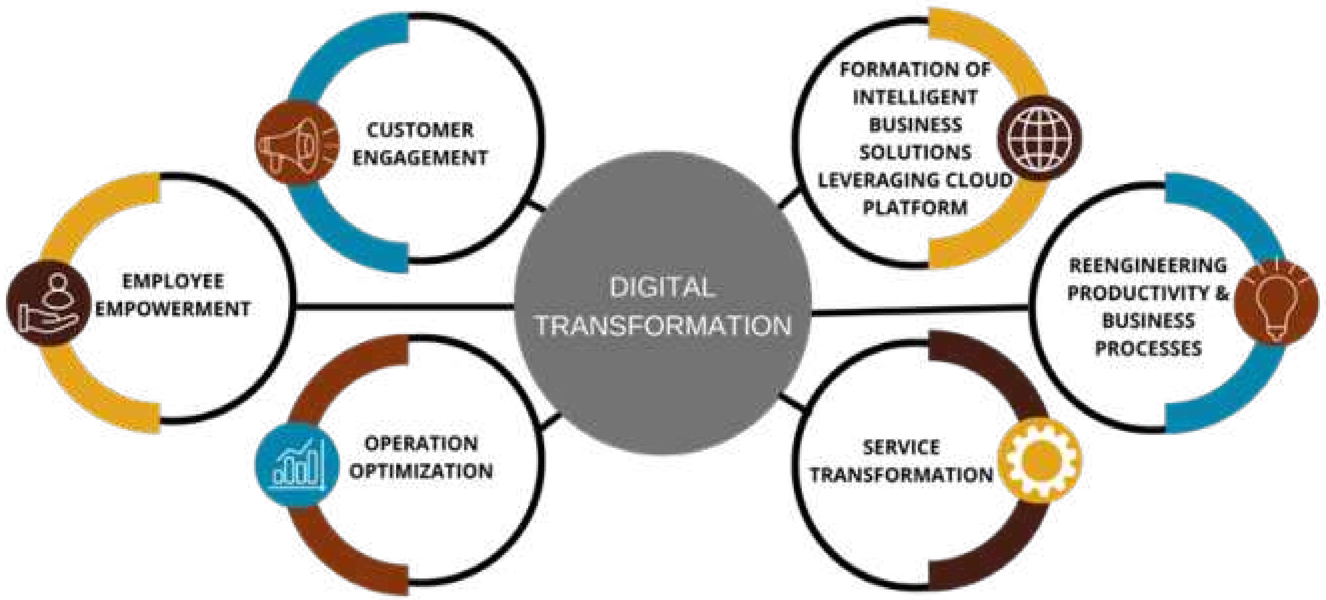
DIGITAL TRANSFORMATION

BITC places considerable emphasis on Information Communication Technology (ICT) as an integral enabler to the strategy execution and sustainability of the organisation. During the 2021/2022 financial year BITC continued the Digital Transformation journey aimed at driving the Corporate Strategy by leveraging on technology.

Key Focus Areas

The key focus areas during the year was adopting innovation and a technology-driven approach to implementation of the BITC Corporate Strategy.

To achieve this goal, BITC employees received end-user support services, training and maintenance of deployed ICT infrastructure to improve customer experience and drive efficiency.

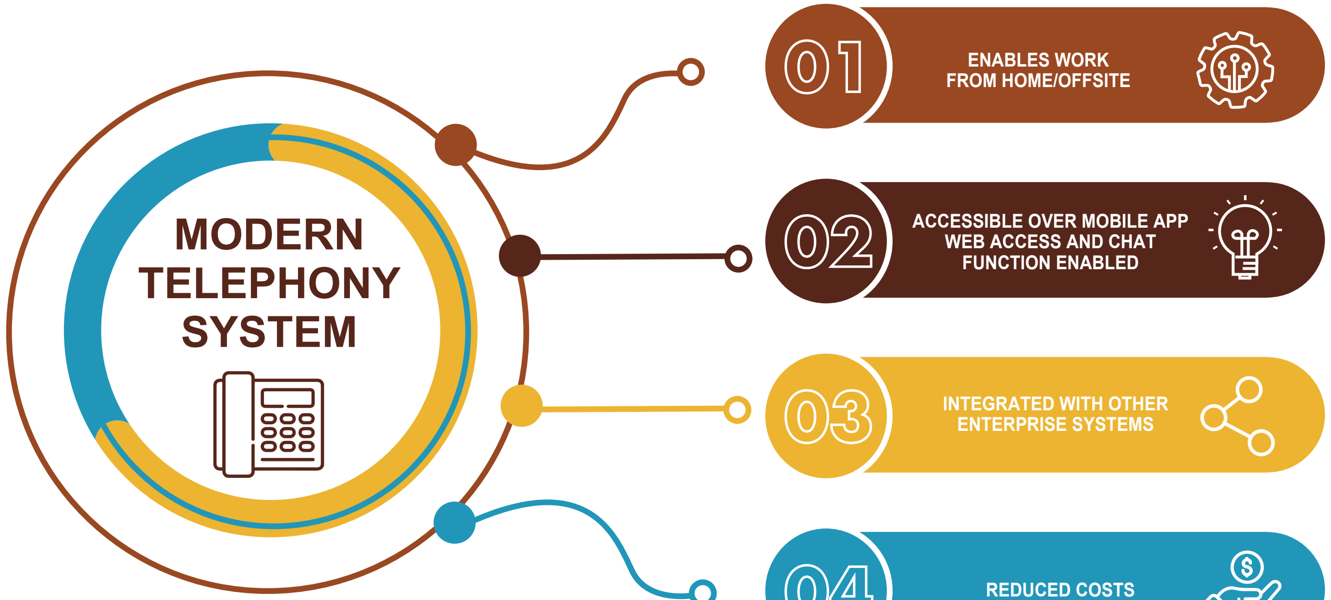


Modern Workplace Telephone Solution

BITC deployed a new generation, feature-rich, and an end-to-end enterprise telephone system to address all telecommunications challenges.

The system enables BITC staff to engage with clients and the office within the premises and remotely, as long as they are connected to the internet.

This system has proved very successful as seen during the Expo 2020 Dubai as it facilited communication between the BITC office and the team working from Dubai, it enables business continuity.



Cyber Security

BITC undertook a comprehensive and systematic cyber security assessment to gauge systems' vulnerability and capability to manage cyber risks.

The organisation procured a cyber AI Platform, as the Cyber Security Assessment Report recommended. The aim was to mitigate against risks identified and to improve BITC's security posture and cyber security resilience.

This assessment resulted in an action plan containing security improvement advice to help BITC improve its overall cyber security position. To this end, the entity has developed an information security policy to tighten cyber security further, even though no threats or incidents were reported during this period.

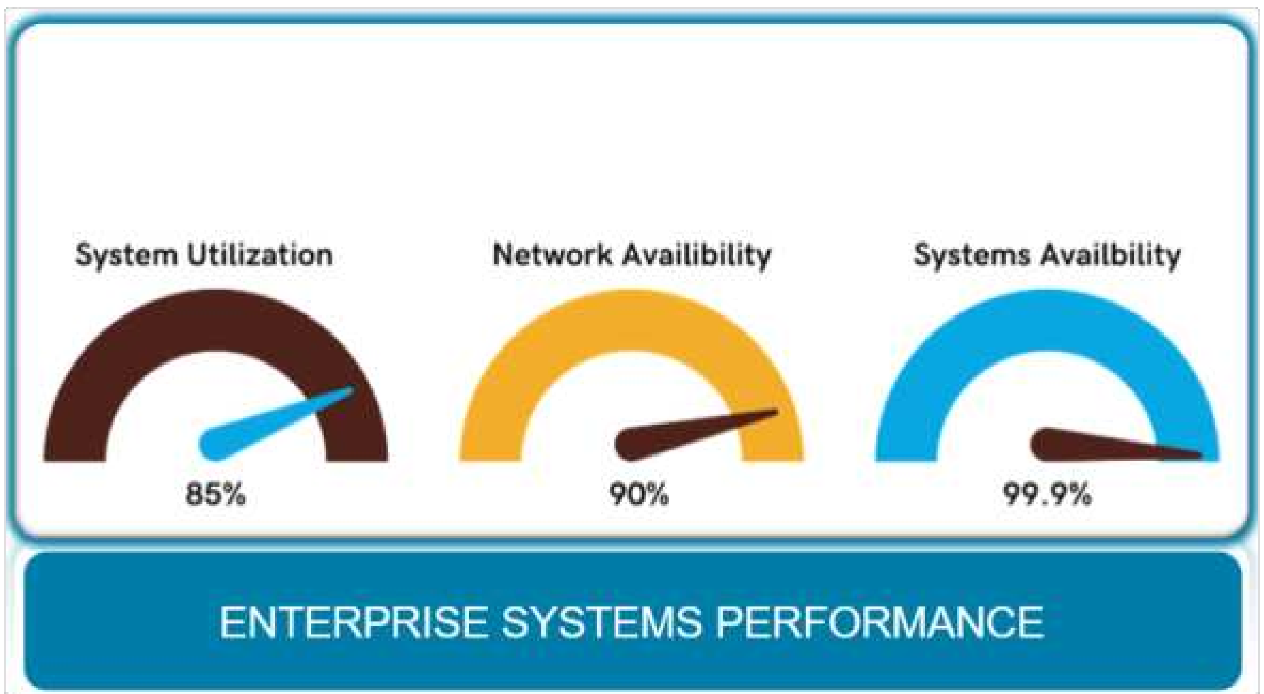
Online Marketing & Promotion

As part of the BITC digital transformation journey, BITC conducted marketing and promotional activities leveraging digital platforms. Some of the activities undertaken online are listed below:

- China - Botswana investment promotion webinar
- Launch of the Botswana online visa application form in partnership with the Ministry of nationality, Immigration and Gender affairs.
- The revised Botswana exporter development program (BEDP) Launch.
- Expo 2020 Dubai

BITC simultaneously launched the Expo 2020 Dubai microsite, expo visitor registration applications and revamped all websites. The BITC Corporate website received a major update with fresh layouts, new content and improved navigation for better conversions and site performance Currently customers can apply for BITC services from anywhere in the world using the self-service portal.

Performance of Information Communication Technology (ICT) Platforms



The current private cloud platform is scalable, stable and provides high availability and high performance. This has positively contributed to improved stability of infrastructure and thus overall improved service delivery.

Future Focus

The future for ICT entails onboarding customer experience (CX) driven interventions which include future proofing the technology function, leveraging on artificial intelligence, building adaptable data and digital platforms, retooling, reskilling, and upskilling employees on the new ways of working as well as facilitating clients.

Our technology roadmap embraces digital transformation by adopting and implementing new technology while converting staff to tech-savvy and positioning the customer as central to all our efforts.

HUMAN CAPITAL MANAGEMENT

People are the most valuable resource to the execution of the BITC mandate. The advent of COVID-19 in the last three years brought very challenging times in terms of the organisation's ability to implement staff welfare initiatives. BITC has however remained committed to attracting, developing, retaining and rewarding the best talent. The organisation achieved this by consistently establishing a stimulating and enabling environment, which encourages development and growth through the Center's human capital strategy.

The overall performance, success and the sustainability of BITC is primarily driven by its employees, with the Executive Management being instrumental in the value creation process and the long-term sustainability of the organisation. The areas of focus for the year under review were improving employee productivity through implementation of the modern workplace platforms, improving accessibility and availability of systems as well as securing the BITC's information assets.

WORK FORCE ANALYSIS

Department	Compliment	Positions Filled	Vacant
Total Compliment	101	76	25

BITC's Response to COVID-19

In response to the call made by the government Covid-19 team, BITC appointed the Safety, Health and Environment committee to manage strategies and initiatives on the ground by the Centre to fight Covid-19. A registered nurse was hired to attend to emergencies. The committee was responsible for monitoring implementation of the aforesaid strategies and initiatives which included the following;

- To share information on Covid-19 with employees.
- Issue all employees with Personal Protective Equipment's (PPE).
- To ensure that frequently touched surfaces within the organization are sanitized or cleaned with soap twice daily.
- Monitor register of employees to ensure employees record their temperature twice daily as per the guidelines.
- Educate employees on the latest available information on the virus.
- Brief employee on the need for infection control measures and the preventive procedures that have been set in place.
- Conduct regular checks to ensure that common areas e.g. storerooms, restrooms, meeting rooms on your floor/area of responsibility are disinfected. Liaise with cleaning employees/contractors on this.

Some of the successes are that 94% of BITC employees have been vaccinated. The organization has however, lost two of its employees due to Covid-19.

EMPLOYEE WELLNESS

Team Building Sessions

Despite the challenges from Covid-19, BITC managed to facilitate a virtual team-building sessions for employees. The Team Sessions were planned to include all staff members to ensure full participation and engagement as well as build trust and promote effective communication between team members.

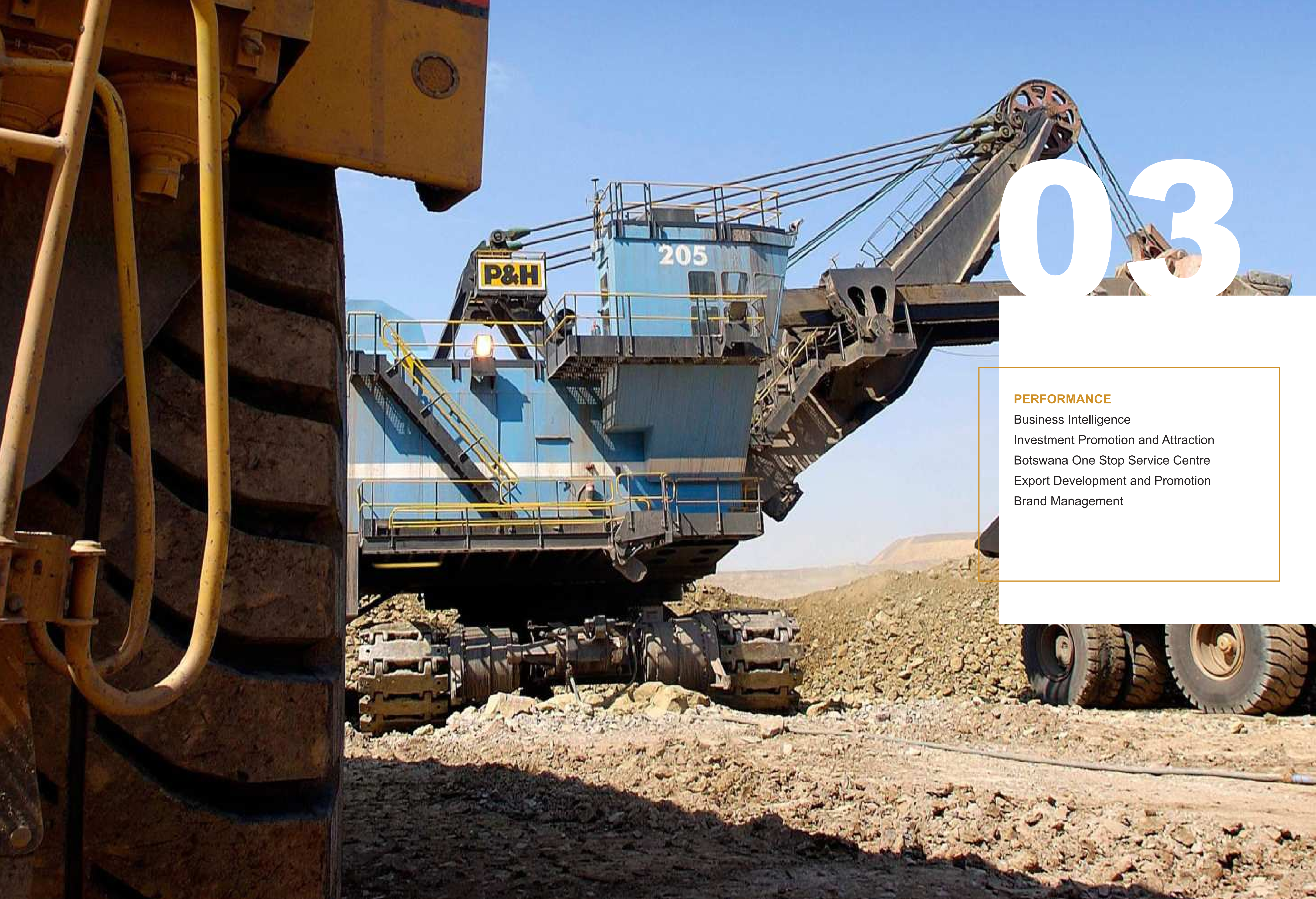
Counselling

In addition, BITC's Staff Welfare Programme (SWP) supports employees to deal with issues in their personal and professional lives by offering confidential support, by psychologists who offer advice on family relationships, stress management and other issues. The SWP, also serves as an important resource in crisis situations, such as, epidemics or other threats to public safety. A total of 26 employees attended counselling sessions during the year under report to address identified challenges

TRAINING AND DEVELOPMENT

A total of 55 employees underwent training and development interventions this past financial year. The table below provides a breakdown and analysis of the training programme for BITC employees.

Training Programme	New Management Development	Management Development Programme (MDP)	Change Management	Disciplinary Hearing	FDI Executives	Union/ Employer Relationship	Mindset change	International Financial Reporting	Coaching and mentoring	Public Speaking	Report writing
Total Participants	6	6	1	25	3	13	2	2	10	7	7



03

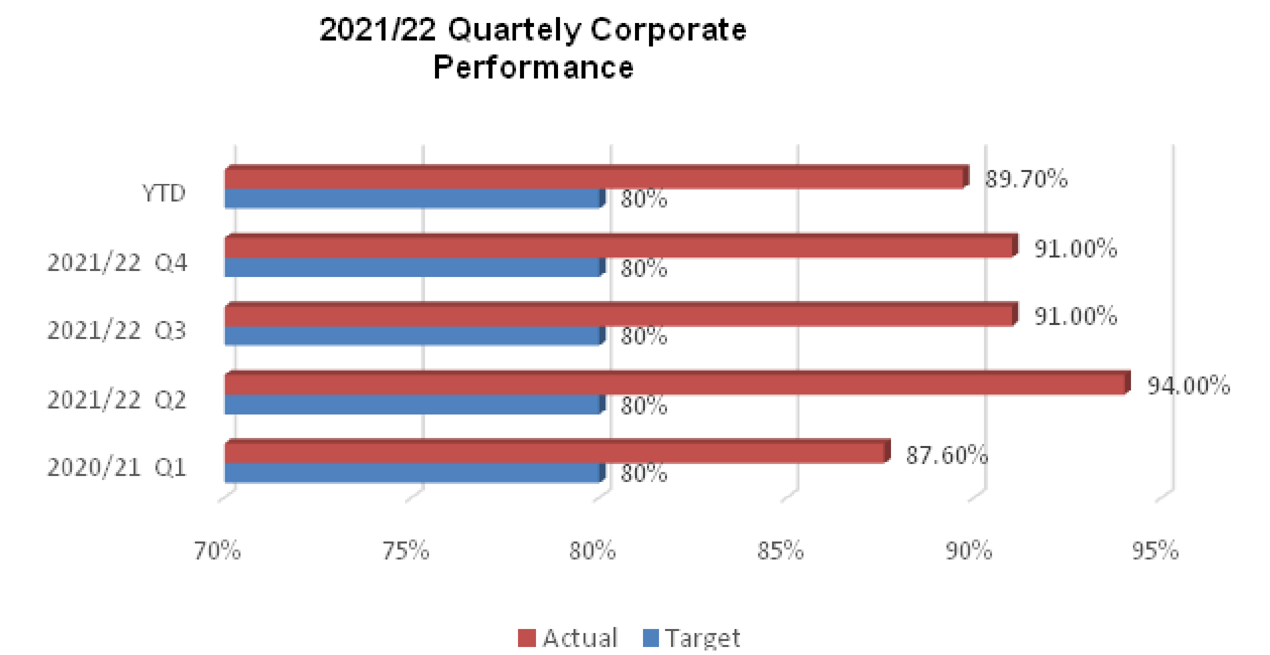
PERFORMANCE

BUSINESS INTELLIGENCE

The 2018-2023 BITC strategic focus was premised on the growing need to improve the Ease of Doing Business in Botswana by reforming laws, policies, systems, processes, structures and mindsets. This was mainly enabled by research, stronger stakeholder relationships and targeted advocacy.

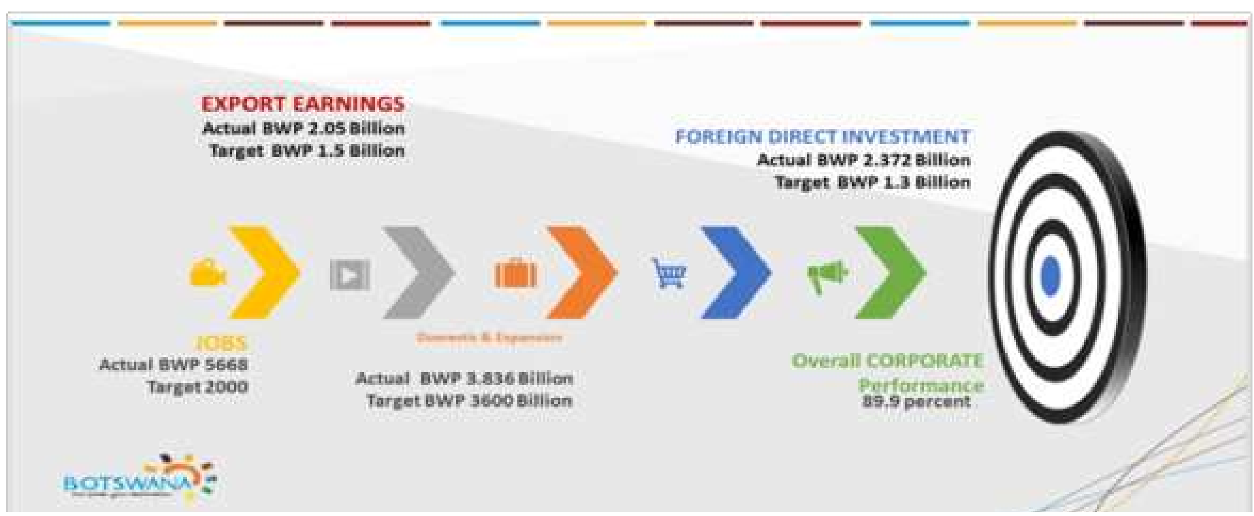
The 2022 financial year marked the fourth year of the BITC's second 5-year strategic plan, and the organisation continuously monitored its performance through quarterly reviews which were submitted to the Board of Directors. In addition to this BITC reported its performance to the Ministry of Trade and Industry.

CORPORATE PERFORMANCE 2021-2022



BITC performed at the rate of 89.7% against a performance of 80% for the year 2021-2022. Quarter 2 recorded a higher performance of 94% amongst the quarters.

BITC 2021/2022 PERFORMANCE HIGHLIGHTS



CHALLENGES

- Declining government budget subventions
- Uncertain operating environment due to geopolitical pressures, e.g. China -US trade wars, BREXIT, Russia - Ukraine war
- Protectionism by advanced economies by imposing high tariffs on imported goods, e.g. US on steel and steel products
- Fierce global competition for FDI and Trade
- Cyclic economic growth
- Lack of a Clearing House (single investment authority)
- Lack of investment law
- Deterioration of market conditions due to effects of COVID-19

THE NEW BITC 2022-2026 STRATEGY PLAN

During the 2021/2022 financial year, the BITC strategy plan was reviewed to reflect and assess progress, enablers and experiences, hindrances or shortcomings encountered during the four (4) years of the strategic journey. The review also tested the efficacy of the implementation of the Strategy Plan. It also presented an opportunity for the organisation to review not only performance against targets for the 4 years, but also to take a closer look at the delivery mechanism and all enablers for strategy implementation.

The negative impact of COVID-19 has been felt across the BITC value chain. This necessitated the review of the strategy to reposition the organisation to succeed in this new turbulent economic environment for the next 5 years, 2022-2026.

The new strategy plan seeks to position BITC as an apex investment organisation that is transforming internally to becoming dexterously agile in execution of duties, innovative, client-centric and people-focused. BITC embraces government policy which urges State-Owned Enterprises (SOE) to be self-sufficient and impactful, in line with the nation's transformation agenda goals contained in the NDP 11 midterm review, the Economic Recovery and Transformation Strategy (ERTS), the Reset Agenda and Vision 2036. The main thrust is to attain financial sustainability as per the BITC Act.

BITC 2022-2026 Strategic Themes

ISSUES AND STRATEGIC THEMES

SUSTAINABILITY

- Diversify Revenue for sustainability
- Positioning for the rationalisation of SOE
- Sustainable Investment

ADVOCACY FOR ENABLING ENVIRONMENT

- Delays in facilitation law
- Uncompetitive environment due to slow turnarounds and internal Structures
- Mindsets change needed

SYSTEMS AND EFFICIENCIES TO DELIVER

- Intergration needed to deliver BITC mandate
- Core processes that deliver the BITC value chain
- Increase conversions and start ups (Dubai 2020: COVID delays and new green fields

HPO

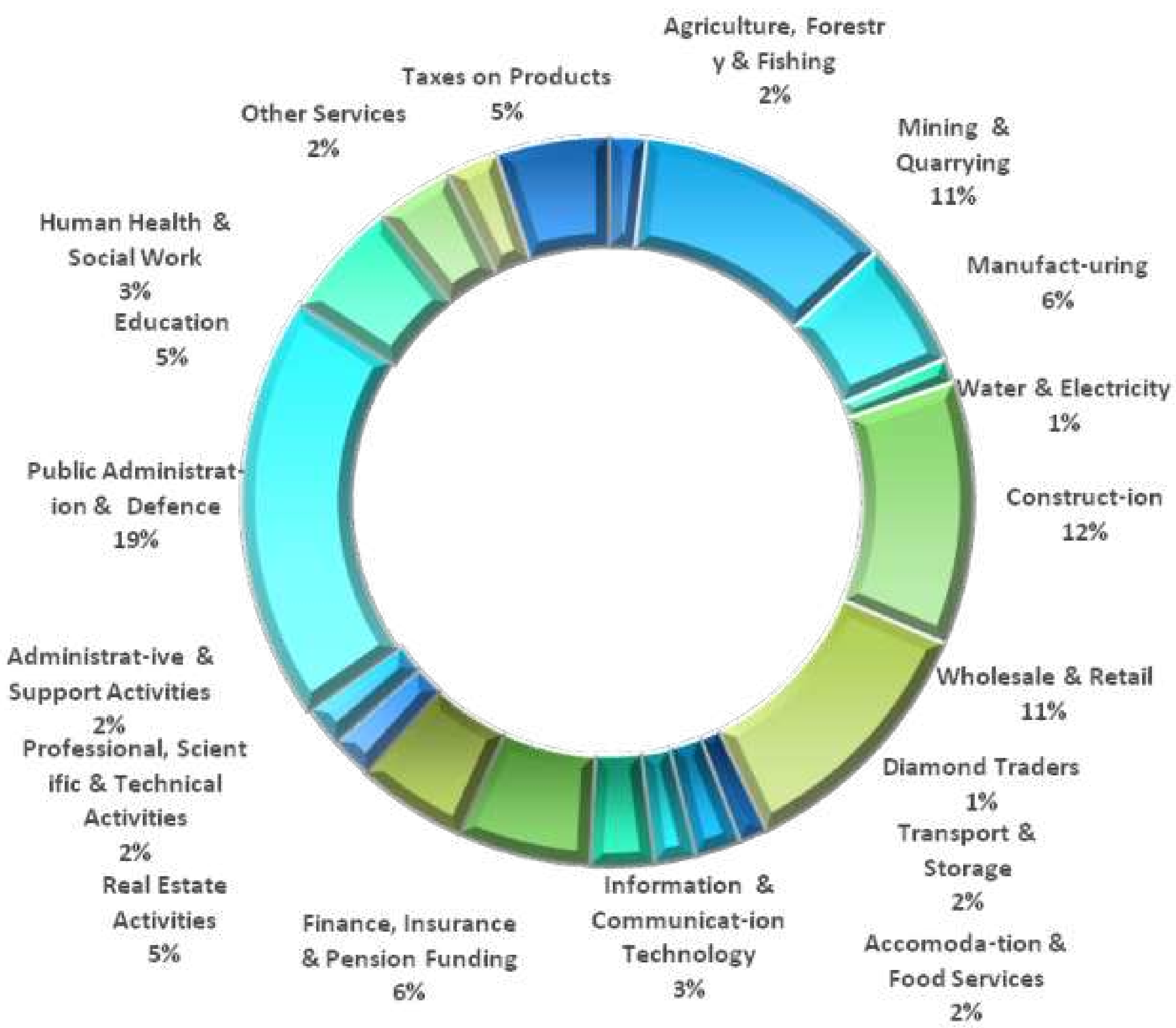
- High Performance Culture
- Leadership and talent curation
- Retention

The strategic themes will drive the strategies towards the BITC vision of an apex organisation. The themes also indicate that BITC will lead Botswana in not only in its mandate, but a model SOE that is sustainable, efficient, and a high performing organisation (HPO). The strategic themes are derived from the vision and anchored on the functional principles of the functional strategy and the organisation vision, mission, and values.

BOTSWANA'S ECONOMY IN 2021

Statistics Botswana estimates indicate that Botswana recorded a robust GDP growth rate of 11.4 percent in 2021 from a decline of -8.7 percent in 2020. Global economic recovery, which stimulated the mining sector, specifically diamond mining was a significant driver of economic growth in 2021. Other drivers of economic growth included public administration & defence, construction, Mining & Quarrying Wholesale & Retail.

Contribution to GDP by Economic Activity 2021



According to the April 2022 World Economic Outlook (WEO) International Monetary Fund (IMF) global output growth expanded by 6.1% in 2021, and is expected to moderate to 3.6% in both 2022 and 2023. The IMF growth estimates for Botswana for 2022 and 2023 are 4.3% and 4.2%, respectively. This growth leverages on growth enhancing economic transformation reforms and supportive macroeconomic policies that Botswana is implementing.

Global Overview of FDI trends

United Nations Conference on Trade and Development (UNCTAD) estimates that global foreign direct investment (FDI) flows in 2021 were $1.58 trillion, up by 64% from the shallow levels in 2020. The recovery showed significant rebound momentum mainly due to a booming merger and acquisition (M&A) markets. Rapid growth in international project finance on account of more flexible financing conditions and major infrastructure stimulus packages was also a major driver FDI.

Global Trade Outlook

According to UNCTAD (2022), the global trade has experienced robust recovery by reaching a record high of about $28.5 trillion in 2021, which is an increase of about 13% from pre-pandemic levels. This was achieved against a backdrop of massive disruptions to global supply chains and trade relations among countries, caused by the COVID-19 pandemic. The positive growth in trade in 2021 was attributed to increases in commodity prices, subsiding pandemic restrictions and a strong recovery in demand due to economic stimulus packages.

World Trade Organisation forecasts indicate that global trade is expected to grow by 4% 2022. The modest growth is due to supply-side issues such as semiconductor scarcity and port backlogs which are likely to strain supply chains and weigh on trade in some areas. However, these are not expected to have large impacts on global aggregates.

BITC KEY RESEARCH OUTPUTS

The 2022 Investment Climate Survey

Background

BITC continues to find new ways to facilitate investment promotion and attraction, export development and promotion and nation branding. With the advent of the COVID-19 pandemic and various regulatory, policy and institutional changes occasioned by the government, BITC sought to scan the investment climate to ascertain how the changes have affected investment decisions, market dynamics and propose solutions which will feed into the BITC advocacy plans.

BITC undertakes the Investment Climate Survey at predetermined periods to assess all factors affecting the inflow of FDI, domestic investment (DI), and export earnings, as well as to promote Botswana as a place to live, invest, and work.

The rationale of the Investment Climate Survey is to inform the strategic intent and day to day activities of BITC. The Survey is part of an ongoing effort to adapt to the ever-dynamic investment and trade environments.

The Survey Report covers analysis of policy, regulatory and institutional changes. For over the past years and coupled with the occurrence of COVID-19 pandemic, Government introduced, reviewed and/or strengthened some policies, regulations and institutions that directly or indirectly impacted on investment, trade and nation brand. The survey targeted companies facilitated by BITC across all sectors of the economy.

Summary of Findings

- From the Survey, about 56% of the respondents were from manufacturing companies, 22% were in agribusiness, those in financial services and tourism were 8% each and the remaining companies were from transport, logistics and education.
- Notably, most respondents representing about 60%, cite political stability as the main reason they invested in Botswana. The other reasons advanced for investing in Botswana include good regulatory environment (50%), access to land (44%), good government incentives (39%), macroeconomic stability (37.5%) and access to finance (41%) among others.
- Most respondents (81%) plan to expand their operations in the medium to long-term, while only 4% disclosed their intention to reduce their operations considerably. The decision to expand is influenced by local demand, export markets, and product diversification.
- The respondents have indicated that the main challenges of Botswana as a destination include small domestic market, conservative attitude towards work and residence permits and some areas around licensing and starting a business in Botswana.

BITC gleaned some insights with a bearing on the policy and regulatory spectrum to be raised in the advocacy work, the resolution of which will improve the ease of doing business in Botswana.

Mapping Investment Opportunities for Batswana

BITC in response to the COVID-19 pandemic relooked at its strategic focus and was compelled to increase the bar towards domestic investment premised on the large import bill that stands over BWP 70 billion in 2019, representing a huge opportunity for Batswana to exploit and map out opportunities according to region, sectors and available market intelligence information that could assist Batswana to understand what to invest in and where (sectors and products). From the latter, the niche opportunities for import substitution were in sectors of manufacturing, energy, health, agribusiness, transport and logistics.

Market Access

BITC undertook market surveys on Democratic Republic of Congo (DRC) and other African countries with the aim of determining key export opportunities available in the Congo, DRC and wider Africa.

Highlights from the DRC market study point out the lucrative potential export market for Botswana products. However, risks in the market include the fact that the business environment in the DRC is one of the most difficult in the world. Most of the trade in that country is informal, and the country suffers incorrigible bureaucratic red tape, high cost of production, a complicated tax system, weak infrastructure and limited access to credit accounts.

Table: Botswana's Current Export to the DRC

Product name (HS level 8)	Exports from Bot to DRC ($'000)
Disodium carbonate	854
Frozen, boneless meat of bovine animals	555
Parts for machine tools for working metal	514
Frozen bovine carcases and half-carcases	151
Parts for machine tools for working stone, ceramics, concrete…	144
Dried, shelled cow peas, whether or not skinned or split	84
Carcases or half-carcases of bovine animals, fresh or chilled	82
Parts of gas turbines	73
Dried, shelled beans whether or not skinned or split	66
Parts of central heating boilers	48
Salts	44
Frozen bovine cuts, with bone in	43

No	HS6	Description	\`Untapped\` potential (Million BWP)
1	HS730890	Iron or steel: structures and parts thereof, n.e.c. in heading 7308	128 317.50
2	HS100630	Cereals: rice, semi-milled or wholly milled, whether or not polished or glazed	123 391.64
3	HS851712	Telephones for cellular networks or for other wireless networks	87 867.36
4	HS020714	Meat and edible offal: of fowls of the species Gallus domesticus, cuts and offal, frozen	81 270.47
5	HS382490	Chemical products, preparations and residual products of the chemical or allied industries, n.e.c. or included in heading no. 3824	78 490.86
6	HS630900	Clothing: worn, and other worn articles	76 060.09
7	HS100199	Cereals: wheat and meslin, other than durum wheat, other than seed	75 927.11
8	HS020712	Meat and edible offal: of fowls of the species Gallus domesticus, not cut in pieces, frozen	74 923.34
9	HS848180	Taps, cocks, valves and similar appliances: for pipes, boiler shells, tanks, vats or the like, including thermostatically controlled valves	70 570.96
10	HS854449	Insulated electric conductors: for a voltage not exceeding 1000 volts, not fitted with connectors	62 335.68
11	HS853710	Boards, panels, consoles, desks and other bases: for electric control or the distribution of electricity, (other than switching apparatus of heading no. 8517), for a voltage not exceeding 1000 volts	61 927.24
12	HS190531	Food preparations: sweet biscuits, whether or not containing cocoa	51 893.06
13	HS841370	Pumps: centrifugal, n.e.c. in heading no. 8413, for liquids	49 706.11
14	HS721041	Iron or non-alloy steel: flat-rolled, width 600mm or more, corrugated, plated or coated with zinc (not electrolytically)	43 187.52
15	HS851762	Communication apparatus (excluding telephone sets or base stations): machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	41 257.86
16	HS283210	Sulphites: of sodium	37 949.38
17	HS851770	Telephone sets and other apparatus for the transmission or reception of voice, images or other data, via a wired or wireless network: parts	34 046.27
18	HS210390	Sauces and preparations therefor: mixed condiments and mixed seasonings	33 013.88
19	HS170490	Sugar confectionery: (excluding chewing gum, including white chocolate), not containing cocoa	32 692.35
20	HS392690	Plastics: other articles n.e.c. in chapter 39	32 072.01
		Rest	**1 585 071.69**
		Total	**2 861 972.41**

Source: BITC, Decision Support Model

AfCFTA Agreement

The AfCFTA agreement became active on the 1st of January 2021. One of the main objectives of the agreement is to create a single continental market for goods and services, with free movement of business persons and investments, thus paving the way for accelerating the establishment of the customs union. It will also expand intra-African trade through better harmonisation and coordination of trade liberalisation and facilitation and instruments across the regional economic communities and Africa in general.

As a result, BITC undertook market analysis survey with the overarching purpose of determining the realistic export potential products for Botswana under the African Continental Free Trade Agreement (AfCFTA).

Under AfCFTA signatories parties can anticipate enhanced competitiveness at industry and enterprise level through the exploitation of opportunities for scale production, continental market access and better reallocation of resources. In support of these objectives, the AfCFTA covers both goods and services under Phase I and will include investment, intellectual property and competition under Phase II of the negotiations. Botswana stands to benefit significantly from increasing regional integration within Africa as some of the country's major trade partners are within SSA, such as South Africa, Zambia and Namibia. The agreement will, therefore, allow DRC businesses an opportunity to expand their production and enjoy economies of scale, since they will have access to about 1.3 million potential consumers across the continent without significant tariff barriers.

Short term export opportunities in key African regions

Item	Products	Number of markets in Africa	'Untapped' Value Mn US$	Southern Africa	Western Africa	Eastern Africa
1	HS710231:Diamonds: non-industrial, unworked or simply sawn, cleaved or bruted, but not mounted or set	1	13.53	13.53	-	-
2	HS250100:Salt (including table salt and denatured salt): pure sodium chloride whether or not in aqueous solution: sea water	2	1.64	-	-	1.64
3	HS391723:Plastics: tubes, pipes and hoses thereof, rigid, of polymers of vinyl chloride	2	1.43	1.28	-	0.15
4	HS020220:Meat: of bovine animals, cuts with bone in (excluding carcasses and half-carcasses), frozen	2	0.54	0.54	-	0.00
5	HS410120:Raw hides and skins: whole, unsplit, of bovine or equine animals, of a weight per skin not exceeding 8kg when simply dried, 10kg when dry-salted or 16kg when fresh, wet-salted or otherwise preserved	2	0.26	0.26	-	0.00
6	HS071320:Vegetables, leguminous: chickpeas (garbanzos), shelled, whether or not skinned or split, dried	1	0.25	0.25	-	-
7	HS300230:Vaccines: for veterinary medicine	2	0.18	-	0.02	0.16
8	HS410190:Hides and skins: other than whole, but including butts, bends and bellies, of bovine (including. buffalo) and equine animals, fresh, salted or preserved, but not tanned, parchment dressed or further prepared, whether or not dehaired or split	1	0.18	0.18	-	-
9	HS720430:Ferrous waste and scrap: of tinned iron or steel	1	0.15	0.15	-	-
10	HS780200:Lead: waste and scrap	1	0.14	0.14	-	-
11	HS071331:Vegetables, leguminous: beans of the species vigna mungo (l.) hepper or vigna radiata (l.) wilczek, shelled, whether or not skinned or split, dried	1	0.11	0.11	-	-
12	HS030571:Fish: edible offal, shark fins	2	0.11	0.11	-	0.00
	Totals	**27**	**18.87**	**16.74**	**0.02**	**2.11**

Short term export opportunities in key African regions								
Item	Products	Number of markets in Africa	'Untapped' Value Mn US$	Northern Africa	Central Africa	Western Africa	Eastern Africa	Southern Africa
1	HS490700:Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value: stamp-impressed paper: cheque forms: banknotes, stock, share or bond certificates and the like of similar title	3	114.59	-	-	62.78	27.06	24.75
2	HS854430:Insulated electric conductors: ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	8	31.71	31.48	-	0.08	0.05	0.09
3	HS830990:Stoppers: caps and lids, of base metal	12	23.25	18.15	0.10	0.18	0.63	4.19
4	HS850710:Electric accumulators: lead-acid, of a kind used for starting piston engines, including separators, whether or not rectangular (including square)	9	23.09	6.65	2.26	4.42	1.56	8.20
5	HS071320:Vegetables, leguminous: chickpeas (garbanzos), shelled, whether or not skinned or split, dried	9	12.39	12.22	-	0.04	0.13	-
6	HS721499:Iron or non-alloy steel: bars and rods, hot-rolled, hot-drawn or hot-extruded, n.e.c. in heading no. 7214, other than of rectangular cross-section	10	11.94	7.17	0.14	2.96	0.94	0.73
7	HS230230:Bran, sharps and other residues: of wheat, whether or not in the form of pellets, derived from the sifting, milling or other workings thereof	3	5.67	5.46	-	0.21	0.00	-
8	HS250100:Salt (including table salt and denatured salt): pure sodium chloride whether or not in aqueous solution: sea water	8	4.98	0.75	-	3.42	0.82	-
9	HS283620:Carbonates: disodium carbonate	7	4.88	3.26	-	0.18	1.44	-
10	HS482020:Paper and paperboard: exercise books	6	4.78	-	-	0.77	4.01	-
11	HS300230:Vaccines: for veterinary medicine	8	4.51	2.09	0.01	1.97	0.44	-
12	HS391729:Plastics: tubes, pipes and hoses thereof, rigid, of plastics n.e.c. in heading no. 3917	12	4.41	3.43	-	0.30	0.68	-
13	HS391723:Plastics: tubes, pipes and hoses thereof, rigid, of polymers of vinyl chloride	8	3.68	0.72	0.71	1.16	1.09	-
14	HS630260:Kitchen and toilet linen: of terry towelling or similar terry fabrics, of cotton	10	3.10	1.85	-	0.25	1.00	-
15	HS844120:Machines: for making bags, sacks or envelopes of paper pulp, paper or paperboard	2	2.50	-	-	-	2.50	-
16	HS391890:Floor, wall or ceiling coverings: of plastics (excluding polymers of vinyl chloride), whether or not self-adhesive, in rolls or in the form of tiles	9	1.82	0.71	-	0.40	0.71	-
17	HS130219:Vegetable saps and extracts: n.e.c. in item no. 1302.1	6	1.34	0.41	0.01	-	0.08	0.83
18	HS870520:Vehicles: mobile drilling derricks	6	1.34	-	-	0.24	0.95	0.15
19	HS392510:Plastics: builders' ware, reservoirs, tanks, vats and similar containers of a capacity exceeding 300 litres	9	1.22	0.68	-	-	0.54	-
20	HS410190:Hides and skins: other than whole, but including butts, bends and bellies, of bovine (including. buffalo) and equine animals, fresh, salted or preserved, but not tanned, parchment dressed or further prepared, whether or not dehaired or split	2	0.97	-	-	0.97	-	-
	Totals	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Long term export opportunities in African Regions								
Item	Products	Number of markets in Africa	'Untapped' Value Mn US$	Northern Africa	Central Africa	Western Africa	Eastern Africa	Southern Africa
1	HS270119:Coal: (other than anthracite and bituminous), whether or not pulverised but not agglomerated	1	97.42	97.42	-	-	-	-
2	HS330290:Odoriferous substances and mixtures: used as raw materials in industries other than the food or drink industries	11	9.03	3.88	-	1.02	4.07	0.05
3	HS710812:Metals: gold, non-monetary, unwrought (but not powder)	1	5.84	-	-	5.84	-	-
4	HS010221:Cattle: live, pure-bred breeding animals	2	5.52	5.35	-	-	-	0.17
5	HS842820:Elevators and conveyors: pneumatic	12	3.85	1.89	0.02	0.98	0.96	-
6	HS740400:Copper: waste and scrap	2	3.84	0.28	-	-	-	3.56
7	HS846693:Machine-tools: parts and accessories, for the machines of heading no. 8456 to 8461, n.e.c. in heading no. 8466	15	2.10	1.69	-	0.18	0.19	0.04

8	HS470790:Paper or paperboard: waste and scrap, of paper or paperboard n.e.c. in heading no. 4707 and of unsorted waste and scrap	7	1.50	0.93	0.08	0.08	0.41	-
9	HS854330:Electrical machines and apparatus: for electroplating, electrolysis or electrophoresis	6	1.49	1.38	0.04	-	0.06	-
10	HS710310:Stones: precious (other than diamonds) and semi-precious stones, unworked or simply sawn or roughly shaped, not strung, mounted or set	2	1.26	-	-	-	0.06	1.19
11	HS470710:Paper or paperboard: waste and scrap, of unbleached kraft paper or paperboard or corrugated paper or paperboard	2	0.90	0.51	-	-	-	0.39
12	HS150210:Tallow: other than those of heading 1503	2	0.56	-	-	0.04	-	0.53
13	HS310510:Fertilizers, mineral or chemical: in tablets or similar forms or in packages of a gross weight not exceeding 10kg	3	0.49	0.28	-	0.06	0.14	-
14	HS845969:Machine-tools: for milling by removing metal, not knee-type, other than numerically controlled	10	0.35	0.21	0.02	0.08	0.04	-
15	HS021099:Meat and edible meat offal: salted, in brine, dried or smoked, and edible flours and meals of meat or meat offal, other than of primates, whales, dolphins, porpoises, manatees, dugongs, seals, sea lions, walruses, reptiles (including snakes and turtles)	2	0.35	-	-	0.03	-	0.31
16	HS760200:Aluminium: waste and scrap	3	0.15	-	-	0.01	0.14	-
17	HS481200:Paper pulp: filter blocks, slabs and plates of paper pulp	3	0.10	0.08	-	0.01	-	-
18	HS842831:Elevators and conveyors: continuous-action, for goods and materials, specially designed for underground use, n.e.c. in item no. 8428.20	2	0.09	-	-	0.09	-	-
19	HS900651:Cameras, photographic (excluding cinematographic): with a through-the-lens viewfinder, single lens reflex (SLR), for a roll film of a width not exceeding 35mm	1	0.00	-	-	-	0.00	-
	Totals	**87**	**134.84**	**113.90**	**0.17**	**8.43**	**6.09**	**6.25**

POLICY PRONOUNCEMENTS AND GOVERNMENT INTERVENTIONS

PRONOUNCEMENT	DESCRIPTION	ECONOMIC, TRADE & INVESTMENT IMPLICATIONS
Increase in fuel prices	• Russia-Ukraine war has had an upward influence on global oil prices; • This has seen an increase in fuel prices in Botswana representing about 75% increase from March 2021.	• Increased cost of production and may reduce investment; • Results in rising prices and hence rising inflation; • It may prompt Bank of Botswana to raise interest rates in a bid to stabilize inflation.
Import prohibitions on selected horticultural products	• The horticultural import ban in Botswana was instituted in January 2022; • The import prohibitions were imposed on 16 horticultural products; • It will be in effect for an initial period of 2 years • It will be periodically reviewed to ascertain its impact.	• Opportunities for import substitution • Increased investment in horticultural value chain; • Implications on Botswana trade policy
Interest Rates Increases	• The Monetary Policy Committee resolved as follows in April 2022: • Increase the Monetary Policy Rate ("MoPR") by 51 basis points from the prevailing 1.14 percent yield on the 7-day Bank certificate to 1.65%; • Commercial banks may increase the Prime Lending Rate by not more than 51 basis points;	• Rising interest rates raise the cost of borrowing and may slow down investment
Export Restrictions – Live Cattle	• Ministry of Agriculture has tightened the criteria for live cattle exports, restricting the selling of all breeding animals outside the country. • Local beef industry has expressed concerns that live cattle exports could deplete both the country's national herd and its quality as the current population signals that the country is fast losing Botswana's beef competitive edge and uniqueness. • However, farmers can continue the live export of weaners, slaughter-ready cattle.	• Increased local slaughter and value addition in meat and meat products • Ability to meat export quotas in key markets such as Norway and capture new markets
Economic Inclusion Law	• The Botswana Economic Inclusion Act, 2021, has been proclaimed to take effect from 20 April 2022. • The Act makes provision for the establishment of the Coordinator of the Economic Empowerment Office, aims to promote the effective participation of targeted citizens in the economic growth and development of the economy, and aims to facilitate enforcement of the economic empowerment initiatives.	• Implications for Government procurement • May increase domestic investment

Public Procurement Act of 2021	• The Botswana Public Procurement Act 24 of 2021 has been proclaimed to take effect from 14 April 2022. • The Act establishes the Public Procurement Regulatory Authority and provide for its functions and the management of the procurement of works, services and supplies to the Government of Botswana.	• There is need for alignment with incentives on Government undertaking; • May incentivise domestic investment
COVID-19 Border Entry requirement	• The Botswana Public Health (Prevention of Introduction or Spread of COVID-19) Order, 2022, has been published with effect from 18 March 2022, to provide the entry requirements for the ports of entry of Botswana, in light of COVID-19. • Among others, a person who enters into Botswana must present proof that he or she is fully vaccinated. Where such proof is not presented, the person must present a negative COVID-19 Polymerase Chain Reaction test result, or any other test result as the Director of Health Services may determine, that is not older than 72 hours from the time of testing.	• The entry requirement has been synchronized with those of other countries; • This may improve trading across borders and hence a positive effect on international trade.
Utilisation of COVID -19 emergency and relief funds	• Only 20% of the P700 million that the Government availed to the Citizen Entrepreneurial Development Agency, the Local Enterprise Authority and the Botswana Development Corporation to assist businesses during the COVID-19 pandemic, has been used.	• Reduced investment and loss of jobs may result. There maybe need for evaluation of the Relief fund with a view to further stimulate investment in other sectors that are envisaged to recover much quicker from negative effects of COVID-19.
The Botswana Companies (Amendment) Act, 2022,	• Botswana Companies (Amendment) Act, 2022, has been partially proclaimed to take effect from 25 February 2022. • The Amendment Act provides, among others, for: (a) the application procedure for the registration of a company; (b) the requirement for a company to have a constitution; and (c) the conditions relating to the keeping of company records.	• Likely to negatively impact doing business and global competitiveness especially on the topic of starting a business in Botswana; • Will be a cost to local companies

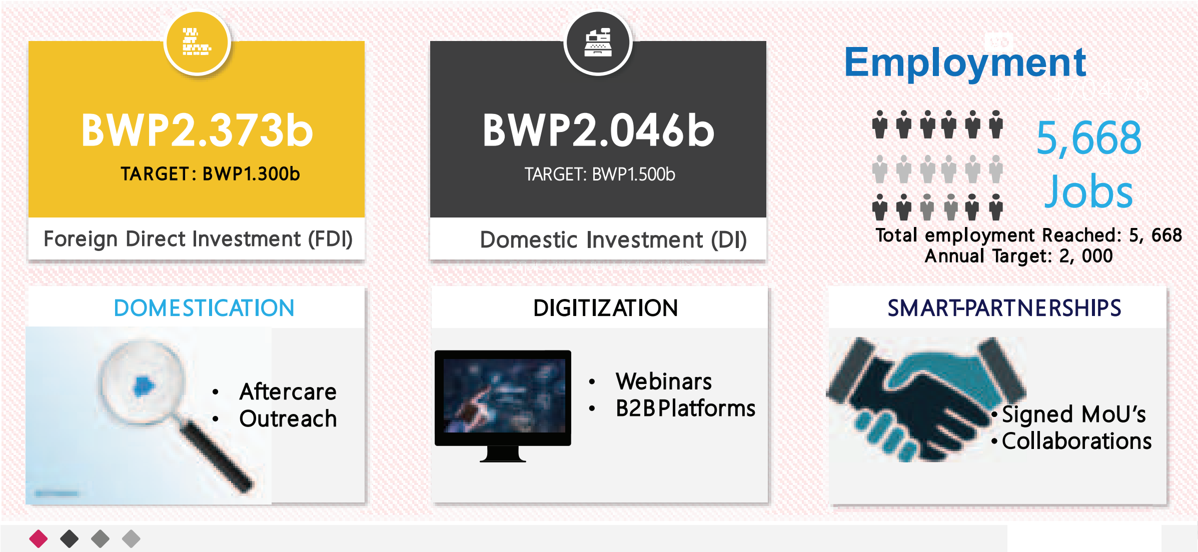
INVESTMENT PROMOTION AND ATTRACTION

A number of concerted efforts were made in the period under review to ensure business continuity for investment promotion in the face of challenges brought forth by the global COVID-19 pandemic and ensuing economic downturn.

Three key decisions were made to mobilize resources towards Domestication, Digitization and Smart Partnerships in order to 'achieve more with less'.

This reorientation and shift-in-priorities for investment attraction and retention saw the organization achieving a cumulative FDI inflow amounting to two billion three hundred and seventy-three million Pula (P2.373b) against an annual target of one billion three-hundred million Pula (P1.300b). This achievement was mostly driven by increased activity in the Mining Sector as underground expansions and infrastructure development increased at the mines for construction and exploration.

INVESTMENT PROMOTION APPROACH



The realised cumulative Domestic Investment and Expansions for the same period was two billion and forty-six million Pula (P2.046b) against a target of one billion five-hundred million Pula (P1.500b).

Total employment created by BITC-assisted companies reached a record of five thousand six-hundred and sixty-eight (5,668) during the financial year against a target of two thousand (2,000) for the full year 2021-2022. An increase in employment was recorded across sectors, driven mostly by the Mining and Agriculture sectors.

1. Domestication & Retainment

The impact of the COVID-19 pandemic on the global front led to reduced Foreign Direct Investment (FDI) capital flows across sectors, which therefore necessitated the need to focus more on the domestic front. This for BITC included a much more deliberate process of focusing more on existing local clients and providing the necessary information and aftercare facilitation to ensure increased domestic investment and expansion.

To this effect, BITC carried out a number of outreach activities, which include the following notable client engagements:

Ngamiland District Tourism Industry Site Visits

During the period under review, the Centre conducted site visits to some of its clients within the Tourism sector, particularly those based in Ngamiland District. The purpose of the visits was to appreciate the investment that the companies have made as per their business plans to gain better understanding of the goals, requirements, and challenges of the investors. In addition, the site visits were meant to provide feedback regarding the ongoing facilitation requirements of the investors and for the Centre to provide further business interventions services to the clients. Some of the entities that were visited included Wildside Africa Safaris, Mopitlo Investments and Soren Lindstrom Safaris.

Agribusiness Ministerial Roadshow

For the period under review, BITC participated in the cross-country Ministerial roadshow led by the Assistant Minister of Agriculture Development and Food Security, Honourable Beauty Manake. The main objective of the roadshow was to bring together relevant government institutions and the private sector such as the Botswana Development Cooperation, National Development Bank, Botswana Agricultural Marketing Board, and Citizen Entrepreneurial Development Agency to discuss ways in which the sector's performance can be served and improved, in a well-coordinated approach. The idea was to profile the sector in general, and to appreciate the producers' operations, progress made, while also identifying existing gaps/challenges faced by the various operations. More importantly, the roadshow was meant to identify agriculture value chains opportunities to further improve the performance and growth of the sector. The areas covered included Tuli Block, Mosisedi, Lobatse, Ramatlabama, Kasane, Jwaneng, Kgalagadi, Ghanzi, Maun, Letlhakane and Francistown.

Visit to Tuli Block Region

BITC, in collaboration with SPEDU, revisited some companies in the agribusiness sector in the Tuli Block region as an action item, following the earlier Assistant Minister of Agriculture and Food Security's cross-country roadshow. The purpose of revisiting the area was to discuss and assist companies with export market access strategies to leverage the potential of the export market which was identified for their produce. The products targeted for export market include potatoes, onions and carrots. BITC engaged directly with the companies and shared market intelligence opportunities for the identified products for possible uptake in the external markets. The identified export markets include Angola, DRC, eSwatini, Lesotho, Mozambique and Zambia. The companies were encouraged to seriously consider the regional markets while still awaiting accreditation for global markets through Agrizor Global. Following this engagement with the farmers and producers, a sensitization workshop on GAAP was panned for a later date for the producers in the Tuli Block region and to be conducted by Agrizor Global. The companies visited included Lucerne Fields, JP Roos Vegetables, Seleka Farms, African Ranches 5, Vegi Block, Two Rivers, Strong Winds, Acer Rich Farms, Tuli Request, Bright Solutions and Tsoo 13.

WEBINAR TOPIC	DESCRIPTION	DATE
Czech Virtual Seminar	A virtual seminar focusing on ICT/BPO sectors between Botswana and Czech companies as a foundation for a more coordinated sector promotion efforts between the two countries.	31st March 2022
China Investment Webinar	Virtual collaboration with the Africa Guangdong Business Association (AGBA) targeting companies in the sectors of technological innovation and minerals beneficiation. Sector presentations from Botswana Innovation Hub (BIH), Minerals Development Company Botswana (MDCB) and Okavango Diamond Company (ODC).	30th June 2021
IFSC Webinar	Virtual collaboration with Deloitte Emerging Markets to position Botswana as a hub for financial services in Africa, leveraging on the fiscal incentives inherent in the IFSC dispensation.	15th September 2021
Dairy Webinar	Collaboration with Farmers Weekly Publication for a virtual webinar targeting milk value chain companies in South Africa. Presentations also from Ministry of Agriculture as well as ABSA Botswana.	23rd September 2021
China Business Salon	Virtual collaboration with the China Council for Promoting South-South Cooperation (CPSSC) targeting Chinese companies from various sectors that included Health, Education and Agribusiness.	26th November 2022
4th China International Import Expo	Virtual pavilion for exhibition of locally manufactured goods and services.	5th November 2022
AMCHAM Webinar	Online collaboration with the American Chamber of Commerce (AMCHAM) to sensitize US companies present in Africa about the Botswana investment offering as they seek to expand post Covid-19.	5th February 2022
3rd Africa-Japan Business Forum	Online Business Forum organized by the African Development Bank (AfDB) to promote Africa as an investment destination for Japanese companies.	7th July 2021

Canada Webinar	Collaboration with the Canadian Embassy to Zimbabwe for webinar targeting Canadian Women in Information Technology interested in investment opportunities in Botswana. Business Botswana and Botswana Innovation Hub in also presented during the webinar.	21st February 2022
Agriculture Webinar	A virtual partnership with Farmers Weekly publication for seminar targeting the entire Agriculture value-chain in South Africa with a view to substitute Botswana's agriculture import bill.	31st March 2022
Austrade Webinar	Virtual webinar with Australia Trade Office to Africa targeting Australian companies in South Africa and Australia.	23rd February 2022
Belgium Webinar	Virtual collaboration with the Chamber of Commerce, Industry and Agriculture Belgium-Luxembourg-Africa-Caribbean-Pacific (CBL-ACP) to expose Belgian businesses on emerging investment opportunities in Botswana. Presentations also delivered by Minerals Development Company Botswana (MDCB) and the Special Economic Zones Authority (SEZA).	21st September 2021
JCCI Webinar	Johannesburg Chamber of Commerce extended an Invitation to BITC, Lesotho, Eswatini, Namibia and the Free State Province in RSA to share their investment offering with their Chamber members.	24th February 2022

2. Smart Partnerships & Strategies

A key component of BITC's approach to unlocking new streams for increased investment is the ability to find new and more innovative partnerships with like-minded actors to collectively adapt to new situations amid the COVID-19 crisis. New collaborations that brought in a more comprehensive and effective response for investors' needs facilitation during the year including the following;

- **BITC-Debswana Partnership**
  A Memorandum of Understanding (MoU) was signed between BITC and Debswana with a view to create opportunities for citizens and attract investment opportunities for local companies within the mining value chain. BITC as Debswana implementation partner organised and participated at the Citizen Economic Empowerment Programme (CEEP) and Supplier Development Programme Summits held in Palapye, Francistown, Gaborone and Boteti region.

- **BITC-RDB Partnership**
  BITC entered into a strategic collaboration with the Rwanda Development Board (RDB) to explore areas of mutual bilateral trade and investment between the two entities. The two promotional agencies signed a Memorandum of Understanding (MoU) to gradually enhance their joint working relationship. As part of the implementation of the MoU, both institutions collaborated in conducting market scoping exercises in both countries with a view to explore areas of bilateral trade and investment.

A collaborative Trade and Investment Conference mission was also undertaken in Rwanda on the 28th - 29th April, 2022 alongside the Joint Permanent Commission on Cooperation (JPCC) which was geared towards strengthening bilateral cooperation between the two countries. BITC used the occasion to lead a business delegation of twenty-seven (27) companies to participate at the conference held in Kigali with representation from sectors that included Manufacturing, ICT, Tourism, Education and Agriculture.

BITC-MEDEF Partnership

In an effort to strengthen its global network, BITC signed an MoU with MEDEF International. MEDEF International makes available a private and public sector network of French and foreign businesses to those they are in partnership with for continued engagement.

Other Collaborations & Leads Generation

- BITC facilitated a visit by Al Rawabi Dairy Farm company based in Dubai, United Arab Emirates (UAE). The fact scoping mission to Botswana took place from the 4th to 7th April 2022 to explore working collaboration with key stakeholders such as Botswana Vaccine Institute, Botswana Agricultural Marketing Board, Botswana University of Agriculture & Natural Resources, Botswana Development Corporation, Botswana Meat Commission (BMC), Milk Afric Dairy Plant, Mookane Agriculture Cluster, Dibete Animal Multiplication Ranch and BAMB Fodder Processing Plant.

- BITC collaborated with the Ministry of Foreign Affairs to organise a Business Forum on the margins of the 2nd State Visit to the Republic of Botswana by His Excellency Mr. Filipe Jacinto Nyusi, the President of Mozambique from the 13th - 14th April 2022. The objectives of the Forum were to explore business opportuntites that exist between the two countries, as well as to further leverage on huge untapped potential for mutual beneficial collaboration in this era of post-pandemic economic recovery. Business to Business (B2B) meetings were also arranged for the private sector.

BOTSWANA ONE STOP SERVICE CENTRE

BITC has continued to make strides in delivering improved investor services to all clients. The ability to adopt to new ways of working saw the organisation quickly embracing digital technologies in order to ensure that there is no gap in service delivery to clients owing to the changes brought by COVID-19. Aftercare had to be done mostly virtually. Further to this, an internal e-service platform was developed. This was to ensure that clients continue to get support from the comfort of their own offices.

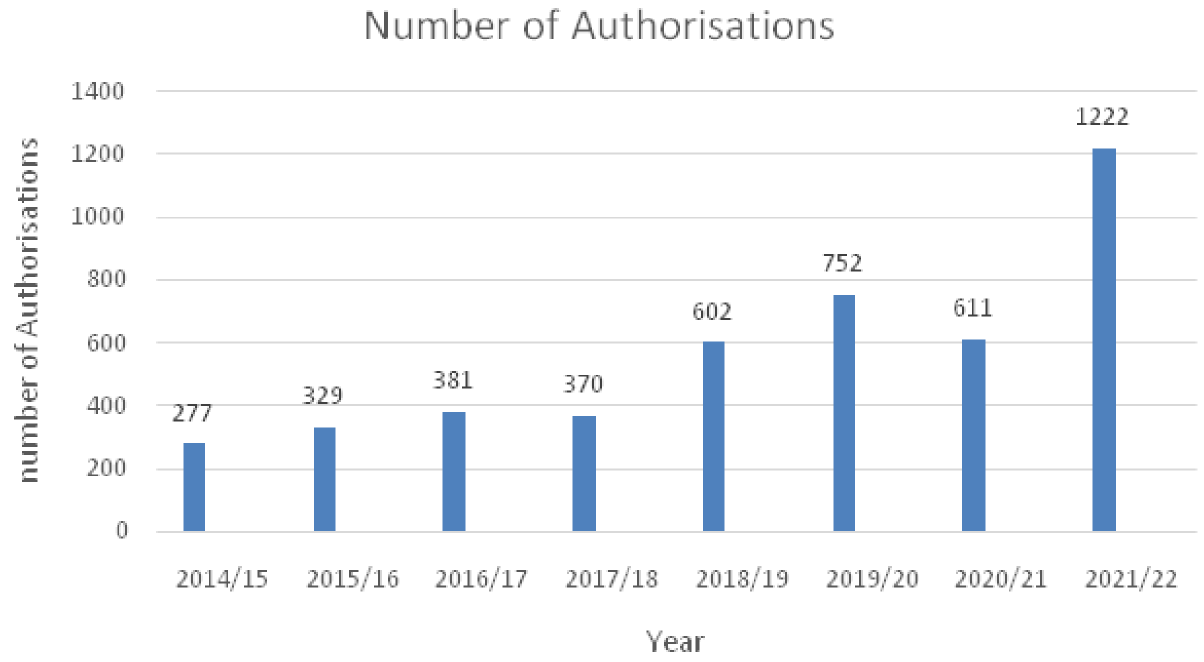
The Botswana One Stop Service Centre (BOSSC), continued to work closely with other service providers during the pandemic to minimise the impact of COVID-19 on BITC facilitated companies. This was achieved through the strong linkages and partnerships that exist between BITC and other service organs of government and quasi government. This relationship has drastically improved efficiencies and shortened the turnaround times for the services offered as well as lessen the fatigue brought by the pandemic.

Facilitation of Government Authorisations

As one of its key functions, BOSSC continues to strive for effectiveness in meeting customer demands. The role of BOSSC is to amongst other things, improve efficiency in facilitating various applications that investors may require to conduct business in Botswana such as; visa applications, work and residence permits, environmental impact assessments, development approval order and more. With an average approval rate of over 95% since the establishment of BOSSC, it is evident that investor facilitation has greatly improved over the years.

During the year under review, BOSSC registered an exponential increase in utilization of its services. The 2020/2021 statistics indicate that BOSSC processed 611 Government authorizations while in the year 2021/2022 a total of 1222 were processed through the office, this being the highest number since the establishment of BOSSC.This may be an indication of the reduced negative impact of the pandemic which had adversely affected business in the previous year.

Figure 1.



Investor Aftercare

Following a slump in the economic activity over the past two years, there has been an innate need for BITC to ramp up its investor aftercare services. These are the services that have traditionally been offered to investors with the aim to retain them within the country and encourage expansions or diversification of their products or services. With easing of covid restrictions by the fourth quarter, an aggressive campaign was undertaken to reach out to companies to ascertain their state of health following the gloomy days of Covid-19. Both physical and virtual meetings were conducted, resulting in over 200 aftercare meetings being conducted by the BOSSC. It is worth noting that while physical meetings reduced due to restrictions, more company interactions were recorded since online interactions were intensified.

Investment Expansions

During the year under review, companies facilitated through BITC recorded a total investment expansion amounting to BWP793 million compared to BWP733 million recorded the previous year. These expansions have generated 1195 jobs compared to 860 jobs in the economy in the previous year. This is not with standing the challenges experienced by investors during the COVID-19 pandemic. Higher level of expansions and reinvestments were mainly recorded in the services sectors such as banking. During the same period several job losses were recorded, majority of which were the in the tourism/hotel industry. The job losses were mainly as a result of the impact of COVID-19.

Land & Factory Space Allocation

During the financial year 2021/22, a total of 32 land requests with with a projected investment level of P1196.60 million and corresponding job opportunities amounting to 2725, were facilitated through various land authorities. A total of 19 companies with investment level of P204.30 million and 1121 job opportunities were offered/assisted with land while two (2) were rejected. The remaining nine (9) companies were being facilitated and still at various stages at land authorities at the end of the year March 2022.

Eight (8) companies with projected investment level of BWP495.50 million and 1119 job opportunities were offered space in our various factory shells.

Property Investment Strategy

BITC embarked on the development of a Property Investment Strategy which is aimed at assisting the organization in unlocking value in real estate, to allow the company to trade in real estate/land and landed property as espoused in the BITC Act. The implementation of the Property Investment Strategy will ultimately assist BITC to be financially sustainable in the long run and self-fund its operations through the acquisition of yield enhancing properties, development of new properties and exiting/selling at the right time. The implementation of the strategy is at an initial stage for potential developments at current land bank in Francistown, Tlokweng, Palapye, Kasane/Kazungula and Selebi Phikwe.

EXPORT DEVELOPMENT AND PROMOTION

Looking at Botswana's future through the economic lens shows visions of epic success through export-led growth. To attain the type and volume of success Botswana covets and needs, BITC offers a range of services to assist local companies to access export markets. These services include export advisory services, trade show attendance, buyer/seller missions and provision of market intelligence.

Global supply chains are currently facing some serious challenges due to COVID-19 and Russia-Ukraine war. What is unfolding in supply chains globally is not only disruptive; it is also historic. This is the first major disjunction in the synchronized supply chain system that has developed over the last 30 years of globalization. Despite these developments BITC continues to lead efforts to position Botswana's products in profitable export markets. During the past ten years BITC has facilitated participation of Botswana manufacturing companies in trade missions within and outside Southern Africa.

Export Promotion

BITC has acquired world-class market research and intelligence capabilities that assist exporters in exploring products and markets with export potential. To enhance knowledge of companies about export market requirements and opportunities, we have conducted market surveys in Zimbabwe, Nigeria, Ghana, Zambia, Mozambique, South Africa, Democratic Republic of Congo,

Tanzania and Angola. On an annual basis, BITC organise outward export promotion missions that enable our local companies to gain exposure and penetrate international markets.

During 2021/2022 BITC facilitated companies recorded cumulative export revenue worth P3.83 billion against annual target of P3.6 billion, exceeding target by P230 million. The major export products driving 2021/2022 performance include ignition wiring sets, salt and soda ash, coal, PVC tanks, textiles, veterinary medicine, meat products and offal, electrical cables and automobile batteries. The key export markets for BITC-facilitated companies are South Africa, Zimbabwe, Zambia, Namibia, DRC, Austria, Mexico, Germany, Slovakia, South Africa, Morocco, Hungary, Denmark, Malaysia, Netherlands and Spain.

An analysis of the historical performance indicates that exports from BITC-facilitated companies has been on the rise for the past ten years. Export revenues have almost doubled in 2022 when compared to 2012.

BITC EXPORTS GENERATED 2012-2022

	2012/2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Export Value Target	948,000,000	1,160,000,000	1,900,000,000	2,090,000,000	2,222,000,000	2,700,000,000	2,676,000,000	3,211,000,000	3,500,000,000	3,600,000,000
Export Value Achieved	1,026,000,000	1,904,000,000	1,825,000,000	2,151,000,000	2,232,000,000	2,361,000,000	2,628,000,000	2,403,000,000	2,960,000,000	3,830,000,000

BITC encourages companies to embrace digitisation by assisting them to list on e-commerce platforms. The organisation in collaboration with USAID Trade Hub is assisting six companies to list on e-commerce platforms. The online shops also serve as a mitigation strategy for business risks such as those that emerged during Covid-19 pandemic.

Export Development

During the past ten years, BITC has been leveraging the Botswana Exporter Development Programme (BEDP) as the primary tool for implementing different editions of the National Export Strategy. BEDP aims to increase exports, of products and services that add domestic value and contribute to the diversification of the economy. It provides a platform to ensure participating companies receive intensive support to enhance their export competitiveness, establish a significant foothold in regional and international markets and ensure that the export environment is conducive. Some of the support provided by BITC is as follows:

- ***Quality Management System Certification:*** BITC assists companies with export potential in acquiring quality management systems relevant to their sectors. The certification assures clients that the product, service or system in question meets specific requirements.

- ***Fairtrade Certification:*** This is a market-driven certification that promotes responsible business, conscious consumerism, and shared value to eliminate poverty and enable sustainable development for businesses, workers, their families, and communities around the world. When products are Fairtrade Certified, it means that they were produced in accordance with Fairtrade International's rigorous environmental, economic and social standards, enabling companies to fetch a premium price.

- ***Export Marketing Plans:*** BITC assists companies in developing plans to guide efforts to successfully participate in export markets.

- ***Export Short Courses:*** BITC has been collaborating with the University of Botswana to offer short exporter development courses. The training programme covers modules in export marketing, export financing and export logistics.

- ***Senior Expert Services (Germany) Interventions:*** SES provides tailor-made interventions to companies enrolled in the Botswana Exporter Development Programme. So far,the interventions offered to local SMMEs include support in product development and re-engineering of production processes.

- ***Listing on United Nations (UN) Procurement System:*** BITC actively supports local companies to list on the UN procurement system. The supply of products to the UN is seen as step towards participating in export markets.

Key Performance Highlights

- Since the inception of the revised BEDP in 2014, one hundred and seventeen companies (117) have been assessed for export readiness status and have been provided with various interventions to capacitate them to reach export readiness status.

- Over the past ten years, a total of 14 companies have benefitted from expert services enabled through an MOU between Senior Experten Services (Germany) and BITC. Furthermore, BITC, in collaboration with the University of Botswana has trained 36 companies in the areas of export marketing, export financing and export logistics.

- Through BITCs interventions, seven local companies attained Fair Trade certification, while another seven to attain ISO 9001:2015 certification.

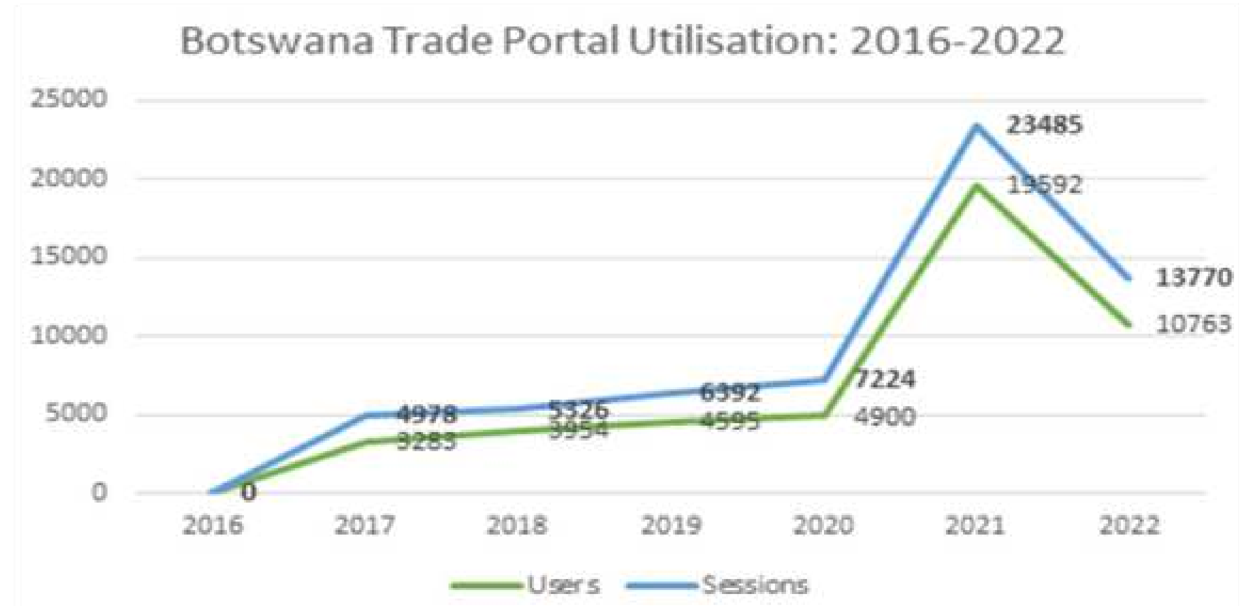
- An additional 16 local companies listed in the United Nations (UN) procurement system through similar assistance. Some of these companies have started supplying the UN with some products.

Botswana Trade Portal

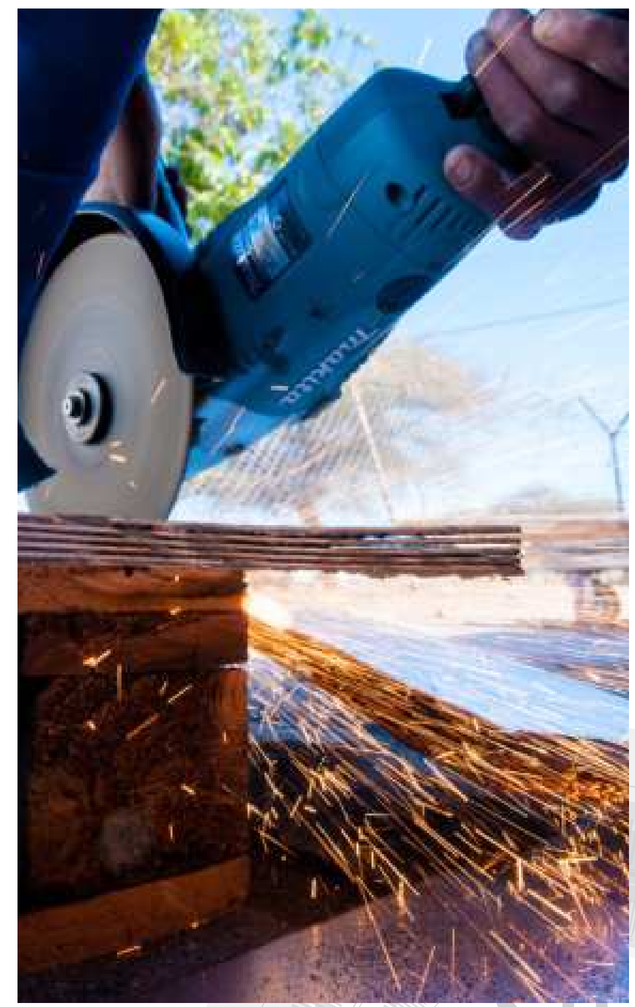
In 2016 BITC launched the Botswana Trade Portal as a crucial part of its efforts to make cross-border trade easier. The Trade Portal is a web-based platform developed by BITC in conjunction with the World Bank on behalf of the Botswana Government to provide the business community with all statutory trade information from various government departments involved in the issuing of permits, licenses and clearances for exporting and importing of goods and services.

The use of the portal has gradually increased since its inception. The number of users increased from 3,283 in 2017 to a record figure of 19,592 by March 2021 before dropping to 10,763 by March 2022. During the COVID-19 pandemic most users depended on the portal for access to trade and customs related information, with the easing of COVID-19 regulations, users had other means of getting access to this information.

However, BITC continues to engage Trade Portal users through other marketing and communications channels such as Awareness Workshops, Google Ads, Facebook Campaigns, Radio jingles and collaboration with focal entities such as the Botswana Unified Revenue Services.



Botswana's Participation at Expo 2020 Dubai



BITC successfully coordinated the participation of Botswana at Dubai Expo 2020. The Expo 2020 Dubai created a memorable experience for not only the residents of United Arab Emirates (UAE), but nations all over the world. The duration of the Expo, which started on 1st October 2021,was six months, under the theme 'Connecting Minds, Creating the Future'. This World Expo attracted over 24.1 million visitors and recorded nearly 31 million online visits from 178 countries. Over the six months, visitors to Botswana Pavilion totalled 311 460.

Participation at the Expo 2020 generated many investment, export and tourism leads, opportunities for business partnerships, economic cooperation, cultural exchanges and enhanced knowledge about Botswana as a brand. Some notable achievements in the mining sector include $110 million from the Okavango Diamond Company diamond auction sale. Also on the cards is an envisaged investment of P50 million by Sheetal Group, churning out 150 jobs for locals. Another positive development, an existing De Beers Sight Holder, Parishi Diamond, is setting up an operation that will employ 40 citizens within the first year of operations and scale the figure up to over 100 by year three. Advanced engagements are ongoing with companies in the health sector and dairy projects.

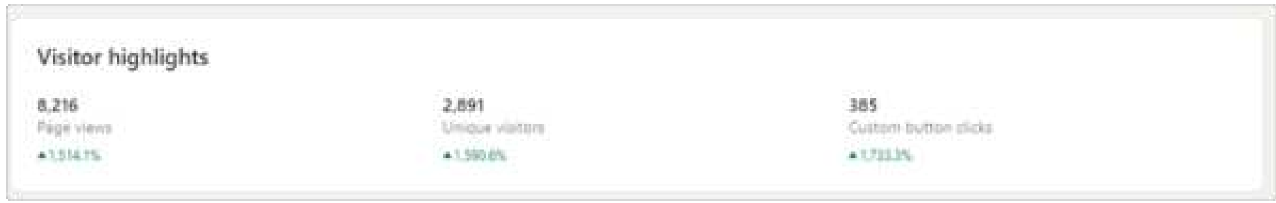
BRANDING BOTSWANA

A glistening diamond in the desert sand; that's the best metaphor for Botswana's economic fortunes, present and future. Our job at BITC is to show the world that Botswana is a phenomenal, secure and valuable destination for their investment. It is imperative for nations to project a positive image and reputation to influence their economic attractiveness to attract FDI, and we are up to the task. We aggressively pursue the national goals of making Botswana a high-income economy by 2036 by showing investors how Botswana is the best-fit investment partner in the entire developing world. During the 2021-2022 financial year, COVID-19 forced the organisation to scale down physical stakeholder engagement. Our agility enabled us to swiftly and positively exploit technology to maintain high levels of business continuity through the crisis. We tapped into the strength of our corporate relationships to host impactful stakeholder-centric events to amplify brand awareness.

Taking BITC to the people - Akola Botswana campaign

A few years ago, we conceived Akola Botswana marketing campaign to boost brand awareness and presence on social media, radio and television. The campaign was focused on ensuring that more Batswana appreciate BITC's service offering through BITC-assisted companies testimonials. The quality of testimonials proved to be a powerful strategic resource and became our social proof affirming our credibility. Data gathered from the social media intelligence report analyzing the 2021-2022 instalment of the campaign points to a resounding success as shown in the extracts below.

LinkedIn:



Engaging the Media

BITC has spent the last ten years positioning and promoting Botswana as the best place to visit, live and invest in. Our country's brand image and reputation as portrayed by the local and international media have a direct bearing on how investors make decision on where to locate. For this reason, the media continues to be a critical stakeholder in safe guarding perceptions about our country.

To achieve set goals, our brand management efforts include holistic media engagement to promote our value proposition and to communicate our achievements and milestones. Our participation at Expo 2020 in Dubai stimulated and generated immense international interest and press impressions.

International Marketing / Media Promotions

Understanding the value of information in the nation branding context, we intensified marketing promotions and placements on targeted digital platforms such as BBC World, Al Jazeera network, The Economist, The New Jeweler and Bloomberg. Our placements were a remarkable success, reaching an audience of close to 2.5 million. Interacting with BITC content on the BITC, Brand Botswana and A re Kopaneng websites pooled 11 773 interactions.

#PushaBW Bridges Gaps To Drive Growth

A very significant milestone in the past 10 years was the launch of the #PushaBW campaign, a Brand Botswana driven marketing campaign aimed at encouraging Batswana to actively participate in the local economy. Since 2018, the campaign has gone from strength to strength, with sub-campaigns that speak to key messages in the campaign.

In further advancing the campaign the organization carried out a national SMME capacity building roadshow to address the disconnect between local producers and retailers. The key focus for bringing producers and retailers together was to drive awareness of retailer listing requirements. Brand Botswana partnered with local retailers to execute the #PushaBW SMME Expo Roadshow, covering eight (8) locations around the country (Gaborone, Tsabong, Hukuntsi, Palapye, Francistown, Maun, Ghanzi, Kasane and Selebi Phikwe),and featuring close to 500 businesses across the spectrum of sectors, predominantly in manufacturing and agriculture. Through the campaign, we facilitated beneficial conversations and understanding for local SMME suppliers seeking distribution on securing retailers' support to list their products.

The campaign also continued its drive to create awareness of available local products that have listed with retailers. This aspect of the campaign saw Brand Botswana initiate instore branding to

ensure visibility of local products available for sale in some of the local stores. So far branding has been completed at Trans Africa Cash and Carry, Square Mart and Fours Cash and Carry in Gaborone, with more stores being engaged for branding.

Beyond buying products, another urgent component of the PushaBW initiative is quality customer service. Understanding that the true cost of poor customer service is damaged reputation and compromised economic growth, BITC conceived a national service campaign to influence change.

The campaign steered under the ambit of the #PushaBW banner, prioritised messages aimed at closing gaps in the levels and quality of customer care in different sectors of the economy.

The campaign was the brainchild of a tripartite partnership that included the Botswana National Productivity Centre (BNPC) and Botswana Public Service College (BPSC). High on the agenda was to inculcate traits and attitudes essential to building a strong service culture among all categories of workers and service providers.

Our engagements are highlighted below;

Initiative/Project	Stakeholder(s)
National SMME Roadshow	WIBA, Orange Botswana, CEDA, LEA BOBS, Palapye Sub-DistrictCouncil,major local retailers, local producers. Nako Time Pieces, Consumer and Competition Authority
Re-branding and re-launch of BOISA identity	Botswana Informal Sector Association
Official opening of the Neo Hub	The Neo Hub
Official opening of Kazungula Bridge Project	Ministry of Transport and Communications
Launch of e-Visa platform	Ministry of Nationality and Immigration
Kimberley Process Secretariat Bid	Ministry of Minerals and Energy
Hosting of SADC Parliamentary Forum	Botswana National Assembly
National Service Campaign	Botswana National Productivity Centre
Atheletes Capacitation workshops	Botswana National Olympic Committee and Botswana National Sports Commission
Oxford Business Group Botswana promotional campaign	SEZA

Corporate Social Responsibility

In creating more sustainable impact in the community it serves, the Centre this year further extended its Corporate Social Responsibility efforts by facilitating a BITC assisted company in the development of a newly built clinic in Kedia Village. The Centre also donated U-Masks to the Gaborone City Council Ipelegeng Project and also donated teaching and learning aids to the Dyslexia Association of Botswana.

Stakeholder Engagements

Through various engagements and partnerships, Brand Management has been able to foster the growth of the #PushaBW campaign, execute key CSR initiatives and drive the overall brand mandate. Stakeholders continue to serve as one of the significant pillars in the execution of Brand Management initiatives. It is for this reason that Brand Management continues to foster new relationships as well as nurture existing ones with different stakeholders, both public and private.

Customer Service

The measure of our success is for our customers to experience that our projected image matches the real image at first contact once they engage with our brand at any touch point.

We infuse our corporate values of high-quality customer care throughout investor interactions with our people, processes and technology at all stages of the investment life cycle. Delivering excellent services to potential investors will enhance our ability to optimise and build long-term, beneficial relationships to attract and facilitate the entry and establishment of companies.

Voice of the Customer

BITC continuously deploys tools/processes to capture the voice of the customer as a critical component in understanding customer needs, requirements, and expectations to inform our service improvement strategies.

In the past year, we monitored customer satisfaction through a monthly dip-stick survey targeting clients who recently interacted with us at various service touchpoints.

The average customer satisfaction score achieved for the year is 81.5%, slightly below the 85% best practice score. It is our resolve to accept the opportunity to address the service gaps noted and continuously invest in improving customer satisfaction beyond the set target.

Consolidated

Annual Financial Statements

for the year ended 31 March 2022

BOTSWANA INVESTMENT & TRADE CENTRE

04 Financials

CONTENTS	PAGE

The following supplementary information does not form part of the consolidated annual financial statements and is unaudited:

General Information

Country of incorporation and domicile
Botswana

Nature of business and principal activities
Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand

Directors

Mr. Terence Dambe-Chairperson	(Until 31 January 2022-Retired)
Ms. Palesa Audrey Semele-Acting Chairperson	(From 1 February 2022)
Ms. Ellen L. Richard-Madisa	(Until 30 October 2021-Retired)
Mr. Bakang Palai	(Until May 2023)
Ms. Enele Gomolemo Madikgetla	(Until 31 May 2023)
Mr. Tebo Motswagae	(For the tenure of his office)
Mr. Lesang Magang	(Until 31 January 2024)
Ms. Macie Keneilwe Molebatsi	(Until 31 January 2024)
Mr. Keletsositse Olebile-Chief Executive Officer	

Registered office
Plot 54351, Exponential Building
Central Business District (CBD)
Gaborone

Postal address
Private Bag 00445
Gaborone

Bankers
Standard Chartered Bank Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
First National Bank of South Africa Limited
Bank of India Limited
Barclays Bank PLC, UK
Bank Gaborone Limited
African Alliance Botswana Limited

Auditors
Grant Thornton
Chartered Accountants
Member firm Grant Thornton International

Presentation currency
Botswana Pula (P)

Statement of responsibility by the Board of Directors for the year ended 31 March 2022

The directors of Botswana Investment and Trade Centre are responsible for the consolidated annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of consolidated annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Investment and Trade Centre Act, 2011.

The Botswana Investment and Trade Centre ("Group") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Group's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Trade and Industry.

Our external auditors conduct an examination of the consolidated annual financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The consolidated annual financial statements set out on pages 9 to 49 and supplementary information on pages 50 to 51 were authorised for issue by the Board of Directors on 14 September 2022 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director

Director

GrantThornton

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P.O. Box 1157
Gaborone Botswana

T +267 395 2313
F +267 397 2357

linkedin.com/company/Grant-Thornton-Botswana
twitter.com/GrantThorntonBW

Independent Auditor's Report

To the directors of Botswana Investment and Trade Centre

Opinion

We have audited the Consolidated Annual Financial Statements of Botswana Investment and Trade Centre (the Centre) and its subsidiary (the group) set out on pages 110 to 139 which comprise the consolidated statement of financial position as at 31 March 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements give a true and fair view of, the financial position of Botswana Investment and Trade Centre as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated annual financial statements section of our report. We are independent of the Centre in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of consolidated annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (continued)

Other matter

The consolidated annual financial statements of the Centre for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on the 29th of September 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
Valuation of the investment property The Centre's significant assets are the investment properties. The values of these properties are determined using valuation experts in the field of real estate valuations. Significant judgement is required to determine the fair value of investment property, especially with respect to determination of appropriate capitalization rates and net cash flows. We considered the valuation of these assets to be a matter of most significance to the current year audit due to magnitude of balances combined with significant assumptions associated with determining the fair values.	Experts appointed by the management determined the fair values of the external properties. We assessed the competence and capabilities of the valuer by verifying qualifications and experience. We held discussions with these experts to gather an understanding of the various inputs, assumptions, estimates and process used in arriving at the values. We compared the valuation approach used by the valuer against IFRS requirements and Industry norms to confirm that the methodology was appropriate. The valuation method was comparable to those typically used in the market. We verified on a sample basis the underlying data used by the valuers, significant ones being rental income, escalation terms and lease periods. We compared the capitalization rates utilized in the valuation to rates used in historical valuations, general market factors (such as comparable bond yield rates) and property specific risk factors. These inputs were found to be within a reasonable range. Our audit procedures have resulted in appropriate audit evidence with regards to the values of the investment properties.

Independent Auditor's Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Investment and Trade Centre consolidated annual financial statements for the year ended 31 March 2022", which includes the Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial Statements, the directors are responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

GT

Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit firm of Public Interest Entity)
Botswana Institute of Chartered Accountants membership number: MeFBW11012 (Audit and Non-Audit)

Partners
Kalyanaraman Vijay (Managing), Dinesh Mallan (Deputy Managing)*, Aswin Vaidyanathan*, Madhavan Venkatachary*, Anthony Quashie, Sunny Mulakulam*, Aparna Vijay* (*Indian)

Independent Auditor's Report (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with section 19 (3) of the Botswana Investment and Trade Centre Act, 2011 (the Act) we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors.
- The accounts and related records of the Centre have been properly maintained.
- The Centre has complied with all financial provision of the Act with which it is the duty of the Center to comply with.
- The financial statements of the Center were prepared by the Centre on the basis that is consistent with that of the preceding year.

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Grant Thornton
Firm of Certified Auditors
Practicing member: Madhavan Venkatachary (CAP 0017 2022)

19 SEP 2022

Gaborone

Consolidated Statement of Comprehensive Income
for the year eneded 31 March 2022

Figures in Pula	Note(s)	2022	2021
Revenue	3	107 726 807	84 153 936
Other income	4	1 568 740	2 384 925
Investment property fair value adjustment	5	2 641 029	9 960 591
Administrative expenses	6	(113 150 473)	(98 130 781)
Operating (deficit)/surplus for the year	**6**	**(1 213 897)**	**(1 631 329)**
Finance income	14	1 354 237	2 681 678
Finance costs	15	(2 336 514)	(2 030 462)
Deficit for the year		**(2 196 174)**	**(980 113)**
Other comprehensive income		-	-
Total comprehensive deficit for the year		**(2 196 174)**	**(980 113)**

Consolidated Statement of Financial Position
as at 31 March 2022

Figures in Pula	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	16	5 868 424	5 727 218
Right-of-use assets	17	25 955 840	24 099 500
Investment property	18	288 161 016	285 696 145
Operating lease asset	20	3 024 113	2 453 855
		323 009 393	**317 976 718**
Current Assets			
Trade and other receivables	21	5 921 529	5 353 412
Cash and cash equivalents	22	62 720 929	61 810 819
		68 642 458	**67 164 231**
Total Assets		**391 651 851**	**385 140 949**
Funds and Liabilities			
Funds and reserves			
Reserves		68 518 164	68 518 164
General fund		135 454 339	137 650 508
Total funds		203 972 503	206 168 672
Liabilities			
Non-Current Liabilities			
Lease liabilities	17	25 274 527	21 739 210
Government Capital Grants	24	138 715 009	138 573 168
		163 989 536	160 312 378
Current Liabilities			
Trade and other payables	23	20 291 531	14 988 329
Lease liabilities	17	3 398 281	3 671 570
		23 689 812	18 659 899
Total Liabilities		187 679 348	178 972 277
Total Funds and Liabilities		391 651 851	385 140 949

Consolidated Statement of Changes in Funds
for the year ended 31 March 2022

Figures in Pula	Revaluation reserve	General fund	Total equity
Balance at 1 April 2020	**-**	**138 630 621**	**138 630 621**
Deficit for the year	-	(980 113)	(980 113)
Other comprehensive income	68 518 164	-	68 518 164
Total comprehensive deficit for the year	**68 518 164**	**(980 113)**	**67 538 051**
Balance at 1 April 2021	**68 518 164**	**137 650 513**	**206 168 677**
Deficit for the year	-	(2 196 174)	(2 196 174)
Total comprehensive deficit for the year	**-**	**(2 196 174)**	**(2 196 174)**
Balance at 31 March 2022	**68 518 164**	**135 454 339**	**203 972 503**

Note(s)

Consolidated Statement of Cash Flows
for the year ended 31 March 2022

Figures in Pula	Note(s)	2022	2021
Cash flows from operating activities			
Cash utilised from operations	25	6 508 712	(4 175 305)
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2 061 588)	(1 231 401)
Proceeds on sale of property, plant and equipment		-	500 635
Interest Income		1 889 397	1 922 073
Net cash from investing activities		**(172 191)**	**1 191 307**
Cash flows from financing activities			
Government capital grants received		1 534 202	1 231 403
Payment on lease liabilities		(4 211 635)	(4 945 750)
Finance costs - on lease liabilities		(2 336 514)	(2 030 462)
Net cash from financing activities		**(5 013 947)**	**(5 744 809)**
Total cash movement for the year		**1 322 574**	**(8 728 807)**
Cash at the beginning of the year		61 810 819	69 911 170
Effect of exchange rate movement on cash balances		(412 464)	628 456
Total cash at end of the year	22	**62 720 929**	**61 810 819**

Accounting Policies

General Information

The Botswana Investment and Trade Centre ("BITC") was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand. The address of its registered office is Plot 54351, Exponential Building, Central Business District, Gaborone. The Group is domiciled and incorporated in Botswana. The Group is wholly owned by the Government of Botswana.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Botswana Investment and Trade Centre Act, 2011.

The consolidated annual financial statements have been prepared on the historical cost convention as modified by the revaluation of investment properties, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the group's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the company and its subsidiary. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when the BITC is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

The subsidiary was incorporated as a company not having a share capital, and therefore BITC does not carry amount reflected as investment in subsidiary.

Subsidiary has a 31 March year end and applies uniform accounting policies for like transactions .

Transactions between the subsidiary and BITC are eliminated.

Accounting Policies (continued)

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

BITC adopted IFRS 9 Financial Instruments ("IFRS 9") to measure the Expected Credit Losses (ECLs) for the first time in the 2019 reporting period. BITC applies the simplified approach and recognises lifetime ECL for trade receivables.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Refer to Note 3 (b) for details.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
• Choosing appropriate models and assumptions for the measurement of ECL.
• Establishing groups of similar financial assets for the purposes of measuring ECL.

Useful lives of property, plant and equipment

The Group follows the guidance of IAS16 (revised) and determines the residual values and useful lives of assets at each statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the statement of financial position date and the practice adopted by similar organisations.

Treatment of grant received from related parties

Taking into account its nature and substance, the Group considers amounts that it receives from the Government to fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In reaching this conclusion, the Group considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Group recognises the amounts received in accordance with the accounting policy as included in Note 1.11.

Accounting Policies (continued)

1.3 Significant judgements and sources of estimation uncertainty (continued)

Investment properties

The Group follows the fair value model as per IAS 40 in recognising and measuring investment properties and determines the fair values at the statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

Management used independent professional valuer in valuing the investment property. The fair value of investment property was determined using the valuation techniques discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and income capitalisation based on unobservable inputs which categorise the valuation of investment property as Level 3 in terms of fair value hierarchy. Key assumptions and estimates underlying these valuation techniques are capitalisation rate, market value per square meter, build rate per square meter, discount rate and rent escalation rate. Refer to Note 30 for further details.

Incremental borrowing rate, lease renewal and termination options

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The average lease term for recognised leases ranges from two to six years. The Group also applied judgement in determining the incremental borrowing rates depending on the different geographical locations. The incremental borrowing rates used for Botswana 7.25% (prime plus 2%), South Africa 12.25% (prime plus 2%), United Kingdom 3.75% (prime plus 2%), India 11.4% (prime plus 2%). Refer to Note 13 for further details.

1.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold/leasehold land and buildings. Properties under operating lease are classified as investment properties only if they meet recognition criteria. Investment property is measured initially at its cost, including related transaction costs.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Fair value

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices, gross replacement cost, capitalised income on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property that is being redeveloped for continuing use as investment property for which the market has become less active continues to be measured at fair value.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices, gross replacement cost, capitalised income on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property that is being redeveloped for continuing use as investment

1.4 Investment property (continued)

property for which the market has become less active continues to be measured at fair value. If the fair value of investment property under construction is not determinable, it is measured at cost until construction is complete.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values are recorded in the statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property under construction and stated at cost until construction or development is complete.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income.

1.5 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

1.5 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings		50 years
Leasehold improvements		10 years
Household furniture		5 years
Furniture and fixtures		10 years
Motor vehicles		6 years
Office equipment		10 years
Computer equipment		5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 29 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

1.6 Financial instruments (continued)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 21).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 14).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in fair value gains (losses) (note 5).

1.6 Financial instruments (continued)

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 21).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 21.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 6).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 21) and the financial instruments and risk management note (note 29).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Trade and other payables

Classification

Trade and other payables (note 23), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

1.6 Financial instruments (continued)

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 15).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the fair value gains (losses) (note 5).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 29).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Accounting Policies (continued)

1.6 Financial instruments (continued)

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 6) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting Policies (continued)

1.7 Leases (continued)

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 17 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the group under residual value guarantees.
- the exercise price of purchase options, if the group is reasonably certain to exercise the option.
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 17).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 15).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Accounting Policies (continued)

1.7 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability.
- any lease payments made at or before the commencement date.
- any initial direct costs incurred.
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories, and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.8 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Accounting Policies (continued)

1.8 Impairment of assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Funds and reserves

Funds and reserves - Funds and reserves evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Other components of funds and reserves include the following:
- **General fund -** General fund includes all current and prior period retained (deficit)/surplus.
- **Revaluation reserve –** comprises of gains and losses from the revaluation of land and buildings.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Accounting Policies (continued)

1.11 Government grants

Grants related to income are presented as a credit in the profit or loss (separately).

Government grants are assistance by Government in the form of transfers of resources to the Group in return for compliance with certain conditions relating to the operating activities of the Group.

Government subventions relating to a particular period are recognised in the statement of comprehensive income in the respective period when there is a reasonable assurance that the subventions will be received.

Grants from the Government are initially recognised to unspent grants under current liabilities in the statement of financial position, once there is reasonable assurance that the Group will comply with the conditions attaching to them (as applicable) and it is reasonably assured that the grant will be received.

Grants received for specific expenses are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Grants received for which the related expense have not been incurred remain included in current liabilities as unspent grants received from Government.

Grants received for the acquisition of property, plant and equipment ("capital assets") are transferred from unspent grants to capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income. Grants received for which assets have not been purchased, remain included in current liabilities as unspent grants received from Government.

1.12 Revenue

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration. The Group expects to receive in exchange for the services. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

- **Rental income**
  Rental income from operating leases is recognised on a straight-line basis over the lease term. Monthly rentals are payable in 30 days from the date of invoice.

- **Interest income**
  Interest income is recognised on a time-proportion basis using the effective interest method.

- **Global expo income**
  Global expo income from sale of exhibition space is recognized on a time-proportion using invoice date.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate.
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using

Accounting Policies (continued)

1.13 Translation of foreign currencies (continued)

the exchange rate at the date of the transaction, and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions, and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of .

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.14 Related parties

A party is deemed related to the Group if they are directors of the Group. Related party transactions are disclosed in note 28 to the financial statements.

Notes to the Consolidated Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements . The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform. The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements . The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements . The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements .

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements. The impact of the amendment is not material.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- any reduction in lease payment affects only payments originally due on or before 30 June 2021 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 1 June 2020.

The group has adopted the amendment for the first time in the 2022 consolidated annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2022 or later periods:

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

2.2 Standards and interpretations not yet effective (continued)

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt the amendment for the first time in the 2024 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements
It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 1 January 2022.

2.2 Standards and interpretations not yet effective (continued)

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Figures in Pula	Note(s)	2022	2021
3. Revenue			
Government Subvention		86 009 758	64 841 182
Rental income		21 717 049	19 312 754
		107 726 807	**84 153 936**
Government subvention			
Subvention received for the year		87 543 960	66 072 585
Less: Capital grants for the year		(1 534 202)	(1 231 403)
		86 009 758	**64 841 182**
4. Other income			
Amortisation of Government capital grant		1 392 361	1 279 821
Sundry income		176 379	255 992
Profit on disposal of property plant and equipment		-	495 327
Gain on modification of lease liability		-	353 785
		1 568 740	**2 384 925**
5. Fair value gains (losses)			
Gains on disposals			
Right-of-use assets	17	176 158	-
Fair value gains (losses)			
Investment property	18	2 464 871	9 960 591
Total other operating gains (losses)		**2 641 029**	**9 960 591**

Figures in Pula		2022	2021

6. Operating profit (loss)

Operating (deficit)/surplus for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

The public relation expenses, export promotion expenses, investment promotion expenses, research expenses and other operating expenses are analysed by nature as follows:

		2022	2021
Staff costs	7	57 858 958	58 214 866
Rent expense		658 646	495 179
Depreciation expense	8	6 881 930	7 209 048
Administrative expenses	13	29 062 596	26 244 234
Investment promotion expenses	11	1 929 406	1 343 135
Export promotion expenses	10	1 121 964	522 929
Public relation expenses	9	12 640 190	2 045 920
Research expenses	12	2 996 783	2 055 470
		113 150 473	**98 130 781**

7. Employee costs

	2022	2021
Employee costs		
Basic salaries	40 483 334	37 056 134
Staff welfare and recreation	389 966	330 214
Training	665 710	619 464
Medical aid	1 814 697	1 634 411
Company contribution and tax	388 689	(277 944)
Security allowance	36 000	144 000
Car allowance	892 242	3 061 826
Leave pay provision	1 854 324	1 817 375
Foreign service allowance	2 003 764	2 014 612
Overtime and entertainment allowances	150 722	434 349
Utilities	280 510	959 660
Recreational allowance	77 517	94 995
Pension contributions	3 926 277	3 328 264
Housing allowance	910 896	3 133 936
Gratuity	3 984 310	3 863 570
	57 858 958	**58 214 866**

Figures in Pula	Note(s)	2022	2021

8. Depreciation, amortisation and impairment losses

Depreciation			
Property, plant and equipment		1 392 361	1 274 514
Right-of-use assets		5 489 569	5 934 534
		6 881 930	**7 209 048**

9. Public relation expenses

Advertising		1 795 718	979 344
Corporate social responsibility		194 443	185 761
Exhibitions		10 133 485	400 570
Gifts and donations		-	1 498
Publications		417 471	447 115
Promotions material		99 073	31 632
		12 640 190	**2 045 920**

10. Export promotion expenses

Export promotion		976 052	306 118
Export development		145 912	216 811
		1 121 964	**522 929**

11. Investment promotion expenses

Investment promotion		1 923 134	1 342 014

12. Research expenses

Market intelligence		2 135 169	1 976 742
Strategic planning		861 614	78 728
		2 996 783	**2 055 470**

Figures in Pula	Note(s)	2022	2021

13. Administrative expenses

After care activities		161 662	29 049
Auditors remuneration - external auditors	6	383 824	642 392
Provision for loss allowance - trade debtors		1 901 753	925 189
Bank charges		92 104	77 920
Board activities		224 976	60 084
Cleaning		757 708	728 146
Computer expenses		4 822 193	3 589 231
Professional and legal fees		3 788 593	3 357 178
Directors fees		144 585	197 090
Entertainment		54 416	51 435
Global expo expenses		1 672 328	3 502 351
Insurance		760 832	1 135 387
Motor vehicle expenses		265 761	239 719
Office equipment lease		359 287	430 324
Office expenses		295 219	220 580
Branding		5 656 430	4 909 882
Property maintenance		1 480 511	1 164 169
Rates		276 172	560 053
Stationary		220 174	23 333
Security		671 342	716 495
Subscriptions		85 559	59 637
Seminars and conferences		25 992	16 577
Telephone		1 640 893	1 417 331
Transport, travel and subsistence		867 465	626 991
Utilities		2 459 089	1 564 812
		29 068 868	**26 245 355**

14. Finance income

Interest income		
Investments in financial assets:		
Bank and other cash	1 889 397	1 922 073
Exchange losses	(535 160)	759 605
Total interest income	**1 354 237**	**2 681 678**

15. Finance costs

Lease liabilities	2 336 514	2 030 462

16. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	203 766	-	203 766	203 766	-	203 766
Leasehold property	7 371 285	(6 660 608)	710 677	7 282 044	(6 575 090)	706 954
Furniture and fixtures	2 487 883	(2 071 083)	416 800	2 484 718	(2 006 778)	477 940
Motor vehicles	5 130 508	(3 319 450)	1 811 058	5 130 506	(2 667 135)	2 463 371
Office equipment	1 790 657	(913 457)	877 200	1 576 216	(971 292)	604 924
IT equipment	5 122 694	(4 221 582)	901 112	5 359 036	(4 214 672)	1 144 364
Household furniture	477 156	(179 494)	297 662	262 131	(136 232)	125 899
Capital - Work in progress	650 149	-	650 149	-	-	-
Total	**23 234 098**	**(17 365 674)**	**5 868 424**	**22 298 417**	**(16 571 199)**	**5 727 218**

Notes to the Consolidated Annual Financial Statements

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Land	Leasehold property	Furniture & fixtures	Motor vehicles	Office equipment	It equipment	Household furniture	Capital work in progress	Total
Opening balance									
Cost	203 766	7 282 044	2 484 718	5 130 506	1 576 216	5 359 036	262 131	-	22 298 417
Accumulated depreciation and impairment	-	(6 575 090)	(2 006 778)	(2 667 135)	(971 292)	(4 214 672)	(136 232)	-	(16 571 199)
Net book value at 01 April 2021	**203 766**	**706 954**	**477 940**	**2 463 371**	**604 924**	**1 144 364**	**125 899**	**-**	**-**
Additions	-	46 511	47 182	527 382	380 070	195 269	215 025	650 149	2 061 588
Disposals at cost	-	(112 000)	-	-	(165 628)	(431 611)	-	-	(709 239)
Transfers (to) and from	-	112 000	(46 450)	-	115 668	-	-	-	181 218
Depreciation	-	(42 788)	(61 872)	(1 179 695)	(57 834)	(6 910)	(43 262)	-	(1 392 361)
Net book value at 31 March 2022	**203 766**	**710 677**	**416 800**	**1 811 058**	**877 200**	**901 112**	**297 662**	**650 149**	**5 868 424**
Made up as follows:									
Cost	203 766	7 371 285	2 487 883	5 130 508	1 790 657	5 122 694	477 156	650 149	23 234 098
Accumulated depreciation	-	(6 660 608)	(2 071 083)	(3 319 450)	(913 457)	(4 221 582)	(179 494)	-	(17 365 674)
	203 766	**710 677**	**416 800**	**1 811 058**	**877 200**	**901 112**	**297 662**	**650 149**	**5 868 424**

Notes to the Consolidated Annual Financial Statements

16. Property, plant and equipment (continued)

	Land	Leasehold Property	Furniture & fixtures	Motor vehicles	Office Equipment	It equipment	Household furniture	Total
Opening balance								
Cost	203 766	789 730	485 061	2 103 046	632 417	1 429 768	131 851	5 775 639
Net book value at 01 April 2020	**203 766**	**789 730**	**485 061**	**2 103 046**	**632 417**	**1 429 768**	**131 851**	**5 775 639**
Additions	-	-	53 886	943 821	71 249	152 274	10 171	1 231 401
Disposal at cost	-	(183 967)	(915 330)	(1 107 655)	(153 495)	(2 156 861)	(81 040)	(4 598 348)
Depreciation on disposals	-	183 967	915 330	1 107 655	153 495	2 151 553	81 040	4 593 040
Depreciation	-	(82 776)	(61 007)	(583 496)	(98 742)	(432 370)	(16 123)	(1 274 514)
Net book value at 31 March 2021	**203 766**	**706 954**	**477 940**	**2 463 371**	**604 924**	**1 144 364**	**125 899**	**5 727 218**
Made up as follows:								
Cost	203 766	7 282 044	2 484 718	5 130 506	1 576 216	5 359 036	262 131	22 298 417
Accumulated depreciation	-	(6 575 090)	(2 006 778)	(2 667 135)	(971 292)	(4 214 672)	(136 232)	(16 571 199)
	203 766	**706 954**	**477 940**	**2 463 371**	**604 924**	**1 144 364**	**125 899**	**5 727 218**

Figures in Pula	2022	2021
17. Right-of-use asset		
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are included in the following line items:		
Buildings	25 955 840	24 099 500
Cost		
Opening balance	31 091 269	29 856 896
Additions	8 149 960	23 247 092
Lease modifications	375 054	(22 012 719)
	39 616 283	**31 091 269**
Accumulated depreciation		
Opening balance	(6 991 769)	(6 137 093)
Depreciation for the year	(5 533 892)	(5 934 534)
Lease modifications	(1 134 782)	5 079 858
	(13 660 443)	(6 991 769)
Cash outflow - payments of lease liability	(6 548 152)	(6 976 212)
Other disclosures		
Interest expense on lease liabilities	2 336 514	2 030 462
Depreciation	5 169 864	5 934 534
Foreign currency exchange differences	-	(131 149)
Expense relating to short-term leases	658 646	495 179
Lease liabilities		
Reconciliation of lease liability		
Lease liability - opening balance	25 410 780	24 527 232
Additions	8 149 960	23 247 092
Recognition of interest expense	2 336 514	2 030 462
Settlement through payments	(6 548 152)	(6 976 212)
Lease modifications*	(551 293)	(17 286 645)
Foreign exchange differences	(125 001)	(131 149)
	28 672 808	**25 410 780**
The maturity analysis of lease liabilities is as follows:		
Within one year	5 939 243	5 490 670
Two to five years	24 491 464	26 072 952
More than five years	7 531 797	-
	37 962 504	31 563 622
Less finance charges component	(9 289 696)	(6 152 842)
	28 672 808	**25 410 780**
Non-current liabilities	25 274 527	21 739 210
Current liabilities	3 398 281	3 671 570
	28 672 808	**25 410 780**

17. Right-of-use asset (continued)

*Lease modifications relate to changes in lease contract terms and conditions adopted in current year.

During the year, a lease addendum was issued to the existing rental agreement relevant to Exponential Building to extended the rental period from 1 October 2021 to 30 September 2023 and reducing the rent escalation from 8% per annum to 6% per annum. Further the month rental was reduced from P 316,663 per month to P 302,515 per month.

Details of leases considered for the IFRS 16 calculation

Name of landlord	Location	Purpose
Exponential Investments Limited	Botswana	Office Building
The Far Property Company Limited	Plot 903, Francistown	Office Building
Growthpoint Properties	Sandton 2146, South Africa	Office Building
SND Property Limited	57 Golders Green Road, London, United Kingdom	Residential
Master Engineering	Plot 903, Francistown	Office Building
Mr. Anil Rajput	B3/20, Vasant Vihar, New Dehli, India	Residential

18. Investment property

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	288 161 016	-	288 161 016	285 696 145	-	285 696 145

Figures in Pula	2022	2021
Reconciliation of investment property		
		Investm ent property
Cost		
At 1 April 2020		275 735 554
Fair value adjustments		10 150 000
Rental straight-line adjustment		(189 409)
At 31 March 2021		**285 696 145**
Additions resulting from capitalised subsequent expenditure		1 150 000
Fair value adjustments		1 314 871
At 31 March 2022		**288 161 016**

Notes to the Consolidated Annual Financial Statements

18. Investment property (continued)

Figures in pula	2022	2021
Carrying amount		
Fair value		285 696 145
At 31 March 2021		**285 696 145**
Cost		288 161 016
At 31 March 2022		**288 161 016**

Details of valuation

The Group's investment properties were revalued on 31 March 2022 by an independent professionally qualified valuer with experience in property valuation in Gaborone, Cribs (Pty) Limited t/a Apex Properties. Valuations were based on unobservable inputs.

Refer to note 30 details of fair value information.

Amounts recognised in profit and loss for the year

Rental income from investment property	21 717 049	19 312 754
Rates	(255 480)	(560 053)
Property maintenance	(1 438 225)	(1 009 942)
insurance	(224 789)	(103 396)
	19 798 555	**17 639 363**

19. Investment in subsidiaries

Name of company	% voting power 2022	% voting power 2021
Botswana Investment and Trade Centre South Africa	100.00 %	100.00 %
Botswana Export Development and Investment Authority	100.00 %	100.00 %

Nature of the company
The subsidiary based in South Africa, was incorporated in 2000, as a company not having any share capital under the Companies Act of 1973 of South Africa. Core business of the entity is to promote investment into Botswana, promotion of products manufactured in the country for export and assist potential investors who want to invest in Botswana. The activities are 100% funded by BITC Botswana.

Notes to the Consolidated Annual Financial Statements

Figures in pula	2022	2021
20. Operating lease asset		
Non-current assets	3 024 113	2 453 855
21. Trade and other receivables		
Financial instruments:		
Trade receivables	6 994 730	5 444 395
Loss allowance	(6 108 904)	(4 228 378)
Trade receivables at amortised cost	885 826	1 216 017
Other receivables	954 898	684 430
Interest receivable	213 408	360 798
Non-financial instruments:		
Prepayments	3 867 397	3 092 167
Total trade and other receivables	**5 921 529**	**5 353 412**

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2 054 132	2 261 245
Non-financial instruments	3 867 397	3 092 167
	5 921 529	**5 353 412**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime expected credit loss)	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss
Expected credit loss rate:				
Not past due 44% (2021: 27%)	846 771	(376 644)	1 109 038	(297 500)
Less than 30 days past due: 55% (2021: 47%)	573 527	(313 757)	549 443	(257 095)
31 - 60 days past due: 77% (2021: 71%)	630 407	(484 279)	306 152	(216 434)
61 - 90 days past due: 96% (2021: 91%)	252 725	(242 924)	217 207	(194 794)
Over 91 days past due: 100% (2021: 100%)	4 691 300	(4 691 300)	3 262 555	3 262 555)
Total	**6 994 730**	**(6 108 904)**	**5 444 395**	**(4 228 378)**

Notes to the Consolidated Annual Financial Statements

21. Trade and other receivables (continued)

Figures in pula	2022	2021

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance in accordance with IFRS 9	**(4 228 378)**	**(3 303 189)**
Provision raised on new trade receivables	(1 880 526)	(925 189)
Closing balance	**(6 108 904)**	**(4 228 378)**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13 106	6 890
Cash at bank	18 488 905	7 401 460
Short-term deposits	44 218 918	54 402 469
	62 720 929	**61 810 819**

Cash and cash equivalents include P1,480,713 (2021: P1,389,539) attributable to countries where exchange controls or other legal restrictions apply (India and South Africa). Nevertheless, if the Group complies with relevant requirements , such liquid funds are at its disposal within a reasonable period of time.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is P62,720,930 (2021: P61,810,819)

Bank balances	62 707 823	61 803 929
Cash on hand	13 106	6 890
	62 720 929	**61 810 819**

Cash and cash equivalents denominated in foreign currencies		
UK Pounds	702 759	409 613
South African Rands	4 236 409	3 547 568
Indian Rupees	1 045 219	1 383 255
	5 984 387	**5 340 436**

Notes to the Consolidated Annual Financial Statements

Figures in pula	2022	2021
23. Trade and other payables		
Financial instruments:		
Trade payables	1 508 199	2 393 256
Staff accruals	6 451 740	6 091 335
Accrued expenses	1 951 738	2 780 069
Other payables	2 614 456	3 723 669
Sponsorship advances	7 765 398	-
	20 291 531	**14 988 329**

Exposure to currency risk

The net carrying amounts, in Pula, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

Pula Amount		
Pula	20 291 530	14 988 325

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to with regards to trade and other payables. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated trade and other payables and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

All trade and other payables are current liabilities, mature within 12 months and approximate their fair values.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

Figures in Pula	2022	2021

24. Government Capital Grants

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Balance at beginning of year	138 573 168	138 621 586
Grant received during the year	1 534 202	1 231 403
Amortisation during the year	(1 392 361)	(1 279 821)
	138 715 009	**138 573 168**

The Group receives capital grants from Government for financing its capital expenditure.

25. Cash generated from (used in) operations

Deficit for the year	(2 196 174)	(980 113)
Adjustments for:		
Depreciation	6 881 930	7 209 048
Profit on de-recognition of lease	(176 158)	-
Interest income	(1 354 237)	(2 681 678)
Finance costs	2 336 514	2 030 462
Fair value gains	(2 464 871)	(9 960 591)
Movements in operating lease assets and accruals	(570 258)	(189 409)
Gain on modification of lease liability	-	(353 785)
Amortisation of capital grant	(1 392 361)	(1 279 821)
Loss/(profit) on disposal of plant and equipment	709 239	(495 327)
Changes in working capital:		
Trade and other receivables	(568 117)	1 097 612
Trade and other payables	5 303 205	1 428 297
	6 508 712	**(4 175 305)**

Figures in Pula	2022	2021

26. Commitments

Operating leases – as lessor (income)

The Group has rented out properties under cancellable operating leases. The future minimum rent receivable under cancellable rent agreements are as follows:

Minimum lease payments due		
Not later than 1 year	6 517 433	18 295 178
-Later than one year but not later than 5 years	7 242 556	34 245 606
	13 759 989	**52 540 784**

27. Contingencies

The Group operates in numerous tax jurisdictions and the Group's interpretation and application of the various tax rules applied in direct and indirect tax filling may results in disputes between the Group and the relevant tax authorities. On 24 August 2021 South African Revenue Services (SARS) issued income tax assessments for years 2018 to 2020. Assessments included tax amounting to ZAR 2,303,402 (P 1,784,891), penalties amounting to ZAR 1,014,594 (P 786,202) and interest amounting to ZAR514,581 (P 398,745). Management is confident that there will be no tax liability arising since SARS has revised similar assessments issued previously on the grant income based on the section 10 (1(bA) of the Income Tax Act.

28. Related parties

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment Trade Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand.

Relationships	Nature of relationship
Government of Botswana	Ultimate parent entity
BITC South Africa	A 100% Botswana Investment and Trade Centre owned subsidiary

28. Related parties (continued)

Figures in Pula	2022	2021
Related party balances		
Transactions with the Ministry of Investment, Trade and Industry		
Grant income received for the year	87 543 960	66 072 585
Capital grants for the year	(1 534 202)	(1 231 403)
	86 009 758	**64 841 182**
Payments to directors		
Payments to directors	144 585	197 090
Key management compensation		
Key management allowances	5 833 722	4 159 627
Key management allowances	1 087 217	3 354 987
Key management gratuity and leave pay	1 881 679	2 017 516
	8 802 618	**9 532 130**

29. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2022

	Note(s)	Non-financial	Amortised cost	Total carrying amount	Fair value
Property, plant and equipment	19	5 868 424	-	5 868 424	-
Right-of-use asset	17	25 955 840	-	25 955 840	-
Investment property	8	288 161 016	-	288 161 016	288 161 016
Operating lease asset		3 024 113	-	3 024 113	-
Trade and other receivables	21	3 867 397	2 054 132	5 921 529	2 054 132
Cash and cash equivalents	22	-	62 720 929	62 720 929	62 720 929
		326 876 790	**64 775 061**	**391 651 851**	**352 936 077**

29. Financial instruments and risk management (continued)

2021

	Note(s)	Non-financial	Amortised cost	Total carrying amount	Fair value
Property, plant and equipment	19	5 727 218	-	5 727 218	-
Right-of-use asset	17	24 099 500	-	24 099 500	-
Investment property	18	286 696 145	-	286 696 145	286 696 145
Operating lease asset		2 453 855	-	2 453 855	-
Trade and other receivables	21	3 092 167	2 261 245	5 353 412	2 261 245
Cash and cash equivalents	22	-	61 810 819	61 810 819	61 810 819
		322 068 885	**64 072 064**	**386 140 949**	**350 768 209**

Categories of financial liabilities

2022

	Note(s)	Non-financial	Amortised cost	Total carrying amount	Fair value
Trade and other payables	23	-	20 291 531	20 291 531	20 291 531
Lease liabilites	17	-	22 029 075	25 029 075	21 823 712
Government capital grants	24	138 715 009	-	138 715 009	-
		138 715 009	**42 320 606**	**181 035 615**	**42 115 243**

2021

	Note(s)	Non-financial	Amortised cost	Total carrying amount	Fair value
Trade and other payables	23	-	14 988 330	14 988 330	14 988 330
Lease liabilites	17	-	25 410 780	25 410 780	25 410 780
Government capital grants	24	138 573 168	-	138 573 168	-
		138 573 168	**40 399 110**	**178 972 278**	**40 399 110**

29. Financial instruments and risk management (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefits for stakeholders and to minimise the use of debt capital. In order to maintain or adjust the capital structure the Group may adjust the assets or sell asset to reduce the debt.

The Group is funded by the Government and does not have external debt. Consistent with this objective the Group does not monitor capital on the basis of the gearing ratio.

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Financial assets of the Group, which are subject to credit risk, consist mainly of debtors and cash resources. The Group has policies in place to ensure that the premises are rented to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. No credit limits were exceeded during the reporting period.

BITC applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all short-term receivables. To measure the expected credit losses, short-term receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 31 March 2022 and 31 March 2021 are detailed in Note 21.

The maximum exposure to credit risk is presented in the table below:

		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	21	8 163 036	(6 108 904)	2 054 132	6 489 623	(4 228 378)	2 261 245
Cash and cash equivalents	22	62 720 929	-	62 720 929	61 810 819	-	61 810 819
		70 883 965	**(6 108 904)**	**64 775 061**	**68 300 442**	**(4 228 378)**	**64 072 064**

Notes to the Consolidated Annual Financial Statements

29. Financial instruments and risk management (continued)

The Group only deposit cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Group has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the statement of financial position date. The analysis of financial liabilities into relevant maturity groupings are based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2022		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Lease liabilities		-	24 491 464	7 531 797	32 023 261	25 274 527
Current liabilities						
Trade and other payables*		20 291 531	-	-	20 291 531	20 291 530
Lease liabilities		5 939 243	-	-	5 939 243	3 398 281
		(26 230 774)	**(24 491 464)**	**(7 531 797)**	**(58 254 035)**	**(48 964 338)**

2021		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Lease liabilities		-	26 072 952	-	26 072 952	21 739 210
Current liabilities						
Trade and other payables*	23	14 988 331	-	-	14 988 331	14 988 325
Lease liabilities		5 490 670	-	-	5 490 670	3 671 570
		(20 479 001)	**(26 072 952)**	**-**	**(46 551 953)**	**(40 399 105)**

*Excluding statutory liabilities

29. Financial instruments and risk management (continued)

Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to South African Rand, Indian Rupee and UK Pounds.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Group does not have significant investments in foreign currencies. Foreign currency bank accounts are maintained by the branches in South Africa, India and UK.

Exposure in Pula

The net carrying amounts, in Pula, of the various exposures, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amounts at the closing rate at the reporting date:

British Pound exposure			
Current assets:			
Cash and cash equivalents	22	702 759	409 613
Indian Rupee exposure:			
Current assets:			
Cash and cash equivalents	22	1 045 219	1383 255
South African Rand exposure:			
Current assets:			
Cash and cash equivalents	22	4 236 409	3 547 568
Net exposure to foreign currency in Pula		**5 984 387**	**5 340 436**

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 March 2022, if the currency had weakened / strengthened by 1% against the UK pound with all other variables held constant, surplus for the year would have been P 7 028 (2021: P4,096) higher / lower, mainly as a result of foreign exchange gain or loss on translation of UK pound-denominated accrued expenses and bank balances.

At 31 March 2022, if the currency had weakened / strengthened by 1% against the South African Rand with all other variables held constant, surplus for the year would have been P 42 364 (2021: P35,413) higher / lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

29. Financial instruments and risk management (continued)

At 31 March 2022, if the currency had weakened / strengthened by 1% against the Indian Rupee with all other variables held constant, surplus for the year would have been P 10 452 (2021: P13,833) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

The Group has no long-term significant interest-bearing assets. The grant is deposited in short-term deposits until it is used for the purpose for which the grant is received from the Government.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 March 2022, if interest rates on short-term deposit had been 1% higher / lower with all other variables held constant, excess of expenditure over income for the year would have been P188 940 (2021: P618,039) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

Price risk

The Group is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk, and residual value risk.

30. Fair value information

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards - IFRS 13.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2: Valuation technique using observable inputs - Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

30. Fair value information (continued)

Figures in Pula	Note(s)	2022	2021

Level 3: Valuation technique using significant and unobservable inputs - Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The Group considers relevant and observable market prices in its valuations where possible.

At 31 March 2021, investment properties with a total carrying amount of P 288,161,016 (2021 P258 696 145) valued using Discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and Income capitalization was based significant Level 3 unobservable inputs.

30. Fair value information (continued)

Levels of fair value measurements
Level 3

Recurring fair value measurements			
Assets			
Investment property	18		
Investment property		288 161 016	285 696 145
Total		**288 161 016**	**285 696 145**

Buildings which are currently classified as non-current assets held for sale have been recognised at fair value less costs to sell because the assets fair value less costs to sell is lower than its carrying amount.

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Fair value	Straight-line adjustment	Closing balance
2022					
Assets					
Investment property	18				
Investment property		285 696 145	2 750 000	(285 129)	288 161 016
Total		**285 696 145**	**2 750 000**	**(285 129)**	**288 161 016**

30. Fair value information (continued)

	Note(s)	Opening balance	Fair value	Straight-line adjustment	Closing balance
2021					
Assets					
Investment property	18				
Investment property		275 735 554	10 150 000	(189 409)	285 696 145
Total		**275 735 554**	**10 150 000**	**(189 409)**	**285 696 145**

Information about valuation techniques and inputs used to derive level 3 fair values

Investment property - shopping malls

For investment properties with a total carrying amount of P285,696,145 (2021: P285,696,145), the valuation was determined using discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and Income capitalisation based on significant Level 3 unobservable inputs.

	Range of unobservable inputs	
	2022	**2021**
Market value per square meter	P3 400 - P11 600	P3 400 - P11 600
Build rate per square meter (weighted average)	4 628	4 628
Capitalisation rate	9-10%	9-10%
Discount rate	9-10%	9-10%
Rent escalation rate	10%	10%

Unobservable inputs	Estimate
Capitalisation rates	based on the data relating to recently transacted properties duly Capitalisation rate adjusted to reflect the subject asset's uniqueness;
Direct comparable sales	based on actual location, size and quality of the properties and taking Market value per sq into account market data at the valuation date;
Discounted cash flows	reflecting current market assessments of the uncertainty in the amount Discount rate and timing of cash flows; and
Future rental cash flows	based on the actual location, type and quality of the properties and Rent escalation rate external evidence such as current market rents for similar properties;
Build rate	the current market cost of reproduction or replacement of an asset Build rate per sq specific to the nature of the property, components and structure of the property;

30. Fair value information (continued)

Valuation technique	input	Estimate	Sensitivity on estimates in BWP millions 2022 lower impact	2022 higher impact	2021 lower impact	2021 higher impact
Sales comparison	Sales price of per square metre of the property	Market value per sqm +/- 10%	(9.48)	10.13	(9.48)	10.13
Depreciation replace cost	Construction cost 1%	per sqm +/- Build rate per sqm +/- 10%	(0.40)	0.40	(0.40)	0.40
Income capitalisation	Capitalisation rate	Capitalisation rate +/- 1%	3.18	(2.48)	3.18	(2.48)
Discounted cash flow	Discount rate	Discount rate +/- 1%	4.10	(3.45)	4.10	(3.45)
Rental income	Rent escalation rate	Rent escalation rate +/- 1%	(2.95)	3.40	(2.95)	3.40

31. Going concern

We draw attention to the fact that at 31 March 2022, the group had a deficit of P (2 196 174) (2021: (980 114)).

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the group for so long as it takes to restore the solvency of the group.

The Group assessed the potential impact on future income from the Government and investment properties, working capital, credit risk and liquidity based on information available at the time of approving these annual financial statements. Based on this, the Group determined the impact that this could have on its cash flows, and particularly, whether the Group will have sufficient liquidity to continue to meet its obligations as these falls due and concluded that it will have sufficient net cash flows to operate for ensuing 12 months. The Group has already received its first quarter subvention from the Government for the financial year 2022/23. Therefore, management is confident that the subvention together with rental income generated will be sufficient to sustain Group's operations for at least till the next financial year.

Management evaluated impairment of assets.However, no impairment indicators were identified by management requiring further assessment.

The situation remains highly dynamic and new impacts on the business may emerge or the anticipated impact of those identified may materially change, especially if the pandemic spreads widely and will have a significant impact on the general economy. The Group will continue to monitor the developments and potential impact thereof on its business and make appropriate adjustments to its operations as may be required.

32. Events after the reporting period

Rationalisation of Parastatals

The Ministry of Trade and Industry has released a directive dated 22nd April 2022 on the impending rationalisation and restructuring of State-Owned Enterprises (SOE). This is in line with the President's priority arrears of Reset and Reclaim agenda which calls for alignment of Government ministries and SOE's aimed at achieving among others the following;

- Improved Public sector service delivery through synergies
- Cost reduction and value for money
- Enhanced policy coordination and shareholder oversight

Botswana Investment and Trade Centre which is a State-Owned Enterprise, will therefore be part of the rationalisation process together with other Parastatals in the Ministry of Trade and Industry. The first process will be the transfer of Selibe-Phikwe Economic Diversification Unit (SPEDU) functions to Botswana Investment and Trade Centre followed by the merger between Botswana Investment and Trade Centre and Special Economic Zones (SEZA) and Botswana Tourism Organisation (BTO).Management will await further updates on the rationalisation process from relevant authories. The rationalisation process is not expected to disrupt the operations of the Centre.

There no adjusting or significant non-adjusting events have occurred between the 31 March reporting date and the date of authorisation.

Detailed Income Statement

Figures in Pula	Note(s)	2022	2021
Revenue			
Government grant		86 009 758	64 841 182
Rental Income		21 717 049	19 312 754
	3	**107 726 807**	**84 153 936**
Other operating income			
Amortisation of Government grants		1 392 361	1 279 821
Sundry income		176 379	255 992
Profit/(loss) on disposal of property, plant and equipment		-	495 327
Gain on modification of lease liability		-	353 785
	4	**1 568 740**	**2 384 925**
Other operating gains (losses)			
Gains on disposal of right-of-use asset		176 158	-
Fair value gains		2 464 871	9 960 591
	5	**2 641 029**	**9 960 591**
Other operating expenses			
Advertising		(1 795 718)	(979 344)
After care activities		(161 662)	(29 049)

Detailed Income Statement

Figures in Pula	Note(s)	2022	2021
Auditors remuneration	6	(383 824)	(642 392)
Bank charges		(92 104)	(77 920)
Board activities		(224 976)	(60 084)
Branding		(5 656 430)	(4 909 882)
Cleaning		(757 708)	(728 146)
Computer expenses		(4 822 193)	(3 589 231)
Corporate Social responsibility		(194 443)	(185 761)
Depreciation		(6 881 930)	(7 209 048)
Directors fees		(144 585)	(197 090)
Entertainment		(54 416)	(51 435)
Exhibitions		(10 133 485)	(400 570)
Export development		(145 912)	(216 811)
Export promotion		(976 052)	(306 118)
Gifts and donations		-	(1 498)
Global Expo expenses		(1 672 328)	(3 502 351)
Insurance		(760 832)	(1 135 387)
Investment promotion		(1 923 134)	(1 342 014)
Lease rentals on operating lease		(658 646)	(495 179)
Marketing intelligence		(2 135 169)	(1 976 742)
Motor vehicle expenses		(265 761)	(239 719)
Office Expenses		(295 219)	(220 580)
Office equipment lease		(359 287)	(430 324)
Professional and legal fees		(3 788 593)	(3 357 178)
Promotional material		(99 073)	(31 632)
Property maintenance		(1 480 511)	(1 164 169)
Provision for loss allowance-trade debtors		(1 901 753)	(925 189)
Publications		(417 471)	(447 115)
Rates		(276 172)	(560 053)
Security		(671 342)	(716 495)
Seminars and conferences		(25 992)	(16 577)

Detailed Income Statement

Figures in Pula	Note(s)	2022	2021
Staff costs		(57 858 958)	(58 214 866)
Stationery		(220 174)	(23 333)
Strategic planning		(861 614)	(78 728)
Subscriptions		(85 559)	(59 637)
Telephone		(1 640 893)	(1 417 331)
Transport, travel and subsistence		(867 465)	(626 991)
Utilities		(2 459 089)	(1 564 812)
		(113 150 473)	**(98 130 782)**
Operating deficit	6	**(1 213 897)**	**(1 631 329)**
Investment income	14	1 354 237	2 681 678
Finance costs	15	(2 336 514)	(2 030 462)
Deficit for the year		**(2 196 174)**	**(980 113)**