



## AKOLA BOTSWANA

Botswana is one of the most attractive Foreign Direct Investment (FDI) destinations in Sub Saharan Africa, consistently ranking high in providing a stable, corruption free business environment with strong institutions, boasting of one of the highest sovereign credit ratings in the continent. Botswana's strong economy is the hallmark of its success. The country's economic stability has been the result of the prudent management of its diamond wealth which in the early years of its independence, fueled the country's rapid growth and robust infrastructural development, rapidly changing Botswana into a modern African metropolis. Botswana has over many years maintained a high economic growth rate, resulting in the accumulation of substantial foreign reserves and investment in the development of its people.

To this end, continuous review of the investment climate has remained an important priority in ensuring that Botswana fully exploits its potential as an investment location of choice. Botswana's market access opportunities make it attractive for investors to use Botswana as a base for doing business. The people of Botswana; Batswana, have a literacy rate of 83%. The young generation of Batswana are highly accustomed to new technologies which they adopt rapidly. The country has modern, adequate housing, excellent public, private, international schools and a number of reputable universities, technical and vocational colleges and a variety of public and private health care facilities. Botswana is the ideal place to live, work and invest in.

Akola Botswana is a call-to-action for Batswana and the international business community to take advantage of business opportunities available in Botswana and to be part of Botswana's phenomenal growth story!





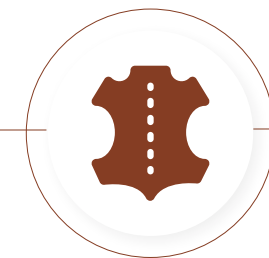
01 Introduction to BITC

02 About Botswana

# AKOLA BOTSWANA

## Agriculture

**Livestock Value Chains Investment**  
Botswana is renowned for cattle farming and a great potential exists to expand rawhide processing and tanning industries.

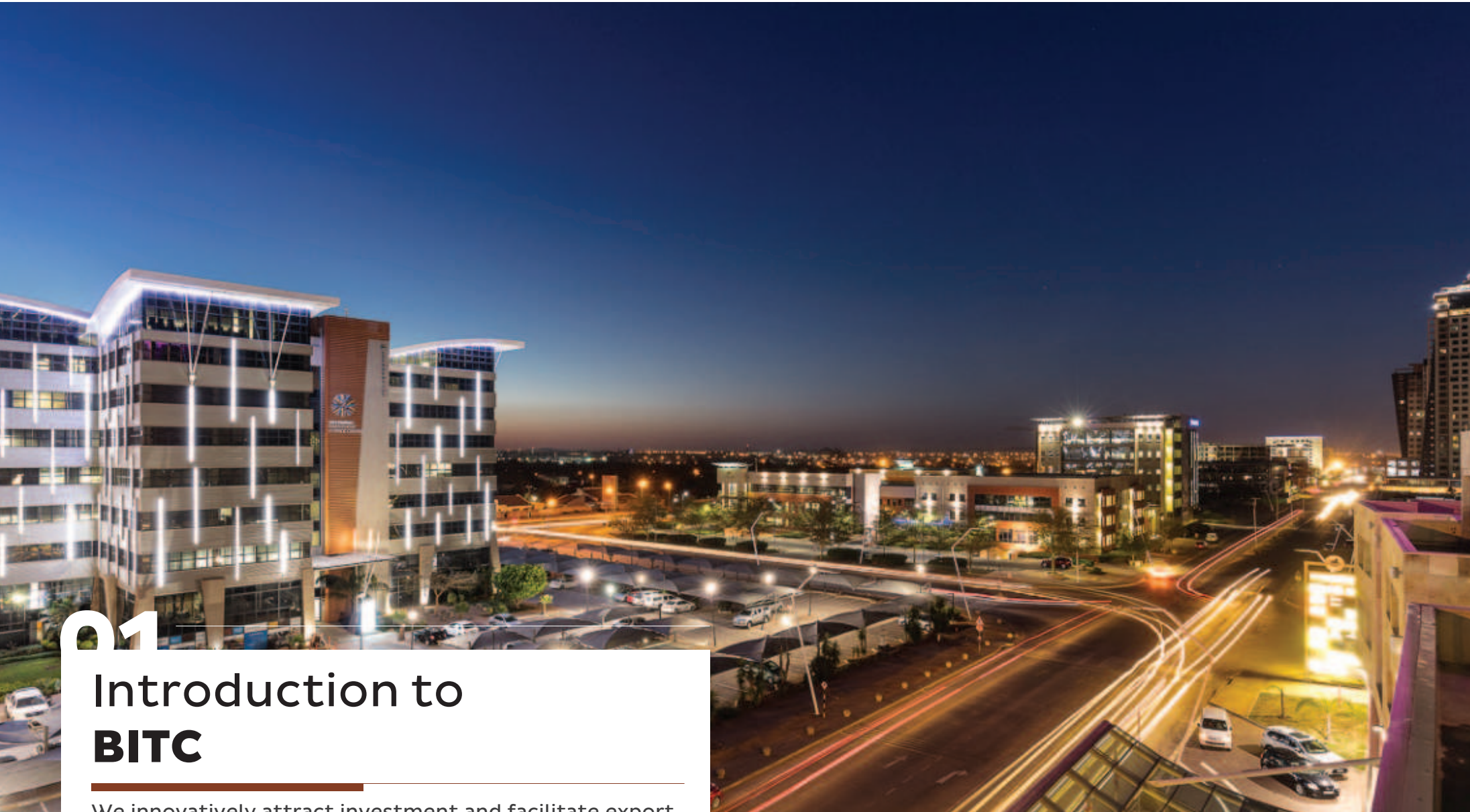


**Grain/Fruits And Vegetables Value Chains Investment**  
The Pandamatenga agricultural infrastructure development project, located in an area receiving the highest average annual rainfall, could create spin-offs in sunflower processing instead of exporting sunflower.



# Introduction





# 01 Introduction to BITC

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.

Botswana Investment and Trade Centre (BITC) is an organisation established by an Act of Parliament, to become an integrated Investment and Trade Promotion Authority (ITPA) with an encompassing mandate of investment promotion and attraction, export promotion, and development, including management of the Nation Brand. Through its critical role within Botswana’s economy, BITC further encourages domestic investment and expansions, promotes locally manufactured goods to regional and international markets, contributes towards improvement of the investment

climate through policy advocacy, increases citizen participation in the economy and creates sustainable job opportunities.

**Our Mission**  
We innovatively attract investment and facilitate exports for Botswana’s economic diversification and job creation by promoting Botswana as a place to visit, live and invest in.

**Our Vision**  
BITC will be a leading (apex) Investment and Trade Promotion Agency (ITPA) for the transformation of Botswana into a globally recognised trade and investment destination.

**Our Values**

**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 the BITC is 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 strengthens me.”



**Agility**  
Is to be “change-fit”, open to new ways of working, as and when they are required. It is also openness to new ideas which are integrated into practice because they are an improvement.



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



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

**Key Functions**

**Focused, Selective and Targeted Investment Promotion**  
In our efforts to become a leading and high performance Investment Promotion Agency, our focus on investment promotion

is leveraged on undertaking research to identify growth sectors, packaging them and availing strategic go-to market value propositions that will attract investors to the country. We have put great emphasis on pre-existing strategic national priorities that are 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. This includes partnership with Botswana Foreign Missions that have a greater footprint within the international market and provide a platform through which foreign direct investment can thrive by identifying business partnerships, beneficial industry associations, and providing a point of information exchange for both international and domestic investors.

**Effective Investor Facilitation and Aftercare**

The organisation houses the Botswana One Stop Service Centre that provides the following services to local and international investors;

- Company and business registration
- Trade and business license applications
- Entry VISAs, work and residence permits



- Work 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
- Opening a Bank Account

**Building a Competitive and Attractive Business Environment**

BITC 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 local manufacturers, Botswana has the potential to export more products to various regions. To realise this potential, the current focus is to intensify the Botswana Export Development Programme that will assist and support local manufacturers in terms of improvement of product quality, packaging and increased production, so as to meet potential buyers' requirements and expectations. BITC engages in intensive export promotion to facilitate participation by local manufacturers in regional and international expos, with the aim of exposing their products to export markets and thereby increasing their export potential.

**National Image Building and Global Awareness Creation**

As BITC, we are privileged to

have at our disposal the Nation Brand, which seeks to position Botswana to domestic, regional and international audiences as an attractive place to visit, work and invest. The Nation Brand highlights

our national assets - our people, culture, tourist attractions, business potential and reputation for good governance.



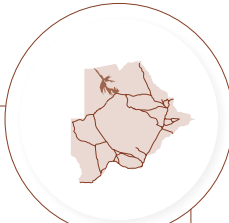
02  
**About BOTSWANA**

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy

Underpinned by good governance and zero-tolerance to corruption, it is one of the most stable and investor friendly economies in Africa. Although its economy has been anchored on resource endowments, particularly diamonds, the country is lauded as a developmental success story on the continent.

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy into value-adding sectors that will serve a fast emerging regional market.

As a result, it is the fourth most competitive economy in Africa, and one of the easiest African countries to do business in the continent.



**Akola BOTSWANA**

**86/190** **Ease of Doing Business**  
The world Bank'2019 Ease of Doing Business.

**US\$ 18.62 mil** **The Gross Domestic Product (GDP) in Botswana in 2018**





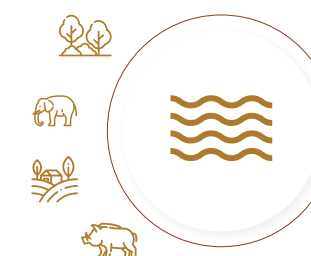
- 03** The Board & Governance
- 04** Board of Directors
- 05** Chairman's Statement
- 06** Chief Executive's Statement
- 07** Executive Management
- 08** Operational & Financial Review

## AKOLA BOTSWANA

### Tourism

One of the most sought after wilderness destinations in the world, the Okavango Delta gives entrance to the spectacle of wild Africa such as dreams are made of – the heart stopping excitement of big game viewing, the supreme tranquility and serenity of an untouched delta, and evocative scenes of extraordinary natural beauty.

A journey to the Okavango Delta – deep into Africa's untouched interior – is like no other. Moving from wetland to dryland – traversing the meandering palm and papyrus fringed waterways, passing palm-fringed islands, and thick woodland, resplendent with lush vegetation, and rich in wildlife – reveals the many facets of this unique ecosystem. The Okavango delta is the largest intact inland delta in the world.



Source: <http://www.botswanaturism.co.bw/explore/okavango-delta>

# Governance





# 03

## The Board & Governance

It determines the policies and courses of action for giving effect to the objectives and purposes of the Centre as per the BITC Act CAP 42:12

The Board of Directors is a governing body appointed by the Honourable Minister of Investment, Trade and Industry (MITI). As the governing body of the organisation, it is charged 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 the policies and courses of action for giving effect to the objectives and purposes 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 non-executive directors and one ex-officio member as stated below;

### Board of Directors

Mr. Victor Jakopo Senye	Board Chairman
Mr. Christopher Roy Garland	Vice Chairman
Mr. Terence Dambe	Member
Ms. Palesa Audrey Semele	Member
Ms. Ellen Richard-Madisa	Member
Ms. Macie Keneilwe Molebatsi	Member
Ms. Peggy O. Serame	Member
Ms. Belinda Mosweu	Member
Mr. Keletsositse Olebile	Ex-Officio Member

### 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 organizational structure, staffing and welfare.

Dates of meetings are scheduled annually in advance. Additional meetings are convened as and when material issues arise, which require timely decisions by the Board.

### 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 has in place the following three sub-committees:

### Audit Committee

The purpose of the committee is to assist the Board of Directors

to fulfil its responsibilities for the financial reporting process, risk management, system of internal controls, the audit process, and the Centre's compliance with laws and regulations. The Audit Committee derives its mandate from the Audit Committee Charter.

**Members:** Mr. C.R. Garland (Chair), Ms. E. Richard-Madisa, Ms. P.A. Semele

### Human Resources Committee

The mandate of the Human Resources Committee is to support and advise the Board on Human Resource policies and practices and framework for appropriate and equitable compensation of BITC employees.

**Members:** Ms. M.K. Molebatsi (Chair), Mr. C.R. Garland, Ms. P.A. Semele

### External Tender Committee

The External Tender Committee is charged with the responsibility to ensure that there are adequate guidelines, controls, measures and standards to regulate fair and transparent procurement of goods and services.

**Members:** Mr. T. Dambe (Chair), Ms. P. O. Serame, Ms. B. Mosweu

### Conflicts 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 are available for review any time.

### Independent External Advice

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

### Internal Audit Function

The Internal Audit function in BITC 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.

Risk Based Audit Plans are approved by the Audit Committee and implemented, ensuring relevance and alignment of the internal audit activity, consistent with organisational goals.

### Fraud and Corruption

BITC is committed to combat 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 public funds it administers.

In that regard, the Whistle-Blowing policy was developed to promote ethical behaviour. Through this policy, an anonymous toll-free fraud and ethics hotline was established for reporting of any acts of corruption, malpractice or unethical behaviour. This line serves as a deterrent and detection mechanism for any undesirable act perpetuating fraud and corruption.

**Risk Management Function**

Enterprise-wide Risk Management (ERM) continues to be a focal area in BITC and it is seen as a fundamental element of Corporate Governance by both the Board of Directors and Management. Management is responsible for establishing and operating the risk management framework on behalf of the Board. Risks and opportunities are identified throughout the Centre, against business objectives. Proactive action plans and mitigation strategies

are then developed to ensure that all unacceptable risks are managed to tolerable levels and opportunities are pursued and realized. Continuous monitoring mechanisms give assurance on the effectiveness of these plans and strategies, and where ineffective, aid a redesign. A continuous review process also assists in prompt identification of emerging risks and mitigations thereof.



04

**Board of Directors**

The Board of Directors is a governing body appointed by the Honourable Minister of Investment, Trade and Industry (MITI). As the governing body of the organisation, it is charged with governance, risk management and financial reporting responsibilities.



GOVERNANCE



**01** Victor Jakopo Senye  
Board Chairman

Victor Jakopo Senye rose through the ranks to the position of General Manager, Business Development during his tenure with the Botswana Development Corporation (BDC). In late 2003, he joined Botswana's largest asset management firm - The Botswana Insurance Fund Management (BIFM). He was appointed CEO in January 2005, where he steered the company to a remarkable growth in assets and diversified the portfolio. In 2011, he moved on to pursue his business interests through his company - Haighs Investments (Pty) Ltd. He holds a BComm (University of Botswana), MSc Management (Arthur D. Little), and PIAM (Harvard).



**02** Christopher Roy Garland  
Vice Chairman

Christopher Roy Garland has amassed vast senior management experience on the African continent in the fields of Logistics, Project Management, International Financial Planning & Corporate Structuring, Foreign Direct Investment Consultancy, Investment and Funding Management. He has served as Co-Founder Managing Director for Capital Corporation (South Africa), Retail Manager Marketing for Burma Oil (United Kingdom) as well as Chief Executive Officer, Truck Africa Group (SADC Region based in Botswana). He currently holds the post of Managing Director - Fidelity Indemnity (Pty) Limited. Garland holds an Honours degree in Financial Planning and is a Certified Financial Planner (CFP).



**03** Peggy Onkutlwile Serame  
Board Member

Ms Peggy Onkutlwile Serame was appointed Permanent Secretary in the Ministry of Trade and Industry from 1st January 2015. She is charged with the responsibility of promoting industrial development, economic growth and diversification, as well as facilitating job and wealth creation. She is also responsible for coordinating work on regional integration and negotiation of trade agreements.





**04** Macie Keneilwe Molebatsi  
Board Member

Macie Keneilwe Molebatsi has vast experience in HR Management. She has worked for the Botswana Institute of Administration and Commerce (BIAC), Institute of Development Management – Botswana, Lesotho and Swaziland (IDM - BLS), and also worked for Water Utilities Corporation (WUC). Macie is currently running an HR Consultancy company as well as serving as Board Member in parastatal organisations. Macie Keneilwe Molebatsi holds an MBA, a BCom and a Certificate in Management Services, a certificate in Training of Management Educators (TOME) and SAP Human Resource and Administration.



**05** Ellen Lopang Richard-Madisa  
Board Member

Ellen Lopang Richard-Madisa has held various positions in organisations in the Banking and Finance Sectors which have enabled her to accumulate extensive knowledge and experience in these disciplines. She worked for Bank of Botswana where she held several positions. Ellen has worked for Ministry of Finance Development and Planning (MFDP) since 2003, where she has held leadership roles including those of Chief Finance Administrator: Head of Finance and Banking Section; Director: Finance and Banking Section. She holds a BCom Degree in Economics (Financial); BCom Degree in Management Balance of Payments as well as a Diploma in International Economics and Political Economy for Trade Unions and an Associate Diploma in Banking (Botswana Institute of Bankers).



**06** Terence Dambe  
Board Member

Terence Dambe holds a Bachelor of Laws degree (LLB) from the University of Botswana. He started his legal career at Minchin & Kelly (Botswana) Attorneys in 1989 as a Professional Assistant and became a Partner in 1993. He currently serves as the firm's Managing Partner. He is a past member of the Judicial Services Commission, Executive Committee member of the Botswana Football Association and currently serves on the Confederation Africaine de Football (CAF) Legal Affairs and Player Statutes Committee.



**07** Belinda Mosweu  
Board Member

Belinda Mosweu is a qualified real estate professional with a BSc in Real Estate Management and MSc in Strategic Management and has full membership to the Real Estate Institute of Botswana and the Real Estate Advisory Council. She has worked for the Botswana Government at the Ministry of Lands and Housing. Belinda has also been with the Botswana Housing Corporation (BHC), participating in property management, development and sales roles. Belinda then worked as a private consultant for the banking sector, Local Government, a pension fund and investors providing estate agency and property valuation services. Ms Mosweu later joined Botswana Fibre Networks (BoFiNet) in 2013 as a Facilities Manager. She currently works for De Beers Sight holder Services.



**08** Palesa Audrey Semele  
Board Member

Palesa Audrey Semele has held various positions within the field of Audit. She started her career in 1998 under the employ of Ernst and Young as an Auditor Junior. Palesa has also worked for the Botswana Development Corporation as Principal Internal Auditor and Stanbic Bank as Head of Internal Audit. Palesa has since 2012 been employed by Botswana Building Society as Head of Internal Audit responsible for implementing and overseeing the Society's internal Audit program. Palesa holds an ACCA from Botswana Accountancy College.





# 05 Chairman's Statement

“There are encouraging indications that the subsequent year and beyond will be a period of continued positive transformation for Botswana and its people.” - **Victor Jakopo Senye | BITC Board Chairman**

On behalf of the Botswana Investment Trade Centre (BITC) board of directors, I am pleased to present to you the BITC Annual Report for the financial year 2018/2019. The year marked the first year of implementation of the BITC 2018-2023 strategy, a milestone in many respects. The 2018/2019 financial year

showed a robust performance by BITC despite the year being characterized by global economic uncertainty.

### Performance Highlights

In 2018, global greenfield Foreign Direct Investment (FDI) strengthened with the number of FDI projects increasing by 7%

to 14,845. Capital investment increased by 42% to USD 917.3 billion alongside a 25% increase in job creation to 2.3 million. FDI into the Middle East and Africa by project numbers increased 7% in 2018 to 1,253, with capital investment increasing by 14%. FDI projects into Africa experienced an increase of 12% to 667 in 2018 but

investment. In the year under review, two International Rating agencies Moody's Investors Service and Standard & Poors maintained Botswana's credit rating at A with a stable outlook. Consequently, the positive rating by the agencies enhances Botswana's image as an attractive investment destination.

### Diversification within the mining sector

In the quest to elevate efforts aimed at diversification within the mining sector, BITC accredited Minergy and Maatla resources who will be mining coal for export to The Republic of South Africa (RSA) where demand for coal exceeds supply. It is worth noting that during the same period, Khoemacau also invested heavily in copper mining in north western Botswana. BITC further collaborated with Botswana Railways and Business Botswana and organized a capital raising forum for the Lephalele rail link as well as Moseitse -Kazungula rail link. It is anticipated that the Lephalele rail link once constructed will unlock Botswana's coal potential resulting in a proliferation of coal mining investment.

BITC continues to engage with various responsible stakeholders with a view to enhance the mining sector through sustainable value addition. Such efforts are demonstrated through invitations of key players such as Debswana Trading Company Botswana (DTCB) and Okavango Trading Company to missions abroad particularly where there is appetite for gem diamonds. Salient among the missions is Forum on China-Africa Cooperation (FOCAC) mission in China which was undertaken in the year under review. BITC India office also continually attracts cutting and polishing companies in India to expand to Botswana which is a source market for gem

a 9% decline in capital investment to USD74.2billion. Though BITC recorded a growth in FDI for 2018/19, the national FDI figures dropped in 2018. FDI facilitated by BITC increased from BWP2.86 billion in 2017/18 to BWP3.17 billion in 2018/19.

International ratings play a role in assisting foreign companies to select the best location for their

diamonds as the largest producer of gem diamonds by value in the world.

### Local economic development

In line with Vision 2036 pillar one dubbed sustainable economic development, BITC is making strides towards Local Economic Development project (LED) through collaborating with the Ministry of Agriculture Development and Food Security on the implementation of the Loubo Small scale project as well as continually marketing regional opportunities in engagements with councils and through local outreach programmes. One such notable testament is the ongoing stakeholder engagements with the leadership of the City of Francistown, particularly the City Council through the office of her Worship the Mayor, to join efforts in leading the attraction of investment to Francistown. In the year under review, we made strategic efforts to enhance our presence across the country especially in the northern region. To this effect, we undertook a number of business development initiatives in Francistown that included investor seminars as part of our investment and trade outreach programme. The objective of the programme was not only to encourage business development in Francistown and its surroundings, but also to promote our mandate and services to the business community in the area. BITC also continues to implement an investor aftercare programme to existing domestic and foreign investors in Francistown and the region, with a view to encourage them to retain, diversify, and expand their businesses by re-investing and creating additional jobs. All these multiple efforts are bearing fruit as we are currently in advanced discussions with a Carbonated Soft Drinks



Manufacturer, a Textile and Garment Producer and a Private Hospital to set up operations in Francistown. BITC's recent physical presence in Francistown will see the promotion of business development and encouraging investment in the northern part of Botswana.

**Ease of doing business**

Botswana's ranking dropped in both Ease of Doing Business and Global Competitiveness Rankings. The country received a lot of negative media coverage emanating mostly from wildlife management issues. As BITC, infrastructure and property development are some of the key opportunities that we are actively promoting to support the key requirement for investment appetite. BITC is continually engaged in policy advocacy for improvement of the business environment. To achieve results, BITC consults with governments and other business support institutions to drive the advocacy agenda. Through the Brand Botswana, BITC engages in image building activities such as advertising in international media such as BBC and CNBC.

**Looking ahead**

We remain committed to achieving our mandate as driven by the current strategic plan. There are encouraging indications that the subsequent year and beyond will be a period of continued positive transformation for Botswana and its people.

**Appreciation**

I would like to extend a word of appreciation to the retired Board Members, Mr Christopher Roy Garland and Ms Belinda Mosweu for their roles in leading BITC ensuring that the Centre fulfilled its mandate during their respective tenures. A warm welcome to incoming Board Members Ms Gomolemo Madikgetla and Mr Bakang Palai.

I would like to thank the members of the Board for their commitment and guidance which ensured successful realignment of systems and the organization as a whole. I would also like to express my gratitude to the management and staff of BITC for the dedication and effort.

I further wish to convey my appreciation to the Ministry of Investment, Trade and Industry (MITI) for the contribution and lasting rapport.



Victor Jakopo Senye  
Board Chairman







06

## Chief Executive's Statement

"I am pleased to report that the 2018/19 financial year saw first sales into diversified markets of two new products being organic fertilizers and scientific laboratory boards." - **Keletsositse Olebile** | Chief Executive Officer

### Overview

The year 2018 was momentous for BITC as we witnessed the formulation of the new strategy after the elapse of the previous one. The year under review ushered in a renewal of purpose and commitment as we facilitated the reality assessment and achievements from the previous

strategy for inclusion in fostering the 2018-2023 strategy. Botswana is on an upward trajectory and the year under review has been crucial for BITC in solidifying the internal environment for optimal execution of the overall mandate. This necessitated structural realignment of the organization as a whole and securing the

structure in place was fit for purpose. I am pleased to report that this exercise was concluded successfully without losing any of our staff members. The five year strategy was concluded and approved by the board and focuses on the four strategic priority areas being client centricity, execution, talent curation and creative environment.

depicts an upward surge in performance compared to the previous year.

In the year under review, BITC realized cumulative Foreign Direct Investment (FDI) inflows of BWP3.168 billion against the cumulative target for the period of BWP1.8 billion. The upward positive variance was largely attributable to a surge in the performance from the Financial Services sector. The realised cumulative Domestic Investment and Expansions for the same period was BWP2.273 billion against the set consolidated target of BWP1.9 billion.

In the quest to continue facilitating export of Botswana products and services to diversified markets, BITC registered exporting businesses re-leased a total of BWP2.628 billion in export earnings in the year under review against a target of BWP2.676 billion. The 1.7% adverse variance is attributed to the subdued global economic environment. However, I am pleased to report that the 2018/19 financial year saw first sales into diversified markets of two new products being organic fertilizers and scientific laboratory boards. Organic fertilizers entered for the first time into both Zimbabwe and South Africa markets while scientific laboratory boards had their first sales into Zimbabwe. We are furthering our efforts geared towards advocating for export incentives as we encourage outward oriented investments so that they are able to attain the necessary economies of scale. The total number of jobs registered by BITC during the year under review was 3,565 against the cumulative target for the period of 3,150 jobs. Services, Agriculture and Agro-processing sectors followed by the Manufacturing sector contributed more to realizing these jobs. It should be noted that these verifiable

figures only entail jobs created by businesses that are registered with BITC. 18 companies converted during the financial year from Mining, Manufacturing and Financial Services sectors. Twelve (12) companies were allocated land and two (2) were allocated factory space during the year. The Botswana One Stop Service Centre (BOSSC) processed a total of 602 Government authorizations out of which 566 were approved, 13 rejected and 23 were pending as at year end.

The year under review experienced yet another successful Global Expo Botswana attracting 227 exhibitors, 126 local and 101 International. This strategic platform convened local, regional and global leaders from business, government and civil society, to explore solutions that create sustainable economic opportunities for all. This annual platform affords BITC a unique opportunity to position Botswana as the ultimate investment destination.

### Business facilitation reforms

BITC remains committed to providing after care services for companies doing business in Botswana. This is evidenced by the rise over time in the number of companies visited through the programme specifically from 62 in 2013/2014 to 122 in 2018/19. Identified areas of concern through this programme are treated with utmost attention particularly concerns to do with shortage of serviced land and unpredictability of the immigration system. BITC continues to engage in robust advocacy agenda aimed at improving the ease of doing business and resolving challenges faced by investors. To this effect, we have done a lot of advocacy engagements in the year under review as it is one of the key elements of our mandate.

### Overall performance review

BITC has done significantly well in the first year of implementation of the 2018-2023 strategic plan as demonstrated by a remarkable performance score of 94% in the first year of the strategic operation against an excellence performance target of 80%. The 2018 overall performance as evaluated against the above-captioned strategic focus areas,



We continue striving to be at the apex of advocating for thriving businesses and those with potential to remain sustainable by giving leads to the government through opinion papers for consideration in availing specific enabling environment for the wide spectrum of businesses. Accordingly, the auto sector is testament to BITC efforts in the creation of cross border value chain linkages. It is worth noting that in the year under review, we had an aggressive approach towards client on-boarding and stakeholder engagements and the positive results were overwhelming as the exercise enhanced our relevance and aided facilitation of expansion programs for various businesses. This further resulted in the development of a centralized approach in recording of business community concerns and effecting thought leadership sessions for various sectors. To this end, we continue gaining traction and our mandate is being extensively recognized and appreciated by various stakeholders.

During the year, we advocated for a clearing house which we hope will be subsumed in the Board of Investment Structure which HE the President is championing as it will immensely assist addressing obstacles which hinder the attraction of FDI.

We further advocated for tailor made incentives for the Business Process Outsourcing (BPO) sector particularly Contact Centres which are labour intensive and assist to address the unemployment challenge which we face as a country. Similarly, this was extended to the Auto Component Manufacturing sector intended to further integrate Botswana into the Republic of South Africa auto value chain which still imports up to 60 % of components from outside Africa.

**Key milestones**

It goes without saying that the year under review has had our invaluable concerted efforts as a collective recognised and rewarded by our parent Ministry. I am pleased to report that we were voted the best performing parastatal within the Ministry's portfolio at the Ministerial awards. The award acknowledges the value and contribution of the best parastatal under the Ministry of Investment, Trade and Industry. Indeed this award is a culmination of unwavering efforts demonstrated by the BITC team to act in the best interest of stakeholders in achieving our corporate mandate.

Another milestone worth noting is to do with the Economic Diversification Drive (EDD) award. The EDD came into effect in 2010 as one of the programmes and policies aimed at supporting citizen economic empowerment (CEE). The EDD award is aimed at recognising and celebrating the most compliant EDD parastatal. We scooped this coveted award and it means a lot to us as it proves our alignment to the mandate of facilitating businesses particularly locally grown businesses.

In an effort to enhance visibility, drive and attract investment in the northern region of the country, I am pleased to report that we are now present to serve the business community in Francistown. The recently opened Francistown office will service both domestic and foreign investors in Francistown and its surrounding areas and will effectively serve as a One Stop Business Service Centre for Francistown and adjacent regional blocks such as SPEDU, Orapa/Lethakane, Pandamatenga and Kasane.

In the year under review, we successfully facilitated ten (10) inward missions specifically

delegations from various countries coming to explore Botswana. We further facilitated twelve (12) outward missions including five (5) specialised export promotion missions. This entails transporting local goods for exposure through trade fairs and exhibitions in foreign markets.

I am delighted to report that in the year under review, we successfully launched the blue print for Botswana to drive a diversified portfolio of products into the export markets. Even though the implementation is to be driven by BITC, the launch was done in collaboration with The Ministry of Investment, Trade and Industry and other related key stakeholders. This strategic document encompasses among others a cardinal sub strategy that includes the renewal and response to the AGOA program. It should be noted that in the previous AGOA term, we facilitated the export of various products duty free to the US market, however, not to the desired optimal degree save for textiles. This necessitated drawing of the AGOA response strategy which led to identification of a number of products that we will be developing and building capacity. Salient among them is the basket programme that we are currently involved in together with a cooperative of ladies in Gumare insofar as gathering their baskets and facilitating export to U.S.A is concerned. Going forward, we will be extending the programme specifically into other natural products that empower ordinary Botswana particularly women and other specialised groups. To reinforce our commitment to this effect, six textile companies were selected to supply Cash Bazaar retail stores, a company operating across Southern Africa.

I am pleased to report that Botswana will be fully represented at the Expo 2020 Dubai and BITC has been appointed as the

coordinating authority for this engagement. Expo 2020 Dubai is the first World Expo to be held in the Middle East, Africa and South Asia (MEASA) region, and the first to be hosted by an Arab nation. Expo 2020 Dubai will provide a great opportunity for Botswana to join the world and experience a global six-month celebration of creativity, innovation, humanity and world cultures. It will be a time to create and renew connections that will strengthen and deepen through 2020 and beyond. It will be a time to be awed by the spectacular events programme and a time to do business. Expo 2020 Dubai will position Botswana favourably with the international audience as the Expo gives an unparalleled benefit in more ways than one.

A nation brand is built and maintained sustainably by the coordinated efforts of various stakeholders through lasting congruity and as BITC, we believe collaborations with stakeholders is key to delivery of our mandate. During the year under review, we continued with our strategic partnerships and collaborations with key enabling ministries, parastatals, embassies, diplomatic community, investment promotion agencies, chambers of commerce, professional advisory firms and the media. We strongly ascribe to the notion of collaborations as all these stakeholders have an essential role to play in the achievement of the nation's overall economic mandate. It is worth noting that it is through strategic collaboration with Debswana, Morupule coal mine and Makoro bricks that we are progressively undertaking the project to modernise the Makoro food market.

We further strengthened our efforts in the nation's image building through the Buy Botswana Campaign, driving national service excellence in

partnership with Botswana National Productivity Centre (BNPC) and the pride mark uptake to which more companies continue utilising.

Botswana, through the Ministry of Investment, Trade and Industry remains resolute to use policy tools to safeguard the country's emerging markets. This was evidenced by what has been deemed as the purposive Apex model that developed as a sustainable solution towards attaining optimal service delivery. This model necessitated division of the ministry into three apexes being SMME development, Investment promotion and Export development. This move further entailed convergence of institutions under the ministry so as to enhance synergy and congruence in achieving the overall mandate of the ministry. It is worth noting that as BITC, we remain pivotal to all the apexes and our contribution is relevant to the materialization and success of this development.

**Looking ahead**

We remain cognisant to the imminent interesting times ahead as we are expected to play a significant role in the enhanced economic activities even going forward. In light of this, we remain resolute to continue building capacity and keeping abreast with global advancements to enable us to successfully execute that which is expected of us. As a collective, we shall continue embracing the feedback received from different stakeholders and accordingly avail the much deserved customer experience.

**Appreciation**

I wish to extend my sincere appreciation to our board of directors for the unwavering support and guidance they have continued dedicating to us. We remain open to their feedback and

wish to extend our assurance in meeting their expectations on the mandate bestowed upon us.

I wish to thank the management team for their commitment in executing the challenging mantle. Without your coordinated efforts, we would not have been where we are now. Looking back at our experiences, I can proudly say we have now found our feet and should be ready to achieve optimal results as prescribed by our strategic plan going forward.

I wish to further express my admiration and gratitude to all the BITC members of staff who made it possible that the Centre ends the year in a much stronger and formidable position.

To all our stakeholders, we unreservedly appreciate your continued support. We have witnessed a lot of improvement in the year under review and can only hope that it gets better even going forward.



Keletsositse Olebile  
Chief Executive Officer





## 07 Executive Management

From left to right - top to bottom

- |   |   |  |
|---|---|--|
| <p><b>01</b> Bame Moremong<br/>Executive Director, Brand Management</p> <p><b>02</b> Reginald Selelo<br/>Chief Operations Officer</p> <p><b>03</b> Botho Bayendi<br/>Executive Director, Strategy &amp; Competitiveness-Joined January 2019</p> | <p><b>04</b> Anthony Sefako<br/>Executive Director, Business Facilitation (A)</p> <p><b>05</b> Keletsositse Olebile<br/>Chief Executive Officer</p> <p><b>06</b> Emeldah Phokoletso<br/>Executive Director, Shared Services</p> | <p><b>07</b> Kabelo Kenneth Lebotse<br/>Director, Legal Services</p> <p><b>08</b> Trunklinah Gabonthone<br/>Executive Director, Export Development &amp; Promotion</p> <p><b>09</b> Malebogo Morakaladi<br/>Executive Director, Investment Promotion-Joined October 2018</p> |
|---|---|--|



**10** Moemedi Mokgosi  
Executive Director,  
International  
Business - UK & EU



**11** Gemma Mbegabolawe  
Executive Director,  
International Business -  
Asia/Middle East & Gulf  
Countries



**12** Moshie Ratsebe  
Executive Director,  
International  
Business - South Africa





08

## Operational & Financial Review

Our key focus was on creating a conducive work environment for our people, achieving digital transformation and a shift in culture to a performance driven culture.

During the year under review we focused on developing a comprehensive talent management strategy, which is a simple talent identification and grooming tool. We also reviewed our performance management and reward practices to ensure they are aligned to the corporate strategy, and that we measure performance against the key

focus areas against core strategy deliverables, measured by the strategic value drivers. This alignment ensures that we recognise and reward verified performance and measure it as frequently as possible. The average individual employee performance was 83% against a target of 85%. We also recognise that enterprise mobility is an

important element to enable the achievement culture, we therefore developed and implemented a digital transformation strategy. We invested in the deployment of Microsoft Office 365 and set out on a path to integrate our regional offices in Mumbai India, Johannesburg South Africa and London in the United Kingdom. Our key focus was therefore on creating a conducive work environment for our people, achieving digital transformation and a shift in culture to a performance culture.



**People First**

We foster a culture that puts our people first in everything that we set out to do. Our people management processes are aligned to our corporate culture and strategy and are continually reviewed to align them to global best practices.

The establishment of our performance culture is supported by visionary transformational leadership. The behaviour of the most significant people, Chief Executive Officer, Directors, Managers and supervisors help shape our people.



**Digital Transformation**

We endeavor to ensure that our people are provided with digital solutions that help us create a client-centric environment. Our enabling digital solutions are aimed at improving our agility to respond to customer needs. They include a performance management system, share point and a customer relation management system (CRM) that is currently being deployed. Our integrated systems are aligned to the corporate culture and help us monitor, direct, reward and manage people and tasks.



**Cultural renewal**

We endeavor to enable our people to deliver value to our clients in an integrated way. A range of culture programmes and operating model alignment initiatives have been introduced to support the required behavioural shifts and ensure that we have the right people and capabilities in place to achieve integration.

We deploy new ways of working to ensure that we have multidisciplinary, agile teams which can respond rapidly to changing client and business demands. We continuously review our ways of working to ensure that we have multidisciplinary teams that collaborate to deliver services to our clients.



The achievement of our strategy depends on the alignment of people to the strategy. We therefore invested in the review of the organisational structure, recruitment of competent people and building capacity within the core functions.





## Performance Against Target In 2018

### Transform BITC Structure to fit the functional Strategy

Key Priorities	Achieved in 2018
<ul style="list-style-type: none"> <li>Roll out a fit for purpose structure.</li> <li>Recruit and place in the structure people with the right competencies.</li> <li>Draw and implement a succession plan.</li> <li>Identify core positions in the structure and strengthen them.</li> <li>Maintain a strength of 95%</li> </ul>	<ul style="list-style-type: none"> <li>Structure was reviewed to align to functional Strategy and approved by the Board for implementation in November 2018.</li> <li>Sixteen (16) employees were placed into critical positions through recruitment and promotion, building capacity to deliver the strategy.</li> <li>The succession policy was reviewed and a criteria to identify critical talent was embedded into the policy to make implementation easier.</li> <li>Core positions were identified and recruitment and placement into those positions was prioritised. This resulted in the recruitment of people to seven critical positions -the Chief Executive Officer, the Chief Operations Officer, the Executive Director Investment Promotions, the Executive Director Strategy and Competitiveness Finance Director, the Director Information Communication Technology and the Director Audit and Risk.</li> </ul>

### Focus in the Future

- Prioritise capacitating a resource within the Organisational Development Department to operate as a specialist in the area of remuneration and benefits management, so that the area is given the attention it deserves.
- Strengthen our recruitment and placement processes to make it easier to identify people that are driven by performance and guided by values; a people who will pursue their targeted markets with great fervor and ambition drawn from the centre's 4 corporate values – Agility, Boldness, Curiosity and Humility.
- Identify candidates for the talent pool.



### Transform BITC into a High Performance Organisation (HPO)

#### Key Priorities

- Choose the right priorities and establish a culture of accountability, respect and team work.
- Build a robust set of policies and processes that enable elimination of hierarchy and bureaucracy to enhance customer experience.
- Transform BITC into a performance driven organisation.
- Ensure there is shared leadership and delegation of authority from the top down.
- Develop our leaders to be accountable role models and catalysts for change.



#### Achieved in 2018

- During the reporting period, we reviewed the cultural framework to align it to the new functional strategy and embed it into the performance management systems indicators to help monitor implementation.
- Management reviewed and enhanced four (4) policies, Industrial Relations, Coaching Training and Development Policy, Mobile Device Policy and the Tlatlana Innovative Ideas guidelines to enhance employee experience.
- Leadership norms and standards were defined, and performance indicators established to promote a culture of accountability, respect and team work. The score recorded for the year was 80%. Several areas have been identified as areas of improvement and a comprehensive development plan has been developed.
- We defined and implemented the leadership standards, norms and rules of engagement. Then we formed the framework against which each leader is measured.



#### Focus in the Future

- Develop a cohesive and decisive leadership team, by effectively and efficiently working together to inspire each other.
- Involve employees in the design of people-centric solutions.

### Define and implement a Performance Culture

#### Key Priorities

- Review the cultural framework to align to the corporate strategy and promote a culture of performance and accountability.
- Embed culture programmes and ensure meaningful impact.
- Promote the new value system



#### Achieved in 2018

- During the reporting period, we reviewed the cultural framework to define the shared norms, symbols, artifacts, basic assumptions and behaviour that shall indicate our success or lack of success during the implementation of the new culture.
- The overarching goal was to establish a high-performance culture with a complementary role and support culture elements.
- Our culture credibility and recognition is derived from individual expertise and contribution and unquestionable championing of the BITC values. To that end we achieved an average score of 75% compliance against a target of 100% to the BITC values. We will therefore continuously monitor adherence to the values.
- The BITC value system was reviewed and three values out of the total of four, agility, humility and curiosity were chosen to align employees to the client-centricity and achievement culture. The values were launched to staff in May, 2018.



#### Focus in the Future

- Launch a comprehensive Employee Value Proposition (EVP) which is aligned to the new five-year corporate strategy.
- Prioritise cultural shift - the whole management team must be willing to adapt.
- Focus on building a winning team through continuously engaging in team connection interventions.





Learning, Development and Growth

Key Priorities

- We:
- Piloted E-learning Solution.
  - Invested in empowerment (Learning, Development and growth).
  - Ensured succession depth at senior executive level and in highly specialised core function roles.



Achieved in 2018

- We:
- Piloted flexible digital learning solutions, supporting the growth of our employees in their current role and enabling them to learn new skills. This focused on upgrading our employees working in the ICT department but shall be extended to other business units and departments during the following year.
  - Identified capabilities needed in the Core Business Unit. We then partnered with Waiveteq to implement fit-for-purpose interventions to accelerate skills development in these areas.
  - Delivered eleven (11) training programmes in partnership with reputable training institutions around client service delivery and performance management.
  - Offered a management development training programme to four (4) employees as part of developing future leaders, to ensure we continue to deliver exceptional service.



Focus in the Future

- Facilitate secondments to leading Investment Promotion and Trade Agencies (IPTA) to expose employees to specialised skills and new markets.
- Improve cross-functional succession planning through initiatives that determine successor readiness.
- Enable our people to take on new career opportunities within the organisation through internal transfers and promotions.
- Optimise the use of coaching and mentoring to assist employee growth and transition to leadership roles and new ways of working.



Leverage on technology to deliver value adding services to our clients

Key Priorities

- Promote the use of technology and access to information.
- Integrate information to provide quick convenient access to all relevant data.
- Information is open and shared through various channels
- Provide access to advanced business intelligence research tools that support decision making and our client facilitation services.
- We promote mobility in enabling efficiency within any organisation in this digital age



Achieved in 2018

- We introduced digital tools to improve the productivity and connectivity of our employees. System Utilisation averaged 99% against a target of 100% and network availability also averaged 90% against a target of 100%.
- We introduced Share Point. The system ensures that information is integrated to provide quick convenient access to all relevant data. This assists in speedy decision making and eliminates unnecessary delays.
- Information is shared through regular updates communicated through Share Point. This helps to ensure that all employees have access to all performance related information.
- Introduced live streaming to promote our annual exhibition, the Global Expo Exhibition (GEB). This ensures that our clients and potential investors get to watch GEB activities in the comfort of their homes, businesses, extending our reach and potential client database.
- We subscribe annually to business intelligence platforms that provide our research team with analytics that inform our management decisions, determining the markets we pursue and products we market and promote.
- Remote access tools were implemented which enabled secure, Always On and Anywhere access to IT resources for all our users including regional offices users. This solution improved efficiency and service delivery by enabling our users to securely work from anywhere, anytime.



Focus in the Future

- Develop and implement a comprehensive Customer Relations Management (CRM) solution to enhance our customer service.
- Enhance our video conferencing facilities to allow multiple vendor conferencing.
- Avail a private cloud platform which is scalable, stable, with high availability and high performance.



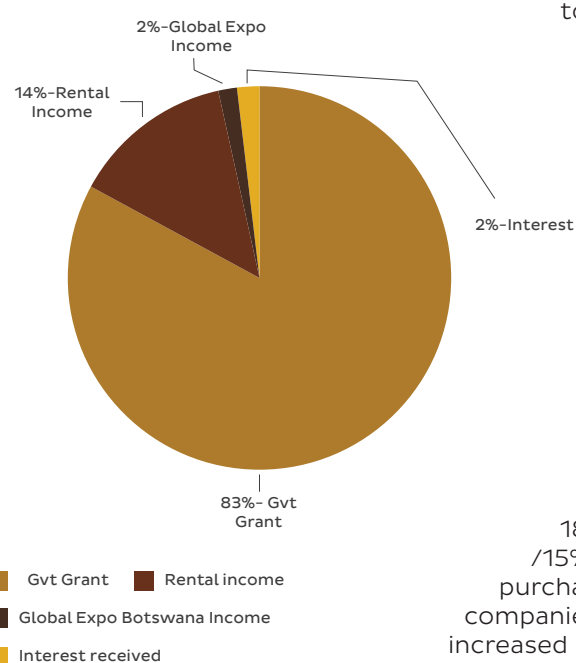


## FINANCIAL PERFORMANCE

During the year ending 31st March 2019, the Centre recorded a surplus of BWP 13,991,337 this was a decrease of 25% compared to last financial year's restated surplus of BWP 18,585,331. This is largely contributed by successful implementation of activities planned for the year.

### Revenue

The Centre continues to rely wholly on Government funding which makes 83% of its total revenue whilst 17% is internally generated. The internally generated revenue at 17% of the total revenue surpassed the Centre's annual target of 15%, largely contributed by an increase in interest generated from short term investments and increased occupancy rate of factory shells. In the financial year ended March 2019, BITC received a total subvention of BWP 101,830,560 which was a slight increase of 1.5% from last year's subvention of BWP 100,330,560.



### Budget Utilization

Budget utilization was optimized at 90%, slightly below last year's utilization of 93%, mainly because the Centre collaborated with a number of key stake holders to finance some of the initiatives and reduce the burden on BITC. The integrated approach to undertaking marketing, promotional and branding activities resulted in cost efficiencies that resulted in the 3% reduction in the overall budget utilization. The Centre is further evaluating opportunities to reduce costs through continuous improvements.

### Return on Investment (ROI)

BITC's targeted investment promotion efforts resulted in an increase in Return on Investment for the past years from BWP 1.082 billion to BWP 3.168 billion, demonstrating the Centre's efficiency in utilizing the allocated government subvention to attract FDI and promote exports from Botswana.

### Economic Diversification Drive (EDD)

BITC is fully compliant to the Government initiative which seeks to stimulate local production and consumption by leveraging on its purchasing power to procure from locally based manufacturers and service providers. As at March 2019, local purchases constituted 82% of the total procurement with foreign purchases at 18% (2018: 85% Foreign /15% local). Increase in purchases from foreign companies was a result of increased marketing, promotional

and branding activities in those target markets.

### Tax Compliance Review in Regional Offices

The Centre's operation in regional markets exposes it to various financial risks including exposure to tax requirements in the host countries. The South Africa Office has been going through a financial and compliance tax audit. A professional consultant, Ernst and Young Advisory Services has been engaged to identify possible areas of risk/ exposure on tax related matters. A Voluntary Disclosure Agreement (VDP) was made to the South African Revenue Services (SARS) and a payment was made during the financial year amounting to **BWP 3,389,970**. The Centre will continue to monitor these financial exposures and ensure compliance at all times.

### Outlook for 2019

- The Centre will continue to be a going concern as it has already secured subvention for next financial year.
- The Centre will seek to sign MOUs with key stakeholders who may partner with BITC to finance some of the initiatives.
- In addition, the Centre expects an overall strong operational performance with average budget utilization rate of 95% after a successful implementation of a new strategy in 2018.
- Further, the Centre continues to solicit for external funding, to finance its key initiatives.
- Improve capacity building through collaborations with key stakeholders;
- motivate for cost sharing between business units for missions and other activities.





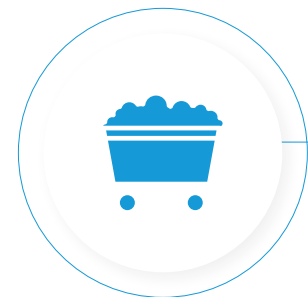


- 09 Strategy & Competitiveness
- 10 Foreign & Domestic Investment Performance
- 11 UK/EU Market
- 12 Asia/Middle East & The Gulf Countries
- 13 Business Facilitation
- 14 Export Development & Promotion
- 15 Global Expo Botswana
- 16 Brand Botswana
- 17 Reaching Out

## AKOLA BOTSWANA

### Coal Mining Observation

Botswana has large untapped resources of semi-bituminous coal in various parts of the country estimated at 212 868 million tonnes of which reserves constitute 50 to 60% of this resource, making Botswana the 2nd largest producer after South Africa.



Source: <https://www.gobotswana.com/sector/mining>



# Performance





# 09 Strategy & Competitiveness

The main strategic drive behind BITC's support to the macro-economic landscape, is anchored on positioning Botswana as a destination of choice for investment.

### Introduction

The Botswana Investment and Trade Centre (BITC) 2018 - 2023 Strategy has been developed with a view to enhance the Ministry of Investment, Trade and Industry (MITI) and the country's realisation of the macro-economic goals, as outlined in the National Vision 2036, National Development Plan 11, and the MITI's Strategic Plan.

The main strategic drive behind BITC's support to the macro-economic landscape, is anchored on positioning Botswana as a destination of choice for investment, to accelerate local and foreign investment, facilitate export development and promote the Nation Brand.

### BITC Strategic Choice and Direction

The BITC Strategy is largely a Functional one with four (4) main key result areas, presented in a simplistic form to allow stakeholders and staff to fully understand and align with, in a bid to support both buy-in and support. The key result areas are captioned below, in no order of importance, as all equally serve as the organisational strategic pillars:

1. **Client Centricity:** Clients will be at the forefront of all BITC decisions, including the form (structure) the organisation takes, its mode of working, its allocation of funds, employment criteria, reward structure and more;
2. **Execution:** Choosing right priorities and establishing a culture of accountability;
3. **Talent Curation:** BITC will always be defined by the quality of the talent it can attract and retain;
4. **Creative Environment:** The extent to which BITC offerings are creative and innovative will largely determine its success against competing, possibly better endowed countries.

### 2018 – 2023 Key Strategy Drivers

Functional Area	Strategic Objectives (Drivers)
Client centricity	Growing brand equity for Botswana & BITC and creating a conducive business environment, with the aim to drive investment and export growth.
Execution	Key to this, is the optimisation and operationalisation of processes ensuring high quality service delivery, as well as upholding corporate governance principles.
Financial Management	The requirements for this focus area are mainly to maintain financial rigor in operational planning, budgeting & execution and diversifying income streams.
Talent Curation	It is fitting that BITC builds an environment that fosters creativity and innovation, align skills and competencies to the functional strategy and transform BITC to a high performing organisation



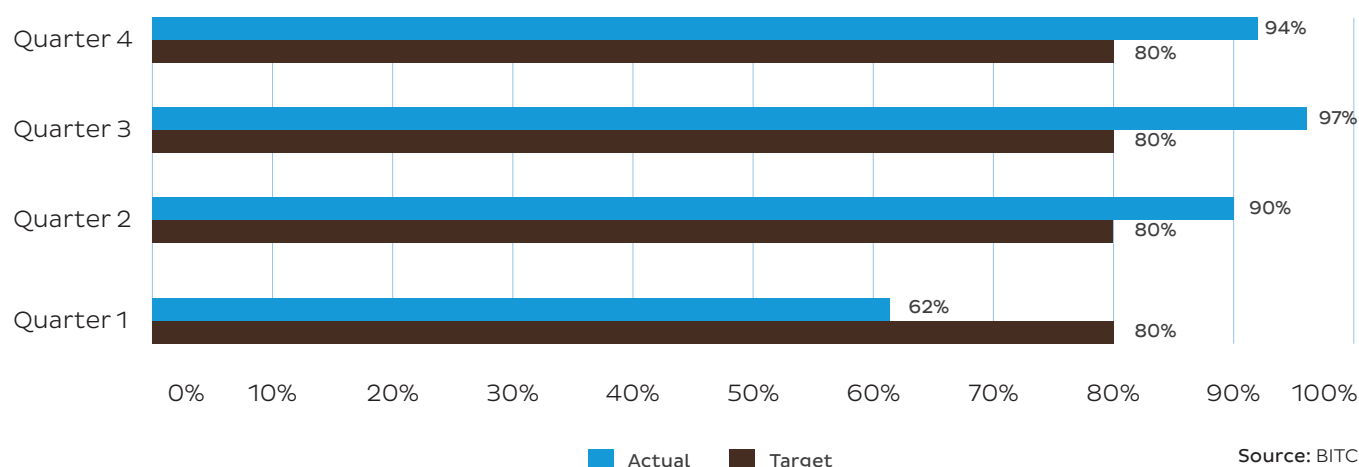
### 2018/19 Overall Corporate Performance Trends

The 2018/19 financial year marked the end of the first year of the BITC 5-year strategic plan. BITC has been monitoring its performance through quarterly reviews which are then submitted to the Board of Directors. In addition to this, BITC reports its performance with the Ministry of Investment Trade and Industry (MITI) and eventually the Office of the President through quarterly HE's briefs.

BITC attained a performance score of 94% during the first year of operation against an excellence performance target of 80%.

The overall performance for the Centre for the period under review, as evaluated against the above-captioned strategic focus areas, depicts an upward surge in performance across the three (3) Quarters save for Quarter 4, where a slight decrease was experienced. The greatest increase in performance was experienced in Quarter 2 against Quarter 1 [Refer to graph below].

#### Quarterly Performance Trends 2018/19



### Achievements

#### Apex Strategic Objectives' Performance Trend: 2018/2019

Period 2018/2019	FDI Target FDI	FDI Actual FDI	DI Target DI & Expa	DI Actual DI & Expa	Export Earnings Target	Export Earnings Actual	Jobs Target	Jobs Actual
Quarter 1	450m	338.5m	475m	196.4m	669m	691.5m	788	446
Quarter 2	900m	2389.82m	950m	531.55m	1338m	1401.4m	1575	1228
Quarter 3	1350m	3110m	1425m	1193m	2007m	2065m	2362	2969
Quarter 4	1800m	3168m	1900	2273m	2676m	2628m	3150	3565

Source: BITC

The 2018/19 financial year steered many achievements, including:

- During the period under review, BITC realised cumulative FDI inflows of BWP3.168 billion against the cumulative target for the period of BWP1.8 billion, which was largely attributable to more than expected performance from the financial services sector. The realised cumulative Domestic Investment and Expansions for the same period was BWP2.273 billion against the set consolidated target of BWP1.9 billion. The total number of jobs registered by the organisation during 2018/19 was 3565 against the cumulative target for the period of 3150 jobs. Services, agriculture and agro-processing sectors, followed by the manufacturing sector contributed more to realising these jobs [Refer to above table].
- With respect to exports, BITC exporting companies realised BWP2.628 billion against a target of BWP2.676 billion during the period under review in export earnings [Refer to above table].

Other notable achievements include the following;

- BITC successfully developed and launched its 2nd five-year strategic plan which will run from 2018- 2023.
- Received two (2) awards during the 2017/18 MITI Excellence Awards - Best Performing Parastatal and most compliant Economic Diversification Drive (EDD) Parastatal.
- Opened a Regional Office in Francistown - The office will service both domestic and foreign investors

in Francistown and its surrounding areas and it will effectively serve as a One Stop Business Services Centre for Francistown and adjacent regional blocks such as, SPEDU, Orapa/Lethakane, Pandamatenga/Kasane etc.

- 10 inward investment promotion missions were received, 12 outward missions were undertaken, and 5 export promotion missions were also undertaken during the year.
- 18 companies converted during the financial year, from the following sectors; mining, manufacturing and financial services.
- 12 companies were allocated land and 2 were allocated factory space to operate from.
- BOSSC processed a total of 602 government authorisations (566 approved, 13 rejected and 23 pending) and achieved 97% approval rate on the total number of authorisations.
- Launch of the National Export Strategy (NES).
- AGOA Strategy implementation - Six (6) Textile companies have been selected to supply Cash Bazaar retail stores.

#### Challenges

Despite the efforts made to promote and attract necessary FDI and grow exports, the country continues to experience hurdles that impede progress, and these include;

- Economic external shocks such as volatile commodity prices.
- Curtailed budget funding for planned activities.
- Limited serviced industrial land and readily affordable factory space.

- Stiff competition for FDI in the region and internationally.
- Limited sector funding options and sector specific incentives.
- Low productivity and high cost of production: Botswana's manufacturing companies' productivity is considered to be low with a relatively high cost of production, according to most studies. Most local companies are not acquainted with efficient factory production methods that can increase production levels and reduce the costs of production, thereby decreasing their competitiveness in regional and international markets.
- Low domestic linkages: The manufacturing sector is still at the infancy stage of development and is identified as made up largely of micro- and small-scale companies that are mostly unwilling to work together to enable them to meet external demand for big orders from potential international clients.

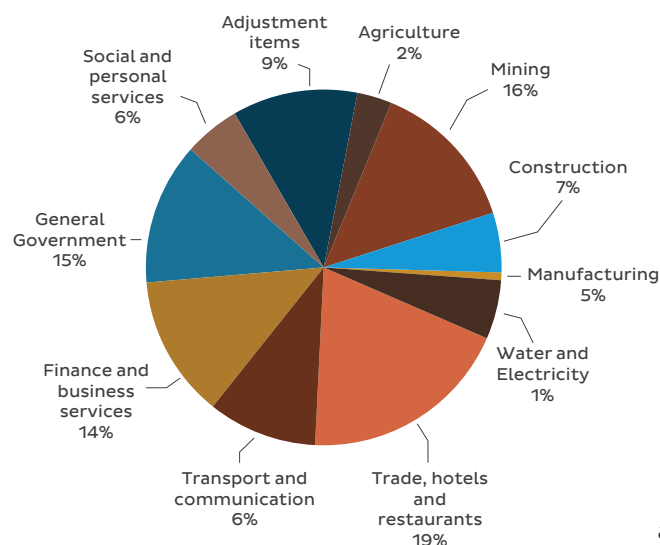
- Product development constraints: Most manufacturing companies do not have the finances or the expertise to be able to develop new products or improve their production processes in order to make them more efficient for the demands of external markets.
- Lack of Export Incentives: incentives that can be extended to exporters on issues such as labour and transportation subsidies. Utilities and others will go a long way in enhancing the growth of local export competitiveness.



### Economic Performance and Outlook

According to the World Bank, Botswana's real economic growth accelerated to 4.4% in 2018 (the fastest growth rate in the last five years) and will remain at around 4% up to 2021. Economic growth will be driven by mining activity, construction, the services sector and intensified public investments. The analysis of GDP by economic activity indicates that trade, hotels & restaurants are still the major contributor to GDP by 19.8 percent, followed by mining & quarrying, general government and finance & business services at 15.8, 14.5 and 14.2 percent, respectively. The contribution of other sectors was below 6.7 percent with water & electricity being the lowest at 1.0 percent.

Figure: Botswana GDP By Economic Activity - 2018



According to the World Bank, global growth in 2019 is expected to slow to 2.6 percent, reflecting weaker-than-expected trade and investment at the start of the year. Growth is projected to gradually rise to 2.8 percent by 2021, predicated on continued benign

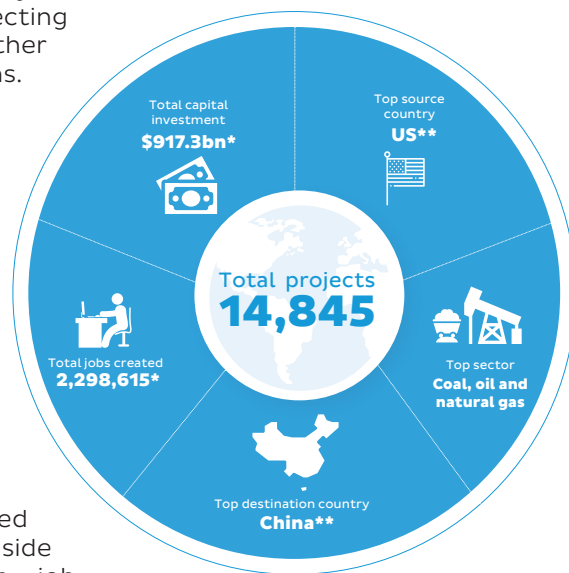
global financing conditions and a modest recovery in emerging market and developing economies (EMDEs). However, EMDE growth remains constrained by subdued investment. Risks are firmly on the downside, in part reflecting the possibility of a further escalation of trade tensions. It is urgent for EMDEs to reinforce policy buffers and to implement reforms that boost growth prospects.

### Global Overview of FDI Trends

According to FDI Markets Report (2019), in 2018 greenfield FDI strengthened, with the number of FDI projects increasing by 7% to 14,845. Capital investment increased by 42% to \$917.3bn alongside a 25% increase in job creation to 2.3 million. China replaced the US as the highest ranked country for FDI by capital investment, with \$107.2bn recorded, boosted by major announcements from Foxconn and BASF totalling \$19bn. The US was the highest ranked country for FDI by number of projects, recording 1581 announcements compared with China's 796 projects.

Western Europe was the leading destination region for FDI in 2018 by number of projects with 4385 announcements. However, Asia-Pacific received the largest level of capital investment in 2018 with \$377.7bn-worth of FDI recorded.

Western Europe was the leading source region for FDI in 2018, with 6524 FDI projects recorded. This accounted for 44% of all FDI globally and \$305.9bn in capital investment.



### FDI Projections

According to the World Investment report (2019), projections for global FDI in 2019 point to a 10 per cent increase to almost \$1.5 trillion – still below the average of the last 10 years. The main factor driving up expectations is the likely rebound from anomalously low levels of FDI in developed countries in 2018. Following the subsiding of repatriations of foreign earnings of United States multinationals in the second half of 2018, developed-country inflows are likely to revert to prior levels, implying a significant jump in some countries that normally receive sizeable inflows. Flows to developing economies are expected to hold steady, with projections showing a marginal increase of about 5 per cent. Among developing regions, FDI in Africa is likely to increase by 15 per cent, in view of an expected acceleration of economic growth and advances in regional integration.

### Market Surveys

During the year under review, BITC conducted 2 market reviews in Angola and Zimbabwe to investigate the available export opportunities. Despite their close proximity to Botswana and immense potential, Botswana's presence in these two markets remains low owing to the tariff and non-tariff barriers. A synopsis of the 2 markets is provided below:

### Angola

#### Macroeconomic Performance

The Angolan economy has experienced a sharp decline in oil prices since 2014. This has harmed the oil-dependent economy, and real GDP shrank by 0.2% in 2017 and an estimated 0.7% in 2018. Fiscal revenues declined by more than 50% between 2014 and 2017. Fiscal consolidation through better mobilisation of non-oil fiscal revenue and spending cuts reduced the budget deficit to an estimated 2.8% of GDP in 2018 from 4.8% in 2017. Further, the economy is projected to emerge from recession with real GDP growth of 1.6% in 2019 and 2.2% in 2020. The recovery will be driven mainly by the production and export of diamonds (growing by 8.2%), agriculture (5%), and construction (2.1%). Changing to a floating exchange regime in 2019 could eventually eliminate the gap between the official and parallel market exchange rates. A 14% value added tax to be introduced in July 2019 will also mobilise domestic resources

#### Export Opportunities

An analysis of Realistic Export opportunities between Botswana and Angola amounts to US\$ 56 million (Source: Trade DSM). The products with the highest potential are: Safety/relief valves for pipes, vaccines for human medicine, special purpose motor vehicles and check (nonreturn)

valves for pipes. Botswana's exports to Angola can be anchored by developing these products competitively.

Table: Top 10 Real Export Opportunities (REOs) For Botswana in Angola

No.	Sector	Sector Description	Realistic Export Potential (000'US\$)	Total BW Exports (000'US\$)
1	HS848140	Safety/relief valves for pipes/boiler shells/tanks/vats or the like	16 117.82	100 641.10
2	HS300220	Vaccines for human medicine	10 505.25	67 303.30
3	HS847990	Parts of the machinery. & mech. appls. of 84.79	8 273.75	60 973.97
4	HS870590	Special purp. motor vehicles,	5 505.17	38 083.00
5	HS848130	Check (nonreturn) valves for pipes/boiler shells/tanks/vats or the like	2 876.68	20 215.21
6	HS330210	Mixtures of odoriferous subs. & mixts. (incl. alcoholic solutions) used in the food/drink industries	2 714.11	18 502.43
7	HS902300	Instruments, app. & models designed for demonstrational purps. (e.g., in education/exhibitions), unsuit.	1 688.50	12 259.38
8	HS841290	Parts of the engines & motors	1 227.18	8 605.47
9	HS820790	Interchangeable tools for hand tools	972.76	6 701.05
10	HS843041	Boring/sinking mach	851.61	6 306.80
		Total-All REOs	56 919.18	381 040.58

Source: BITC Market Survey 2018



## Zimbabwe

### Macroeconomic Performance

Zimbabwe's economy grew by 3.5% in 2018 and it is expected to grow by a further 4.2% in 2019 and 4.4% in 2020. Growth in 2018 was mainly driven by agriculture and influenced by relatively peaceful elections. The agricultural sector and mining are expected to be the main drivers of growth, backed by increased public and private investment (African Economic Outlook 2019). The economy however continues to face challenges of high and unsustainable debt-to-GDP ratio, high fiscal deficit, limited availability of foreign exchange, and persistent shortage of essential goods, including fuel and consumer goods.

### Export Opportunities

Based on international trade statistics and TRADE Decision Support Model (TRADE DSM), Botswana has potential to export basic and processed agricultural products, machinery and equipment, salt, chemicals and other industrial products. 69 real export opportunities exist across 19 sectors with a value of about BWP 31 Million.

Table: Top 10 Real Export Opportunities (REOs) For Botswana in Zimbabwe

No.	Sector	Sector Description	Realistic Export Potential (000'US\$)	Target Market(s) Total Imports (000'US\$)
1	S01	Agriculture, forestry & fishing (11-13)	10 534.69	81 570.20
2	S05	Food (301-304)	774.42	9 518.95
3	S08	Textiles (311-312)	71.74	452.36
4	S09	Wearing apparel (313-315)	50.88	320.2
5	S10	Leather & leather products (316)	24.28	168.13
6	S12	Wood & wood products (321-322)	380.14	6 449.70
7	S13	Paper & paper products (323)	2.67	18.16
8	S16	Basic chemicals (334)	2 350.37	15 022.33
9	S17	Other chemicals & man-made fibres (335-336)	1 940.33	16 897.89
10	S18	Rubber products (337)	1 263.55	7 796.63
		Total - all REOs	30 628.93	229 588.95

Source: BITC Market Survey 2018



PERFORMANCE

# 10 Foreign & Domestic Investment Performance

The total number of jobs registered by the organisation during the year under review was 2694 against an annual target of 1576.

For the year (2018 – 2019) under review the Investment Promotion annual FDI capital inflows realised stood at P3.2 billion against an annual target of P1.8 billion, which was largely attributable to more than expected performance from the financial services sector. The realised total Domestic Investment for the period was P853.5million against the

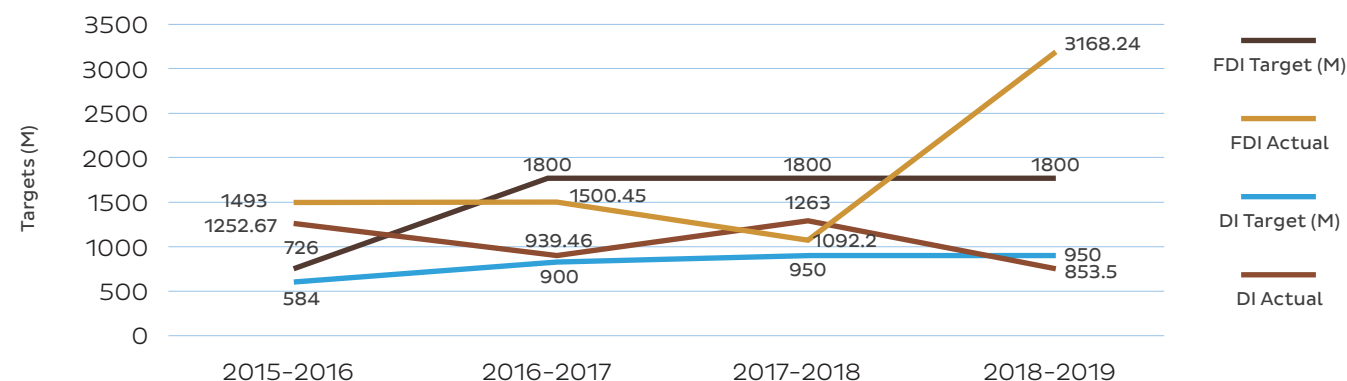
set stretched target of P950 million. The total number of jobs registered by the organisation during the year under review was 2694 against an annual target of 1576. Most of the jobs were created through Domestic investment, while FDI generated 431 jobs. The majority of the jobs were realised from the services, agriculture and agro- processing

sectors followed by the manufacturing sector. A total of 41 companies were accredited in the reporting period across various sectors including agribusiness, healthcare, construction, financial services, and manufacturing which were expected to generate investments of P1 723.5billion and 7618 jobs.



### Total registered investment (millions bwp) 2015 -2019

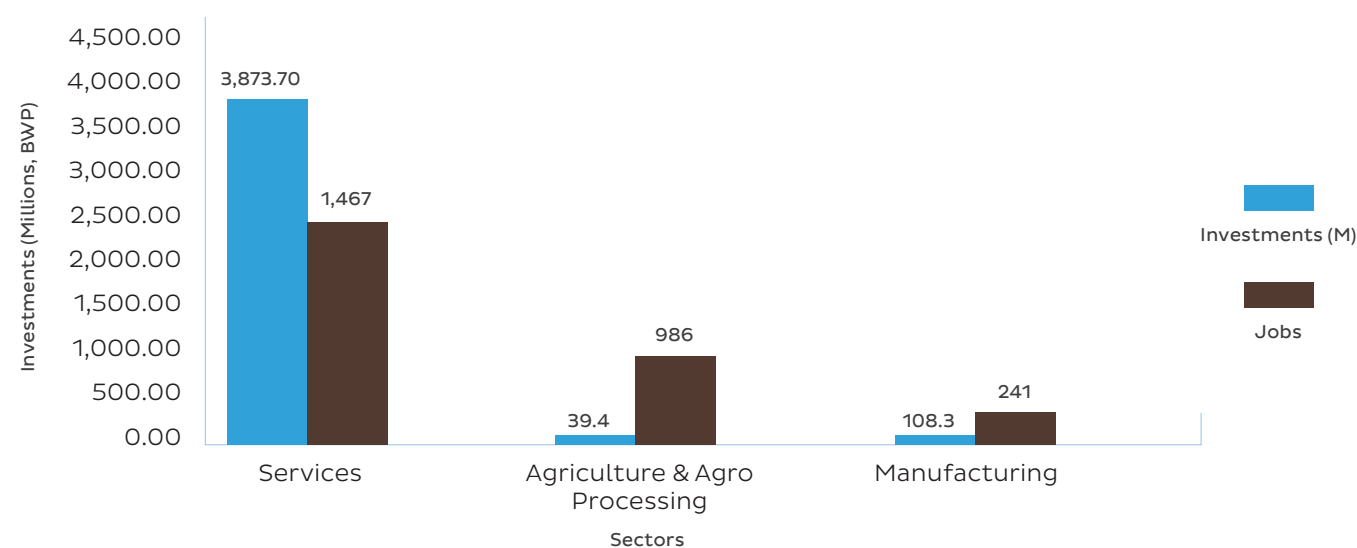
FDI & DI Performance 2015 -2019



Source: BITC, IP Department

The three (03) prioritised sectors of focus for the year 2018-2019, were financial and business services, agriculture and agro processing and manufacturing. The financial services registered the highest investment followed by manufacturing then agriculture and agro processing while most jobs were committed in the services sector (construction) followed by agro processing.

### Performance Per Sector



Source: BITC, IP Department

### Missions

Five (5) inward missions were received during the period under review and 4 outward missions were undertaken during the 2018-2019 financial period to assist in generating credible investment leads and eventually investment conversions for the Botswana Investment and Trade Centre. It was anticipated that these missions would assist the country with the following:

- Attract the necessary Foreign Direct Investment into the country.
- Create sustainable job opportunities.
- Diversify the economy of Botswana away from its heavy reliance on mineral revenue.
- Stimulate joint venture partnerships between citizens and foreign investors.
- Substitute Botswana's huge import bill.

### THE INWARD MISSIONS DURING THE PERIOD UNDER REVIEW INCLUDED:

- **A MERCOSUR Delegation** (Southern Common Market comprising of some countries in South America) visited Botswana in June 2018 to appreciate the country's business climate as well as opportunities in the dairy sector. The delegation comprised of 14 companies. Follow ups are ongoing in collaboration with the Ministry of Agriculture (Botswana).
- **The China Council for the Promotion of Investment and trade (CCPIT)** with 69 delegates visited BITC in July 2018. The delegates were from the following sectors; Energy, Health, Agriculture, Manufacturing, Construction, Finance, ICT, Infrastructure and Real estate. BITC invited 104 local companies to participate in the Forum and the sectorial

round table discussions. An MOU was also entered into between CCPIT and BITC to facilitate trade and investment between Botswana and China.

- BITC hosted 5 companies from **Italy** to explore possible strategic partnerships and investment opportunities. A total of 77 business participants attended the forum; 62 representatives from invited companies and organizations, and 9 representatives from Italian companies. The focus sectors for the forum included Leather Processing, Engineering Services, Education, Hospitality, Water and Waste Management, Energy and ICT.

### OUTWARD MISSIONS DURING THE PERIOD UNDER REVIEW ARE AS FOLLOWS:

- Botswana Investment and Trade Centre (BITC) was invited in June 2018, by the Africa Trade & Investment Series Group to participate at the inaugural 2018 **Africa Trade & Investment Global Summit (ATIGS) in Washington D.C.** The theme of the summit was "Driving Trade, Unleashing Investment and Enhancing Economic Development: The Gateway to African Markets". The goals and objectives of 2018 ATIGS among others include; To promote and facilitate international trade between America, Asia, The Caribbean, EU, UAE, with Africa.
- BITC leveraged on the Memorandum of Understanding in place between BITC and **WESGRO (the Investment Promotion Agency of Western Cape)** and undertook a mission to Capetown, Western Cape RSA led by the Minister of Investment Trade and Industry, Honourable Bogolo J. Kenewendo. 37 contacts were

established during the mission which included Winelands Pork. This company is interested in setting up a pork farm and abattoir in Botswana. They have since visited Botswana to ascertain the prospects of setting up in Botswana.

- BITC organised a Business Forum in Beijing during the **Forum on China Africa Cooperation (FOCAC)** which was led by His Excellency, The President of Botswana Dr. Mokgweetsi E.K. Masisi in August 2018. BITC successfully mobilised 47 companies from Botswana from various sectors. 16 parastatals were represented during the mission. The mission sought to reestablish the relationship with China and reposition Botswana as an investment destination of choice. There has been renewed interest on Botswana by Chinese companies following this mission.

### Thought Leadership Forums

BITC hosted two (02) premium thought leadership forums for Business Process Outsourcing (BPO) and Agriculture, which brought together all the industry key stakeholders from both Government and the Private sector.

- The BPO Thought Leadership Forum which attracted 50 delegates was held on the 17th August 2018 and featured key local and international experts in the sector. The focus of discussion was on how Botswana can develop a robust BPO sector as well as what needs to be put in place to create an enabling environment for the sector to flourish. Sector specific incentives were proposed.
- BITC hosted the Agriculture



Thought Leadership in March, 2019 which attracted 150 delegates. The objective of the forum was to brainstorm and discuss issues pertaining to the sector, as well as to try to map the strategic direction in improving the performance of the sector. The aim was to identify and consolidate ideas to promote value chain beneficiation within the agricultural sector to achieve economic diversification with the view to reduce the country's dependence on the mining sector and promote import substitution.

**Strategic Collaborations**

For the year 2018 – 19 period, BITC signed one (01) MOU with China in February 2018 which will facilitate investor and trade related referrals between the two jurisdictions as well as encourage sharing of investment and trade related information and exchange of business missions between both entities.

**Botswana Railways Capital Raising Forum**

BITC in collaboration with Business Botswana and Botswana Railways successfully organized a Capital raising forum where local funding institutions were sensitised about the forthcoming rail projects notably the Moseitse - Kazungula Rail link and the Lephalale rail loop meant to link Botswana's coal basin with RSA established rail network to unlock Botswana's coal potential. These projects will further enhance Botswana as a land linked transport corridor.

**Investment Pipeline**

There are forty (40) companies with a combined investment level of P679 327 083.00 and employment levels of 2340. The companies await mainly allocation of land and factory shells. The majority of the companies are in the manufacturing sector. (ref: Table 3)

**Table 3: Investment Pipeline**

Key Result Area	Level of Investment	Employment
Foreign Direct Investment	296 927 083	1067
Domestic Investment	180 100 000	503
Expansions	202 300 000	770
Total	679 327 083	2340

**Maatla Resources**

Maatla Resources is developing a mine (the Mmamabula Coal Mine) at a capital investment requiring USD 45 million. This project will produce 100 000tpm of export sized coal product and employ 407 permanent people. The Environmental Impact Assessment is complete and is in place. It is expected that the commencement date for operations is August 2020. Final Mine infrastructure designs have been completed and the following infrastructure developments are ready to commence.

- Mine access road, water & power supply, buildings and security control, pollution control dams, co-disposal facility
- Railway siding: 1.3 km length

Below is the implementation schedule for the project

- Permitting: Q3 2019, Financial closure: Q3 2019
- Mine development: Q3 2019 – Q3 2020
- Operations start up: Q3 2020 with full production by Q2 2021



**Minergy Coal Mine**

At the end of August 2018 Minergy was awarded its mining license and since then the company has focused on the establishment of a mine. Local offices were opened in the villages of Medie and Lentsweletau primarily to ensure that detailed skills audits are conducted and that much employment as possible is sourced from these areas. At the end of December 2018, of the 181 employees on the mine site, 164 or 91% were Botswana citizens. The current workforce, at the date of publication of these results, totals 215 employees 201 of whom are Batswana.

**BMS Foods Botswana**

BMS Foods Botswana is a food processing company whose majority share ownership is South African company (70%) with 30% being local investors. The parent company is based in South Africa and has been in operation for the past 25 years. BMS Foods currently has 15 retail stores situated throughout Kwazulu Natal, 3 production plants and a distribution centre.

BMS Foods Botswana started their operations in October 2018. The company is located at Portion 888, GICP, Gaborone.

The company has employed 25

(24 locals and 1 foreigner) and currently manufactures French and chicken polony. They source their raw materials (being the mechanically deboned meat) from Brazil since there is no company which produces the said raw material in Africa. The company currently supplies Spar, Choppies, Pick 'N Pay and Fours and they are in contact with other retail stores so that they can access their markets.

The company is planning to diversify into other products to include among others burger patties, Russians, viennas and sausages. They are also looking into penetrating neighbouring

countries markets among others South Africa (The North West Region as it is closer to them than the Headquarters), Zambia and Zimbabwe.

**Indus Health Care**

Indus Healthcare (Pty) Ltd is part of the Indus Healthcare Group based in Punjab, India. Indus Healthcare constructed state of the art teaching hospital in Francistown. This Academic Teaching Hospital is expected to create more than 900 direct and indirect jobs during and after the construction phase of the facility. Indus Health are advanced stage of completion of the structure. The Hospital will start operating in December 2019.







11

## UK/EU Market

Promotion of Botswana's goods in the EU and UK market is beginning to take shape. During the year under review, BITC identified potential high end buyers of Botswana beef in the German market.

The 2018/19 period saw the BITC UK office operating in an environment that was characterised by several emerging issues for FDI attraction. According to EY 2018, the biggest game changer for FDI attraction was geopolitical risk followed by Brexit, which according to research, was going to impact 30% of foreign investors in Europe. The other emerging issues directly

affecting Botswana's promotional efforts included the Financial Action Task Force (FTAF) listing the country in the category of "High Risk Third Countries" in February 2019 and General Data Protection Regulations of 2018. Notwithstanding the foregoing, the BITC office managed to make inroads into the European market,

as reflected by the many targeted engagements undertaken, which included two High profile missions led by His Excellency Dr. Mokgweetsi E.K. Masisi, the President of the Republic of Botswana.

Below are the performance highlights from the UK regional office:

- 8 companies visited Botswana for scoping missions (Medinet

for healthcare; ArcelorMittal for Rail infrastructure development; Italian Botswana Lodging Pty Ltd for Tourism hospitality; Wild African Eco Retreats; Global Enertec for Energy; APS Finland for ICT; and ETC Group for commercial agriculture and agro processing; and Lloyd's for Insurance)

- 2 companies submitted business proposals to BITC for accreditation - (Italian Botswana Lodging Pty Ltd from Italy and Wild Africa Eco Retreats from the UK)
- 1 company accredited and established in Botswana under the IFSC for Business Services (Africa Matters from the UK).
- 17 leads were established with the potential to convert into the pipeline
- 7 marketing missions were undertaken across Europe; 5 of which were in the target and profiled markets; 3 were high profile engagements (UNCTAD Competition Peer Review Mechanism, Geneva, Switzerland, 10 - 13 July 2018, led by Honourable Bogolo J. Kenewendo, Minister of Investment, Trade and Industry; World Investment Forum, Geneva, Switzerland 22- 26 October 2018; and the Katowice Business Mission, Katowice, Poland, 4th December led by His Excellency the President of the Republic of Botswana Dr. Mokgweetsi EK Masisi respectively.

The analysis below covers some selected market engagements to illustrate detailed activities and outcomes of such engagements;

### The UK Market

The UK has been one of Botswana's key markets in terms of investment and trade. However, the level of trade between Botswana and UK has declined over time, calling for new strategies to reposition trade

flows, especially on the non-traditional sectors. The office continued to undertake targeted market engagements in the UK, and two key engagements stand out;

- **The Africa Financial Services Investment Conference (AFSIC), London: 2 - 4 May 2018.** AFSIC provides a good opportunity to market the Botswana IFSC as a leading platform for financial and business services companies that seek to invest in Africa. BITC has participated in the conference with other Botswana companies such as Letshego, Imara, Norsad and the Botswana Stock Exchange.
- **Birmingham Chamber of Commerce 15 February 2019.** BITC engaged the Greater Birmingham Chamber of Commerce (GBCC) to present Trade and Investment Opportunities to 30 participants on the 15th February 2019. The GBCC have shown some increasing interest in the commonwealth region since the launch of the Greater Birmingham Commonwealth Chamber of Commerce for purposes of exploring new markets. Due to increased relations with the chamber, BITC has been accorded "Honorary Membership" of the Chamber and this will facilitate reaching out to key targeted businesses in the Midlands, which is the manufacturing center for the UK.

### Switzerland

- **Switzerland (Competition Peer Review Mechanism - UNCTAD); 10 - 13 July:** The BITC UK office provided backstop support to the Minister of Investment Trade and Industry, Honourable Bogolo, J. Kenewendo during

her week-long mission in Geneva, Switzerland where she attended the 17th session of the Intergovernmental Group of Experts on Competition Law and Policy at UNCTAD. The Honourable Minister was commended by the UNCTAD Secretary General Mukhisa Kituyi, for her portfolio as one of the inspiring youngest female Ministers on the Continent. The Minister delivered an opening statement where she acknowledged the role played by the UNCTAD Secretariat for the technical assistance extended to developing countries.

- **World Investment Forum, Geneva, Switzerland. 22 - 26 October 2018.** His Excellency the President, Dr. Mokgweetsi E.K Masisi participated at the 10th World Investment Forum from the 22nd to the 26th October 2018 in Geneva, Switzerland. The Forum is a multi-stakeholder gathering at the level of Heads of State and government, ministers, chief executive officers and principals of international organisations, designed to facilitate dialogue and action on the world's current and emerging investment development challenges. The 2018 WIF placed emphasis on the challenges to international investment in the new era of globalisation and industrialisation. His Excellency was accompanied by a delegation comprising of the Minister of Investment Trade and Industry, Honourable Bogolo J. Kenewendo, the Minister of International Affairs and Cooperation, Dr. Unity Dow, the Minister of Health and Wellness, Dr Alfred Madigele, the Permanent Secretary - MITI, Ms. Peggy Serame, BITC Acting COO, Mr. Reginald Selelo amongst the





many dignitaries that graced the occasion.

### Poland

- **COP24, Katowice, Poland; 4 December 2018** -His Excellency the President, Dr Mokgweetsi E.K. Masisi participated in the 24th Conference of The Parties to the United Nations framework Convention on Climate Change (UNFCCC – COP24) in Katowice, Poland. The visit accorded His Excellency the opportunity to market Botswana as a viable investment destination to 9 Polish businesses interested in the Africa market. The seminar was held in partnership with Polish Chamber of Commerce who are also assisting BITC with meeting invitations and other logistics to ensure the success of the forum. From these engagements a follow-up visit to Botswana by Medinet was done March 2019 where they met with key stakeholders. In addition the Polish Chamber of Commerce confirmed that a delegation of potential investors will be led to Botswana from 24 – 26th July, 2019.

### Czech Republic

- **Czech Botswana Namibia Business Mission: 19 – 24th November 2018** Botswana was invited alongside Namibia to the Czech Republic. The initiative was coordinated through the Czech Embassy in Pretoria. The Namibian delegation was led by the Minister of Trade Honourable Tjekere while Botswana was led by the BITC UK Office. 3 Botswana companies participated; Advanced Global Group (aquaponics; aircraft maintenance and aviation); Solidcare Services (ICT) and Lisrose Supplies (defense military; mining supplies)

### Trade Promotion

Promotion of Botswana’s goods in the EU and UK market is beginning to take shape. During the last quarter, BITC identified potential high end buyers of Botswana beef in the German market. The office further facilitated discussions between the marketing company (GPS Food Group) and the potential buyers. The deal is yet to be concluded. The office will continue to profile potential buyers to match with incumbent exporters from Botswana to diversify Botswana’s markets.



12

## Asia/Middle East & The Gulf Countries

There was strengthening of the Botswana - India relations with the Vice President of India Mr. Venkaiah Naidu, paying an official visit to Botswana and officiating at the 2018 GEB

The 2018/19 period saw a change in Botswana relations with other countries with the strengthening of the Botswana - China relations. His Excellency Dr. Mokgweetsi E.K. Masisi, the President of the Republic of Botswana made a state visit to China. There was also strengthening of the Botswana - India relations with the vice

President of India Mr. Venkaiah Naidu, paying an official visit to Botswana and officiating at the 2018 GEB. The two countries, India and China are amongst the biggest economies in the world and therefore it is important to maintain good relations with them in view of their capabilities. Furthermore, the two countries

have high economic growth, with India’s growth at 7.2% in 2018-19, being the world’s fastest growing large economy and China at 6.6 percent in 2018, the slowest pace since 1990.



### Highlights of the year

- More than 25 companies from India participated at the Global Expo Botswana;
- 6 companies visited Botswana for scoping missions (CISB Company, Rangkala Glass Designs, Yashoda Hospital, Vedaz Company, J&W Trading and Orange County);
- 1 company, Orange County, has already been accredited and is in the process of operating in the hospitality sector; and,
- 1 company J&W Trading, is working with Jetro to conduct a feasibility study on waste management in Botswana landfills with a view to utilise the waste to produce fertiliser.

### Major Engagements

#### India

- BITC participated at the Africa Trade Summit in Ahmedabad, Gujarat organised by INDO – Africa Chamber of Commerce on 27 and 28 November 2018. The Summit was attended by companies from India as well as companies from African countries such as Lesotho, Kenya, Morocco, DRC, just to name a few. The companies came from different sectors such as; the mining sector, agriculture (agro processing), manufacturing, IT, engineering, construction, energy, education, sanitary ware and financial sectors. The Executive Director of the Botswana Trade and Investment Centre made a presentation on doing business in Botswana to ignite participants' interest to explore trade and investment opportunities that exist in Botswana.

The Botswana Investment and

Trade Centre participated at the 9th Vibrant Gujarat from 17th to 20th January 2019 at Gujarat, India. Vibrant Gujarat is a biennial investors' summit which attracts delegates and investors from different countries. The Summit was organised by the State of Gujarat under the theme "Shaping of a New India"; and was inaugurated by the Prime Minister, Narendra Modi. The event attracted delegates from 130 countries, with 800 participants from Africa and around 42000 locally.

#### China

BITC collaborated with The China Council for the Promotion of International Trade (CCPIT) to organise the Botswana - China Business Forum on 31st August 2018, in Beijing. The Business Forum, was held back to back with a State Visit to China by the President of the Republic of Botswana, H.E. Mokgweetsi E. K. Masisi. The purpose of the forum was to attract Chinese investors to Botswana, as well as market Botswana products in the Chinese market. The Forum also accorded the Botswana companies an opportunity to make contact with their Chinese counterparts for possible partnerships of collaboration. A total of 47 companies which include private companies and parastatals participated in the mission. The companies and parastatals represented 13 sectors from Botswana. The B2Bs continued on the 1st and 2nd September for some companies.



#### Japan

TICAD Ministerial was held in TOKYO, JAPAN on 4-7 OCTOBER 2018. It was attended by Ministers from across the African Continent together with their Japanese counterparts. Botswana was represented by the Minister of International Affairs and Cooperation as well as Embassy staff. The purpose of the meeting was to discuss and explore ways to "promote economic diversification and structural transformation in Africa, towards inclusive growth and sustainable development". The meeting took stock of the progress made since the last TICAD Summit in 2016, in order to prepare for the 2019 TICAD VII.

The main themes for discussion included private sector development with special focus on areas such as micro, small and medium sized enterprises (MSMEs), energy development, promotion of science, technology and innovation, as well as expansion of agriculture and agribusiness. There were side events to offer opportunities to not only have business to business meetings with leading Japanese companies across all sectors but most importantly to learn the new investment trends by Japanese investors. Botswana Embassy also organized a seminar where Botswana investment opportunities were discussed with companies in sectors such as energy, logistics, infrastructure, waste management and construction.

J & W Trading which was one of the companies that participated during the investment seminar visited Botswana in November 2018, and has expressed interest to invest in waste management. The company is in the process of doing a feasibility study in collaboration with JETRO.

#### UAE

The Botswana Investment and Trade Centre (BITC) participated at the Dubai Annual Investment Meeting (AIM) Conference on 9 - 11 April 2018, under the theme: "Linking Developed and Emerging Markets through FDI: Partnerships for Inclusive Growth and Sustainable Development". The Annual Investment Meeting (AIM) is an initiative from the United Arab Emirates (UAE) Ministry of Economy. It is the region's first emerging markets FDI-focused event to offer a perfect blend of trade fair and intellectual features aimed at enriching institutional, corporate and individual investors attending with a comprehensive view of the investment environment in high growth regions. Established as the new staple for foreign trade and FDI, AIM attracts a mix of high profile government officials, private asset owners and project promoters from across the globe.



# 13 Business Facilitation

During the year under review, the Botswana One Stop Service Centre (BOSSC) registered a steep increase in utilization of its services by domestic and international investors of BITC as compared to the previous year.

During the year under review, the Botswana Investment & Trade Centre (BITC) continued to deliver improved investor services to its customers through the Botswana One Stop Service Centre (BOSSC). BOSSC is an investment facilitation service within BITC which houses relevant government agencies to provide prompt, efficient and transparent services to investors.

In this regard, BOSSC has made available shortened and simple administrative procedures and guidelines for issuance of business approvals, permits and licenses, thereby removing bottlenecks faced by investors in establishing and running businesses in Botswana. There are currently 13 government departments that

are represented in BOSSC out of which 3 have their officers permanently occupying office in BOSSC. Altogether there are five (5) officers from the Ministry of Nationality, Immigration & Gender Affairs, the Ministry of Employment, Labour Productivity & Skills Development and the Ministry of Lands Management, Water & Sanitation Services.

In addition to the services provided within BOSSC, the

Business Facilitation function also continued to implement work streams in the areas of property services and land facilitation, investor aftercare, stakeholder engagement and policy/regulatory reform advocacy. In its quest to promote and facilitate the establishment of investment opportunities across Botswana, the Botswana Investment and Trade Centre (BITC) opened a new Regional office in Francistown in March 2019. The office space has been secured within the Tati River Mall, to co-locate with Companies & Intellectual Property Agency (CIPA). The decision to co-locate with CIPA is encouraged by the parent Ministry pursuant to its One Ministry approach.

The office is responsible for promoting business development and encouraging investment in the northern part of Botswana. The Office services both domestic and foreign investors in Francistown and its surrounding areas. It effectively serves as a One Stop Business Services Centre for Francistown and adjacent regional blocks such as, Selebi Phikwe Economic Diversification Unit (SPEDU), Orapa/Letlhakane, Pandamatenga, Kasane and Maun.

## Botswana One Stop Service Centre (BOSSC)

### Facilitation of Government Authorizations

During the year under review, the Botswana One Stop Service Centre (BOSSC) registered a steep increase in utilization of its services by domestic and international investors of BITC as compared to the previous year. The 2018/19 statistics indicate that the Centre processed 602 government authorizations compared to the 370 in the previous financial year thus demonstrating a 62% increase in the number of applications. The approval rate for the year under review stood at 97% compared to 81% approval rate registered in the previous financial year. The increase in approval rate could be attributable to the aggressive marketing campaigns of services offered under BOSSC. These entail among others adverts placed on local and international print media such as in the Emirates Inflight magazine, Duma FM radio show and several outreach events in places like Francistown, Maun, Kasane, Francistown just to name a few. During the financial year under review, the rejection rate stood at 3% while the rest of the applications were still being processed.

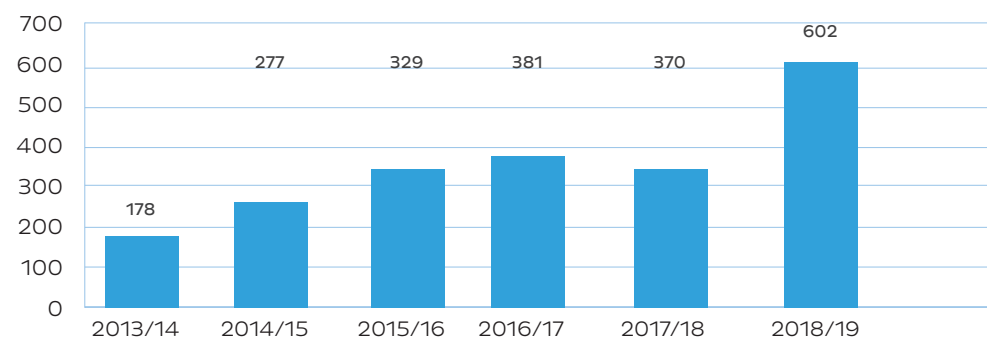
Type of Authorization	Turnaround Time	Decision				Total
		Granted	Rejected	(Pending- Within Turnaround time)	(Pending- Outside Turnaround time)	
Entry VISAs	7 days	222	0	0	0	222
Work and Residence Permits	30 days	147	7	5	0	159
Work and Residence Exemptions	14 days	142	4	4	0	150
Emergency Work Permits	7 days	24	2	0	0	26
Permanent Residence	3 months	5	0	11	0	16
Appeals to the Minister	30 days	6	0	2	0	8
Section 23/11 Appeal to Minister	30 days	1	0	0	0	1



Industrial License	5 days	2	0	0	0	2
Company Registration	1 day	4	0	0	0	4
Environmental Impact Assessment	9 months	0	0	0	0	0
Variation	30 days	4	0	0	0	4
Development Approval Order	30 days	0	0	0	0	0
Citizenship	12 months			1	0	1
Cancellation	30 days	0	0	0	0	0
Replacement	OVER THE COUNTER(BOSSC)	8	0	0	0	8
Extension of days beyond 90	OVER THE COUNTER(BOSSC)	1		0	0	1
<b>TOTAL</b>		<b>566</b>	<b>13</b>	<b>23</b>	<b>0</b>	<b>602</b>

It is evident from the statistics that the labour and immigration authorisations, especially applications for various types of entry visas continue to dominate demand for the services rendered by the Centre. Over the years, BITC has experienced a steady rise in the request for its facilitation services as demonstrated in Figure 1 below. During the financial year 2013/14, BITC processed 178 investors applications for various government authorisations as compared to 602 applications processed in 2018/19. The steep increase in the number of authorisations is mainly associated to the value add that BOSSC has brought about ever since its establishment in 2017. The opening of a new BITC Regional office in Francistown in March 2019 is expected to contribute to the continued increase in the number of authorisations facilitated through BITC as services have now been brought closer to the people.

Figure 1: Number of Government Authorizations Facilitated Through BOSSC



Source: BITC

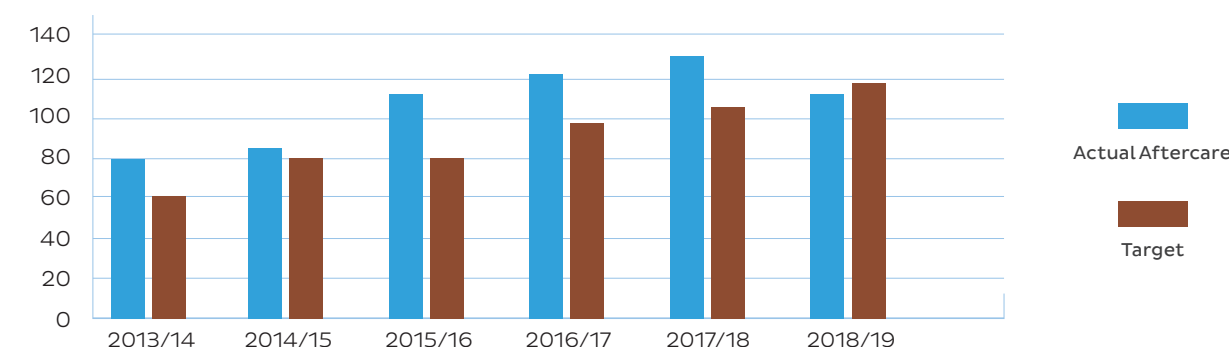
### Investor Aftercare

Over the last five years, BITC has embarked on an aggressive investor aftercare campaign codenamed “RED”. The BITC Aftercare Strategy is aimed at encouraging investors to Retain their investment in Botswana, Expand their businesses and Diversify into other “blue sky” opportunities available within the Country. The programme entails providing post – investment services designed to encourage existing investors to generate new investment and to expand their investment projects. The other objectives of the investor aftercare interventions are to generate new investment leads and to make existing investors “ambassadors” of Botswana as preferred investment location.

As shown in Figure 2 below, BITC has experienced a steady rise in the number of aftercare visits to companies resident in Botswana. In this regard, BITC has nearly doubled the number of companies visited through the programme from 62 in 2013/2014 to 122 companies in 2018/19. The feedback obtained from these engagements with existing investors revealed that while most companies are keen to expand or continue their operations in Botswana, they are gravely concerned about the investment risks associated with the highly unpredictable and inefficient immigration system in Botswana. Other areas of concern which have been reported repeatedly over the past several years include:

- Shortage of serviced land;
- Delays in obtaining environmental clearances (EIA) for projects, which results in delayed project implementation;
- Lack of dedicated incentives for export oriented industries to compensate for the small domestic market;
- Lack of support for local products. Local clientele is not ready to support local products as they prefer well known international brands. In this regard, local supermarkets are also reluctant to carry local products/brands in their shelves;
- Inadequate supply of competitively priced serviced industrial land and industrial warehouses. In this regard, BITC continues to engage in robust advocacy agenda aimed at improving the ease of doing business and resolving challenges faced by investors.

Figure 2: Annual Investor Aftercare Visits



Source: BITC

### Investment Expansions

Notwithstanding the sentiments expressed by investors during investor aftercare visits, BITC continues to encourage existing companies to expand in order to create more jobs and encourage additional investment in line with national objectives espoused in the national vision, VISION 2036. The companies visited reported total investment expansions that yielded P517.42 million in additional capital investment and 902 new jobs in the economy of Botswana. Among the notable investment expansions were Makoro Bricks (Pty) Ltd who are into clay bricks and water tanks manufacturing, Bokomo Botswana, a milling, packaging, warehousing and distribution facility, Kealeboga Thata (Pty) Ltd, a dairy processing company, Chloride Exide, a battery manufacturing plant at Kwenantle Farms in Tuli Block which is engaged in grain production.



### Stakeholder Engagement And Reforms Advocacy

The coordination and integration of the activities of BITC and the various stakeholders involved in the investment attraction and facilitation process received special emphasis during the year under review. During the year under review, the Department had eighty-six (86) stakeholder engagements. The main objective and emphasis of these engagements was based on a desire to maintain effective partnerships, and to meaningfully advocate for investors as well as address investor queries/challenges, that otherwise act as obstacles on their operations. The key stakeholders who were met during the year include land boards across the country, all the Sectoral Immigrants Selection Boards in Gaborone, Regional Immigrants Selection Boards (RISBs) in Kasane, Selebi Phikwe, Maun, District Councils, Botswana Power Corporation, Water Utilities Corporation, various ministries and departments. Additionally, the engagements were also focused on disseminating information about BITC’s mandate, promoting investment facilitation collaboration between stakeholders and advocating for regulatory reforms that would improve the business environment in Botswana.

### Property and land facilitation

The provision of readily available factory space and serviced land on a rented or outright sale basis is widely practiced by Investment Promotion Agencies (IPAs) across the world as part of locations offering to attract investment projects. BITC continually strives to provide qualifying investors with suitable factory warehouses and land for investment projects in various parts of the country.

During the year under review, as well as during the past few years, the provision of suitable factory space to investment projects in the pipeline has been constrained by unavailability of serviced industrial land and factory space in BITC’s property portfolio and in the broader private market. The lack of suitable industrial warehouse, especially for medium to large projects, necessarily requires BITC to explore ways of expanding its industrial warehouse portfolio, which will enable potential investors to have ready access warehouses on competitive rental, purchase and rental with option to buy terms. In an endeavour to address this problem, BITC flighted an expression of interest in the print media inviting companies and individuals who own factory shells, industrial and commercial land and landed properties to register with BITC so that they could be included in the BITC database.

### Investment Pipeline

During the year under review, BITC Investment Pipeline stood at BWP 506,827,083 million worth of potential investment with the potential to create 1886 new jobs. As at the end of the year there were 35 companies who applied for facilitation of land and factory shells. Land facilitation remained the highest, followed by applications/requests for factory shells. The pipeline projects included 24 companies awaiting land facilitation, 8 for factory shell allocation, 2 for either land or factory shells allocation and 1 for change of land use.

#### BITC INVESTMENT PIPELINE - 31 MARCH 2019

	Level of Investment	Employment
Foreign Direct Investment	146,927,083	842
Domestic Investment	178,600,000	494
Expansions	181,300,000	550
<b>TOTAL</b>	<b>506,827,083</b>	<b>1886</b>

Additionally, the Property Services function undertook a land audit and inspection for investors who had been allocated and facilitated land through BITC. The objective of the exercise was among others to;

- Ensure land utilization and actualization of investment;
- Enforce development covenant and avoid land speculation;
- Provide advice and support on all matters relating to land use.

During the 2018/19 financial year, 24 companies which had been allocated land from previous years were visited. Out of the 24 companies, 10 had started operations while 14 were at various stages of development. The main reasons for the delays in development and actualization of investment by those allocated land included among others the following;

- Unserviced land
- EIA compliance
- Conflicting planning and regulatory requirements by other stakeholders
- Planning permissions
- Conflict of regulations

### Factory Maintenance Works

In an effort to provide a face lift to its property portfolio, some of which has been in existence since 2001, BITC engaged companies to undertake the maintenance and refurbishment works at various factory shells located in Mogoditshane, Block 3, Block 8 as well as Gaborone West. The project also entails replacement of diamond mesh wire fence and installation of more secure one in order to enhance security.







## 14 Export Development & Promotion

One of the key deliverables for BITC is to ensure that local companies find markets externally. This is normally achieved by way of leveraging on existing bilateral as well as multilateral trade agreements to which Botswana is party to.

BITC's Department of Export Development and Promotion continues to play an integral part in Botswana's efforts to sufficiently integrate locally manufactured products into the global trading system, and in the process diversify the economy away from resource-based products.

To achieve this objective, a set of key initiatives are employed – all hinged on the two key focus areas of Capacity Building and Market Access, with the latter this year having the additional area of AGOA as a specialized market to focus on.

Further to that, there are two

other additional focus areas which help facilitate overall export; and these include increasing access to information on cross-border trade which is achieved through the Botswana Trade Portal, and carrying out of the annual flagship exhibition, Global Expo Botswana (GEB).

### Business Impact

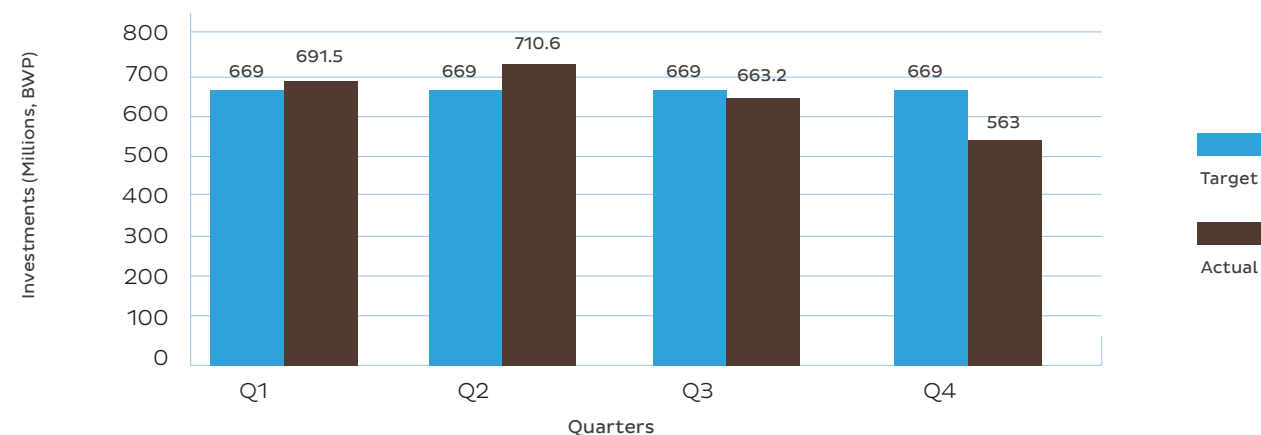
The full Business Impact of all these four performance areas culminated with an overall

achievement of export revenue amounting to **BWP2.628 billion**, against the set target of BWP2.676 billion for the year.

Below is a breakdown of performance across the four quarters:

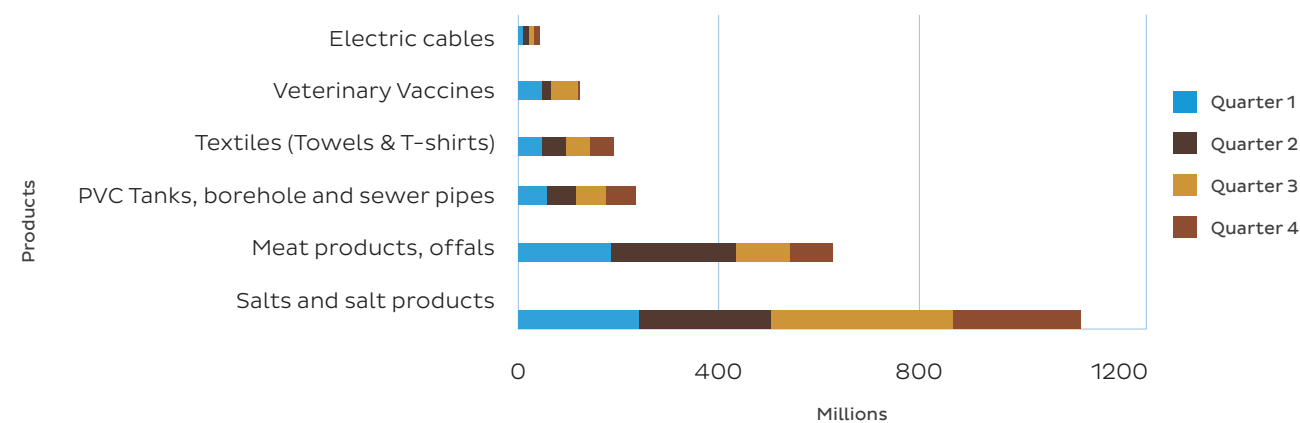
Quarter	Manufacturing (Millions)	Targets (Millions)
Q1	691.5	669
Q2	710.6	669
Q3	663.4	669
Q4	563.0	669
<b>Total</b>	<b>2,628.5</b>	<b>2,676.00</b>

### Export Revenue Performance of BITC Assisted Companies 2018/19



Source: BITC Export Department and Promotion

### Top 6 performing products in 2018/19



Source: BITC Export Department and Promotion

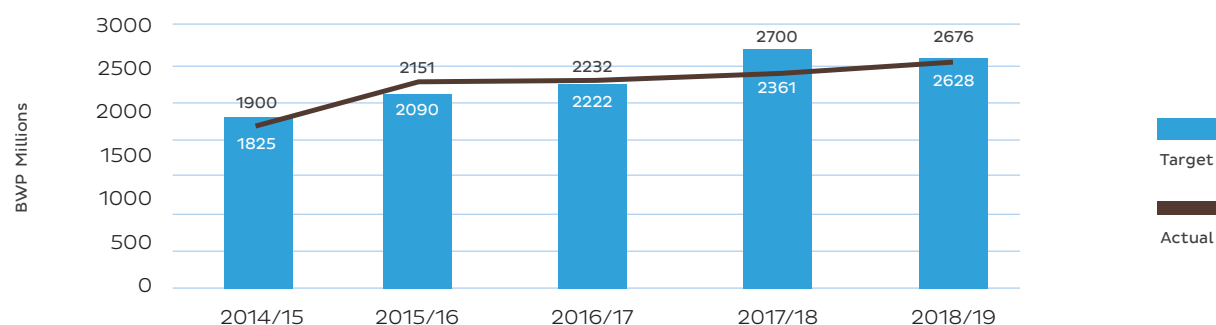


### Export Revenue Performance Past 5 Years

Export revenue over the last five years indicates a steady performance, with a slight plunge experienced in the 2015/16 period – before steadily improving in both 2017/18 and 2018/19 financial years.

Both dense soda ash, coarse salt as well as chemical salt exported to South Africa, Zambia, Zimbabwe, Malawi, and the DRC markets accounted for most of the export revenue over the five years. Bovine frozen and/or chilled beef was the second largest contributor with sales mostly going to the European Union, The United Kingdom and parts of the SADC region.

#### Export Revenue comparison over the last 5 years



Source: BITC Exports Department and Promotion

### New markets and products

The 2018/19 financial year saw first sales of two new products; organic fertilisers and scientific laboratory boards. Organic fertilisers entered for the first time into both Zimbabwe and South Africa markets while scientific laboratory boards had their first sales in Zimbabwe.

### Capacity Building

The Botswana Exporter Development Programme (BEDP) was set up primarily for the purpose of enhancing the export competitiveness of local companies and products in order to enable these to compete regionally and internationally.

The Programme is run through a number of targeted initiatives which during the year under review included the following;

- Export Marketing Plans: BITC assisted a total of seventeen (17) companies with drawing up of Export Marketing Plans in order to further refine their resolve and planning towards external markets.
- Quality Management Systems: Seven (7) manufacturing companies were enrolled for training in Quality Management System (QMS), which leads to the attainment of a BOBS ISO 9001:2015 certification.
- Supplier Development Programme: BITC collaborated with Botswana Textile and Clothing Association (BTCA) to assist local companies break into local and regional retail store supply chains as part of the Supplier Development Programme (SDP) initiative. The aim of this initiative is to build capacity and capability of textile companies to finally become suppliers of retail chain stores based in Botswana. To date, six (6) companies have managed to be listed under the Cash Bazaar Holdings supply chain.
- Export Course: BITC collaborated with the University of Botswana to formulate and launch a course primarily focusing on Export. A total of twenty (27) companies were trained in the course.
- Creating an Export Culture: As part of its overall objective of creating and inculcating an export culture

in Botswana, BITC in collaboration with the Local Enterprise Authority (LEA) carried out a number of awareness workshops on the fundamentals of Export. The workshops were carried out in Gaborone, Tsabong and Ghanzi, and each attracted forty (40) companies respectively.

In addition, BITC collaborated with Stanbic Bank and Econsult Botswana Pty Ltd to host an Exporter's Forum in March 2019. A total of 130 companies were represented at the event.

### Market Access

One of the key deliverables for BITC is to ensure that local companies find markets externally. This is normally achieved by way of leveraging on existing bilateral as well as multilateral trade agreements to which Botswana is party to, which among others include SADC, SACU, EU and the US through the recently re-enacted AGOA dispensation.

To tap into these markets, a number of market access initiatives are carried out, which include B2B meetings as part of Contact Promotion Missions, and other targeted Trade Fairs in the respective markets. The overall objective of this is to increase the number of products exported to foreign markets.

Activities undertaken during the year under review include the following;

Activity/Trade Mission	Dates
Zimbabwe International Trade Fair (ZITF)	April 24 - 28 2018
Windhoek Industrial & Agricultural Show (WIAS)	September 28 - October 6, 2018
South Africa Contact Promotion Mission	March 25 to 27, 2019
Zambia Contact Promotion	March 5 -7, 2018
FACIM Mozambique	August 27 - September 2, 2018
SAITEX, South Africa	June 24 -26, 2018
Foodex Japan 2019	March 5 - 8, 2019
Intra-African Trade Fair (IATF) - Cairo, Egypt	December 11 - 17, 2018

### Products/Sectors

Meat, refined cooking oil, cold pressed cooking oil, packaging material, fertilizers, hygiene, laboratory equipment, lubricants, transport logistics, mining maintenance, grow material, electrical and data cables, sorghum milling, washed coal, car batteries, mobile phones, Jam, cotton towels, vegetable relishes, natural Oils, PVC pipes & tanks, PVC fittings, vinyl floor tiles, canned tripe, tobacco extracts, hospital linen protection, HRM services, textiles, stationery, agriculture, beverages, biltong, flavoured tea, livestock vaccines.



**BITC Market Access Initiatives**

**AGOA Implementation Strategy**

BITC as the lead agency in the implementation of the AGOA National Response Strategy collaborated with other stakeholder partners to carry out activities that seek to further increase the prospects of local products being exported to the US market under the African Opportunity Act (AGOA) dispensation.

Activities carried out were as follows;

- **Workshops on Market Entry Strategies:** Three (3) workshops focusing on entry procedures under the US Food and Drug Administration (FDA) were carried out in Gaborone. The workshops, which targeted Arts & Crafts as well as Natural (Indigenous) Products, were carried out in collaboration with USAID Southern Africa Trade and Investment Hub, and obtained advice from private market entry facilitators -Registrar Corp, EcoCert as well as the Swaziland Fair Trade (SWIFT).

Other market entry workshops were carried out in collaboration with Worldwide Responsible Accredited Production (WRAP). This workshop specifically targeted the textile & apparel sector.

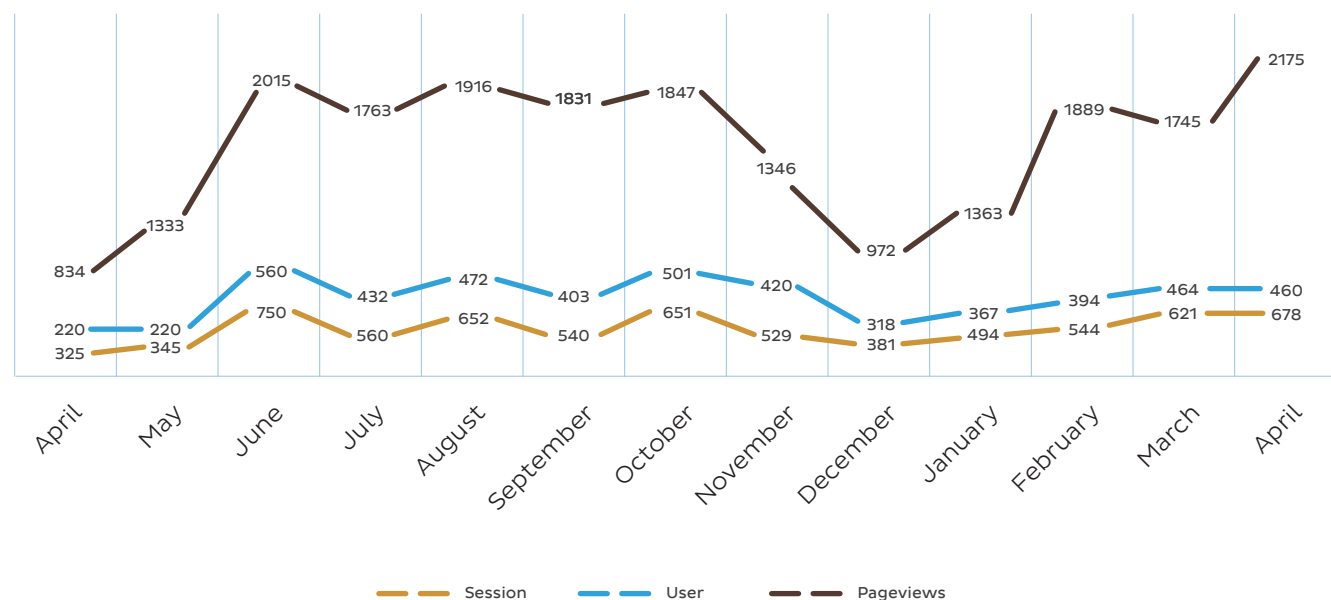


**Botswana Trade Portal**

During the year under review, Botswana Trade Portal observed growth in terms of user acceptance and utilisation globally. The daily traffic in the system stood at a total of 6,392 user sessions and a total of 18,889 page views, and individual users at 4,595 from 113 countries. The highest number of users was recorded in June 2018 with a total of 560 with user sessions totalling 2,015 in that month alone. The lowest was in April – May 2018 at 220 each.

**Trade portal utilization for the financial year 2018-19**

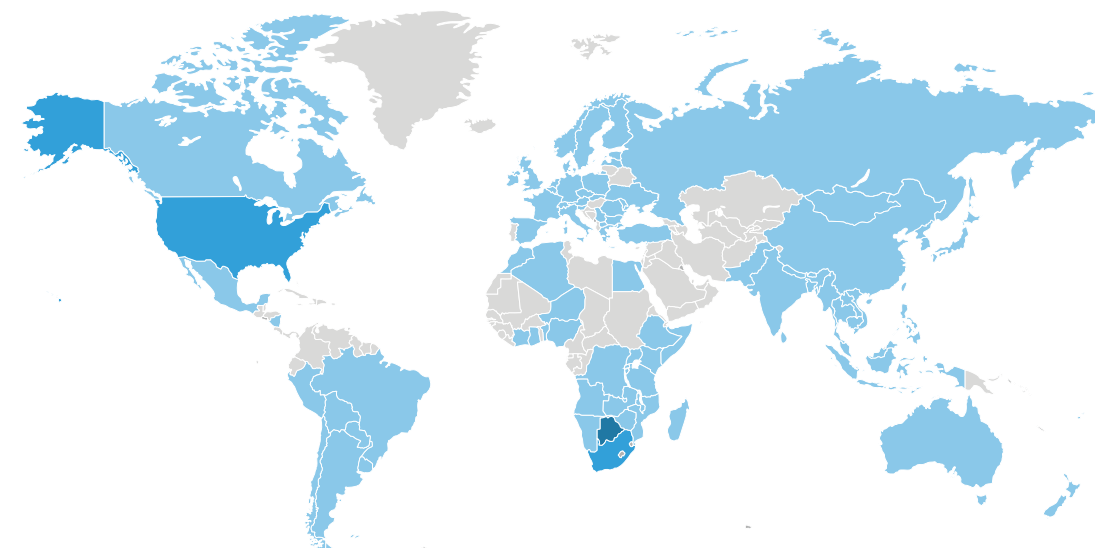
Trade Portal Utilization by Month



In terms of country utilisation globally, Botswana continues to be the number one user country of the Trade Portal with 1,679 users, followed by U.S.A at 673, South Africa (441), France (352), India (157), China (145), UK (122), South Korea (89), Canada (81) and lastly Zimbabwe (64).

**Global Usage Map of Botswana Trade Portal**

Global Usage Map of the Trade Portal



1

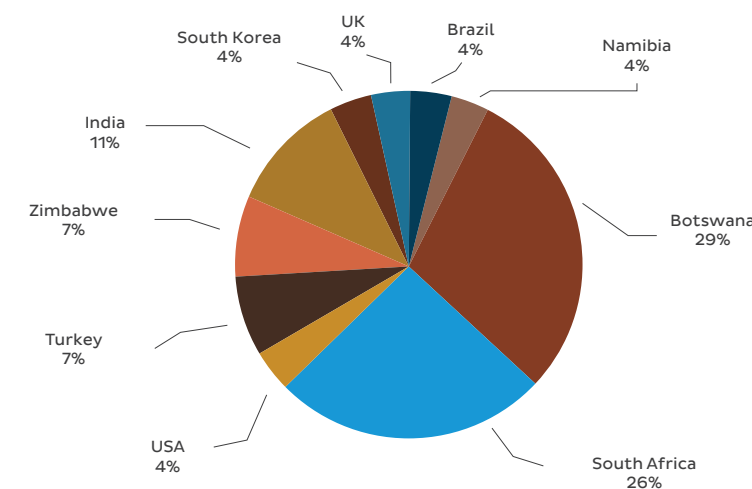
1,679

NB: The darker the colour, the higher the concentration of the users of the Portal

**Enquiries received through the Botswana Trade Portal**

For the period April 2018 to March 2019, a total of 55 inquiries were received through the Trade Portal from different traders across 10 countries in the world. Some inquiries were general questions on import / export business between Botswana and other countries while others were business leads. The countries from which these trade related inquiries came from are Botswana (8), South Africa (7), India (3), Zimbabwe (2), Turkey (2) and then Namibia, Brazil, USA, South Korea and UK all with 1 from each; the rest were promotions and marketing proposals.

Summary of inquiries



Source: Botswana Trade Portal





# 15 Global Expo Botswana

Moreover, the GEB Investment Battlefield, together with the Private Business Growth Awards, hosted by BITC, Grant Thornton and Business Botswana were both new initiatives.

Global Expo Botswana (GEB) is a premier business to business exposition to attract foreign direct investment (FDI), expand domestic investment, promote exports of locally produced goods and services and promote trade between Botswana and other countries. BITC hosted the annual event from 30th October to 2nd

November 2018 at the Botswana Conference and Exhibition Centre under the theme “Seizing Opportunities through Networking with Global Business Leaders.”

### GEB Activities

During the 2018 GEB, there was the Annual Investment Conference



which was well attended. Concurrent to the exhibition, there were a total of twelve (12) business workshops which were held successfully during the 4 days. All the workshops were fully subscribed to.

Moreover, the GEB Investment Battlefield, together with the Private Business Growth Awards, hosted by BITC, Grant Thornton and Business Botswana were both new initiatives. These added an exciting vibe to the whole event and gave the 2018 GEB edition a fresh value addition and a reason to participate and visit the event.

### Exhibitors

The GEB attracted a total of two hundred and twenty-seven (227) exhibitors which is constituted by one hundred and twenty-six (126) local exhibitors and one hundred and one (101) international exhibitors. Some countries like Cyprus participated for the first time.

### Visitors

A total of four thousand, four hundred and twenty (4,420) attendees was recorded during the four days of the Expo. This figure is hundred and thirty-five

(135) visitors less compared to the total recorded during the 2017 Global Expo Botswana at four thousand, five hundred and fifty-five (4555).







# 16 Brand Botswana

Buy Botswana is a national campaign that is aimed at encouraging Batswana to actively grow the local economy by buying locally made products, supporting local initiatives and utilising local services.

### National Overview

The 2018/2019 financial year saw BITC build on initiatives of engaging Batswana and making them owners and drivers of the Nation Brand. This was an intentional move to grow the Botswana brand beyond awareness creation to now embedding the message and making it relevant for Batswana. This was predicated by the brand

perception survey which was carried out in the 2015/2016 financial year, that showed that apart from a few parts of the country that still required more awareness creation, brand awareness is high in most parts of the country but understanding on the other hand was low across the board.

Looking at the key stages in any brand growth cycle, this signalled that the nation brand had reached a significant milestone in its growth. The introduction of the brand to Batswana has been significantly attained and was now moving to the next stage of growth. This required Brand Botswana to now start embedding the brand message within Batswana and driving brand ownership.

The approach taken to embed

the nation brand messaging was to drive initiatives that showed Batswana their role in the growth and success of their country brand. To start the process Brand Botswana launched the “For Me, For Botswana” campaign that encouraged Batswana to take pride in their respective job roles with a conscious knowledge that when they work harder, the country will benefit directly from their efforts. This campaign laid the necessary foundation for future brand ownership by Batswana by creating the connection between the country brand and the individual citizen.

### Driving National Service Excellence

The Botswana National Productivity Centre (BNPC) developed and launched the National Service Excellence Framework, which provides a holistic approach to transforming the national service culture in a homegrown and sustainable way. Good service delivery is a critical element to any nation brand initiative as it directly impacts how people view the country.

To help in the rollout of this key national initiative, Brand Botswana signed a Memorandum of Understanding, with the BNPC. Through this partnership, Brand Botswana and BNPC are to now share in the drive to engage various sectors of the local economy. As the framework is rolled out, the desired outcome is to see a Botswana that values its customer and lives values that enhance customer service. As customer service improves in the public and the private sector, the country stands to increase its value and attractiveness to global markets. The BITC has been trained and assessed as a participant of the Service Excellence Framework, and will now partner to roll out the Service Excellence Framework to key partners.

### Buy Botswana Campaign

To further build on the country, the 2018/2019 financial year saw the launch of the Buy Botswana campaign. Buy Botswana is a national campaign that is aimed at encouraging Batswana to actively grow the local economy by buying locally made products, supporting local initiatives and utilising local services. Through this campaign, Brand Botswana is saying, let us empower, sustain and grow our country by consciously purchasing and using products made and grown in Botswana.

Taking into account lessons from the “For Me, For Botswana” campaign, Brand Botswana developed a campaign that utilised an integrated marketing and communications mix approach. The campaign had activations, such as mall activations, that create a significant human touch point resulting in making the message tangible to the public and clearly showing in real time, what they need to do to support local products. Through deliberate marketing efforts, the campaign put local products in the forefront, raising awareness of what is available and allaying the negative perceptions regarding the quality of local products. Furthermore, the inclusion of the #PushaBW hashtag created a connecting thread across all communication platforms specifically on social media.

#PushaBW is a rallying call for all Batswana to play their part in growing Botswana by buying local products. In our day to day conversations, when we say ‘Pusha’ we mean, to support, to encourage, or to drive forward. So, with #PushaBW the campaign implores Batswana to make a conscious effort to support Botswana products and services. It is a reminder to encourage local production and it confirms that we are all driving the

country forward. The campaign encourages Batswana to use #PushaBW to showcase anything local - in our discussions and initiatives.

### A quality focused Pride Mark

With the launch of the Buy Botswana campaign, it became very apparent that product quality has to be at the forefront of Pride Mark administration as more and more products were starting to use it in order to make the country-of-origin connection. To address this, during the period under review, Brand Botswana took a targeted approach to make quality assurance a key aspect of the use of the Pride Mark. Brand Botswana engaged key stakeholders mandated to ensure product quality to find the best way to achieve this. To date; the Botswana Bureau of Standards (BOBS), the National Food and Technological Research Centre (NFTRC) and the Department of Industrial Affairs have been engaged to identify what is key in ensuring product quality. Brand Botswana is compiling these standards with a view to publish them and provide rigorous compliance to the set standards.

### Makoro Food Market

The Makoro Veterinary cordon fence provides a marketplace that has organically developed selling predominantly traditional foods. The area has been turned into a small market for local traditional foods, unwittingly showcasing a variety of local fresh produce as well as wild fruits that are in season. From a nation brand perspective, food serves as a form of cultural representation making it a significant way to brand the country.

Due to this activity, Brand Botswana has identified the Makoro veterinary cordon fence gate as a unique site to



highlight Botswana's food and culture and as such is working to develop structures at the Makoro Veterinary gate and to brand it as the "Makoro Food Market". These structures are being conceptualised to achieve the following:

- Provide shelter for the enterprising Batswana allowing for continuous trade without setback from the changing weather conditions.
- Provide an appealing site that will encourage travellers' enroute along the national highway to stop and purchase goods.
- A branded site that will highlight the significance of the local produce to not only the enterprising individuals but to the nation brand.
- Encourage economic activity that will positively affect the Makoro local economy and by extension the local vendors.

During the reporting period, Brand Botswana has been able to finalise the design of the structures to be developed and has successfully engaged all key stakeholders including the Department of Roads, which has approved that the development go ahead. Seeing the significance of this project, Brand Botswana engaged entities in both the private and public sector to partner and see it grow. Debswana, Botswana Telecommunications Corporation, Morupule Colliery and Makoro Brick have come on board.

### International Overview

Botswana remains relatively unknown the world over. Research has shown that awareness of Botswana is limited and this calls for a more concerted international awareness creation effort. Through the Brand Botswana International Portfolio, Brand Botswana continues to engage key stakeholders around the world to promote and create awareness globally.

In that respect, Brand Botswana has undertaken several initiatives aimed at creating awareness of Botswana globally. In the year under review, Brand Botswana partnered with the British Broadcasting Corporation – BBC World News for a consolidated Botswana digital/online media platforms promotional campaign across BBC digital/online and television platforms. Brand Botswana also continues to engage the international media to foster relations and get Botswana content into mainstream media platforms.

Brand Botswana has identified media (both local and international) as a key strategic partner. In the year under review, Brand Botswana hosted media from the United Kingdom, Germany, India, the Netherlands, China and South Africa in Botswana for the annual Global Expo. Whilst in the country, the international media personnel attended the Global Expo events as well as engaged with several local entities amongst them PEEPA and the Botswana Innovation Hub. This is meant to create lasting relationships with the international media for sustained media coverage globally. Brand Botswana also hosted media training sessions for local media, focusing on agriculture and innovation reporting. The trainings are on how different sectors like agriculture and innovation impact on the Nation Brand and how the media contributes towards driving the Nation Brand message around the different sectors.

Brand Botswana also launched its website: [www.brandbotswana.co.bw](http://www.brandbotswana.co.bw), where visitors can get information about Botswana. In addition, Brand Botswana has enhanced its presence on social media, across Facebook, Twitter, LinkedIn and Instagram.

### Stakeholder Relations

In an effort to engage Batswana in

the diaspora to play a more active role in promoting Botswana, Brand Botswana launched the Active Global Citizens campaign. The campaign seeks to align Batswana in the diaspora to the Nation Brand custodian and to undertake collaborative Botswana promotional initiatives across the world. The campaign is being activated on social media under the #IamMotswana hashtag.

Brand Botswana has also partnered with and facilitated several local entities to participate in international events, amongst them the National AIDS Coordinating Agency – NACA, the Competition Authority, Special Economic Zones Authority – SEZA, Botswana Gambling Authority and the Botswana Communications Regulatory Authority BOCRA to ensure that Botswana brand standards are met when representing Botswana both locally and internationally. As part of empowering local sports ambassadors, Brand Botswana hosted Media Capacitation trainings for Botswana elite athletes ahead of the Athletics World Championships. Brand Botswana continues to capacitate local athletes ahead of the various major international sporting events, to capacitate them on their role as Botswana's Ambassadors.

### Operating Environment

Brand Botswana's influence continues to be curtailed by its positioning and limited resources; both human and financial. Brand Botswana continues to face the challenge of not having enough financial resources to execute its initiatives with the ability to penetrate the country and reach all Batswana, as well as to reach most parts of the globe. Research is a very pivotal aspect of any nation branding unit as it guides the messaging and country positioning. While information is sourced from key relevant authorities to substantiate all that is communicated, it is critical

that Brand Botswana has ready access to research to improve on initiatives and continue to instill the brand message amongst Batswana.

### Future Outlook

Driving brand ownership will continue to be a key focus area for Brand Botswana. Brand Botswana will continue to engage Batswana, locally and internationally as well as drive the Buy Botswana campaign with a focus on increasing retailer uptake of local products as well as promoting interest in local products. The pride mark application process will be enhanced to ensure that product quality is also taken into account. This will be achieved through the signing of service level agreements with our stakeholders that are mandated to ensure product quality and through the updating of the pride mark application process to include a proof of quality requirement. The Makoro Food Market is set to be completed during the 2019/2020 financial year.

To ensure that the existing challenges do not hamper the success of initiatives, Brand Botswana has adopted a streamlined and staggered approach to initiative implementation. This approach allows for the team to execute various initiatives in stages so as to allow for adequate resource allocation and maximum possible impact.

Due to limited human and financial resources, Brand Botswana has undertaken to focus its international marketing promotions initiatives on more stakeholder identification and engagement, as well as on the inexpensive, but effective and wide reaching digital/online media campaigns.

Brand Botswana will also endeavor to identify and partner with key strategic international media establishments to increase

Botswana's visibility and reach. Through such partnerships, Brand Botswana seeks to establish long lasting relationships with stakeholders like media for continuous and sustained

coverage of Botswana related content worldwide. Brand Botswana will further engage and collaborate with more stakeholders to reach a wider global audience.







## 17 Reaching Out

BITC's "Investment and Export Drive" radio show was launched on Duma FM in the second quarter. The show delivered 13 episodes of discussions on mandate specific topics

Over the years, BITC has embarked on marketing and advertising BITC services through various channels such as TV, print, radio and outreach campaigns. These efforts have targeted potential and existing investors in both the domestic and international markets. The organisation continues to respond to the compelling need

to continuously create awareness and promote uptake of the BITC service offerings both locally and internationally.

### Satellite Services

During the financial year under review, BITC has embarked on widening its footprint across the country to promote participation

of local companies in the available investment and export opportunities. The Satellite Services initiative was conceived following several and persistent calls by the business community and members of the public for BITC to be more accessible and not limited to Gaborone. This initiative formed part of



the several different outreach programs carried out annually by the organisation with the aim to advance awareness about BITC services.

The initiative entailed partnership with the Local Enterprise Authority, as a key stakeholder, to benefit from their presence in all districts nationwide. BITC set up office for a week at the different LEA offices to consult with the business community and the public and carry out visits to different business operations in the district. This was further motivated by the model proposed by the Minister of Investment Trade and Industry of a 'one ministry approach' which encourages MITI Parastatals to partner and consolidate resources where possible.

The exercise was carried out during the second and third quarter and was well advertised through print and social media. The locations targeted were as follows, Francistown, Serowe, Maun, Kasane, Tsabong, Ghanzi, Kanye and Molepolole. The satellite services included consultation of walk-in clients, company visits to existing BITC assisted companies as well as visits to existing companies for possible BITC accreditation and facilitation, enrolment on the BEDP programme, use of the Pride Mark and access to other BITC services.

### Private Business Growth Awards

BITC collaborated with Grant Thornton Botswana and Business Botswana to host the fourth edition of the Private Business Growth Awards (PBGA) which was officiated by the Minister of Investment, Trade and Industry, Honourable Bogolo Joy Kenewendo during Global Expo Botswana 2018. These awards focused on businesses / groups

with growth strategies that encompassed a broad range of activities across their businesses: product and service development, innovation; expansion into domestic or international markets, development of people and culture, improvements in efficiency, improvements in stakeholder relations, improvements in financial measures or governance, contribution to social development and leadership through a combination of business acumen and instinct.

The winners for the BITC sponsored categories were:

- Bokomo Botswana - Investor of the Year Award, Manufacturing Sector,
- Mont Catering and Refrigeration's - Investor of the Year Award, Services Sector,
- Chloride Exide Botswana - Investor Award - Expansions; and
- Northern Textiles Mills - Exporter of the Year.



### All MITI Parastatal Games

The annual Ministry of Investment, Trade and Industry (MITI) All Parastatal Games were held in Selebi Phikwe on June 5, 2018. The games were hosted by the Selebi Phikwe Economic Diversification Unit (SPEDU) and saw participation of nine sister parastatals notably BITC, Local Enterprise Authority (LEA), the Botswana Development Corporation (BDC), the Botswana

Bureau of Standards (BOBS), Competition Authority, the Citizen Entrepreneurship Development Agency (CEDA), the Companies Intellectual Properties Authority (CIPA), Gambling Authority, and Special Economic Zones Authority (SEZA). The various sports codes for this tournament were Volleyball, Netball, Football, Athletics and Tug-of-War.



### Media Engagement On The New Corporate Strategy

BITC hosted a media engagement session with the aim to share the organisations new 2018 to 2023 Corporate Strategy. The organisation used this opportunity to demonstrate the organisation's commitment to expand the export base of locally manufactured products and services, attracting more investors into Botswana, and also enhancing the produce of the local companies for the nation's consumption.

The engagement further emphasised the organisation's primary purpose of contributing to economic development and growth to realise self reliance by the country and create sustainable employment for Batswana. The role of the media was highlighted as a success compass for BITC's efforts.

In Septemeber 2018 BITC again hosted the media to a capacity building workshop facilitated by

international experts, WAVTEQ. The workshop was aimed at educating and equipping the media with knowledge on Investment and Export Promotion best practice and techniques.



### BITC Investment and Export Drive

BITC's "Investment and Export Drive" radio show which was launched on Duma FM in the second quarter. The show delivered 13 episodes of discussions on mandate specific topics. The show proved to be a success, based on the increase in number of enquiries following up on discussions from the show and also requests for services promoted on the show. The show also gave an indication to the organization that there is still a need to communicate investment opportunities with Batswana and further publicize BITC services. This will continue to be delivered through other radio stations, television, social media and outreach programs in the coming financial year.

### Stakeholder Engagement

During the year under review BITC conducted numerous stakeholder engagement initiatives across the country. These stakeholder engagements were aimed at

lobbying/advocating on behalf of BITC clients as well as present on the BITC mandate. The engagements were also aimed at initiating discussions and soliciting feedback from investors on their challenges and opportunities that BITC could take up as part of its advocacy responsibilities.

Also, as part of stakeholder engagement, the organisation intensified courtesy visits to clients led by the Chief Executive Officer. The purpose of these visits was to introduce the new CEO to all clients, to ensure his appreciation of the operations of all investors with a view to appreciate their challenges and identify opportunities for further spin offs that can be promoted for uptake by smaller businesses. These engagements further show a commitment by BITC to support the growth of businesses as issues discussed or raised during the visits are noted for further advocacy to unlock impediments faced by the businesses.

### Corporate Social Investment

During this financial year, BITC explored ways to uplift different communities around the country through its Corporate Social Investment (CSI) program. The communities that BITC worked with in the past are in locations such as Rakops, Makaleng, Otse, Metsimothabe and Maape with beneficiaries ranging from school students, health services and the public.

### Toiletry Donation to Artesia Students

In the same spirit, BITC identified a need to donate toiletries to students at Artesia Secondary School on May 16, 2018. These donations were a show of love and care by BITC employees who individually contributed and were instrumental in ensuring that the

entity contributes to the welfare of young girls with a hope of contributing to Vision 2036's pillar of Human Social Development



### Inspire A Child

BITC hosted at its offices, seven students from Ikageng Junior Secondary School on June 15, 2018 to an Inspire-A-Child initiative in commemoration of the Day of the African Child.

The students were hosted to a Motivational Talk which was aimed at inspiring the students to constantly strive for excellence regardless of the challenges they may face. The students were also treated to a half day job shadowing experience which saw them attached to departments and employees across the organization. This exercise was designed to expose the students to the BITC work environment and inspire them to be part of Botswana's drive to diversify the economy on completion of their studies.





### Customer Service

Customer Service plays a very crucial role in contributing to the positive image and reputation of the organisation. BITC has embraced the contribution and impact that great customer service and service experience has, on the overall organisational outlook and performance. The organisation continues to invest in practices and initiatives that drive the organisations' commitment, to meeting and exceeding the ever-growing and changing needs and expectations of the customer.

The organisation has greatly achieved to operationalise customer service, with the view to ensure that it is a cross functional mandate. During the year in review (2019), the organisation deployed the Customer Service Scorecard, a tool that seeks to measure customer service through Customer Service Measures which are driven at departmental level throughout the organization. Some of the key principles incorporated in these Customer Service Measures include; adherence to service turnaround times, the need for departments to deliberately and proactively engage with their internal and external customer, the need for follow up and after service support and continuous service improvement.

During this year, the Bi-annual External Customer Satisfaction Survey was carried out which was an extensive survey targeting all the BITC service touch points, where service exchanges occur. The survey was outsourced to achieve impartiality. The service touch points were rated according to the BITC customer satisfaction variables which are; convenience to the customer, professionalism of staff, courtesy, and timeliness of service and knowledge. The overall organisational customer satisfaction score achieved was

78.2% against the target of 85%. The recommendations proposed by the survey will inform the immediate changes required to close the gaps realised in the shortest of time and by extension, improve customer satisfaction as is the purpose of such an exercise. Highlights of the survey include first impressions, which entail accessibility of BITC services, cleanliness and comfort of BITC offices, as well as professionalism in terms of appearance and conduct of BITC staff.

Employees play a pivotal role in driving and projecting the ideals of customer service in the organisation. It is imperative for the organisation to recognise and reward employees who consistently show commitment to serving the customer according to the defined service variables and service standards. BITC during this year participated in the Diamond Service Awards where three employees were nominated to compete with employees from other participating organisations for the various prizes. The organisation is proud to have one of the employees, who went on to win the grand prize, which entailed a learning journey to Japan, to experience one of the world's best service cultures. The idea of rewarding best service will go a long way in inspiring other employees towards a positive service culture.





Consolidated Annual

# Financial Statements

For the year ended 31st March 2019



## TABLE OF CONTENTS

18	Statement of Responsibility by the Board of Directors	84
19	Report of the Independent Auditors	85-88
20	Consolidated Statement of Comprehensive Income	89
21	Consolidated Statement of Financial Position	90
22	Consolidated Statement of Changes in Funds	91
23	Consolidated Statement of Cash Flows	92
24	Notes to the Consolidated Financial Statements	93 - 113
25	Detailed Consolidated Income Statement and Notes	114 - 132
26	Notes to the Detailed Consolidated Income Statement	133 - 136

## AKOLA BOTSWANA

### Financial and Business Services

#### IFSC

Certified International Financial Services Centre (IFSC) Companies enjoy competitive incentives including:

- A competitive corporate tax incentive framework.
- Exemption from Capital Gains Tax and Withholding Tax.
- Access to an expanding Double Taxation Avoidance Treaty Network.
- Denomination of Share Capital in any major convertible currency.
- Botswana has no foreign exchange controls.



## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### General Information

Domicile, legal form and principal business activity:

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Center 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.

#### Registered address

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

#### Directors

Mr Victor Senye – Chairman  
Ms Belinda Mosweu (Until 31 January 2019)  
Mr Terence Dambe  
Ms Macie Keneilwe Molebatsi  
Mr Christopher Roy Garland (Until 01 February 2019)  
Ms Ellen Richard-Madisa  
Ms Peggy O Serame  
Ms Palesa Semele  
Mr Kelotsositse Olebile – Chief Executive Officer

#### Postal address

Private Bag 00445  
Gaborone

#### Auditors

PricewaterhouseCoopers  
Gaborone

#### Bankers

Standard Chartered Bank Botswana Limited  
First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited  
STANLIB Investment Management Services (Proprietary) Limited  
First National Bank of South Africa Limited  
Bank of India Limited  
Barclays Bank PLC, UK  
Bank Gaborone Limited  
African Alliance



## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS for the year ended 31 March 2019

The directors of Botswana Investment and Trade Centre are responsible for the annual consolidated financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual consolidated 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 (“Centre”) 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 Centre’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 Centre will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Investment, Trade and Industry.

Our external auditors conduct an examination of the consolidated 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 annual consolidated financial statements on pages 89 to 132 and supplementary information on pages 133 to 136 were authorised for issue by the Board of Directors on 23 SEP 2019 and are signed on its behalf by:



DIRECTOR



DIRECTOR



## INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Botswana Investment and Trade Centre (the “Centre”) and its subsidiary (together the “Group”) as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

#### What we have audited

Botswana Investment and Trade Centre’s consolidated financial statements set out on pages 89 to 132 comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in funds for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T: (267) 395 2011, F: (267) 397 391, www.pwc.com/bw

Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena



Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties and prior year restatement</b></p> <p>The Centre has chosen the fair value model as its accounting policy for investment properties. The accounting policy was applied consistently since the adoption of IFRS, and the fair value of the investment properties was determined based on a valuation performed by an independent valuer.</p> <p>The carrying value of investment properties for the Group at 31 March 2019 was BWP268,037,368. Included in group surplus for the year is fair value gain amounting to BWP10,110,947.</p> <p>During the year, it was noted that the Centre had omitted part of a property from the prior years' revaluations which had a material impact on the prior years' financial statements.</p> <p>Accordingly, the Centre corrected the prior years' financial statements in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, which resulted in an increase in fair value of investment properties of BWP10,900,000 and BWP2,800,000 as at 31 March 2017 and 31 March 2018 respectively, and a corresponding increase in the general fund balance and surplus for the year.</p> <p>We determined the valuation of properties and prior year restatement to be a matter of most significance in the audit due to the magnitude of the restatement and the significant judgement required to determine the fair value of investment properties. The judgement inherent in determining fair value relates to the determination of unobservable inputs utilised, as disclosed in note 12 to the financial statements.</p> <p><i>(Refer to Note 2.5 - Summary of significant accounting policies: Investment properties, Note 4 (c) - Critical accounting estimates and judgements, Note 12 - Investment Properties, and Note 25 - Prior year restatement related disclosures)</i></p>	<ul style="list-style-type: none"> <li>We assessed the competence, capabilities and objectivity of the Centre's independent valuer by obtaining written confirmation from them that: <ul style="list-style-type: none"> <li>all professional staff involved in the valuation process are in good standing with relevant professional bodies;</li> <li>they are free from any direct or indirect financial interest in the Centre;</li> <li>the Centre did not place any restrictions on the valuation process; and</li> <li>they are not aware of any information relevant to the valuation which had been withheld by the Centre.</li> </ul> </li> <li>We compared the valuation techniques used by the independent valuer against IFRS requirements and industry norms to confirm that the methodologies were appropriate under the circumstances. The valuation methods were comparable to those typically used in the market.</li> <li>We compared capitalisation rate, market value per square meter, build rate per square meter, discount rate and rent escalation rate utilised in the valuation to those generally used in the market and rates used in historical valuations. The data inputs used in the independent valuations were found to be reasonable and applied consistently in comparison to the prior year.</li> <li>We reviewed the adequacy and accuracy of the disclosures and adjustments made in respect of the restatement of investment properties. We found the disclosures to be materially compliant with the requirements of IAS 8.</li> </ul>

### 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 Statement for the year ended 31 March 2019", which we obtained prior to the date of this auditor's report and other sections of the document titled "Botswana Investment and Trade Centre Annual Report 2018/19", which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 financial statements

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

In preparing the consolidated 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.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 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 Group to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 explanations 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 Group have been properly kept;
- The Group has complied with all the financial provisions of the Act with which it is the duty of the Group to comply, and
- The financial statements prepared by the Group were prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2.1.1 to the consolidated financial statements.

Individual practicing member: Kosala Wijesena  
Registration number: 20000110

Gaborone  
27 September 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 P	2018 P Restated
Revenue	5	117,997,914	117,896,552
Other income	7	2,055,459	3,754,549
Investment property fair value adjustment	12	10,110,947	7,040,493
Administrative expenses	8	(117,389,759)	(112,510,068)
Operating surplus		12,774,560	16,181,526
Net finance income	10	1,216,777	2,403,805
Surplus for the year		13,991,337	18,585,331
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>13,991,337</b>	<b>18,585,331</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Note	2019 P	2018 P Restated	2017 P Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	5,100,671	7,618,878	14,000,321
Investment properties	12	268,037,368	253,026,421	245,985,928
Intangible assets	14	-	-	13,935
Deferred lease income assets	16	2,824,132	1,581,243	1,251,808
		<b>275,962,171</b>	<b>262,226,542</b>	<b>261,251,992</b>
<b>Current assets</b>				
Trade and other receivables	15	6,255,682	5,460,407	4,673,404
Deferred lease income assets	16	338,500	1,192,336	662,264
Cash and cash equivalents	17	81,295,596	79,906,999	98,314,447
		<b>87,889,778</b>	<b>86,559,742</b>	<b>103,650,115</b>
Assets classified as held for sale	11.1	2,151,081	2,151,081	-
		<b>90,040,859</b>	<b>88,710,823</b>	<b>103,650,115</b>
<b>Total assets</b>		<b>366,003,030</b>	<b>350,937,365</b>	<b>364,902,107</b>
<b>FUNDS AND LIABILITIES</b>				
<b>Funds and reserves</b>				
General fund		206,275,816	193,324,527	174,739,196
<b>Total funds</b>		<b>206,275,816</b>	<b>193,324,527</b>	<b>174,739,196</b>
<b>Non-current liabilities</b>				
Capital grants	18	137,332,393	134,634,643	137,140,678
Deferred lease liability	21	380,012	596,356	993,974
		<b>137,712,405</b>	<b>135,230,999</b>	<b>138,134,652</b>
<b>Current liabilities</b>				
Trade and other payables	19	17,014,809	22,381,839	52,028,259
Deferred income	20	5,000,000	-	-
		<b>22,014,809</b>	<b>22,381,839</b>	<b>52,028,259</b>
<b>Total liabilities</b>		<b>159,727,214</b>	<b>157,612,838</b>	<b>190,162,911</b>
<b>Total funds and liabilities</b>		<b>366,003,030</b>	<b>350,937,365</b>	<b>364,902,107</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2019

	General fund P	Total P
Balance at 1 April 2017	163,839,196	163,839,196
Correction of error	10,900,000	10,900,000
Balance at 1 April 2017 (Restated)	174,739,196	174,739,196
Surplus for the year (Restated)	18,585,331	18,585,331
Balance at 31 March 2018 (Restated)	193,324,527	193,324,527
<b>Balance at 1 April 2018 (Restated)</b>	<b>193,324,527</b>	<b>193,324,527</b>
Change in accounting policy	(1,040,048)	(1,040,048)
<b>Restated Balance at 1 April 2018</b>	<b>192,284,479</b>	<b>192,284,479</b>
Surplus for the year	13,991,337	13,991,337
<b>Balance at 31 March 2019</b>	<b>206,275,816</b>	<b>206,275,816</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 P	2018 P
<b>Cash generated from operations</b>	22	8,662,278	277,737
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(4,527,405)	(811,208)
Proceeds from sale of property, plant and equipment		-	428,497
Interest income received	10	2,176,112	2,497,039
<b>Net cash used in investing activities</b>		(2,351,293)	2,114,328
<b>Cash flows from financing activities</b>			
Government capital grants received	18	4,527,405	811,208
<b>Net cash generated from financing activities</b>		4,527,405	811,208
<b>Net change in cash and cash equivalents</b>		10,838,390	3,203,273
Cash and cash equivalents at beginning of year		71,387,820	68,277,781
Exchange losses on cash and cash equivalents		(959,335)	(93,234)
<b>Cash and cash equivalents at end of year</b>	17	81,266,875	71,387,820

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 1 General information

The Botswana Investment and Trade Centre ("Centre") 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.

### 2 Summary of significant accounting policies

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

#### 2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Centre's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### Basis of consolidation

Subsidiary is an entity over which the BITC has control. The BITC controls an entity when the BITC is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is fully consolidated from the date on which control established through its incorporation.

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

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

Transaction between the subsidiary and BITC are eliminated.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.1.1 Adoption of standards in the current financial year

##### (a) New and amended standards applicable to the current period

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre's accounting periods beginning on or after 1 April 2018. These have been adopted by the Centre during the year.

- IFRS 15 – Revenue from contracts with customers– The FASB and IASB issued their long-awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. BITC adopted IFRS 15 on a retrospective basis effective April 1, 2018 and this standard did not have any impact on BITC's financial statements.

- IFRS 9 – Financial Instruments (2009 & 2010)– This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

BITC adopted IFRS 9 on a retrospective basis effective April 1, 2018. As permitted by the transitional provisions of the standard, BITC elected not to restate comparative figures. The comparative period notes disclosures repeat those of disclosures made in the prior period. Any adjustments to the carrying amounts of financial assets at the date of transition were recognised in the opening general fund account. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. (effective annual periods beginning on or after 1 January 2018).

- IFRIC 22, 'Foreign currency transactions and advance consideration - This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice (Effective 1 January 2018). This standard did not have any impact on BITC's financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### (b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Centre

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre. These have not been early adopted by the Centre. Centre is still in progress of assessing the impact.

- IFRS 16 – Leases– This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

IFRS 16 supersedes IAS 17, 'Leases'; IFRIC 4, 'Determining whether an Arrangement contains a Lease'; SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

BITC will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods.

- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:
  - use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
  - clarify the explanation of the definition of material; and
  - incorporate some of the guidance in IAS 1 about immaterial information (Effective 1 January 2020).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.2 Foreign currency translation

##### 2.2.1 Functional and presentation currency

Items included in the financial statements of the Centre are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Botswana Pula, which is the Centre’s functional and presentation currency.

##### 2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the statement within ‘Other (losses)/gains – net’.

#### 2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings	50 years
- Office equipment	4 years
- Furniture and fittings	5 years
- Computer equipment	3 years
- Motor vehicles	4 years
- Leasehold improvements	Remaining lease period

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.3 Property, plant and equipment (continued)

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### 2.4 Capital work-in progress

Properties in the course of construction for rental, administrative purposes or for purposes not yet determined are carried at cost less any identified impairment loss. When the properties are ready for use or a completion certificate has been issued, such properties are transferred to property, plant and equipment. Depreciation is not charged when properties are still under construction.

#### 2.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Centre, 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 other criteria. Investment property is measured initially at its cost, including related transaction costs.

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 Centre uses alternative valuation methods such as recent prices 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.

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 Centre 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### 2.5 Investment properties (continued)

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.

#### 2.6 Intangible assets

##### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by Centre are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over their estimated useful lives from time its ready for the intended use, which do not exceed three years.

#### 2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial assets

##### 2.8.1 Classification

The Centre classifies its financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

The classification depends on the purpose for which the financial instruments were obtained/incurred. Management determines the classification of its financial assets at initial recognition.

##### **Amortised cost and effective interest rate**

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When The Centre revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, The Centre measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, The Centre recognises the difference as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial assets (continued)

##### 2.8.1 Classification (continued)

###### Initial recognition and measurement (continued)

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the simplified expected loss model. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

**Business model:** the business model reflects how The Centre manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by The Centre in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

For example, the liquidity portfolio of assets, which is held by The Centre as part of liquidity management and is generally classified within the hold to collect and sell business model.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, The Centre assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial assets (continued)

##### 2.8.1 Classification (continued)

###### Initial recognition and measurement (continued)

###### SPPI(continued)

In making this assessment, The Centre considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Centre reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

###### Impairment of financial assets

The Centre recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost which include lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Centre always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using simplified ECL model based on the provision matrix. The ECL model takes into account Centre's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

###### Derecognition of financial assets

The Centre 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 entity. If The Centre neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, The Centre recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.9 Financial liabilities

All financial liabilities are measured subsequently 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.

##### **Derecognition of financial liabilities**

The Centre derecognises financial liabilities when, and only when, The Centre's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 2.10 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment/loss allowance.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited as other income in the statement of comprehensive income.

#### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### 2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.13 Employee benefits

The terminal benefits such as end of contract gratuity are accrued for employees based on their employment contracts over the period of the contract. These costs are recognised as part of the staff costs in the statement of comprehensive income.

#### 2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Centre has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.14 Revenue recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration The Centre 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.

##### **a) Rental income**

Rental income from operating leases is recognised on a straight-line basis over the lease term.

##### **b) Interest income**

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

#### 2.15 Government grants

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.15 Government grants (continued)

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 Centre 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.

#### 2.16 Related parties

A party is deemed related to the Centre they are directors of the Centre. Related party transactions are disclosed in Note 25 to the financial statements.

#### 2.17 Leases

Leases of property, plant and equipment where the Centre assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings.

The interest element of the finance charges is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

Leases of assets under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.18 Changes in accounting policies

##### 2.18.1 Adoption of IFRS 9 Financial Instruments

BITC has adopted IFRS 9 as issued by the IASB in July 2014 with a transition date of 1 April 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. BITC did not early adopt any of IFRS 9 in previous periods.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. Set out below are disclosures relating to the impact of adoption of IFRS 9 on BITC.

##### (a) Classification and measurement of financial instruments

There were no changes to the classification and measurement of financial liabilities. The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1 April 2018 are compared as follows:

Financial Assets	IAS 39		IFRS 9	
	Measurement Category	Carrying Amount (P)	Measurement Category	Carrying Amount (P)
Cash and cash equivalent	Amortised cost (Loan and receivables)	79,906,999	Amortised cost	79,906,999
Trade receivables	Amortised cost (Loan and receivables)	1,828,865	Amortised cost	788,817
<b>TOTAL</b>		<b>81,735,864</b>		<b>80,695,816</b>

##### (b) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

Impairment loss	Amount (P)
At 1 April 2018 – calculated under IAS 39	1,969,775
Amounts restated through opening retained surplus – Transitional IFRS 9 Adjustment	1,040,048
<b>Opening loss allowance as at 1 April 2018 – calculated under IFRS 9</b>	<b>3,009,823</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.18 Changes in accounting policies (continued)

##### 2.18.1 Adoption of IFRS 9 Financial Instruments (continued)

###### (c) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

BITC performed an analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 April 2018:

Financial Asset	Ref	IAS 39 carrying Amount 31 March 2018 (P)	Reclassifications (P)	Remeasurements (P)	IFRS 9 carrying Amount 1 April 2018 (P)
Cash & cash equivalent					
Opening balance under IAS 39 and closing balance under IFRS 9	A	79,906,999	-	-	79,906,999
Trade Receivables					
Opening balance under IAS 39	B	1,969,775		1,040,048	3,009,823
Remeasurement: Expected Credit Loss (ECL)					
<b>TOTAL</b>		<b>81,735,864</b>	<b>-</b>	<b>1,040,048</b>	<b>80,695,816</b>

The following explains how applying the new classification and measurement requirements of IFRS 9 led to changes in classification and measurement of certain financial assets held by BITC as shown in the table above:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 2 Summary of significant accounting policies (continued)

#### 2.18 Changes in accounting policies (continued)

##### 2.18.1 Adoption of IFRS 9 Financial Instruments (continued)

Area and Potential Impact of IFRS 9: Financial Instruments – Recognition & Measurement [Classification & Measurement impact explained as at 1 April 2018 date of initial application]	Reference
<p><b>Cash &amp; cash equivalent:</b> This financial asset class is classified as loans &amp; receivables and measured at amortised cost under IAS 39. Under IFRS 9, these assets continue to be measured at amortised cost because they satisfy the solely payments of principal and interest (SPPI) and business model tests for classification as amortised cost. Cash &amp; cash equivalent are subject to impairment under both IAS 39 and IFRS 9. As at 31 March 2018, the impairment provision under IAS 39 was nil as there was no objective evidence of impairment. BITC has elected to apply the simplified approach for impairment of cash &amp; cash equivalent because of the lifespan of these assets is less than 12 months. BITC has adopted the provision matrix contained in implementation guidance to IFRS 9 as its impairment methodology. Historical default rates on deposits held in banks is nil. The review of relevant forward looking macro-economic factors does not suggest possible defaults on bank deposits and consequently no provision has been raised on adoption of IFRS 9 and at the year end.</p>	A
<p><b>Trade receivables:</b> For purposes of measuring the expected credit loss (ECL), Trade receivable comprises mainly rental income receivable from tenants. BITC does not extend credit facilities to private sector entities. The impairment allowance has increased by P1Mn on 1 April 2018 as a result of adopting IFRS 9. In the short-term, we do not expect the macro-economic factors such as the GDP to affect expected default rates and consequently all default rates applied in the calculation of expected credit losses are based on historical credit risk information.</p>	B

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 3 Financial risk management

#### 3.1 Financial risk factors

The Centre's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The Centre's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Centre's financial performance. Risk management is carried out under policies approved by the board of directors.

##### (a) Market risk

###### (i) Foreign currency risk

In the normal course of business, the Centre 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 Centre does not have significant investments in foreign currencies. Foreign currency bank accounts are maintained by the branches in South Africa, India and UK.

At 31 March 2019, 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 P4,715 (2018: P 3,140) 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 2019, 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 P32,616 (2018: P18,664) higher / lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

At 31 March 2019, 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 P13,887 (2018: P 8,167) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

###### (ii) Other price risk

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

###### (iii) 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 Centre 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (iii) Cash flow and fair value interest rate risk (continued)

At 31 March 2019, 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 P 812,884 (2018: P 631,602) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

##### (b) Credit risk

Financial assets of the Centre, which are subject to credit risk, consist mainly of debtors and cash resources. The Centre 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 01 April 2018 and 31 March 2019 are determined as follows.

01 April 2018	Current	1-30 Days past due	31-60 Days past due	61-90 Days past due	Over 91 Days past due	Total
Expected loss rate	34.39%	61.49%	76.75%	96.93%	100%	
Gross Carrying Amount - Rental Debtors (P)	821,897	389,245	356,081	329,404	1,829,361	3,725,916
Gross Carrying Amount - Global Expo Debtors (P)	10,259	-	-	-	62,393	72,652
<b>Loss allowance (P)</b>	<b>286,205</b>	<b>239,358</b>	<b>273,276</b>	<b>319,230</b>	<b>1,891,754</b>	<b>3,009,823</b>
<b>Net receivable (P)</b>	<b>545,952</b>	<b>149,886</b>	<b>82,805</b>	<b>10,174</b>	<b>-</b>	<b>788,817</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

31 March 2019	Current	1-30 Days past due	31-60 Days past due	61-90 Days past due	Over 91 Days past due	Total
Expected loss rate	25%	42%	67%	99%	100%	
Gross Carrying Amount - Rental Debtors (P)	703,651	317,331	187,831	149,391	1,255,579	<b>2,613,782</b>
Gross Carrying Amount - Global Expo Debtors (P)	-	-	-	-	10,476	<b>10,476</b>
<b>Loss allowance (P)</b>	<b>175,817</b>	<b>134,777</b>	<b>124,945</b>	<b>147,932</b>	<b>1,266,055</b>	<b>1,849,526</b>
<b>Net receivable (P)</b>	<b>527,833</b>	<b>182,554</b>	<b>62,886</b>	<b>1,459</b>	<b>-</b>	<b>774,732</b>

Financial assets with the maximum exposure to credit risk at the year-end were as follows:

Description	2019 (P)	2018 (P)
<b>Net trade and other receivables (Note 15)</b>	<b>6,255,682</b>	<b>5,460,407</b>
<b>Cash and Cash Equivalent: (Note 17)</b>	<b>81,288,450</b>	<b>79,899,983</b>
First National Bank of Botswana Limited	7,693,077	13,867,709
Barclays Bank PLC - United Kingdom	489,865	318,776
Standard Chartered Bank Botswana Limited	14,005,161	14,243,945

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 3 Financial risk management (continued)

#### (b) Credit risk (continued)

Description	2019 (P)	2018 (P)
Bank Gaborone Limited	30,249,721	10,000,000
First National Bank of South Africa Limited	205,360	87,138
Stanbic Bank Botswana Limited	283,415	283,656
STANLIB Investment Management Services (Proprietary) Limited	14,247,967	40,244,502
Bank of India	1,424,396	854,257
African Alliance	12,689,489	-
<b>Total maximum amount exposed to credit risk</b>	<b>87,544,132</b>	<b>85,360,390</b>

The Centre only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Centre has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana Limited, Barclays Bank PLC, Bank Gaborone, African Alliance and Bank of India. There are no credit ratings available in Botswana.

#### c) 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 Centre aims to maintain flexibility in funding by keeping committed credit lines available.

The Centre'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 analyses 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.

	<b>Less than 1 year P</b>
<b>At 31 March 2019</b>	
Trade and other payables	<b>17,014,813*</b>
<b>At 31 March 2018</b>	
Trade and other payables	<b>11,045,442*</b>

\* Excluding statutory liabilities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 3 Financial risk management (continued)

#### 3.2 Capital risk management

The Centre's objectives when managing capital are to safeguard the Centre'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 Centre may adjust the assets or sell asset to reduce the debt.

The Centre is funded by the Government. Consistent with this objective the Centre does not monitor capital on the basis of the gearing ratio.

### 4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Centre's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

#### (a) Allowances for doubtful debts (applicable in prior year under IAS 39)

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that Centre will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

#### Impairment policy adopted by BITC in current year under IFRS 9

BITC adopted IFRS 9 Financial Instruments ("IFRS 9") to measure the Expected Credit Loss (ECL) 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 behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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.

#### (b) Property, plant and equipment

The Centre 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 4 Critical accounting estimates and judgements (continued)

#### (c) Investment properties

The Centre 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.

#### (d) Impairment of non-current assets held for sale

When the carrying amount of non current assets held for sale is lower than fair value, the difference between the carrying amount and the fair value is recognised as impairment loss, and the fair value was determined based on the best offer received from the potential buyers.

#### (e) Treatment of grants received from Government

Taking into account its nature and substance, the Centre 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 Centre considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Centre recognises the amounts received in accordance with the accounting policy as included in note 2.15.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>5 Revenue</b>		
Government subvention (Note 6)	97,303,155	99,519,352
Global Expo income - Point in time	2,016,740	1,487,454
Rental income	18,678,019	16,889,746
	<b>117,997,914</b>	<b>117,896,552</b>
<b>6 Government subvention</b>		
Subvention received for the year	101,830,560	100,330,560
Less : capital grants for the year (Note 18)	(4,527,405)	(811,208)
	<b>97,303,155</b>	<b>99,519,352</b>
<b>7 Other income</b>		
Amortisation of Government capital grant (Note 18)	1,829,655	3,317,243
Profit on disposal of property plant and equipment	-	79,677
Sundry income	225,804	357,629
	<b>2,055,459</b>	<b>3,754,549</b>
<b>8 Expenses by nature</b>		
Aftercare expenses	57,006	31,288
Auditors' remuneration	429,968	430,141
Branding expenses	6,406,652	5,046,431
Provision/reversal for loss allowance	(794,196)	627,412
Impairment of assets	309,567	1,650,015
Staff costs (Note 9)	52,502,932	46,602,261
Export promotion expenses	4,541,666	3,682,949
Depreciation and amortisation expenses	1,836,046	3,056,670
Global Expo expenses	8,120,026	8,387,221
Investment promotion expenses	6,916,340	4,478,966
Professional and legal fee	5,150,163	8,384,275
Public relations expenses	4,008,994	3,962,212

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>8 Expenses by nature (continued)</b>		
Rent expense	8,106,422	7,960,202
Research expenses	1,882,293	1,202,915
Seminar and conferences	670,194	285,387
Telecommunication and utilities	2,709,116	2,894,369
Computer expenses	547,731	3,337,773
Property maintenance expenses	1,722,757	2,646,142
Transport, travel and subsistence	3,640,493	2,575,308
Other expenses	8,625,590	5,268,131
	<b>117,389,759</b>	<b>112,510,068</b>
<b>9 Staff costs</b>		
Salaries and allowances	42,552,639	36,748,130
Social security costs	1,379,049	1,331,123
Gratuity	6,499,197	6,261,714
Staff training and other staff related expenses	2,072,047	2,261,294
	<b>52,502,932</b>	<b>46,602,261</b>
<b>10 Net finance income</b>		
<b>Finance income</b>		
Interest income	2,176,112	2,497,039
<b>Finance costs</b>		
Exchange losses	(959,335)	(93,234)
Net finance income	<b>1,216,777</b>	<b>2,403,805</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 11 Property, plant and equipment

	Land and buildings P	Leasehold improvements P	Office equipment P	Computer equipment P	Furniture and fittings P	Motor vehicles P	Total P
<b>Year ended 31 March 2018</b>							
Net book amount at beginning of year	9,409,499	823,656	207,273	1,345,433	851,983	1,362,477	14,000,321
Additions	-	68,984	-	440,536	301,688	-	811,208
Cost of disposal	-	-	-	-	-	(787,998)	(787,998)
Depreciation on disposal	-	-	-	-	-	439,178	439,178
Impairment of assets	(1,650,015)	-	-	-	-	-	(1,650,015)
Classification as non current assets held for sale	(2,151,081)	-	-	-	-	-	(2,151,081)
Depreciation	(195,070)	(827,932)	(141,514)	(753,844)	(515,514)	(608,861)	(3,042,735)
<b>Net book amount at end of year</b>	<b>5,413,333</b>	<b>64,708</b>	<b>65,759</b>	<b>1,032,125</b>	<b>638,157</b>	<b>404,797</b>	<b>7,618,878</b>
<b>As at 31 March 2018</b>							
Cost	5,631,418	6,641,001	865,333	5,036,735	3,440,775	2,635,805	24,251,068
Accumulated depreciation	(218,085)	(6,576,293)	(799,574)	(4,004,610)	(2,802,619)	(2,231,009)	(16,632,190)
<b>Net book amount</b>	<b>5,413,333</b>	<b>64,708</b>	<b>65,759</b>	<b>1,032,125</b>	<b>638,157</b>	<b>404,797</b>	<b>7,618,878</b>
<b>Year ended 31 March 2019</b>							
Net book amount at beginning of year	5,413,333	64,708	65,759	1,032,125	638,157	404,797	7,618,878
Additions	-	-	191,814	1,866,800	154,711	2,314,081	4,527,405
Cost of disposal	-	-	-	(64,985)	-	-	(64,985)
Depreciation on disposal	-	-	-	64,985	-	-	64,985
Transferred to investment properties	(4,900,000)	-	-	-	-	-	(4,900,000)
Impairment of assets	(309,567)	-	-	-	-	-	(309,567)
Depreciation	-	(26,451)	(74,788)	(969,322)	(273,125)	(492,359)	(1,836,046)
<b>Net book amount at end of year</b>	<b>203,766</b>	<b>38,257</b>	<b>182,785</b>	<b>1,929,603</b>	<b>519,742</b>	<b>2,226,518</b>	<b>5,100,670</b>
<b>As at 31 March 2019</b>							
Cost	203,766	6,641,001	1,057,147	6,838,549	3,595,486	4,949,886	23,285,835
Accumulated depreciation	-	(6,602,744)	(874,362)	(4,908,947)	(3,075,744)	(2,723,368)	(18,185,165)
<b>Net book amount</b>	<b>203,766</b>	<b>38,257</b>	<b>182,785</b>	<b>1,929,603</b>	<b>519,742</b>	<b>2,226,518</b>	<b>5,100,671</b>

#### 11.1 Assets classified as held for sale

	2019 (P)	2018 (P)
Residential property in South Africa	2,151,081	2,151,081
	<b>2,151,081</b>	<b>2,151,081</b>

A decision was taken by the Board of Directors to sell the residential property in South Africa in prior year and was classified as "Assets classified as held for sale" and measured at the lower of its carrying value and fair value less cost to sell at the time of reclassification, resulted in an impairment loss of P1.65Mn as at 31 March 2018. Asset will be continued to be classified as held for sale and was sold subsequent to the year end. No further impairment is recognised for the year ended 31 March 2019.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 12 Investment properties

	Land and buildings P	Total P
<b>Year ended 31 March 2018 (Restated)</b>		
Balance at beginning of year (Restated)	245,985,928	245,985,928
Fair value gain	7,900,000	7,900,000
Rental straight line adjustment	(859,507)	(859,507)
<b>Balance at end of year (Restated)</b>	<b>253,026,421</b>	<b>253,026,421</b>
<b>Balance at end of year (Restated)</b>		
At fair value	255,800,000	255,800,000
Rental straight line adjustment	(2,773,579)	(2,773,579)
	253,026,421	253,026,421
<b>Year ended 31 March 2018 (Restated)</b>		
Fair value gain	7,900,000	7,900,000
Rental straight lining adjustment	(859,507)	(859,507)
	7,040,493	7,040,493
<b>Year ended 31 March 2019</b>		
Balance at beginning of year (Restated)	253,026,421	253,026,421
Transfer from property, plant and equipment (Note 11)	4,900,000	4,900,000
Fair value gain	10,500,000	10,500,000
Rental straight line adjustment	(389,053)	(389,053)
<b>Balance at end of year</b>	<b>268,037,368</b>	<b>268,037,368</b>
<b>Balance at end of year</b>		
At fair value	271,200,000	271,200,000
Rental straight line adjustment	(3,162,632)	(3,162,632)
	268,037,368	268,037,368

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 12 Investment properties (continued)

	Land and buildings P	Total P
<b>Year ended 31 March 2019</b>		
Fair value gain	10,500,000	10,500,000
Rental straight lining adjustment	(389,053)	(389,053)
	10,110,947	10,110,947

The Centre's investment properties were revalued on 31 March 2019 by an independent professionally qualified valuer, CRIBS (Pty) Ltd trading as Apex Properties. Valuations were based on current market prices in an active market.

Income, direct and indirect expenses recognised in the consolidated statement of comprehensive income for the year are as follows:

	2019 P	2018 P
Rental income	18,678,019	16,889,746
<b>Direct costs</b>		
Rates	375,646	232,711
Property maintenance	1,345,872	484,664
	1,721,518	717,375
<b>Indirect costs</b>		
Insurance	130,440	151,526

All investment properties generated rental income. Hence, there are no direct/indirect costs relating to investment properties which did not generate rental income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 12 Investment properties (continued)

Non-financial assets carried at fair value, as is the case for investment property held by the Centre, are required to be analysed by level depending on the valuation method adopted.

#### Valuation techniques underlying management's estimation of fair value

For investment properties with a total carrying amount of P268,037,368 (2018: P253,026,421), 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Valuation technique	Input	Estimate	Sensitivity on estimates (in BWP) Million			
			2019 Impact lower	2019 Impact higher	2018 Impact lower	2018 Impact higher
Sales comparison	Sales price square metre of the property	Market value per sqm +/-10%	(14.70)	15.15	(14.80)	15.40
Depreciated replacement cost	Construction cost per square metre	Build per rate sqm +/-10%	(2.35)	2.30	(2.20)	2.40
Income capitalisation	Capitalisation rate	Capitalisation rate +/-1%	5.05	(4.00)	4.70	(3.70)
Discounted cash flow	Discount rate	Discount rate +/-1%	2.28	(2.25)	2.70	(1.80)
	Rent escalation rate	Rent escalation rate +/-1%	(1.88)	2.68	(1.80)	2.30
<b>Estimate</b>			<b>Level 3 - Range of unobservable inputs</b>			
			<b>2019</b>		<b>2018</b>	
	Market value per sqm		P4,454 - P11,000		P4,551 - P11,000	
	Build rate per sqm (weighted average)		P1,982		P1,977	
	Capitalisation rate		9% - 10%		9% - 10%	
	Discount rate		9% - 10%		9% - 10%	
	Rent escalation rate		10%		10%	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Valuation technique	Valuation 2019 (P)	Valuation 2018 (P) (Restated)
Discounted cash flows	23,300,000	22,800,000
Average of income, DCF, DRC and sales comparable	111,500,000	106,200,000
Average of income and sales comparable	27,400,000	25,200,000
Sales comparable	109,000,000	101,600,000
<b>Total</b>	<b>271,200,000</b>	<b>255,800,000</b>
Rental straight line adjustment	(3,162,632)	(2,773,579)
<b>Balance at end of year</b>	<b>268,037,368</b>	<b>253,026,421</b>

### 13 Investment in subsidiaries

Comprising;

31/03/19

Botswana Export Development and Investment Authority

% holding

100%

31/03/18

Botswana Export Development and Investment Authority

100%

#### Nature of the company

The subsidiary based in South Africa, was incorporated in 2000, as a company not having 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 the BITC Botswana.

### 14 Intangible assets

Net book amount at beginning of year

Amortisation charge

**Net book amount at end of year**

Cost

Accumulated amortisation

**Net book amount**

Intangible assets consist of computer software.

2019

P

2018

P

-

13,935

-

(13,935)

-

-

3,139,210

3,139,210

(3,139,210)

(3,139,210)

-

-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>15 Trade and other receivables</b>		
Trade receivables	2,624,258	3,798,640
Less: Loss allowance / provision for impairment	(1,849,526)	(1,969,775)
	774,732	1,828,865
Prepayments and security deposits	5,034,405	3,078,940
Interest receivable	236,652	143,562
Other debtors	4,094,240	3,153,191
Provision for TDS- India	(3,884,347)	(2,744,151)
	5,480,950	3,631,542
	6,255,682	5,460,407
The movement in provision for loss allowance is analysed as follows:		
Balance at beginning of year	1,969,775	1,342,363
Day 1 adjustment	1,040,048	-
Provision/(reversal) during the year	(794,196)	627,412
Write off during the year	(366,101)	-
Balance at end of year	1,849,526	1,969,775
Current	703,651	832,156
1-30 Days past due	317,331	389,245
31-60 Days past due	187,831	356,081
61-90 Days past due	149,285	329,332
Over 91 Days past due	1,266,055	1,891,754
Total gross trade receivables	2,624,152	3,798,568
Impairment provision for trade receivables	-	(1,969,775)
- Lifetime ECL - performing and underperforming	(583,471)	-
- Lifetime ECL - Non performing	(1,266,055)	-
<b>Total net trade receivables</b>	<b>774,626</b>	<b>1,828,793</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Centre does not hold any collateral as security.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>16 Deferred lease income assets</b>		
Balance at beginning of year	2,773,579	1,914,072
Movement during the year	389,053	859,507
Balance at end of year	3,162,632	2,773,579
Current portion	338,500	1,192,336
Non current portion	2,824,132	1,581,243
<b>17 Cash and cash equivalents</b>		
Short-term deposits	74,192,253	77,267,907
Cash at bank	7,096,159	2,632,076
Cash on hand	7,184	7,016
	81,295,596	79,906,999

Cash and cash equivalent includes P4,767,460 (2018: P2,819,444) 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.

As at 31 March 2019, cash and bank balances included an amount of P28,721 (2018: P8,519,180) relating to Botswana Special Economic Zones Authority ("SEZA") held by BITC on behalf of SEZA. This comprises of cash deposited at Standard Chartered Bank Botswana Limited. This balance has been excluded from Cash and Cash Equivalent for the purpose of Statement of Cash flows. The corresponding liability has been raised in note 19.2

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>17 Cash and cash equivalents (continued)</b>		
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Bank balances	81,259,691	71,380,804
Cash on hand	7,184	7,016
	81,266,875	71,387,820
Cash and cash equivalents denominated in foreign currencies are as follows:		
UK Pounds	495,449	323,123
South African Rands	3,342,240	1,964,660
Indian Rupees	1,425,220	854,784
	5,262,909	3,142,567
<b>18 Government capital grants</b>		
Balance at beginning of year	134,634,643	137,140,678
Grant received during the year (Note 6)	4,527,405	811,208
Amortisation during the year (Note 7)	(1,829,655)	(3,317,243)
Balance at end of year	137,332,393	134,634,643
The Centre receives capital grants from Government for financing its capital expenditure.		
<b>19 Trade and other payables</b>		
Staff accruals	6,307,192	5,530,787
Trade payables	3,163,284	209,561
Accrued expenses	2,269,292	2,388,132
Other payables	5,246,325	2,916,962
RSA taxes payable	-	2,817,218
Payable to Special Economic Zone Authority	28,720	8,519,179
	17,014,813	22,381,839



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>19.2 Payable to Special Economic Zone Authority</b>		
Balance at beginning	8,519,179	30,036,666
Government grants received during the year	-	1,747,815
Payments made during the year	(419,596)	(23,265,302)
Amounts paid to SEZA	(8,070,862)	-
Balance at end of the year	28,721	8,519,179
<b>20 Deferred income</b>	<b>5,000,000</b>	<b>-</b>

The deferred income relates to a grant that was requested specifically for overhaul of factory shells (2.5Mn and for the Buy Botswana Project (2.5Mn). As at 31 March 2019, the funds were not yet utilised.

<b>21 Deferred lease liability</b>		
Balance at beginning of year	596,356	993,974
Movement during the year	(216,344)	(397,618)
Balance at end of year	380,012	596,356

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P (Restated)
<b>22 Cash flow from operation activities</b>		
Operating surplus / (deficit) for the year	12,774,560	16,181,526
<b>Adjustments for:</b>		
Depreciation	11 1,836,046	3,042,735
Investment property fair value adjustment	12 (10,110,947)	(7,040,493)
Rental straight lining adjustment	(389,053)	(859,507)
Deferred lease liability adjustment during the year	(216,344)	(397,618)
Amortisation of intangible assets	13 -	13,935
Profit on disposal of plant and equipment	7 -	(79,677)
Amortisation of capital grant	17 (1,829,655)	(3,317,243)
Impairment of assets	11 309,567	1,650,015
Changes in working capital		
Movement in trade and other receivables	(1,835,323)	(787,003)
Movement in trade and other payables	3,123,428	(8,128,933)
Movement in deferred income	5,000,000	-
Net cash generated from operations	8,662,278	277,737

### 23 Commitments

#### (i) Financial commitments

##### Operating lease commitments – where the Centre is the lessor

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

Not later than 1 year	17,897,042	14,672,580
Later than one year but not later than 5 years	27,783,662	11,866,802
	45,680,704	26,539,382

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>23 Commitments (continued)</b>		
<b>Operating lease commitments – where the Centre is the lessee</b>		
The future minimum rent payments under cancellable lease agreements are as follows:		
Not later than 1 year	6,682,239	7,639,436
Later than 1 year and less than 5 years	3,435,939	9,547,445
	<b>10,118,177</b>	<b>17,186,881</b>

### (ii) Capital commitments

There were no capital expenditure contracted for but not yet incurred or approved and not contracted for at the reporting date

## 24 Related party transactions

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.

### (a) Transactions with the Ministry of Investment, Trade and Industry;

Grant income received for the year	101,830,560	100,330,560
Less : capital grants for the year (Note 17)	(4,527,405)	(811,208)
	<b>97,303,155</b>	<b>99,519,352</b>

### (b) Transaction with government owned entities

Net expense incurred – Special Economic Zones Authority	419,596	23,265,302
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2019 P	2018 P
<b>(c) Payable to government owned entities</b>		
Special Economic Zones Authority	28,720	8,519,179
<b>(b) Key management compensation</b>		
Key management includes Board of Directors and members of the executive committee. The compensation paid or payable to key management for employee services together with payments made to the directors are shown below;		
Key management – basic salary	5,292,883	4,681,233
Key management – allowances	3,264,505	2,868,590
Key management – gratuity and leave pay	2,741,354	2,620,991
Management – total	11,298,742	10,170,814
Payments made to directors	183,330	155,190
	<b>11,482,072</b>	<b>10,326,004</b>

## 25 Prior period restatement

### Revaluation of investment properties

The Centre has adopted fair value model as its accounting policy for investment properties and this has been consistently applied. The Centre's investment properties were revalued by an independent professionally qualified valuer, CRIBS (Pty) Ltd Trading As Apex Properties. Valuations were based on current market prices in an active market.

The properties located in Block 8 Gaborone (Plot 61128, 61129 and 61130) consist multiple facilities (seven factory shells) which were occupied by number of tenants. In the past valuation was done only for six facilities instead of seven. Omission of one facility from the valuation has resulted in material misstatement in prior year financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Accordingly the comparative figures for the years ended 31 March 2017 and 31 March 2018 have been restated as follows;

For the year ended	31/03/2017			31/03/2018		
	previously stated P	Adjustment stated P	Restated Balance P	As previously stated P	Adjustment P	Restated Balance P
Revenue	112,819,927	-	112,819,927	117,896,552	-	117,896,552
Other income	4,480,109	-	4,480,109	3,754,549	-	3,754,549
Investment property fair value adjustment	(29,314,072)	10,900,000	(18,414,072)	4,240,493	2,800,000	7,040,493
Administrative expenses	(110,077,363)	-	(110,077,363)	(112,510,068)	-	(112,510,068)
Operating surplus/deficit	(22,091,399)	10,900,000	(11,191,399)	13,381,526	2,800,000	16,181,526
Net finance income	1,306,564	-	1,306,564	2,403,805	-	2,403,805
<b>(Deficit)/surplus for the year</b>	<b>(20,784,835)</b>	<b>10,900,000</b>	<b>(9,884,835)</b>	<b>15,785,331</b>	<b>2,800,000</b>	<b>18,585,331</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive (deficit)/income for the year</b>	<b>(20,784,835)</b>	<b>10,900,000</b>	<b>(9,884,835)</b>	<b>15,785,331</b>	<b>2,800,000</b>	<b>18,585,331</b>

### Consolidated Statement of Financial Position

As at	31/03/2017			31/03/2018		
	previously stated P	Adjustment stated P	Restated Balance P	As previously stated P	Adjustment P	Restated Balance P
<b>Non-current assets</b>						
Property, plant and equipment	14,000,321	-	14,000,321	7,618,878	-	7,618,878
Investment properties	235,085,928	10,900,000	245,985,928	239,326,421	13,700,000	253,026,421
Intangible assets	13,935	-	13,935	-	-	-
Deferred lease income assets	1,251,808	-	1,251,808	1,581,243	-	1,581,243
	<b>250,351,992</b>	<b>10,900,000</b>	<b>261,251,992</b>	<b>248,526,542</b>	<b>13,700,000</b>	<b>262,226,542</b>
<b>Current assets</b>						
Trade and other receivables	4,673,404	-	4,673,404	5,460,407	-	5,460,407
Deferred lease income assets	662,264	-	662,264	1,192,336	-	1,192,336
Cash and cash equivalents	98,314,447	-	98,314,447	79,906,999	-	79,906,999
	<b>103,650,115</b>	<b>-</b>	<b>103,650,115</b>	<b>86,559,742</b>	<b>-</b>	<b>86,559,742</b>
Assets classified as held for sale	-	-	-	2,151,081	-	2,151,081
	<b>103,650,115</b>	<b>-</b>	<b>103,650,115</b>	<b>88,710,823</b>	<b>-</b>	<b>88,710,823</b>
<b>Total assets</b>	<b>354,002,107</b>	<b>10,900,000</b>	<b>364,902,107</b>	<b>337,237,365</b>	<b>13,700,000</b>	<b>350,937,365</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### Consolidated Statement of Financial Position

As at	31/03/2017			31/03/2018		
	previously stated P	Adjustment stated P	Restated Balance P	As previously stated P	Adjustment P	Restated Balance P
<b>FUNDS AND LIABILITIES</b>						
<b>Funds and reserves</b>						
General fund	163,839,196	10,900,000	174,739,196	179,624,527	13,700,000	193,324,527
<b>Total funds</b>	<b>163,839,196</b>	<b>10,900,000</b>	<b>174,739,196</b>	<b>179,624,527</b>	<b>13,700,000</b>	<b>193,324,527</b>
<b>Non-current liabilities</b>						
Capital grants	137,140,678	-	137,140,678	134,634,643	-	134,634,643
Deferred lease liability	993,974	-	993,974	596,356	-	596,356
	<b>138,134,652</b>	<b>-</b>	<b>138,134,652</b>	<b>135,230,999</b>	<b>-</b>	<b>135,230,999</b>
<b>Current liabilities</b>						
Trade and other payables	52,028,259	-	52,028,259	22,381,839	-	22,381,839
Deferred income	-	-	-	-	-	-
<b>Total liabilities</b>	<b>52,028,259</b>	<b>-</b>	<b>52,028,259</b>	<b>22,381,839</b>	<b>-</b>	<b>22,381,839</b>
<b>Total funds and liabilities</b>	<b>354,002,107</b>	<b>10,900,000</b>	<b>364,902,107</b>	<b>337,237,365</b>	<b>13,700,000</b>	<b>350,937,365</b>

No impact to cash generated from operation as a result of above restatement. Therefore, Consolidated Statement of Cash Flows was not restated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 26 Financial instruments - accounting classifications

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities of the Centre.

In (P)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Non-financial instruments	Total carrying amount
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#### As at 31 March 2019

##### Financial assets

Trade and other receivables	-	-	1,221,277	5,034,405	6,255,682
Cash and cash equivalent	-	-	81,295,596	-	81,295,596
	-	-	<b>82,516,873</b>	<b>5,034,405</b>	<b>87,551,278</b>

##### Financial liabilities

Trade and other payables	-	-	17,014,813	-	17,014,813
	-	-	<b>17,014,813</b>	-	<b>17,014,813</b>

In (P)	At Fair value	Loans and receivables	Other financial liabilities	Non-financial instruments	Total carrying amount
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#### As at 31 March 2018

##### Financial assets

Trade and other receivables	-	2,381,467	-	3,078,940	5,460,407
Cash and cash equivalent	-	79,906,999	-	-	79,906,999
	-	<b>82,288,466</b>	-	<b>3,078,940</b>	<b>85,367,406</b>

##### Financial liabilities

Trade and other payables	-	-	19,564,621	2,817,218	22,381,839
	-	-	<b>19,564,621</b>	<b>2,817,218</b>	<b>22,381,839</b>

### 27 Contingent liabilities

There were no contingent liabilities at the year end

### 28 Events after reporting date

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the financial statements.

### 29 Going concern

The 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 of the Centre.

## DETAILED CONSOLIDATED INCOME STATEMENTS

For the year ended 31 March 2019

Schedule	2019 P	2018 P
<b>INCOME</b>		
Government subventions	97,303,155	99,519,352
Global Expo income	2,016,740	1,487,454
Rental income	18,678,019	16,889,746
<b>Total income</b>	<b>117,997,914</b>	<b>117,896,552</b>
<b>EXPENDITURE</b>		
Investment promotion expenses 1	6,916,340	4,478,966
Export promotion expenses 2	4,541,666	3,682,949
Aftercare expenses	57,006	31,288
Public relations expenses 3	4,008,994	3,962,212
Branding expenses	6,406,652	5,046,431
Research expenses 4	1,882,293	1,202,915
Staff costs 5	52,502,932	46,602,261
Global Expo expenses	8,120,026	8,387,221
Administrative expenses 6	31,117,805	36,059,155
Depreciation	1,836,046	3,042,735
Amortisation of intangible assets	-	13,935
<b>Total expenditure</b>	<b>117,389,759</b>	<b>112,510,068</b>
<b>Other income</b>	<b>2,055,459</b>	<b>3,754,549</b>
Investment property fair value adjustment	10,110,947	7,040,493
<b>Operating surplus for the year</b>	<b>12,774,561</b>	<b>16,181,526</b>

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 85 to 88.



## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	2019	2018
	P	P
<b>1 Investment promotion expenses</b>		
Inward promotion mission	363,514	335,559
External missions	6,552,826	4,143,407
	<b>6,916,340</b>	<b>4,478,966</b>
<b>2 Export promotion expenses</b>		
Export development	2,376,094	1,646,844
Export promotion	2,165,572	2,036,105
	<b>4,541,666</b>	<b>3,682,949</b>
<b>3 Public relation expenses</b>		
Gifts and donations	307,726	2,380
Corporate social responsibility	182,626	555,632
Promotional material	264,969	346,786
Exhibitions	362,904	361,947
Branding	472,047	345,492
Advertising	1,726,924	1,531,485
Publications	691,798	818,490
	<b>4,008,994</b>	<b>3,962,212</b>
<b>4 Research expenses</b>		
Market intelligence	870,921	1,202,915
Strategic planning	1,011,372	-
	<b>1,882,293</b>	<b>1,202,915</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 85 to 88.

## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	2019	2018
	P	P
<b>5 Staff costs</b>		
Car allowance	2,221,722	2,067,232
Cell phone allowance	362,092	374,593
Entertainment allowance	287,208	266,388
Foreign service allowance	1,805,528	1,538,596
Gratuity	6,499,197	6,261,714
Leave pay	851,234	1,063,522
Medical aid	1,379,049	1,331,123
Overtime allowance	81,599	58,199
Recreational expenses	81,703	102,291
Staff welfare and recreation	1,225,331	304,521
Salaries and wages	32,703,655	28,017,404
Utility allowance	349,694	319,306
Housing allowance	2,094,154	2,120,713
Education allowance	486,551	398,738
Training	1,247,569	1,675,703
Staff movements	2,168	116,627
Recruitment expenses	421,708	348,600
SDL/UIF Contribution	402,770	236,991
	<b>52,502,932</b>	<b>46,602,261</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 85 to 88.

## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	2019	2018
	P	P
<b>6 Administrative expenses</b>		
Auditors' remuneration	429,968	430,141
Provision for bad debts - trade debtors	(794,196)	627,412
- TDS receivables	1,140,196	823,100
Impairment of assets	309,567	1,650,015
Bank charges	124,470	120,615
Board activities	365,199	158,521
Car rental	-	(2,402)
Computer expenses	3,521,555	3,337,773
Directors' fees	183,330	155,190
Entertainment	187,875	163,895
Insurance	510,037	642,861
Motor vehicle running expenses	186,920	241,165
Office equipment lease	445,990	631,080
Office expenses	547,731	442,494
Stationery	194,195	320,106
Professional, consultancy and legal fees	5,150,163	8,384,275
Property maintenance	1,722,757	2,646,142
Rates	673,717	328,726
Rent	8,106,422	7,960,202
Security expenses	1,053,559	1,119,050
Seminars and conferences	670,194	285,387
Subscriptions	38,547	123,730
Transport, travel and subsistence	3,640,493	2,575,308
Telecommunications	1,210,599	1,557,177
Utilities	1,498,517	1,337,192
	<b>31,117,805</b>	<b>36,059,155</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 85 to 88.

## NOTES



