



BOTSWANA
INVESTMENT
& TRADE CENTRE

ANNUAL REPORT
2020/21

**INVESTMENT
AND TRADE
RECONCEIVED**



BOTSWANA
INVESTMENT
& TRADE CENTRE

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INTRODUCTION TO BITC

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The Botswana Investment and Trade Centre (BITC) was established by an Act of Parliament in 2012 as an integrated Investment and Trade Promotion Authority (ITPA) with a mandate encompassing investment promotion and attraction, export promotion and development, and management of the Nation Brand. Through its critical role within Botswana's economy, BITC encourages domestic investment and expansion, 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 export to stimulate economic diversification and job creation in the country by promoting Botswana as a place to visit, live and invest.

Our Vision

BITC will be the apex Investment and Trade Promotion Agency (ITPA) driving 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. It is an acute awareness of what one does not know and the skills one does not have. The leadership and staff of BITC are 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.

Agility



is to be "change-fit" and open to new ways of working, as and when they are required. It is also openness to new ideas, and if they represent an advance, integrating them into practice.

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's the total resolve to challenge the status quo at an individual and organisational level for the good of all.

Investment Reconceived.

KEY FUNCTIONS

Focused, Selective And Targeted Investment Promotion

In our effort to become a leading high-performance Investment Promotion Agency, our focus on investment promotion is leveraged on research to identify and profile growth sectors, and to create strategic go-to market value propositions that will attract investors to the country. We place great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth, development and diversification. These include:

- Mining & Energy - Beneficiation
- Agriculture
- Education
- Transport and Logistics
- Financial & Business Services
- Tourism
- Manufacturing
- 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 abroad which greatly expand Botswana's footprint in international markets and provide a platform through which businesses, beneficial partnerships and industry associations can be identified by providing a point of information exchange for both international and domestic investors.

Local stakeholders are key to enabling BITC's domestic investment efforts and have continuously supported the organisation.





GOVERNANCE

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THE BOARD AND GOVERNANCE

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 nine members; eight independent non-Executive Directors, who are the majority, and one Executive Director as stated below:

Non-Executive Directors	
Mr. Terence Dambe - (Board Chairman)	
Ms. Palesa Audrey Semele - (Vice Chairperson)	
Ms. Ellen Richard-Madisa	<i>(Lapsed)</i>
Ms. Macie Keneilwe Molebatsi	
Mr. Bakang Palai	
Mr. Tebo Motswagae	
Ms. Gomolemo lolo Madikgetla	
Mr. Lesang Magang	
Mr. Keletsositse Olebile - (Chief Executive Officer)	

Key Board Changes and Terms of Tenure

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

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

Board Charter and Board Sub-Committees Terms of Reference

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

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

Board Meetings

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

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

BOARD MEMBERS	BOARD	PROJECT & INVESTMENT COMMITTEE	EXTERNAL TENDER COMMITTEE	HUMAN RESOURCES COMMITTEE	FINANCE & AUDIT COMMITTEE
Mr. Terence Dambe	7/8	N/A	N/A	N/A	N/A
Ms. Palesa Audrey Semele	8/8	N/A	N/A	8/8	6/6
Ms. Macie Keneilwe Molebatsi	6/8	N/A	N/A	8/8	N/A
Ms. Ellen Richard-Madisa	4/8	N/A	N/A	N/A	3/6
Ms. Gomolemo Lolo Madikgetla	8/8	2/2	N/A	N/A	6/6
Mr. Bakang Palai	8/8	2/2	6/6	N/A	N/A
Mr. Lesang Magang	8/8	2/2	5/6	N/A	N/A
Mr. Tebo Motswagae	8/8	N/A	6/6	5/8	N/A

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

Board Secretary

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

The role is compliant with the requirements of the King Code of Corporate Governance Principle 2.21.

Remuneration of Non-Executive Directors

BOARD MEMBER	TOTAL SITTING FEES PAID (PULA)
Mr. Terence Dambe	17,325.00
Ms. Palesa Audrey Semele	40,005.00
Ms. Macie Keneilwe Molebatsi	23,625.00
Ms. Ellen Richard-Madisa	11,340.00
Ms. Gomolemo Lolo Madikgetla	23,940.00
Mr. Bakang Palai	27,090.00
Mr. Lesang Magang	25,830.00
Mr. Tebo Motswagae	27,720.00

Board Evaluation

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

Board Sub-committees

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

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

1. Projects and Investment Committee

The purpose of the PIC is to assist the Board in fulfilling its oversight responsibility over BITC's functions of an integrated Investment and Trade Promotion Authority as highlighted in section 16 (1) of the BITC Act which seeks to promote, attract, encourage and facilitate export development and promote, attract, encourage local and foreign investment promotion in Botswana.

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

2. Finance and Audit Committee

The purpose of the Committee is to assist the Board of Directors to fulfil its 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 Finance and Audit Committee derives its mandate from the Audit Committee Charter.

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

3. Human Resources Committee

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

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

4. External Tender Committee

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

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

Conflict of Interest

In order to ensure that any interest of a Board Member in a particular matter to be considered by the Board is brought to its attention, Declaration of Interest procedures have been put in place. These declarations are submitted by Directors at the beginning of each meeting and remain available for review at any time. Registers of individual Board Member's interests inside and outside the Centre are maintained and regularly updated.

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 Finance and Audit Committee and implemented, ensuring relevance and alignment of the internal audit activity, consistent with organisational goals.

Whistleblowing and Ethics

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

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

Risk and Compliance Management Function

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

The Board of Directors and Management of the BITC are responsible for the governance of the Enterprise Risk Management (ERM) and Compliance. The Board sets the direction for how these should be executed in the organisation while Management is responsible for establishing and operating the risk and compliance management framework on behalf of the Board.

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

BITC proactively manages risk and compliance through a robust framework, this helps ensure that all risks are identified, assessed and mitigated to tolerable levels that are aligned with our risk appetite. Continuous monitoring and reviews of the same are undertaken. This framework allows the organisation to effectively deliver on its mandate.

RESPONSIBILITIES OF THE FOUR LINES OF DEFENCE

FIRST LINE OF DEFENCE	The Management of BITC is responsible for the management of risk and compliance and the implementation of the strategy.
SECOND LINE OF DEFENCE	The Risk and Compliance Management function is responsible for the establishment of a robust risk and compliance framework which is undertaken by creating policies across the organisation and conducting monitoring to ensure that the implementation of risk principles complies with regulatory and legislative requirements, as well as providing advisory services to Senior Management and the Board.
THIRD LINE OF DEFENCE	Internal Audit provides independent assurance to Senior Management and the Board on the efficiency and effectiveness of BITC's governance, risk management and controls.
FOURTH LINE OF DEFENCE	This comprises assurance from external independent bodies such as the external auditors, the Board and other external bodies such as Regulatory authorities.



BOARD OF DIRECTORS



Mr. Terence Dambe
Board Chairman

Ms. Palesa Audrey Semele
Vice - Chairperson



**Ms. Macie Keneilwe
Molebatsi**
Board Member

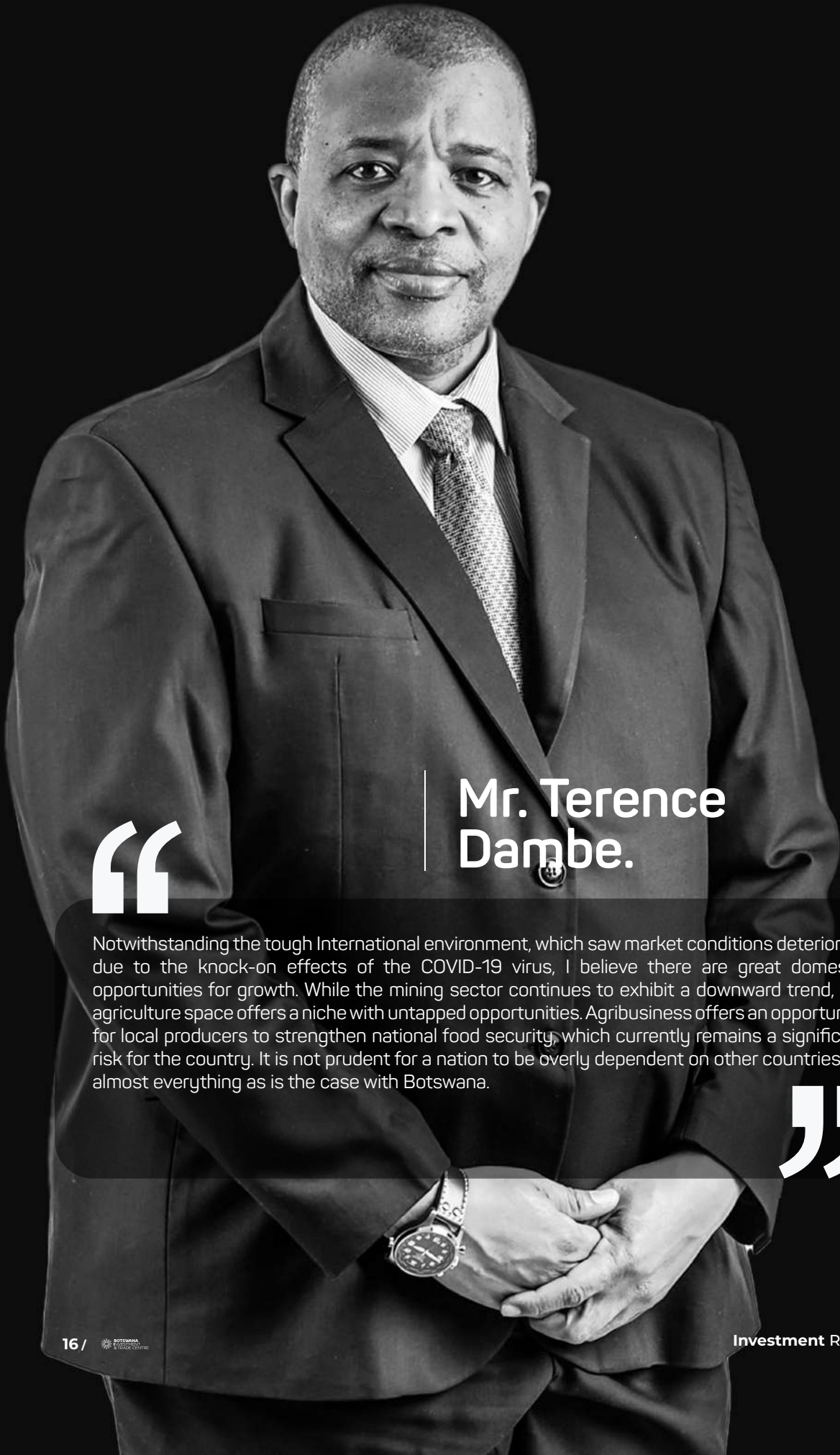
**Ms. Gomolemo Lolo
Madikgetla**
Board Member

Mr. Bakang Palai
Board Member



Mr. Lesang Magang
Board Member

Mr. Tebo Motswagae
Board Member



Mr. Terence Dambe.

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Notwithstanding the tough International environment, which saw market conditions deteriorate due to the knock-on effects of the COVID-19 virus, I believe there are great domestic opportunities for growth. While the mining sector continues to exhibit a downward trend, the agriculture space offers a niche with untapped opportunities. Agribusiness offers an opportunity for local producers to strengthen national food security, which currently remains a significant risk for the country. It is not prudent for a nation to be overly dependent on other countries for almost everything as is the case with Botswana.

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CHAIRMAN'S STATEMENT

INTRODUCTION

It goes without saying that the financial year which ended on 31 March 2021 was exceptionally challenging for the organisation, the country and the world. COVID-19 caused entire economies to shut down, with domestic and international trade being severely disrupted. While lockdowns as well as local and international travel restrictions are the most prominent feature of governments' responses to the alarming spread of the virus, the downstream impact to economies are widespread, affecting almost all sectors.

As governments implemented the restrictions necessary to combat the pandemic, the interconnectivity of all segments of the economy became very evident. Where one sector was directly impacted, the knock-on effect would cascade throughout the economic value chain. A simple example is the public health requirement of reducing place of employment congestion by rotating staff, with half of the workforce working remotely at any given time. This affects public transport businesses as a result of a reduction of passengers requiring their services on a daily basis. At the same time, it equates to losses of business for the informal traders at the bus ranks and bus stops.

The chain of economic interdependency became very clear to those who may have not been aware of it before. There is an economic ecosystem encompassing all players in the economy and a negative impact on one sector creates constriction of the other sections of the entire economy, not just in the areas directly targeted by pandemic control measures.

PERFORMANCE HIGHLIGHTS

It is evident at a glance that actual performance targets were not met. For example, we had an FDI target of P1.8 billion which we didn't reach for obvious reasons, realising only P1.38 billion. Domestic investment achieved only 48% of the P2 billion targeted for the year, and export earnings and job creation similarly were 15% and 41% below expectation respectively.

The local economy stumbled, with mining, tourism and banking being particularly hard hit. However, on the flip side we saw manufacturing and agriculture showing signs of resilience, and even the retail sector, though somewhat restricted, continued to function.

ECONOMIC DIVERSIFICATION

In terms of recovery, we need to look at the burning issue that has always been at the forefront of the national agenda but not achieved: economic diversification. From my perspective, what has been interesting is the paradigm shift with the sudden increased interest in the agricultural sector from all levels of society, coupled with a keenness to get involved. A critical catalyst in this mindset change came about through a newfound appreciation of the risks of food insecurity we faced as a nation as a result of the restriction in the movement of goods arising from border closures. This has seemingly driven a focus on the need for food security and for exploitation of the resultant opportunities. Recovery from the pandemic offers great prospects for economic diversification and several new businesses have been established around the country, some of which we have been involved in, such as the sizeable Selebi Phikwe Citrus project.

The renewed interest in the agricultural sector is exciting, particularly in the light of the increasing focus being placed on agriculture by institutions such as the African Development Bank, whose President, Akinwumi Adesina, has expressed the view that the next generation of African billionaires will be farmers.

In addition to prospects in the agricultural sector, Botswana is also very well placed to become a net exporter of power. Having one of the highest levels of solar radiation in the world and abundant coal resources, power generation can result in the country becoming a major producer of electricity in the region.

THE KEY TO RECOVERY - VACCINES

The key to returning to some level of normalcy, increasing economic activity and productivity, will be determined by how quickly we can get the COVID-19 vaccines rolled out to a significant proportion of the population. The signs of late are very encouraging with the increasing quantities of vaccines being procured. The USA and Europe have shown that there is a clear correlation between high vaccine penetration rates and improved economic performance. Unfortunately, most African countries have been severely prejudiced by vaccine nationalism that saw certain economically superior countries hoard vaccines at the expense of less developed nations on the continent.

It is apparent that vaccines are not just a health issue but also an economic issue. We therefore need to spare no effort in making sure that we get vaccinations rolled out to our people as quickly as possible, the result of which will be greater economic activity. This has been fully recognised by the Government. His Excellency President Mokgweetsi Masisi has made the saving of Botswana from COVID-19 the number one priority in his recently announced "Reset Agenda".

EASE OF DOING BUSINESS

One of Botswana's major challenges over the last 10 years has been our steady downward trajectory in the World Bank's Ease of Doing Business Index. The BITC board views this as a major stumbling block for the organisation in trying to carry out its mandate to attract investment. We are effectively swimming against the rising tide. It is all very well for us to go and try to look for investors, but investors will always look at the investment climate and regulatory framework of a country before taking a decision to invest. Unfortunately, while being a peaceful country with a responsible fiscal track record and stable democratic institutions is important, it is often not sufficient if the processes and procedures for establishing and operating a business are cumbersome and protractive.

We must realise that we are an arena where other countries have the same goal of seeking FDI for their countries. The Board has resolved that we need to focus on the issues affecting the ease of doing business, understand all the factors and bottlenecks, and start to engage more vigorously with all the relevant stakeholders to chart a path on working together to address this problem.

In this regard, we have been advocating for a new business facilitation law to be enacted, with the establishment of a board of investment, which will help with the co-ordination of initiatives necessary to address the challenges to the ease of doing business. We continue to engage with stakeholders in Government on this matter with the hope that the proposal will receive the necessary approval to be tabled before Parliament in the not too distant future.

ECONOMIC INCLUSION

Another important issue the Organisation has been reviewing is that relating to economic inclusion – the need to make sure that economic opportunities are not restrictive and are made more available to our society across the board. There are currently some challenges that must be addressed immediately if we are to have a sustainable economy, particularly issues around economic inclusiveness. This is especially relevant to Botswana as it ranks as amongst the highest in the world when it comes to levels of socioeconomic inequality. Dealing with inequality is critical in order to maintain social cohesion and order.

DOMESTIC INVESTMENT

With FDI opportunities currently limited, the need to give renewed attention to domestic investment becomes vital. While FDI is critical for economic development and employment creation, the growth of local commercial opportunities is vital to the economy. The Government continues to review and amend licencing laws as a driver of domestic commerce. It is imperative that a long term strategy, backed up with strong project planning and timelines, be put in place as these are critical to bring about the reforms needed for a favourable domestic business regime. The digitisation of the company registration platform by the Companies and Intellectual Property Authority (CIPA) is a success story which shows what is possible in improving business facilitation processes. This innovation has resulted in a vast improvement and ease in the process of registering companies, by the creation of an online user friendly registration platform. This type of innovation needs to be duplicated through the business regulatory and process framework to make doing business in Botswana more investor friendly.

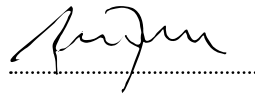
LOOKING AHEAD

Hopefully, we will make use of the opportunity presented to us by the pandemic to introspect as a nation. We need to look at how we can work together collectively in our recovery effort and move the country forward. The need for innovative thinking, inclusive decision making and implementation has never been greater, nor come at a more opportune time. We need to seriously examine implementation of existing policies and utilisation of our human capital resources to ensure that implementation is at the forefront of our future welfare as a nation. With COVID-19 we have experienced the dark side – with determination and full commitment by all to the national cause of economic development, the light of hope and progress shall be upon us.

ACKNOWLEDGEMENT

I would like to thank the BITC management and staff for doing their utmost to stay on course in very choppy waters. It has been a very difficult year, not only from a working perspective of not being able to be at the office on a full time basis, but it has also been difficult emotionally having to deal with staff members catching the virus and recent fatalities within the team. Yet the team remained resilient and persevered. I would also like thank the Board for their continued support of the institution, and also our shareholder, the Government of Botswana through the Ministry of Investment, Trade and Industry, which continues to engage and support us in carrying out our mandate.

Going forward, the key for us as an institution is to think outside the box, be agile and ground-breaking. We need to come up with innovative thinking to address whatever challenges we face that may inhibit our ability to fulfil our mandate. I am confident that with the right mindset, we can achieve that going forward.



Mr. Terence Dambe
(Board Chairman)

A black and white portrait of Mr. Keletsositse Olebile, a middle-aged man with a shaved head, wearing a suit, striped shirt, and patterned tie. He is smiling slightly and has his hands clasped in front of him. The background is dark.

Mr. Keletsositse Olebile.

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Looking into 2020/21 we have adopted a new strategic focus, a shift to domestic investment promotion and creation of active value chains. The development of the Domestic Investment Strategy will encompass a robust business retention and expansion plan. In the next financial year, we are also looking into digitising our key business processes and shift to hold more of our investment and export promotion missions virtually. COVID-19 accelerated this transition as continental and regional events were hampered by movement restrictions and crowd size limitations.

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CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

The year 2020/2021 was exceptionally challenging from the start due to the COVID-19 pandemic taking centre stage. The COVID-19 crisis caused a dramatic fall in worldwide foreign direct investment (FDI), which declined by 35% from \$1.5 trillion in 2019 to \$1 trillion in 2020. This directly challenged BITC operations during the year under review, particularly in adapting to reduced funding from government as result of national realignment efforts to respond to the COVID-19 pandemic. Consequently, approximately P22 million that had been earmarked for BITC's annual subvention was withheld by government resulting in the organisation having to be self-reliant and survive on its own resources.

PERFORMANCE

Despite the difficult and challenging environment in which we found ourselves, we remained a resilient and agile institution, which I believe is quite commendable. We achieved a very gratifying overall excellence performance score of 86.6%, surpassing the threshold of 80% established by our Board.

While we performed well on the overall performance score, some key performance targets were not met. FDI was recorded at P1.38 billion against a target of P 1.8 billion. Achieving the set target of P2 billion for domestic investment and expansions was equally challenged by slow business activities as a result of COVID restrictions, and a value of P957.5 million was realised for the reporting period. Total value of export earnings, a key metric for BITC's performance score, came in at P2.964 billion against the target of P3.5 billion.

During the year we were successful in facilitating two new products into export markets and facilitated an additional two citizen-owned companies to achieve export capability. The total number of jobs created was 2,518, far below the set target of 4,300.

While some targets may not have been met, the remedial actions and control measures we put in place enabled us to remain resilient in those areas where our strong performance contributed positively to our overall performance score.

COVID-19 IMPACT and MANAGEMENT

We were obliged to implement a number of internal response measures in order to stay afloat during the pandemic, which did not only present health risks but also a decrease in funding from government.

Like many organisations worldwide, we adopted new ways of working, utilising technology to continue execution of the BITC mandate. While we acknowledged that the worldwide lockdowns and travel restrictions will negatively impact on our investment promotion and attraction business, we explored the use of technology to reach out to potential investors. During the year under review, we held a series of engagements with international investors, both for luring them to consider Botswana as an investment destination in Africa, and to facilitate trade between our local investors and those within the region. We conducted webinars for various sectors with investors in Poland, Germany, India, South Africa as well as virtual trade missions with Zimbabwe, Zambia, Namibia and South Africa. We hosted the Global Expo Botswana (GEB) virtually for the first time, with technology developed by a team of young talented Batswana who have a passion for our country's digital progress.

To decongest our workplace to comply with COVID-19 health protocols and protect our staff from the virus, we introduced remote working procedures, with 50% of staff working remotely and the other 50% in-office at any given point. This operational adaptation had a positive effect in terms of management of financial resources as we returned an excess of 200m² of rented office space in our head office to the landlord as a cost-saving measure. The remote working adjustment not only translated into considerably lower rental commitments, but also had a very positive impact on utility costs, travel and other associated expenses.

BITC has remained financially resilient in the face of the challenging funding situation in which it finds itself. During the year under review, 22% of our total budget requirement was realised through self-raised income, principally from rental of our various properties in and around Gaborone. Fortunately, occupancy rates remained strong, and the property portfolio provided steady income to assist with institutional running costs.

BUSINESS FACILITATION REFORMS

We believe that all countries are obliged to remain aggressive in their pursuit of FDI in the international arena and recognise that the pandemic has availed Botswana an excellent opportunity to implement wide-ranging necessary reforms so that the country emerges from COVID-19 with enhanced global competitiveness and a significantly higher world ranking in the Ease of Doing Business (EODB) Index.

To this end, BITC put forward to government several compelling business facilitation reforms which have been evaluated and adopted, and some of these are in the implementation pipeline:

An Investment Law is in the process of being drafted which clearly defines who an investor is in Botswana and prescribes the red-carpet treatment the investor should be afforded. Other countries such as Mauritius and Rwanda are successfully attracting investment as a result of putting such laws in place. We believe that the enactment of an Investment Law in Botswana will improve investor services and increase the country's global competitiveness.

Board of Investment: Effective business facilitation requires the establishment of a high-level committee that can intercede when there is an impasse arising from disagreements or delays due to an institution failing to facilitate a certain critical aspect of an investment. Such a committee could also be turned to in exceptional cases such as when a large multinational may have a specific set of requirements spanning various agencies in which case the committee could assist in making quick decisions or provide off-the-shelf solutions for the sophisticated investor. His Excellency the President has indicated that the Board's authority should be underpinned by law. The establishment of the Board of Investment and its various powers and relevant provisions will therefore be included in the draft Investment Law. Once constituted, the Board of Investment is to be chaired by the President.

KEY MILESTONES

Despite the subdued nature of the year due to the constraints brought about by COVID-19, BITC achieved some notable milestones, including the facilitation of three key projects.

LOOKING AHEAD

BITC has set itself very clear strategic targets for 2021/2022 which are aligned to our expectation of a steady and constant recovery out of the global effects of the pandemic.

We are also guided by the Presidential Reset Agenda in which the President has set out five priorities, the most relevant for us being the Development of Value Chains. We have already begun activities with some of the businesses and projects we are promoting, as well as aligning with some of our sister parastatals and other stakeholders, to look at how to develop and entrench local value chains in key sectors of the economy. In this regard, BITC has signed an MoU with Debswana to ascertain what portion of the company's massive procurement can be localised. The efforts arising from this MoU are already bearing fruit. Heavy equipment companies such as Komatsu, Barloworld, and Part Sales Botswana are taking up strategic investment positions within the country with a view to either producing, maintaining or rebuilding some equipment locally. These are all very exciting developments to look forward to.

The key event we are hosting this year is the EXPO 2020 which takes place in Dubai from October 2021 to March 2022. BITC has been nominated as the national coordinator for Botswana's participation and we are happy to say that all the factors required for a successful participation have been achieved. Stakeholders have been mobilised, locally made goods have been procured and shipped to Dubai, and these have landed safely. Post the reporting period we dispatched resources to Dubai to finalise the organisation and branding of the Botswana Pavilion. We believe that of the 192 countries that are taking part, Botswana will put up a massive and memorable show with good outcomes.

We continue to harness our strategic partnerships. The United Nations Development Programme (UNDP) through the Supplier Development Programme (SDP) is extremely resourceful for us as it creates a meeting point for large-scale procurers such as mines and other economic houses including hotels and others in the tourism sector. The programme asks the question: "What are the standards required for the products that you consume as a company, and how do we incubate a local producer to elevate their quality and standards to the level that you require so that ultimately you can buy locally?" We believe that this programme will go a long way in elevating the standing of our companies and be cost effective for the partnerships.

We continue to utilise our market intelligence tools and enhance our research capacity. For example, in collaboration with UNDP, we have launched a study examining potential benefits that Botswana can harvest from the Agreement establishing the Africa Continental Free Trade Area (AfCFTA). While Botswana is yet to ratify the Agreement, there remains only a few items to finalise with Egypt which will pave the way for Botswana to sign. We need to identify the tangible opportunities of the Agreement that Botswana should pursue most aggressively.

APPRECIATION

It has been an extremely difficult year and we really owe it to our staff - their resilience, fortitude and their innovative thinking around the challenges we have faced during this period is highly commendable.

We are also grateful to our stakeholders, the media and members of the public, for the manner in which they always come to the party when we call for them. We have never felt alone in this effort to attract investment to Botswana, and while acknowledging that the country still has a way to go in this regard, we believe that with the reforms we are promoting and the support of the nation, we should be able to ultimately see a turn-around.

My thanks also to our Board of Directors for their support and strategic direction, and to my management colleagues who have ably put their hands on the wheel to guide and show direction through this challenging period.

Thank you.



Keletsositse Olebile

(Chief Executive Officer)

EXECUTIVE MANAGEMENT



Mr. Reginald Selelo
*Chief Operations Officer
(MHSRIP)*



Ms. Emeldah Phokoletso
*Executive Director,
Shared Services*



Ms. Trunklinah Gabonthone
*Executive Director, Export
Development and Promotion*



Ms. Malebogo Morakaladi
*Executive Director,
Investment Promotion*



Ms. Botho Bayendi
*Executive Director,
Business Intelligence*



Mr. Anthony Sefako
*Executive Director,
Business Facilitation*

OPERATIONAL AND ADMINISTRATION PERFORMANCE

COVID-19 IMPACT ON BUSINESS

COVID-19 has changed the business landscape by presenting new challenges as well as opportunities to accelerate the BITC digitalization strategy in order to work more effectively and secure new business. With the various lockdowns imposed, BITC, like most organisations, had to adjust the way business is conducted and investors are facilitated. The Centre spent significant time and investment in establishing the new approach to work. To successfully adopt this new work from home model, BITC ensured that all employees had the necessary resources to work remotely.

RESPONSE TO COVID-19

The COVID-19 pandemic has had a severe effect on the economy in Botswana and the Government announced a P2 billion relief package and several measures to relieve businesses impacted by the virus.

<ul style="list-style-type: none">• Conducted a Business Impact Assessment (BIA) in April 2020.
<ul style="list-style-type: none">• Developed and implemented COVID-19 employee guidelines.
<ul style="list-style-type: none">• Appointed a Safety, Health and Environment (SHE) officer from amongst BITC employees.
<ul style="list-style-type: none">• Set up a SHE committee to monitor adherence to COVID-19 guidelines.
<ul style="list-style-type: none">• Complied with regulations governing movement of people.
<ul style="list-style-type: none">• Facilitated a COVID-19 awareness workshop to teach employees about COVID-19.
<ul style="list-style-type: none">• Complied with restrictions on travel, with limited travel locally and internationally.
<ul style="list-style-type: none">• Accelerated digitalisation by automating key business processes.
<ul style="list-style-type: none">• Leveraged on ICT platforms to allow employees to work from home (WFH).
<ul style="list-style-type: none">• Set up up-to-date workplace platforms (Teams Share Point).
<ul style="list-style-type: none">• Continuous communications to employees staff, clients and other stakeholders.
<ul style="list-style-type: none">• Prudent management of resources (cash and workforce management).

BITC employees contributed financially towards the support of the Government's efforts to manage the spread of COVID-19. The funds were channelled to the Ministry of Health and Wellness, specifically for Personal Protective Equipment (PPE) for health and emergency services workers to help in the fight against the pandemic.

The SHE Committee issues weekly updates on COVID-19 to increase awareness and reduce infection in the workplace. Weekly COVID-19 announcements keep employees informed of developments and employees are provided with information on COVID-19 prevention measures.

HUMAN RESOURCES STRATEGY

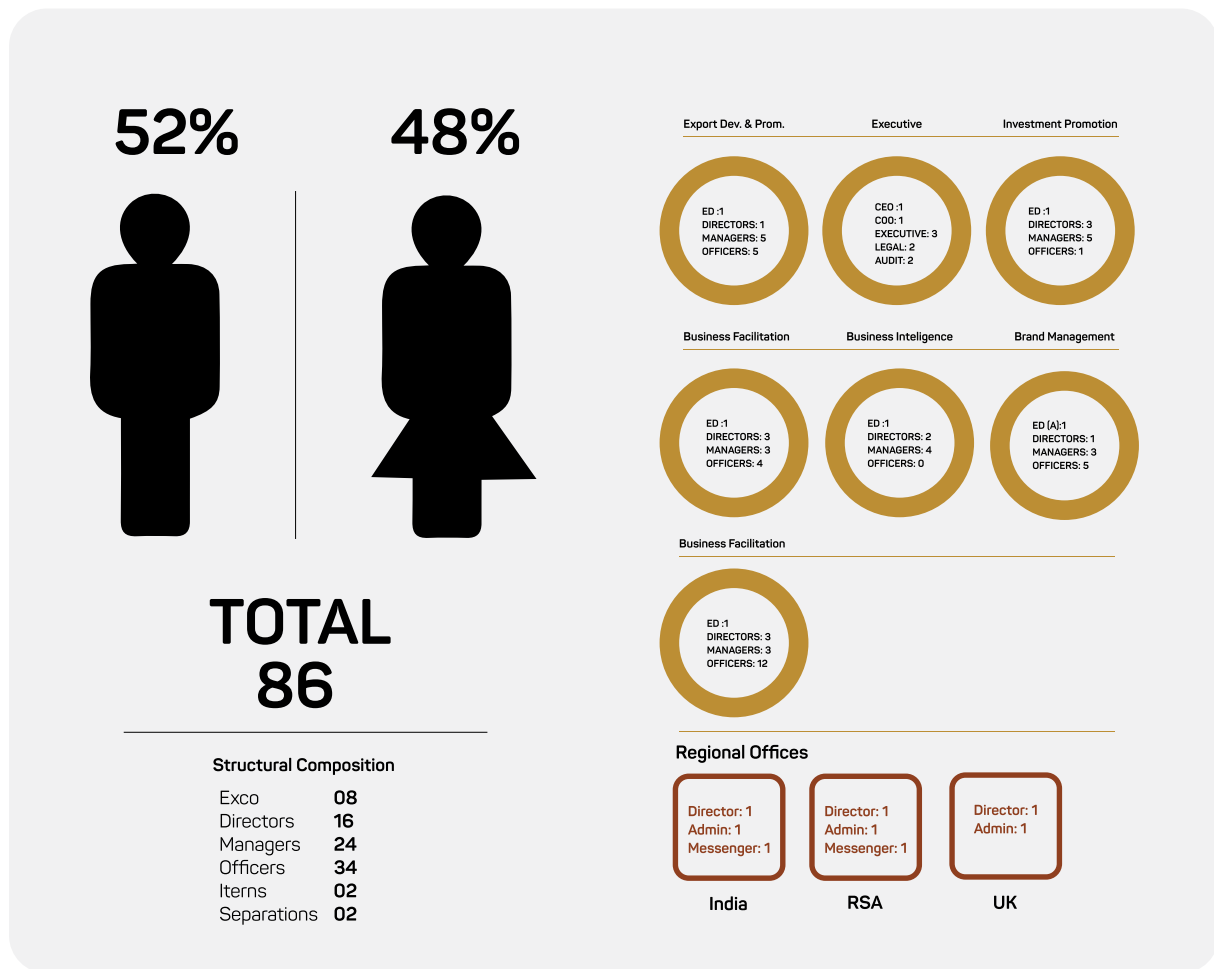
The BITC Human Capital Strategy is premised on alignment of people to the corporate strategy. During the year, focus was more on building employee capacity to implement the Strategy through mindset change, training and development, job evaluation and policy review. The five functional cultural objectives that the Centre focused on to enable the execution of the Strategy are set out below.



WORKFORCE MANAGEMENT

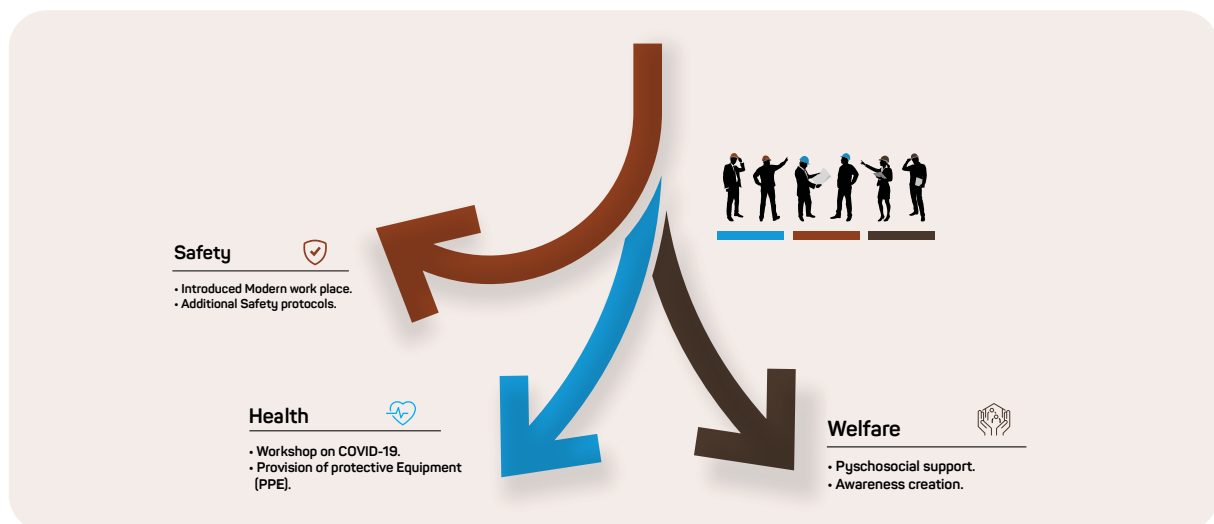
During the year, BITC strived to maintain a stable work environment for employees despite challenges brought about by the COVID-19 pandemic which changed the way BITC conducts business operations. At the end of March 2021 BITC had a total of 84 employees, 8 Senior Management Team Members, 16 Directors, 24 Managers, 34 Officers and 2 Interns, and there were 2 separations.

MANPOWER/WORKFORCE AS AT 31 MARCH 2021



EMPLOYEE WELFARE PROGRAMME

BITC provides a comprehensive range of employee wellness benefits aimed at promoting both physical and psychological health with the aim of ensuring that employees are healthy and motivated. During the year the committee focus was on three key objectives.



TRAINING AND DEVELOPMENT

Training and Development within BITC seeks to provide employees with the necessary skills, competencies and knowledge to be at a par with their peers at a global level. The Centre continues to focus on investing in building and attracting the right talent to meet current and future skills requirements as well as building and investing in a strong leadership team.

- 3 New appointments (2 Directors & 1 Manager).
- Executive Management Leadership Training (3).
- Marketing Management, Principles & Practices by Masterstart Ltd.
- Certified Customer Service Journey Architecture Programme by Brandlove Customer Experience.
- Customer Centric Management Strategy Principles by Masterstart Ltd.
- Mindset Change (all employees).
- Project Management.
- Risk Management.
- Training on BPM.
- Customer Relations Management Training (Core processes).

EMPLOYEE RELATIONS

BITC management places highly the importance of building good relations with employees through various employee engagement. During the year under view several sessions were facilitated towards building team cohesiveness and team motivation. These sessions entail interactive platforms where staff engages with each other and management for information exchange, consultation and feedback.

Inspirational Hour

This platform remains relevant where every Friday, different speakers are invited to present on various topics for staff motivation and empowerment in the different areas of their professional, financial, social being.

Review of the Job Evaluation and Grading recommendation – consultation with employees on the Job Evaluation and Grading Report.

Formulation of COVID-19 Employee Guidelines – Gathering of information from employees as inputs into the formulations of the COVID-19 Employee Guidelines.

Policy review and socialisation of approved policies – Employees were engaged to provide input during the review of Human Resources policies. Socialisation of approved policies was also undertaken to create awareness and enhance compliance.

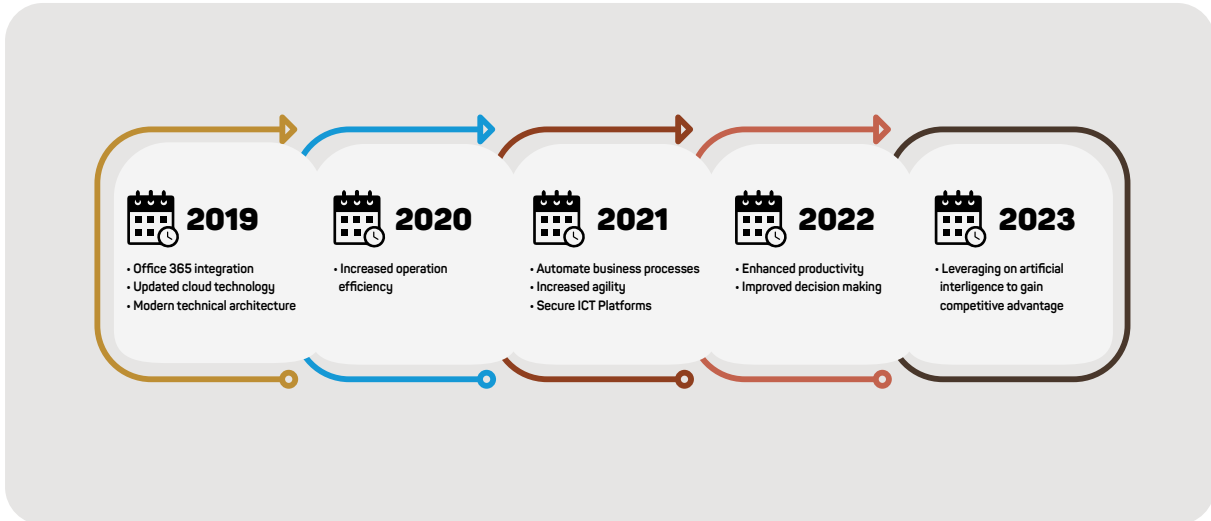
Dissemination of safety and health information – BITC launched an employee WhatsApp Group to disseminate information on safety and health and wellness.

Staff Meetings were held where the Chief Executive Officer briefed employees on the performance of the organisation, developments in the business environment and safety and health measures implemented by the organisation to prevent the spread of COVID-19.

DIGITAL TRANSFORMATION

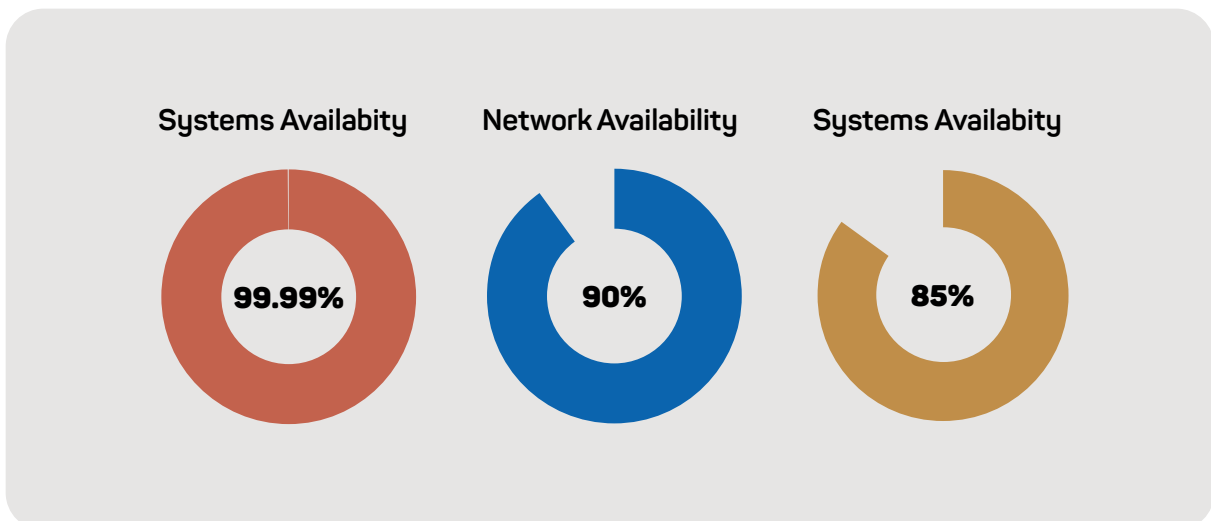
During the 2020/2021 financial year BITC continued the journey of accelerated digital transformation which began in 2019. The key focus areas for the year entailed automation of key business processes and adoption of new technologies to enable BITC to bring people, data and processes together by leveraging on technology. The focus was to drive the digital transformation agenda by automating key business processes and enhancing the Centre's online marketing, promotion and event hosting capabilities.

The key focus areas in the digital transformation agenda are:



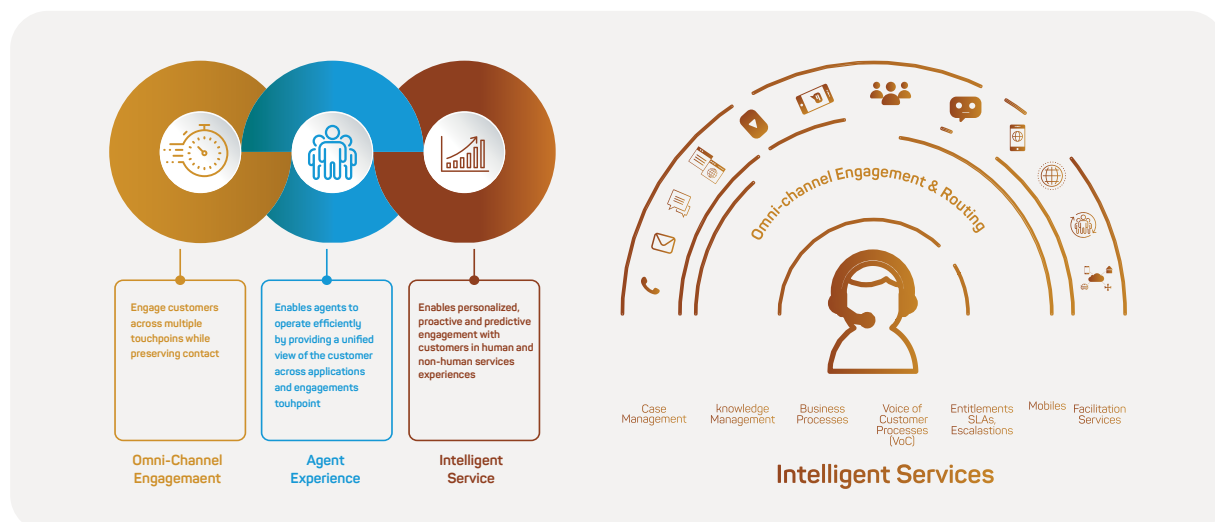
PERFORMANCE OF ICT PLATFORMS

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



OMNI - CHANNEL CUSTOMER EXPERIENCE

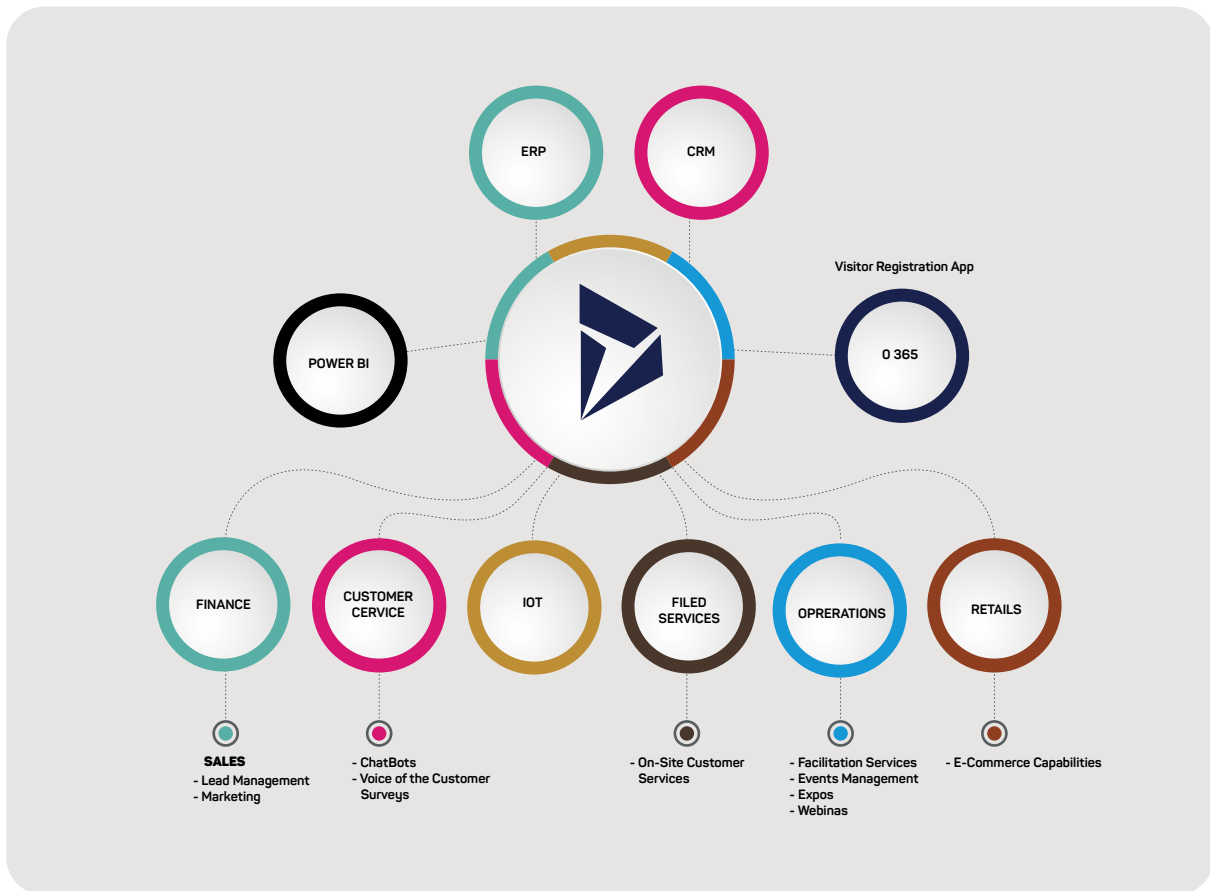
Operational efficiency was improved by launching the Customer Self-Service Portal and Dynamics 365 Customer Service Module in January 2021. This milestone enabled BITC to unify customer engagement on the customer facing email and website channels. The figure below illustrates how this milestone was achieved;



KEY ACHIEVEMENTS

To date the Centre has been able to automate essential business processes within the core Business Facilitation, Investment Promotion, Export Development and Customer Services departments, including:

- Visa Application,
- Work Permit Application,
- Residence Permit Application,
- Work Permit Exemption Application
- Residence Permit Exemption Application
- Emergency Work Permit Application
- Permanent Residence Application
- Visitor/Client Registration
- Lead Generation
- Online Marketing & Promotion
- Support Services
- Aftercare Services
- Online Case Management
- Business Intelligence Reporting



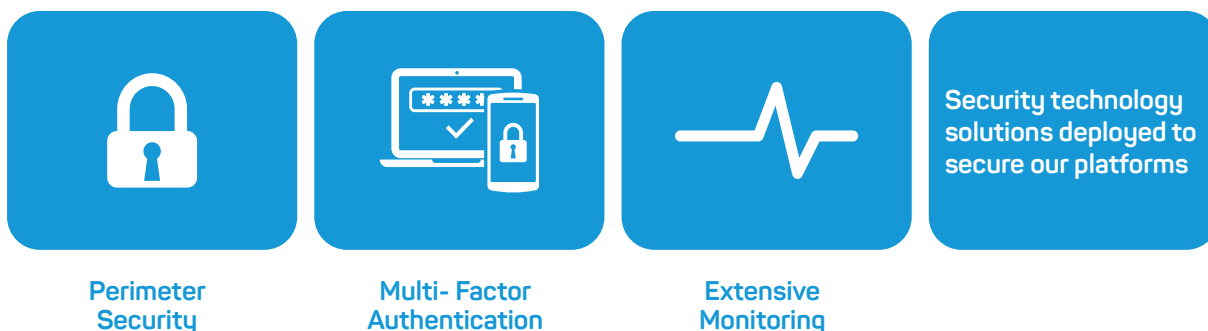
ONLINE MARKETING & PROMOTION

The outbreak of COVID-19 forced most organisations to change their ways of doing business, and BITC likewise adopted the use of digital collaboration and event hosting tools to engage with stakeholders and continue to execute its mandate during these trying times. BITC successfully hosted its flagship event, the Global Expo, leveraging on digital platforms and enabled local and international exhibitors to showcase their products and services virtually. These new capabilities also enabled the Centre to host several webinars during this fiscal year:

- EU Chamber of Commerce Webinar on Doing Business in Botswana
- Automotive component manufacturing webinar
- Poland business seminar
- Inhouse-Hosting of #PushaBW live sessions
- Zimbabwe virtual trade promotion
- Zambia virtual trade promotion
- Botswana | Poland business to business engagements
- Export awareness workshop
- Dutch Solar Alliance/BDC project meeting
- Botswana South Africa automotive seminar
- UN procurement seminar
- Active Global Citizen seminar
- Financial & Knowledge Intensive Business Services cluster seminar
- BITC Press Briefing
- Botswana | South Africa buyer-seller engagements

CYBER SECURITY

Cyber security plays a critical role for every organisation, and in driving the digital transformation agenda the Centre partnered with Microsoft to conduct a cyber security assessment. Based on their findings several cyber security solutions were deployed to protect BITC's infrastructure and information assets. Some of the solutions deployed leverage on Artificial Intelligence and machine learning to ensure that the infrastructure is protected.



As the Centre's reliance on ICT platforms to conduct business increases, the threat of cyber-attacks will also increase. There is therefore a need for enhanced focus on cyber security and awareness. To that end BITC will continue to manage and monitor its cyber-risks.

FUTURE FOCUS

The key focus areas going into 2022 will be improving operational excellence by leveraging on the existing digital assets - "doing more with less". The Centre will also focus on taking full advantage of technology to empower employees and improve customer engagements. Some key initiatives to optimise business operations and customer engagement will include:

DRIVERS	FOCUS AREA	BENEFITS
Digital disruption driven by innovation	Omni channel customer engagement	Improved customer satisfaction
Pressure to reduce operating costs	Operational excellence	Increased agility
Changing business models	Device connectivity and management	Improved business decisions with better, faster insights
Enhanced Employee Value Proposition (EVP)	Culture	Improved productivity levels
Optimisation of financial resources	Collaborations and partnerships	Higher Return on Investment (ROI)



PERFORMANCE

03

PERFORMANCE

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BITC STRATEGIC FOCUS AND ORIENTATION

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

STRATEGIC THRUSTS

To identify what future BITC might face, scenarios were developed as an outcome of the identification of numerous trends that could affect the organisation's fortunes, and these cluster around the following:

- Providing a good customer value proposition.
- Offering an attractive package for investment and trade.
- Having a clear focus.
- Defining what BITC can do with little risk of failure despite varying scenarios.
- Defining performance drivers.

STRATEGIC VALUE DRIVERS

The parameters of client centricity, execution, talent curation, creative environment and financial sustainability are the strategic imperatives that ensure that BITC remains as effective and relevant as possible regardless of which of the scenarios unfolds. These are discussed below:

Client centricity - BITC must have the client as the centre of all decisions, including the form (structure) the organisation takes, its mode of working, its allocation of funds, employment criteria, reward structure and more. Every decision should be held up against the question: 'How will this course of action benefit our clients?'

Execution - For a variety of reasons, including the reputational capital that is entrusted to every member of BITC, whatever the organisation undertakes, must be right, first time, on time, every time. As the face of the nation to investors and importers, this strategic imperative cannot be left to chance. It must be constantly honed. That means choosing right priorities and establishing a culture.

Talent curation - As a professional service organisation, BITC is, and will always be, defined by the quality of the talent it can attract and retain. BITC's competitiveness is in the set of skills that will enable the organisation to drive investment and export in prioritised sectors with mastery and professionalism. The organisation needs to curate talent for its specialists.

Creative environment - As the investment centre for a minor country with a small population, relatively far from the world's major investment and import markets, coupled with a small budget for its work, BITC cannot attract investors and importers in the conventional manner. The extent to which BITC offerings are creative and innovative will largely determine its success against competing, possibly better endowed countries. Creativity cannot be left to a few individuals. It requires a creative environment that encourages and facilitates creative thinking and action at all levels. An environment akin to a manufacturing plant, with tight prescriptions on the manner of working, would severely impede the success of BITC.

Financial sustainability - A strong culture of execution should be balanced with prudent use of resources. As BITC has developed a new plan there is a high possibility that the budget will not be increased significantly despite the tight targets the organisation has set for itself. During this plan period BITC seeks to sweat it's assets, be they financial or otherwise. The idea of budget alignment to strategy is critical, and BITC has to be more conscious of results.

STRATEGY & CORPORATE PERFORMANCE DASHBOARD

Overall BITC performance for the year stood at 86.6%, while quarterly performance over the year ranged from 61.3% in Q1 to 92% in Q4. The performance trend for the strategic outcome measures is tabled below:

2020/21

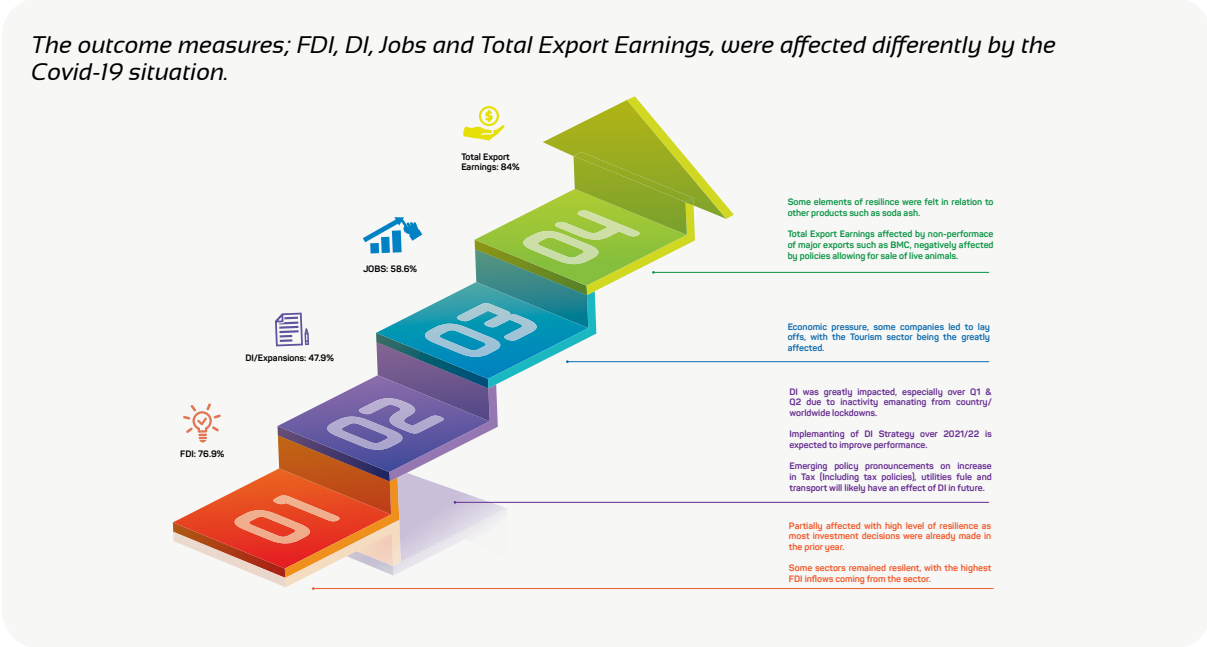
KPI	PERFORMANCE TREND OUTCOME MEASURES (Actual/Target)				
	Q1	Q2	Q3	Q4	Annual Performance
FDI	10.5m/450m (2.3%)	174.66m/450m (38.80%)	553.80m/450m (100%)	645m/450m (100%)	1384m/1.3bn (76.9%)
DI/ Expansions	5.05m/500m (1.0%) (DI - 5.05, Exp - 0)	435m/500m (87%) (DI - 31.55m, Exp - 403.6m)	150.25m/500m (30.05%) (DI - 101.25m + Exp - 49m)	369.17m/500m (73.83%) (DI - 89.1 + Exp - 280.07m)	959.47m/2.0bn (47.97%)
Export Earnings	379.41m/875m (43.4%)	971.79m/875m (100%)	838.67m/875m (95.85%)	774.39m/875m (88.5%)	2.96bn/3.5bn (84%)
Jobs Created	94 / 1075 (8.7%) (FDI - 79, DI - 15, Exp - 0)	571 / 1075 (51.12%) (FDI - 94, DI - 79, Exp - 398)	444 / 1075 (41.3%) (FDI+DI-220+87, Exp - 137)	1409 / 1075 (100%) (FDI + DI - 362 + 722, Exp - 325)	2518 / 4300 (58.6%)

Foreign Direct Investment (FDI): The Value of FDI (greenfield & brownfield) recorded from BITC accredited companies during the period under review.

Domestic Investment (DI) including Expansions: The value of Domestic Investment (greenfield & brownfield) and Expansions recorded from the local BITC accredited companies during the period under review.

Total Export Value: The value of Exports recorded from BITC accredited companies (these are companies that BITC provides with Export promotion missions, contact missions and Botswana Exporter Development Programme (BEDP).

New Jobs Created: The number of new jobs created from the capital investment recorded (FDI, DI and Expansions).



GLOBAL ECONOMIC OUTLOOK

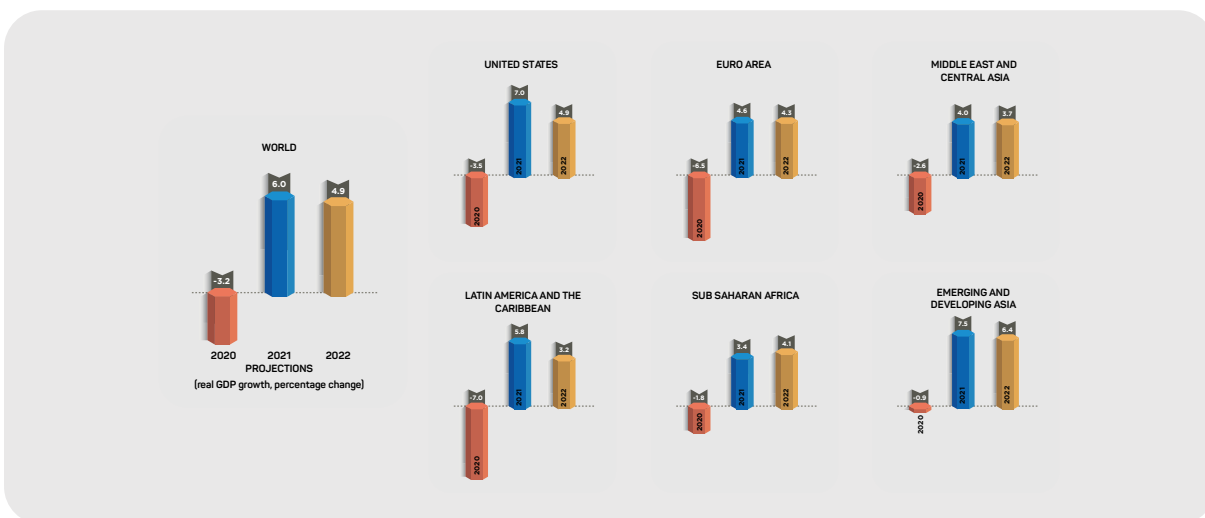
According to International Monetary Fund (IMF) economic outlook the global economic growth contracted by -3.3 percent in 2020, and the forecasts suggest a global economic growth of 6.6 percent in 2021. Additionally, growth estimates for advanced as well as emerging and developing economies are also expected to be positive following a decline of -4.7 and -2.2 percent respectively in 2020. The positive global growth prospects are underpinned by fiscal support from large economies as well as successful implementation of vaccine roll-out programmes.



Source: International Monetary Fund, July 2021

In terms of regional growth prospects, the United States is expected to register 7.0 percent growth in 2021 and 4.9 percent in 2022. According to the IMF (2021), growth prospects in the USA are supported by an extensive infrastructure development programme and a household support Initiative that is expected to stimulate economic growth. Forecasts estimate a 7.5 percent growth in an emerging and developing Asia. A severe second COVID wave from March to May in India, scaling down of public investment and fiscal support in China and a rise in COVID-19 infection rates in ASEAN-5 group (Indonesia, Malaysia, Philippines, Thailand and Vietnam) has slowed down economic activity in emerging and developing Asia hence a revision downward of the growth prospects of that region (IMF, 2021).

IMF forecasts suggest a 4.0 percent economic growth in 2021 with a further moderate increase of 3.7 percent projected in 2022 in the Middle East and Central Asia region.



Source: IMF, July 2021

Further, IMF estimates indicate that at 3.4 percent, sub-Saharan Africa has the weakest regional growth prospects for 2021. Economies with significant dependence on tourism are expected to experience slower recovery and lower growth prospects. (IMF, July 2021).

FOREIGN DIRECT INVESTMENT

Estimates by the United Nations Conference on Trade and Development (UNCTAD [2020]) suggest that FDI declined by up to 40 percent in 2020 from US\$ 1.54 trillion in 2019. The 2020 FDI figures are below US\$1 trillion for the first time since 2005. UNCTAD projects a 5-10 percent decrease in FDI in 2021 followed by a recovery in 2022. Further, FDI to Africa declined by 16 percent in 2020, to \$40 billion, as the COVID-19 pandemic continued to have a persistent and multifaceted negative impact on cross-border investment globally and regionally.

Competition for attracting FDI has intensified as global and regional FDI recorded significant falls. The drastic decline in global FDI was also felt at the national level as inward FDI for BITC-accredited companies registered a more than 50 percent decline in FDI from P3.168 billion in 2018/2019 to P1.384 billion in 2020/21. To avert further declines in FDI, Botswana will have to be innovative and agile in lead generation and outreach programs for investors and restructuring incentive packages. Rapid recovery in FDI is expected in sectors such as software and information technology (including artificial intelligence, cybersecurity, gaming and machine learning), life sciences (biotechnology, e-health, medical technology) and in renewable energy. Forecasts indicate a slower recovery in FDI in the tourism sector (hotels and leisure) and manufacturing, particularly in the aerospace and automotive sub-sectors. The sluggish recovery in FDI in those sectors of interest to Botswana such as tourism and the automotive sub-sector coupled with growing competition for FDI among countries is likely to mean that the road to recovery in inward FDI will be a challenging one. The IMF (2020) suggests that innovation, technology and digitisation will be the main areas of focus for FDI attraction.

TRADE REVIEW AND OUTLOOK

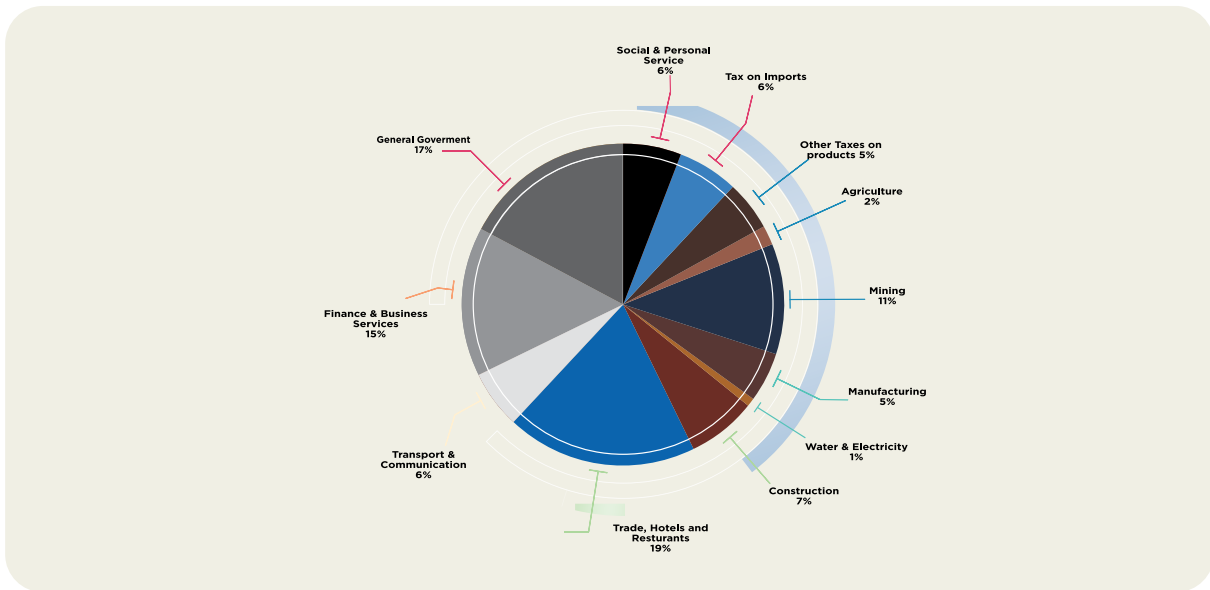
The recent estimates from the WTO, the volume of world merchandise trade is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year (WTO press release 31st March 2021). The effects of COVID-19 on exports were also felt in the Botswana economy, with diamond exports recording the most significant decline. Exports of BITC-assisted companies were not immune to these trends, declining from P2.628 billion in 2018/2019 to P2.096 billion in 2020/21. A notable feature of Botswana's exports is the predominance of diamonds. The proportion of diamond exports of total exports exceeded 90 percent in 2019 and 2020. The predominance of diamonds in Botswana's export basket underlines the risks associated with overreliance on a single commodity and highlights the urgency of export diversification.

BOTSWANA'S ECONOMIC REVIEW AND OUTLOOK

Economic growth fell sharply in 2020 by -7.9 percent compared with 3 percent growth in 2019. During the first quarter of 2020, real GDP grew by 2.6 percent, mainly driven by significant growth in real value added in Water & Electricity, Finance & Business Services and Trade, Hotels & Restaurants. Economic activity contracted sharply in the second quarter of 2020 and a 24 percent contraction in real GDP was recorded during the quarter. The significant fall in GDP growth was attributed to a very substantial decline in real value added in Mining & Quarrying and Trade, Hotels & Restaurants which contracted by 60.2 percent and 40.3 percent respectively. The significant decline in economic performance was attributed to the impact of measures adopted at the global and national levels to contain the spread of the COVID-19 pandemic.

During the third quarter of 2020, several sectors showed some signs of recovery. Businesses re-opened and resumed operations following closures and restrictions to business activity as part of the COVID-19 containment measures. The main drivers of growth during the quarter were the Trade, Hotels & Restaurants, General Government, Finance & Business Services and Mining & Quarrying sectors. Real GDP during the third quarter fell by -6 percent from the significant decline of -24 percent recorded in the second quarter. During the fourth quarter, real GDP declined by -4.1 percent compared to 1.7 percent growth recorded in the same quarter in 2019. Trade, Hotels & Restaurants, General Government and Finance & Business Services made the most significant contributions to economic growth in 2020 with contributions to total GDP of 19 percent, 17 percent and 15 percent respectively. Mining & Quarrying contributed 11 percent to GDP, while Water & Electricity and Agriculture contributed the least to economic performance in 2020 (see Figure 1).

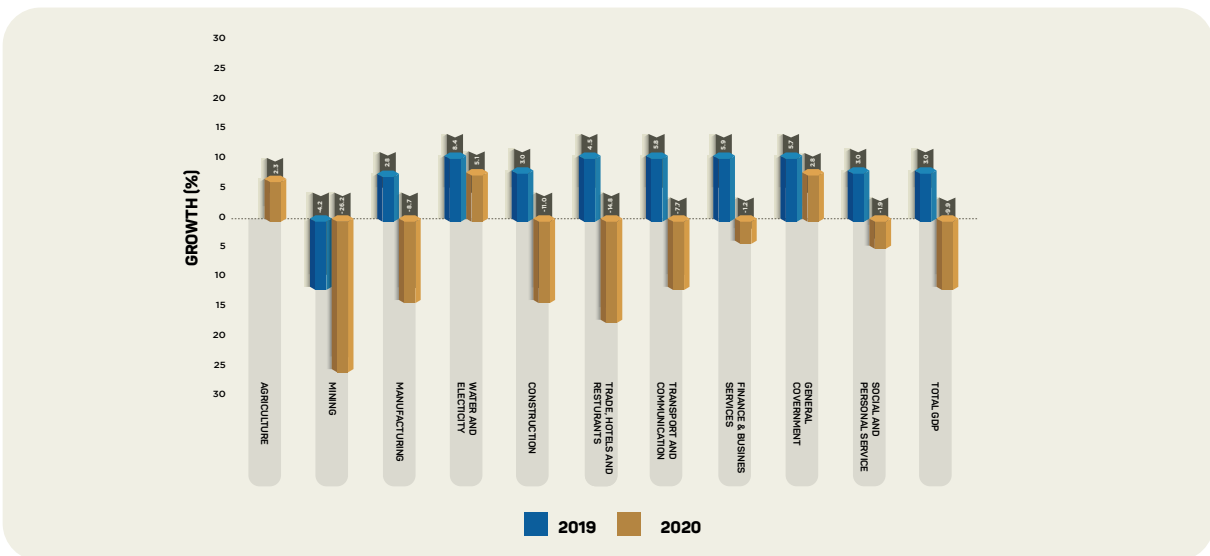
FIGURE 1: CONTRIBUTION TO GDP BY ECONOMIC ACTIVITY, 2020



Source: Statistics Botswana, 2020

The effects of the COVID-19 pandemic on sectoral economic activity are reflected in the wide variations in sectoral growth between 2019 and 2020 (see Figure 2).

FIGURE 2: SECTORAL AND GDP GROWTH (% CHANGE): 2019 AND 2020



Source: Statistics Botswana, 2019 and 2020

Figure 2 indicates that COVID-19 effects were more pronounced in the mining sector and some services sectors. Mining output growth declined by 26.2 percent in 2020 compared with a contraction of 4.1 percent in 2019. The lower than expected performance in Mining & Quarrying output was partly due to a reduction in production of diamonds as global demand weakened in response to the pandemic.

In the services sector, Trade, Hotels & Restaurants experienced the most significant contraction, recording a decline of -14.8 percent in 2020 compared to 4.5 percent growth in 2019. Statistics Botswana (2020) attributes the decline in output in Trade, Hotels & Restaurants to a drastic fall in tourist arrivals as air travel was suspended to contain the spread of COVID-19. Value added in the construction sector contracted by -11 percent, and while the sector showed some signs of recovery in the last quarter of 2020, it had experienced a massive decline in the second quarter when strict movement restrictions were introduced. Economic activity in the Transport & Communication sector was subdued in 2020 and it recorded a decrease in output of -7.7 percent against 5.2 percent growth in 2019. At -1.2 percent, The Financial and Business sectors experienced the smallest contraction of all the services sectors except General Government. Growth in output in Banks & Business Services during the fourth quarter compensated somewhat for the contraction in the sector in the second quarter of 2020, hence only a slight contraction in annual growth.

In the manufacturing sector, a -8.7 percent decline in growth was recorded in 2020 compared to 2.8 percent growth in 2019. The contraction in output was greatest during the second quarter of 2020 as production in sub-industries such as beverages and other manufacturing (including diamond processing) almost collapsed due to the lockdowns brought about by the COVID-19 pandemic.

Growth projections from the Ministry of Finance and Economic Development suggest an 8.8 percent growth in Botswana's GDP in 2021 while the IMF forecasts growth of 8.3 percent. These projections are predicated on recovery of the global economy from the effects of COVID-19 due to successful vaccine rollout programmes, positive prospects in the tourism sector due to gradual easing of travel restrictions as vaccine rollout programmes gain momentum, implementation of the Economic Recovery and Transformation Plan (ERTP), the Industry Support Facility and other Government initiatives. In its June 2021 Monetary Policy statement, the Bank of Botswana indicates that COVID-19 pandemic containment measures are a source of uncertainty regarding Botswana's growth prospects as new variants of the virus may emerge, prompting further restrictions. This uncertainty is exacerbated by the country's vulnerability to external shocks such as swings in diamond prices and demand, tourism demand and imports of supplies.

NATIONAL POLICIES AND CREDIT RATINGS

SOVEREIGN CREDIT RATINGS

AGENCY	RATING	IMPLICATIONS	POSSIBLE INTERVENTIONS
<p>Standard and Poor's (S&P) Global Ratings - Released in April 2020: Long term - BBB+ Short term – A2</p> <p>Outlook - Stable</p>	<ul style="list-style-type: none"> • Weak diamond export markets due to COVID-19 trade restrictions. • Fiscal deficit. • Projected Balance of payment deficit. • Low public debt. 	<ul style="list-style-type: none"> • Reduced investor confidence. • High import bill. • Budget deficit and probable deferment of development projects. • A probability for further downgrades in case of prolonged weaknesses in diamond export markets. • An upgrade was also not anticipated in next two years and dependent on policy generating enough external buffers to maintain fiscal and external balances. 	<ul style="list-style-type: none"> • Utilisation of Monetary Policy to stimulate investment. • Maintenance of low government debt. • Generate and maintain external buffers (foreign reserves). • Export oriented programmes to broaden export base. • Facilitate e-based markets for Botswana diamonds (e-auctions, e-sales, digital marketing, etc. • Implementation of COVID-19 vaccine rollout programme to boost investor confidence and fully open the economy.
<p>Moody's Released 1 May 2020 (This was an out of calendar release necessitated by COVID-19 pandemic. Moody's rating is released in March every year):</p> <p>Long Term – A2 Outlook – Negative.</p>	<ul style="list-style-type: none"> • Macroeconomic stability. • Low public debt. • External liquidity buffers. • Lower economic growth. • Weak export markets for diamonds. • Fiscal policy pressures resultant from COVID-19. 	<ul style="list-style-type: none"> • Boost political stability ratings and build on national image. • Low Government revenue and this may result in increased Government borrowing. • Deferment of development projects. 	<ul style="list-style-type: none"> • Maintain policies for Macroeconomic Stability • Export oriented. programmes to broaden export base. • Facilitate export development programme in order to broaden and diversify export portfolio. • Promote and facilitate public private partnerships (PPP).



BITC KEY RESEARCH OUTPUT

During 2020/2021 BITC Research undertook market surveys on Ghana and Kenya with the aim of determining export opportunities in the two markets and neighbouring countries. The market surveys covered market access issues including tariffs and other taxes, standards, logistics and market penetration techniques.

	NATIONAL POLICY RESPONSE	IMPLICATIONS FOR TRADE AND INVESTMENT	STRATEGIC INITIATIVES (BITC)
SHORT-TERM	<ul style="list-style-type: none"> Deferral of 75% of any two self-assessment tax (SAT) quarterly payments due between March and September 2020, with payment of the deferrals to begin from March 2021. Corporate Tax deferment. 	<ul style="list-style-type: none"> Inability to meet production costs and rental. 	<ul style="list-style-type: none"> Rent deferment for BITC-assisted companies which have been accommodated in BITC factory shells.
	<ul style="list-style-type: none"> Implementation of the Industry Support Facility (ISF) at CEDA, NDB, BDC and LEA. ISF is set at P1.3 billion: P900 million for general industry, P200 million for tourism, P100 million for agriculture and P100 million for small grants to informal sector through LEA. Funds are repaid at 0% interest rate. 	<ul style="list-style-type: none"> The ISF provides affected companies with funds to finance their day-to-day operations (working capital). It is expected to minimise loss of investment and jobs. 	<ul style="list-style-type: none"> Develop domestic investment strategy. Improve information provision on government programmes to BITC-assisted companies. Develop a comprehensive BITC aftercare programme. Develop business retention and expansion strategy.
	<ul style="list-style-type: none"> Deferment of loan repayments for affected businesses and individuals. 	<ul style="list-style-type: none"> Improves investment and expansions. 	<ul style="list-style-type: none"> Improve information provision of Government programmes.
	<ul style="list-style-type: none"> Upgrade of port health infrastructure at 6 borders. 	<ul style="list-style-type: none"> Improves cross border trading. 	<ul style="list-style-type: none"> Improve utilisation of trade agreements Implement BEDP.
	<ul style="list-style-type: none"> Bank rate reduced from 5.25% to 3.75%. 	<ul style="list-style-type: none"> Reduces cost of borrowing Expected to stimulate investment and consumption. 	
	<ul style="list-style-type: none"> New CEDA financing guidelines launched Interest rates reduced for manufacturing projects. 	<ul style="list-style-type: none"> Expected to induce domestic investment especially in manufacturing. Expectation of increased employment Improved citizens participation in economic activity. 	<ul style="list-style-type: none"> Develop domestic investment strategy Review and update regional mapping opportunities.

	NATIONAL POLICY RESPONSE	IMPLICATIONS FOR TRADE AND INVESTMENT	STRATEGIC INITIATIVES (BITC)
MEDIUM TO LONG TERM	<ul style="list-style-type: none"> NDP 11 Mid Term Review which highlights priority sectors: agriculture, manufacturing, tourism and mini beneficiation. 	<ul style="list-style-type: none"> Increased investment and diversification in the prioritised sectors. 	<ul style="list-style-type: none"> Develop sector studies: Business Process Outsourcing (BPO), and automotive industry. Review and update regional mapping opportunities.
	<ul style="list-style-type: none"> Procurement of COVID-19 vaccine. 	<ul style="list-style-type: none"> Improved investor confidence. Minimal production disruptions. Enables cross border movements. 	<ul style="list-style-type: none"> Improve information dissemination.
	<ul style="list-style-type: none"> Several infrastructure projects achieved including completion of Molembo and Kazungula bridges, numerous road projects and water and sanitation projects. 	<ul style="list-style-type: none"> Improves market access for goods destined for Zambia, DRC, Angola and East African markets. increases export earnings . Improves export diversification. Enhanced nation branding. 	<ul style="list-style-type: none"> Undertake feasibility studies for export markets in Central and East Africa. Implement BEDP. Improve utilisation of trade agreements Strengthen image building. Promote Botswana as a leader in regional integration efforts.
	<ul style="list-style-type: none"> 100 MW Projects in Selebi Phikwe and Jwaneng. 12 Grid-tied Solar Photovoltaic (total 35 MW) by 2022 in Kasane, Molepolole, Tutume, Ghanzi, Tsabong, Maun, Serowe, Bobonong, Shakawe, Lobatse, Mamuno and Kang. 	<ul style="list-style-type: none"> Improved access to electricity. May improve doing business rankings Subsequent improvement to investment climate. An improvement to net exporter of electricity. 	<ul style="list-style-type: none"> Undertake renewable energy sector study to distil investment opportunities. Improve advocacy to remove legislative and policy bottlenecks in the sector.
	<ul style="list-style-type: none"> Import restrictions on bread and confectionary products, face masks, bottled water, etc. 	<ul style="list-style-type: none"> Increases access to market for locally produced goods. Increases domestic investment 	<ul style="list-style-type: none"> Implement #PushaBW. Improve information dissemination on government policies.
	<ul style="list-style-type: none"> Review of Industrial Development Policy – ongoing. Review of Immigration Policy (planned). Review of Immigration and Citizen Acts. Decentralisation of visa applications (in progress). Issuance of visas on arrival. Relaxation of visa requirements. 	<ul style="list-style-type: none"> Improves investment climate. Improves nation branding. 	<ul style="list-style-type: none"> Improve nation branding messaging. Update BITC publications. Improve advocacy.
	<ul style="list-style-type: none"> Government data network upgrading. National backbone networks. Government data centre. 	<ul style="list-style-type: none"> Investment in ICT infrastructure promotes trade using e-services (e-gov, e-commerce, etc) and lower trade costs. ICT infrastructure an input in IT enabled services (business services, financial services, etc). likely to boost trade in services. promote investment in business services, financial services, etc. 	<ul style="list-style-type: none"> Improve partnerships with research, innovation, science and technology institutes. Develop product portfolio. Facilitate participation at major expositions for Botswana innovations.
	<ul style="list-style-type: none"> Beef cluster development. Stud and commercial breeding centres for small stock. Review of Public Procurement and Asset Disposal Act. Review of Local Authority Procurement Act. Review of 30% Reservation Policy. 	<ul style="list-style-type: none"> Improved investment in beef sector. Improved export earnings. Utilisation of trade agreement. Improve private sector participation. Increase investment in terms of PPP & privatisation. Improved access to market for locally produced goods. 	<ul style="list-style-type: none"> Improve advocacy. Improve compliance to export requirement. Develop and improve partnerships. Facilitate PPP and JVs. Implement #PushaBW. Promote domestic investment. Review and update regional opportunities mapping.
	<ul style="list-style-type: none"> Implementation of Digital Transformation Agenda. Increase in national fibre coverage to over 10000 km. Implementation of several e-based initiatives: <ul style="list-style-type: none"> e-Health – Centralised electronic medical record. e-Mineral – e mineral exploration borehole information system to facilitate the sharing of borehole data that covers water table, yield, depth and chemistry. e-Learning – ICT training for all teachers. Introduction of online visa applications. 	<ul style="list-style-type: none"> Increased investment in ICT based services. Increased e-commerce. 	<ul style="list-style-type: none"> Digitise business facilitation services. Determine investment and market access opportunities for e-based services.

INVESTMENT PROMOTION AND ATTRACTION

This was an unprecedented year characterised by the overshadowing COVID-19 pandemic. Due to the rapid worldwide spread of the virus, the year 2020/21 was overloaded with turbulence and uncertainty on a scale not seen in many decades. The uncontrollable outbreak of the coronavirus saw the World Health Organisation (WHO) declare this outbreak a Public Health Emergency of International Concern on 30th January 2020, and eventually designate it a pandemic on 11 March 2020.

The pandemic changed the world almost immediately, with all governments under immense pressure to act swiftly to try and contain the spread of the coronavirus, albeit with little information to guide the decisions made. The response to the pandemic saw many governments around the globe, including Botswana, adopt strict containment measures which included extreme movement restrictions, nationwide lockdowns and social distancing, all of which severely impacted business and life in general as we knew it. The main objective of governments at the beginning of the pandemic was to simultaneously balance saving lives while sustaining livelihoods.

According to the Bank of Botswana Annual Report 2020, the disease containment measures throttled economic activity, disrupting both the aggregate supply and demand, as well as creating uncertainty. This led to significant global economic contraction unlike any experienced since the Great Depression of the early 1930s. Against this backdrop, the global economy was reported to have declined by 3.5% in 2020, compared to a growth rate of 2.8% in the preceding year.

INVESTMENT GROWTH

Despite the challenges of lockdowns and extreme social distancing, BITC continued to engage and reach out to investors utilising various digital platforms. Leads generated from these virtual outward missions included potential investment from RSA, Poland, Germany and India.

INVESTMENT PROMOTION PIPELINE

BITC has a healthy investment pipeline of companies which were accredited during the 2020/21 financial year, with a combined investment level of over P20 billion and over 10 000 employment opportunities. The organisation continues to facilitate potential investors in their exploratory and scoping visits by developing comprehensive bespoke itineraries to enable them to gather all the essential information required to make investment decisions.

During the financial year 2020/21 BITC registered the following investment conversions:



EXPANSION OF KROMBERG AND SHUBERT

Kromberg & Schubert has been contracted to manufacture all electrical wiring harnesses for Mercedes Benz C-Class, manufactured at the Mercedes plant in East London, South Africa. The ground-breaking ceremony for the expansion was held in December 2020 and was officiated by the Hon. Minister of MITI with the BDC and BITC CEOs. Construction of a factory measuring 7000sqm is currently underway with an expected P300 million additional investment and 800 – 1000 new jobs upon completion.



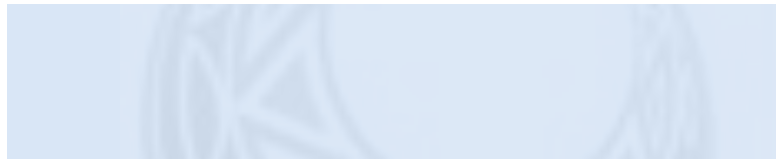
EXILLEGENT (PTY) LTD

Exilligent (Pty) Ltd aims to start a poultry feed production plant in Boatle and to eventually expand into production of a whole range of animal feed. Construction of the basement slab and wall for the factory is ongoing with 50 employees on site. The investment is projected to be P30 million with 110 potential direct jobs. The facility is well positioned to increase feed production in the country, thereby reducing the national import bill. The promoters have already started engaging with the community to supply some of the raw material (maize) they will need for this feed production.



CONVERSION OF SELEBI PHIKWE CITRUS PROJECT

The Selebi Phikwe Citrus Project, a horticulture production project, proposed to develop a citrus plantation in the south-eastern part of Botshabelo, Selebi-Phikwe, utilising land of the Mmadinare Cooperative. The ground-breaking ceremony was held on 11th December 2020 and officiated by H.E. the President of the Republic of Botswana, accompanied by ministers Hon. Serame, Hon. Gare and Hon. Molebatsi, BITC Board Member Mr. Magang, the BITC and SPEDU CEOs and the District leadership. The project is anticipated to create at least 1000 jobs with an investment of over P500 million at full capacity. Progress is ongoing and the project has embarked on its initial phase which includes electrical connection to the site, commissioning the 10km pipeline, construction of the main pumphouse including pumps and reticulation, and the planting of the first batch of citrus trees.



THE DOW ACADEMY

Billabong Holdings (Pty) Ltd T/A The Dow Academy (formerly known as Raserura English Medium Schools) is a private preschool, primary and secondary school located in Mochudi, Botswana. The value offered to parents and students is their innovative model of integrating and continuously developing technical, vocational and life skills alongside the long established academic programme currently offered in basic education institutions across the world. Their innovative programming includes, computer coding, rebuilding a computer, auto mechanics, leadership development, mental health coaching and media and film studies. The school has already begun fostering relations between the University of Cincinnati, the University of Ohio, the University of Butler and some education providers in Cuba. The Dow Academy is a citizen owned company, led by two women directors with a wealth of knowledge and experience in the education sector through their previous investments.



INTERNATIONAL FINANCIAL SERVICES CENTRE

The International Financial Services Centre (“IFSC”) was established in 2003 to position Botswana as an attractive hub and gateway for financial and capital flows into the sub-continent, particularly cross-border financial and business services. IFSC offers certified companies a range of benefits including tax incentives and support services including international holding and administration of group companies, shared financial services, international banking and finance operations, business process outsourcing, investment advice and any other operations that the Minister of Finance and Economic Development may order from time to time to be approved financial operations. Typical financial activities certified under IFSC in Botswana include international holding and administration of group companies, and shared financial services.

The 23 operational IFSC companies include emerging and leading regional players such as the indigenous Letshego Holdings, Norsad Finance Limited, ABC Holdings, Sefalana Holdings, and Wilderness Safaris Botswana.

IFSC Certification Committee Sitting

The Certification Committee has been mandated as per section 138 (1) of the Income Tax Act and the statutory order which provide for the establishment, marketing and operation of an International Financial Services Centre as well as the constitution of an international financial services centre certification committee including the powers, duties and functions of the committee. BITC is the Secretariat and the Certification Committee approves submissions made by the Secretariat for award by the Minister of Finance and Economic Development.

During the period under review, two companies were certified under the IFSC framework, namely Turnstar Holdings Ltd and Botho University Ltd.

IFSC Roundtable

As part of ongoing efforts to resuscitate the IFSC regime and to standardise the processes with regulators, the IFSC unit hosted a consultative engagement meeting with IFSC regulators and key stakeholders in the form of a roundtable meeting on 16th March 2021. The purpose of the roundtable was to resuscitate and strengthen the IFSC, to reaffirm Botswana’s position as a regional financial hub, to discuss the different options for implementing an effective IFSC regime, from a legislative and regulatory point of view, and to standardise the licensing and supervisory processes with regulators.

The IFSC function compiled action items and matters raised to share with the relevant stakeholders for adoption and implementation.

FINANCIAL & KNOWLEDGE INTENSIVE BUSINESS SERVICES (F&KIBS) STRATEGY

Following the development of the F&KIBS strategy, BITC was identified as the lead organisation to continue implementation efforts that were begun by the National Strategy Office. BITC has since adopted the strategy into its investment promotion and attraction function and has begun implementation.

Cluster members have been engaged on a one-on-one basis to revitalise their interest in the project following the lack of activity during the transition period. A general meeting had to be postponed as most of the cluster members are owners and Managing Directors of their enterprises and had to focus on re-strategizing their business operations at the outbreak of the pandemic.

In June 2020 the cluster team was invited to a virtual TCI Network Recovery Playbook launch: "Helping today. Preparing for tomorrow – a guide for Economic Development Organisations and Cluster Organisations" by Christian Ketels and Merete Daniel Nielsen. BITC has also been engaged in a process of establishing a working relationship with the Botswana Innovation Hub as its mandate requires the organisation to play a significant role in the implementation of the action lines. Where possible, the team has continued to use its network of cluster companies to assist aspiring entrepreneurs, developers and innovators.

The Botswana Angel Investment Network: A cohort of the cluster has already hosted its initial call on applications for funding. In August 2020 Botho University, a member of the cluster, agreed to assist a young developer to begin testing his contact tracing application on its Gaborone campus. The first test was a success, and the developer will continue working with Botho University to improve his product.

In October 2020 BITC hosted a **Masterclass** for F&KIBS companies. The objective of the masterclass was for the cluster companies to walk away with concrete principles that they can use to transition their companies from providing general services to providing specialised services. **Professor Luis Perez Brea** is an expert in the process of technology innovation, an entrepreneur, and the author of *Innovating*:



A Doer's Manifesto for Starting from a Hunch, Prototyping Problems, Scaling Up, and Learning to Be Productively Wrong. (MIT Press 2017). **Currently Perez-Brea directs the MIT Innovation Teams Programme**, MIT's flagship hands-on innovation programme jointly operated by the Schools of Engineering and Management. The masterclass was well attended, both virtually and physically, by participants from the cluster companies, and they left with a better understanding of how to evolve their company strategies.

As part of the implementation of the F&KIBS strategy, three action lines have been identified:

- Development of Specialised Services
- Specialised Skills Development
- Targeted Entrepreneurial Development.

The implementation of these action lines will be carried out in phases, starting with the Development of Specialised Services action line for Phase 1, followed by the Development of Specialised Skills and Targeted Entrepreneurial Development for Phases 2 and 3 respectively.

DOMESTIC INVESTMENT OUTREACH

BITC has embarked on an outreach exercise to farmers in several regions of Botswana. This is in line with the organisation's strategy of focusing on Domestic investment with a view to achieving self-sufficiency in terms of food security.

The overall objective is to appreciate the prevailing situation on the ground, expansion plans and challenges impeding growth, and to determine how BITC can best intervene. To date the organisation has visited farmers in the Central and Ghanzi Districts as well as the Greater Gaborone region.



STRENGTHEN STRATEGIC PARTNERSHIPS

BITC and Debswana Diamond Company Limited signed a Memorandum of Understanding (MoU) on 16th December 2020. The key strategic imperative of the MoU is to promote citizen economic empowerment, promote domestic investment and attract foreign direct investment in the mining industry.

Notwithstanding achievements made as part of the implementation of the MoU during the course of this financial year, a concept-note to carry out a feasibility study to investigate investment and citizen economic empowerment opportunities within the repairs and maintenance contracts of Original Equipment Manufacturers (OEMs) was completed. The study will be implemented in the next financial year.

BITC continues to play an increasingly significant role in exploring other collaboration efforts for identifying and promoting value chain opportunities in the energy and manufacturing sectors. Efforts to deliver on these interventions are being explored with the Botswana Power Corporation and are expected to be implemented in the next financial year.

Due to travel restrictions and curbs on public engagements imposed by the South African government to contain the pandemic in early 2020, the BITC RSA office was compelled to focus on investor targeting and organising webinars to reach out to targeted investors. During the financial year, the following webinars were conducted in collaboration with several intermediary organisations in the South Africa investment and trade support network:

- Trade and Invest Kwazulu Natal Webinar.
- WEGRO Webinar.
- SEDA Webinar.
- Southern Africa German Chamber of Commerce Webinar.
- Deloitte Automotive Webinar.
- EU Chamber of Commerce Webinar.

The webinars generated a pool of credible investment leads and follow-up and facilitation of those leads is ongoing as prospective investors seek to internationalise their operations into Botswana, despite the challenging times. In the year under review the office successfully courted a pecan nut project as well as an off-road camping caravan manufacturer who are being facilitated to set up in Botswana.

INDIA OFFICE

With perhaps the worst COVID-19 crisis in the whole world for much of 2020/21, the India scenario presented unprecedented challenges in terms of the promotion of investment generation.

With the country under complete lockdown for most of the year, the BITC India regional office resorted to innovative virtual means to maintain engagement with prospective investors.

A series of back-to-back webinars was therefore held with key emphasis on the following sectors:

1. Financial Technology (Fintech) Webinar: In partnership with Bank of Botswana (BoB) and Botswana Communications Regulatory Authority (BOCRA), BITC organised a virtual meeting targeting twenty companies from India with interest in Botswana's financial technology sector.

The following leads are being pursued for possible conversion:

A prospective investor with a proposal to the National Payment System Taskforce chaired by BoB for the establishment of a National Payment Switch and related technology to facilitate interoperability among all existing payments platforms.

A company exploring opportunities in the payment space with Banks, Financial Institutions & Fintechs by aligning with potential players in Botswana.

A company seeking to expand its operations in Africa and keen to set up base in Botswana. The company provides e-Commerce and IT solutions to the financial and pharma industries.

2. Automotive Component Manufacturing Webinar:

In partnership with the Department of Industrial Affairs and local motor vehicle dealership MOTOVAC, BITC organised a virtual meeting for companies seeking to invest in the automotive component manufacturing sector in Botswana.

The following leads are being pursued for possible conversion:

A company seeking to set up base in Botswana for the manufacturing and modification of automotive fluid-control tubing and valves to supply cars in the SADC region that use compressed natural gas (CNG).

A company looking to set up a manufacturing base in Botswana for forged metal components for automobiles, pumps and agricultural implements.

3. Agribusiness & Food Processing Webinar:

In partnership with the Ministry of Agricultural Development & Food Security and SPEDU, BITC held a virtual meeting for companies looking to invest in the agribusiness & food processing sector in Botswana.

4. Business Process Outsourcing (BPO) Webinar:

A fourth Webinar was held in partnership with the Ministry of Transport and Communication and private sector player Con Consultants for companies looking to invest in the BPO/call centre sector in Botswana.

5. India Healthcare Virtual Meeting:

In partnership with the Department of Health Services Management, BITC organised a virtual meeting with Developer Group, who are proposing investment in Botswana's healthcare sector.

UK OFFICE

The 2020/21 financial year saw Europe, and particularly the UK, become one of the regions worst affected by the COVID-19 pandemic, with unprecedented deaths and prolonged periods of lockdown. The impact of COVID-19 varied significantly across sectors, with tourism, airlines, leisure and entertainment, luxury goods (including diamonds) and oil and gas being hardest hit, and a near total collapse in demand in many of these sectors (UNCTAD 2020b, fDi Intelligence 2020). Other sectors, including e-commerce, e-health, medical products, edtech, video conferencing and basic consumer and food and beverage products have seen growing demand as a result of the COVID-19 crisis, with spectacular growth in sales and valuations of leading companies in some cases.

At the same time, governments in developed countries raised new barriers to protect innovative and tech-driven industries from predatory takeovers. For the regional office, a few active leads that were on the verge of converting their operations in Botswana aborted or shelved their investment plans, including, inter alia, the Michel Reybier Group and Cavenham Capital. Some of the performance highlights from the UK regional office included:

- **Investment Growth:** The UK office was apportioned an investment target of P180 million and corresponding employment levels of 215, and to achieve this the office was mandated to drive BITC accreditation of at least two investors, as well as to facilitate one joint venture opportunity between foreign and local entities.
- **Asseco Poland SA** has registered a company in Botswana, African Transformation Academy (ATA) Pty Ltd, in partnership with two Botswana citizens, seeking to invest in a diverse project portfolio. The company is looking to deploy a number of data centre projects at an estimated capex of €6.1 million, including business process

outsourcing and a virtual agricultural market.

The UK office continued to follow up on the facilitation of land acquisition for Wild African Eco Retreats, an accredited UK entity looking to set up within the tourism and hospitality sector. The company is seeking to convert their investment in Botswana in the next financial period.

Company value propositions were developed for Greentech Capital (a tractor engine manufacturing and assembly concern from Germany) and Gemini Corp (Belgium) for a circular economy – plastic and tyre recycling opportunity.

Active leads include Vulcan Capital (USA), Desertfoods International (Germany) and GMEX, which is still at consultative stage with the Botswana Stock Exchange for the Multi Commodities Exchange model.

WEBINARS

BITC continued to initiate and participate in other targeted webinars to its global network of stakeholders and their business membership, in order to generate interest for the private sector to continue exploring emerging investment opportunities in Botswana post the COVID-19 pandemic. These webinars included:

1. Botswana Poland Online Webinar (August 2020)

– The seminar was organised in partnership with the Polish Chamber of Commerce and the Botswana Embassy in Germany, targeting companies that operate within the commercial, agriculture and health services. The webinar attracted 90 participants from 45 companies, of which 17 were Botswana companies.

2. Botswana Germany Business Network Virtual Meeting (September 2020)

– The meeting with German businesses was arranged in partnership with Ambassador Masire-Mwamba as a follow up to solicit an update on German businesses with potential investment opportunities in Botswana. Several German companies continue to show interest in doing business in Botswana, especially in the energy and manufacturing sectors.

3. Sustainable Development Impact Summit Virtual Meeting (21 - 24 September 2020). As part of Botswana's direct engagements on ongoing global debates, the office facilitated participation of the Minister of Trade and Industry at the summit. The Minister participated alongside His Excellency the President of Botswana at this forum where H.E. contributed as a champion of the 2030 Vision Workgroup initiative through the country's Technology Partnerships pillar.

4. Botswana Poland Pharmaceutical B2B meetings (November 2020). 13 Botswana pharmaceutical companies were facilitated in business-to-business meetings with five Polish companies to explore trade and investment opportunities. One company engaged with Water Utilities Corporation to investigate emerging opportunities within the

wastewater sector.

5. Botswana Finland Webinar (March 2021). BITC hosted a business webinar on 17th March 2021, in partnership with multiple stakeholders comprising the Botswana Embassy in Sweden, Business Finland and their associated partners, the Finnish Embassy in South Africa and the Finland Chambers of Commerce (FINNCHAM). Hosted in the wake of the onset of the pandemic, FINNCHAM was identified due to its reputation as an extensive and reliable trade promotion platform comprising 37 accredited Finnish Chambers of Commerce around the world. Leveraging on its extensive membership of 21 000 companies across a range of industries with an output of approximately 50 percent of business turnover and about 40 percent of jobs in Finland, the webinar is poised to generate potential leads that could partner with local companies to diversify the economic landscape of the country.

BUSINESS FACILITATION

OVERVIEW

Despite the dramatic decline in global economic activity in 2020/21 and the dire business challenges brought about by the COVID-19 pandemic, BITC, continued to make strides in delivering improved investor services to all its clients. Organisational agility and the ability to adopt to new ways of working saw BITC quickly embrace digital technologies to lessen the gap in service delivery. With the advent of social distancing and other health protocols, aftercare had to be done virtually in most instances. To this end an internal e-service platform was developed to ensure that clients continued to get support from the comfort of their own offices.

The Botswana One Stop Service Centre (BOSSC), continued to work closely with other service providers to minimise the impact of COVID-19 on our clients by leveraging the strong linkages and partnerships that exist between BITC and other service agents within government and quasi government. This relationship has drastically improved efficiencies and shortened turnaround times for the services offered and minimised the fatigue brought about by the pandemic.

In order to remain competitive as a country, there is a need to consistently engage with other key stakeholders to ensure that all impediments to improving the ease of doing business are identified and resolved. Thus, policy and regulatory reform advocacy remained one of the top priority areas for the organization in facilitating investors.



PERFORMANCE

BOTSWANA ONE STOP SERVICE CENTRE (BOSSC)

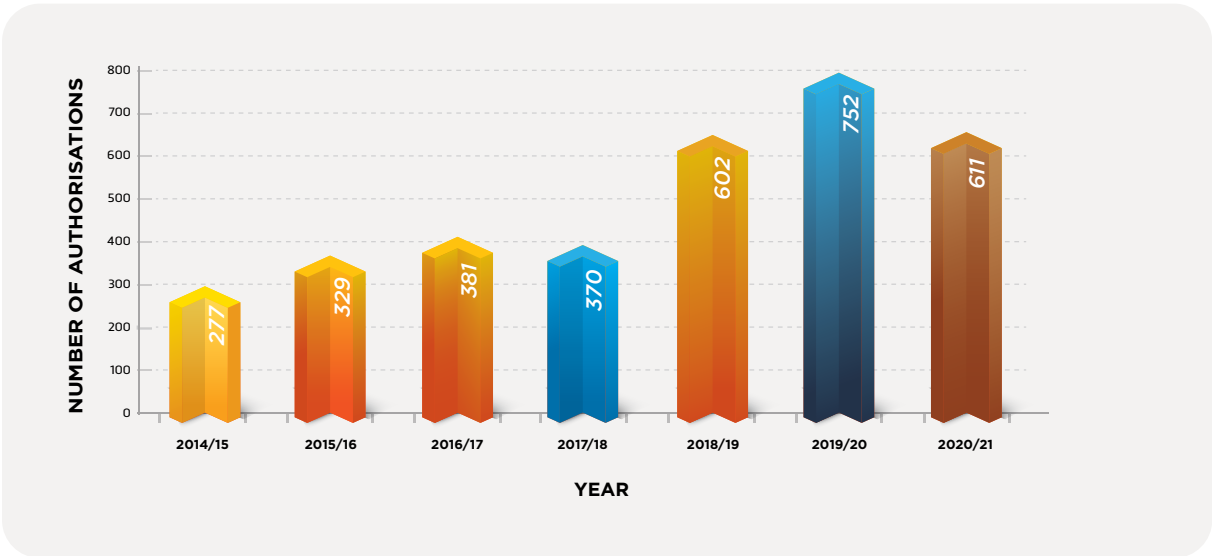
Facilitation of Government authorisations

One of the key functions of BOSSC is facilitation of the various government authorisations that investors require to visit, work, stay and do business in the country. A notable improvement during the year under review is that BOSSC services have been provided on the newly established e-service platform. While there has been a significant reduction of the physical outreach activities and marketing activities conducted throughout the country because of the pandemic, there was an increase in virtual engagements.

Despite an increased online presence during the year under review, BOSSC registered an overall decrease in utilisation of its services. The 2020/2021 statistics indicate that BOSSC processed 611 Government authorisations compared to the 752 in the previous financial year, an 11% decrease in the number of applications. The decline is associated with the impact of COVID-19 and the restrictions on international travel. However, the overall approval rate stood at 97%.

BITC continues to record an increase in the number of requests for its facilitation services as demonstrated in Figure 1 below. From as far back as 2014/15 there was a steady increase which continued until last year. The steep increase in the number of authorisations is mainly attributable to the value-add that BOSSC has brought since it was established as well as the Francistown Office establishment, which significantly added value to BITC's presence in the northern part of the country. The overall reduction in the number of authorisations gained through BOSSC does not come as a surprise considering the lockdowns and travel restrictions brought about by the pandemic.

Figure 1.



Source: BITC

INVESTOR AFTERCARE

Over the years, BITC has developed and implemented a robust aftercare programme in order to meet the needs of investors. The aim of the programme is to encourage investors to retain their investment in Botswana, expand their businesses, and diversify into other opportunities available in the country.

The aftercare programme was significantly affected during this reporting period as the various lockdowns and movement restrictions meant fewer physical interactions with clients. Despite these challenges, BITC forged ahead and adopted technology in the form of the e-services platform and conducted virtual meetings with clients. While these may not be the same as physical interactions, they ensured that client service interruptions were minimised.

In response to the detrimental economic effects of the COVID-19 lockdowns, BITC has taken the initiative to focus on revamping and resourcing the Domestic Investment Strategy to create an inclusive economic environment that fosters growth, value chain linkages and support to already existing investors in Botswana through government procurement. The main aim of the Domestic Investment Strategy is to identify and onboard brownfield DI companies with the potential to:

- Expand existing operations by increasing production or capacity
- Diversify existing product lines and or services
- Export their products to international and regional markets
- Localise government spending
- Reduce the national import quota

Despite the negative consequences of the pandemic, a total of 169 company visits/interactions were conducted during this financial year. This is an increase from the 101 company visits conducted in the previous year. The increase can be attributed to the convenience and effectiveness of the virtual interactions that BITC had with clients.

During these visits, investors raised several concerns regarding circumstances that could impede their ability to expand or start new businesses. Areas of concern highlighted by various investors included high utility costs, unavailability of serviced land to implement expansion plans, lack of dedicated incentives for export-oriented industries to compensate for the small domestic market and reluctance of local supermarkets to list locally manufactured products.

In this regard, BITC continues to engage in a robust advocacy agenda aimed at improving the ease of doing business and resolving challenges faced by investors. The Chief Executive Officer has championed this advocacy agenda and has thus far reached out and engaged with various government departments that play an enabling role in easing doing business challenges in Botswana.

INVESTMENT EXPANSIONS

During the year under review, companies facilitated through BITC recorded a total investment expansion of P733 million. These expansions have generated 860 new jobs in the economy. This was achieved notwithstanding the challenges experienced by investors during the pandemic. Expansions and reinvestments were mainly recorded in the agribusiness, manufacturing and banking sectors. During the same period, several job losses were recorded, the majority of which were in the tourism and hotel industry. Some of the companies that have contributed positively to expansion during this reporting period are Noka Farm (Pty) Ltd in the agribusiness sector, ANBA Feeds (Pty) Ltd (animal feeds) and F & G Botswana (Pty) Ltd in the manufacturing sector.

STAKEHOLDER ENGAGEMENT AND REFORMS ADVOCACY

For BITC to unlock value for its clients it is imperative that a robust stakeholder engagement strategy be in place. It is through this strategy that BITC can forge strong alliances and partnerships that can help it to easily close some of the gaps identified in providing service to clients. In most cases, the issues that need unlocking touch on advocacy and the policy and regulatory frameworks. In order to solicit appropriate support, BITC has developed a stakeholder engagement strategy and continues to engage extensively with all the relevant stakeholders that have been identified as key to its mandate with the aim to:

- Keep local authority stakeholders informed and to seek their input in collaborative efforts to increase employment and regional local investment .
- Build trust through key stakeholder involvement in the formulation of the domestic investment strategy.
- Promote and drive meaningful and inclusive engagements which have a demonstrable impact on the success of the community.
- Promote and implement the Vision 2036 initiative, which seeks to transform Botswana into a middle-income country by 2036 through economic, social and political development.
- Maintain effective partnerships, meaningfully advocate for investors and address investor queries and challenges that would otherwise act as obstacles to their operations. These engagements are aimed at disseminating information about the services offered by BITC as well as creating buy-in from stakeholders.

Some of the key stakeholders who were met during the year include utility companies, the Sectoral Immigrants Selection Boards in Gaborone, Regional Immigrants Selection Boards (RISBs) in Francistown, Kasane, Selebi Phikwe, Maun, District Councils, Land Boards and various ministries and departments.

PROPERTY MANAGEMENT SERVICES

Like other Investment Promotion Agencies (IPAs) across the world, BITC provides readily available factory space and land on a rental basis to deserving investors. This serves as a competitive advantage in attracting investment projects as some investors may require readily available land and operating space to set up and operate within a limited time. BITC therefore continually strives to provide qualifying investors with suitable factory warehousing and land for investment projects in various parts of the country.

Factory space and land facilitation

During the year under review BITC allocated factory shells to five companies with a projected total investment level of P75 million and 347 new job opportunities. The organisation also facilitated land allocations to seven companies with various land authorities. The seven companies have the potential to invest a total of P326.5 million and create 1,701 job opportunities.

Investment pipeline

BITC continues to grow its investment pipeline. In this regard, as at year's end there were 24 companies which had applied for facilitation of land in Botswana and the investment pipeline stood at P348.3 million, with the potential of creating 1,378 new jobs.

Rental Payment deferment

During the year under review a total of ten companies were assisted with rental payment deferment. The purpose of deferment was to reduce the impact of COVID-19 on the companies' operations. These measures were intended to ensure business continuity as well as to safeguard employment opportunities at the affected companies.

Property investment strategy

During the year under review, the organization developed a property investment strategy aimed at unlocking value in real estate to allow BITC to trade in land and landed property as espoused in the BITC Act. The implementation of the Property Strategy will assist BITC to be financially sustainable in the long run and self-fund its operations through acquisition of high-yield properties, development of new properties and by selling at the right time.



EXPORT PROMOTION

BITC continues to carry out several initiatives targeted towards expanding the Botswana export base in line with Botswana's desire to be an export led economy. In this regard, BITC continues to implement a robust export promotion programme in line with the National Export Strategy. Exporting companies which benefited from the BITC services realised P2.96 billion in export earnings during the period from April 2020 to March 2021. The main products exported were swamp cruiser boats, pvc tanks and pvc pipes, ignition wiring sets, semi-precious stones, veterinary medicines, hair braids, coal, textiles (towels and t-shirts) and automobile batteries. These goods were destined mainly for South Africa, Zimbabwe, Austria, Germany, and Namibia.

BITC continues to roll out targeted virtual trade promotion missions across the SADC region with a view to seeking long-lasting market opportunities for locally manufactured products. During the period under review, the Centre facilitated participation for Botswana companies at the Eastern Cape Development Council (ECDC) Virtual Export Symposium, the Botswana-Zimbabwe Virtual Trade Mission, the Botswana-Zambia Virtual Trade Mission, Botswana-South Africa Virtual Buyer/Seller Mission as well as the Botswana-Namibia Virtual Trade Mission.

BITC has introduced an e-Exporting programme aimed at assisting Botswana exporters to conduct business on several recommended e-commerce platforms. Due to the advent of COVID-19, BITC is currently promoting e-trade among companies through the establishment of e-commerce platforms and is assisting local companies to embrace digitisation by adopting e-commerce platforms to reach export markets as well as assisting local e-commerce platform developers to scale up their online marketplaces.

BITC continues to assist both potential and existing local manufacturing and service entities to realise their export ambitions. This assistance is pursued through the ambit of the Botswana Exporter Development Programme (BEDP) and the Trade Promotion Programme. BEDP was revised in 2020 in partnership with the United Nations Development Programme (UNDP) with a vision to developing a diversified export-based economy. Pursuant to this vision, the programme focuses mostly on capacitating companies to reach export readiness status.

EXPORT CAPACITY BUILDING INITIATIVES

In 2020/21, seven manufacturers were supported in attaining Organic and Fair Trade certification and a technical expert, Eswatini Fair Trade (ESWIFT), was engaged to carry out diagnostic assessments of the readiness of companies for certification. All the enrolled companies have successfully completed the ESWIFT Fair-Trade assessment and have been awarded certificates of membership. These companies are Blue Pride, Motlopi Beverages, Moringa Technology Industries Pty Ltd, Maungo Craft, Divine Morula, House of Divinity and Organic Naturals Skincare.

In 2020/21, with support from the European Union (EU), BITC assisted four organic fertilizer manufacturers to meet EU import requirements and enhance market penetration. The focus of the project was to capacitate companies to comply with the EU import requirements for export of organic fertilisers. The project, which included capacity building, is targeted at increasing market access intra- and extra-regionally in support of private sector competitiveness for organic fertilizers, was successfully completed in February 2021.

CREATING AN EXPORT CULTURE

In collaboration with the Local Enterprise Authority (LEA), BITC continues to conduct export awareness workshops around the country with a view to sensitising companies on what exporting entails. During this financial year, export awareness workshops were carried out in Francistown, Maun, Gaborone, Tsabong, Serowe and Selebi-Phikwe.



During the year, in collaboration with the Ministry of International Affairs and Cooperation (MIAC), BITC hosted a virtual UN Procurement seminar for Botswana vendors to brief them on procurement processes and available opportunities in the UN system.

In collaboration with Senior Experten Services (SES) from Germany, BITC assisted four companies, Private Collection, Phatsima Jewellery, Tom Milling and In Style, with export readiness capacity building to address gaps identified during the diagnostic assessment, to provide them with training to narrow disparities, and to advise them on solving technical and organisational problems.

BOTSWANA TRADE PORTAL

The Botswana Trade Portal is a virtual platform managed by BITC and developed with the assistance of the World Bank with the aim of making all regulatory trade-related information for import and export in Botswana available on a single integrated website.

The Trade Portal aims at providing real time, transparent, and predictable trade information, and by so doing increase the compliance level and reduce the cost of doing business for traders. Key to the formation of the Trade Portal was the official nomination of focal persons from relevant government institutions who will continually provide updates to the system on their trade related policies and any other announcement pertaining to the trade of goods and services.



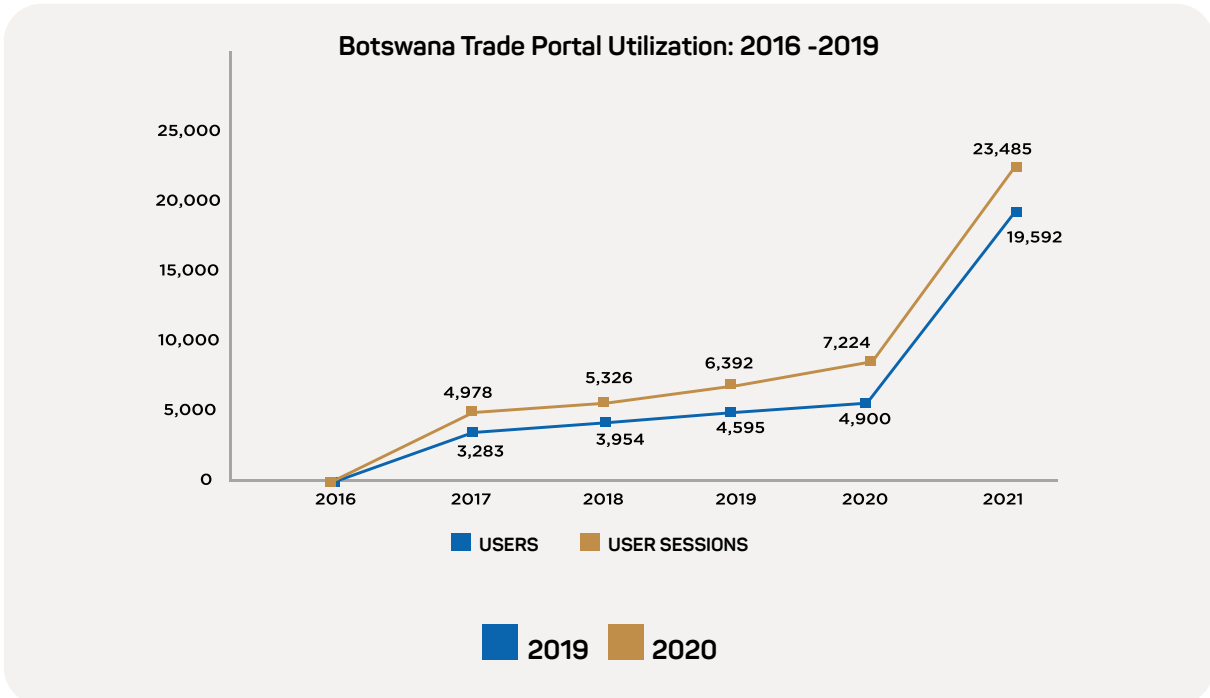


BOTSWANA TRADE PORTAL UTILISATION FOR THE YEAR 2020-21

Recognised at national level as the country’s premier enquiry site for trade facilitation, the Botswana Trade Portal received several users from all over the world during the period under review.

Utilisation of the trade portal stood at 23,485 user sessions as at the end of the financial year, with a total of 44,484-page views from 19,592 users, against a target of 10,000 users for the year. A total of 176 countries made use of the portal during this period.

The graph below shows the number of users recorded by the system to date since its launch back in 2016:



Source: Google Analytics (Botswana Trade Portal User Account)

VIRTUAL GEB 2020

During the reporting period, BITC hosted the first ever Virtual Global Expo 2020, from 17th to 20th November 2020. The theme for the Virtual GEB 2020 was “Using disruptive tech to shape the new normal in the era of COVID-19 and beyond”. This event was unlike any other that we have seen in our country, being held virtually in cyberspace rather than the in-person expos we have experienced in the past.

The event saw the application of 4IR virtual reality (VR) tools and augmented reality (AR) to bring an illuminating experience to both the virtual exhibitors and virtual attendees.

The Virtual GEB 2020 featured virtual booths of 130 exhibitors from Botswana and abroad, and it also attracted as many as 774 virtual attendees from across the globe. This first ever virtual GEB edition attracted exhibitors from Botswana, South Africa, Zambia and Zimbabwe, and from as far away as Nigeria, China, Brazil, Portugal, Taiwan, India, Israel and eSwatini.

The official opening of Virtual GEB 2020 was officiated by His Excellency the President of the Republic of Botswana, Dr Mokgweetsi Eric Keabetswe Masisi. This was a small live event of about 50 physical attendees from both the public and private sectors, and most of the attendees viewed the proceedings through the BITC and GEB Facebook pages. A total of 5,700 people viewed this event on Facebook.

The Virtual GEB 2020 featured an Investment and Trade Conference as one of its usual side events. This conference had two sessions: “Building a resilient and self-sufficient economy post-COVID-19”, and “Developing Botswana into a knowledge and export-led economy in the advent of globalisation 4.0”.

ZOOM WEBINARS

Throughout the 4-day live event, 10 zoom webinars were hosted, lasting 22 hours in total.

Webinar participants were from 18 different countries: Botswana, Israel, US, Japan, UK, Portugal, Mauritius, Nigeria, South Africa, Rwanda, Cote d’Ivoire, Denmark, France, India, Namibia, Switzerland, Kenya and Indonesia.

FACEBOOK LIVE SESSIONS GEB PAGE	
Official Opening Ceremony	5700
Investment Conference Session 1: Building a Resilient and Self-sufficient economy post COVID-19	1300
Investment Conference Session 2: Knowledge End Export Led Economy Session	602
Morupule Coal Mine Business Forum	2200
Empower Africa Business Webinar	1000
Virtual Investment Battlefield First Round	2461
#Pusha BW Forum	2970
In conversation with John Medved Webinar	11000
Africa Code Foundry Webinar	860
Virtual Investment Battlefield Grand Finale	14000
Virtual GEB 2020 Official Closing Ceremony	1600
Total Event Views	43 693

#Pusha BW

#Pusha BW

#Pusha BW



BRAND MANAGEMENT

The 2020/2021 financial year was dominated by the need to effect wide-ranging adjustments to the 'new normal' presented by challenges brought about by the outbreak of the COVID-19 pandemic. These challenges included reduced budgets, diminished personal contact and restricted local and international travel, and there was a need to re-evaluate and reengineer strategies and operations, to focus on virtual online platforms to conduct the majority of BITC's promotions, stakeholder engagements and capacitation programmes. Although actual in-person contact was severely curtailed, efforts were made to ensure that operations were not adversely affected, and that engagement with all stakeholders, both local and international, continued effectively.

The Nation Brand - Brand Botswana

Brand Botswana continues to identify and explore opportunities to further the Nation Brand programme and Brand Botswana's key undertakings, both locally and internationally. Brand Botswana continues to engage and partner with various stakeholders, both public and private, to elevate the Botswana Brand, as well as leveraging on available commercial and free platforms to promote Botswana and its attributes, locally and globally.

#PushaBW campaign gains momentum

Officially launched in 2018, the #PushaBW campaign continues to garner significant attention and momentum, and has grown with increasing interest being shown from numerous quarters. In addition to the Brand Botswana activations, various stakeholders have bought into the campaign and have partnered with Brand Botswana for campaign collaborations, resulting in joint initiatives with the likes of Trans Africa Cash and Carry, Hilton Garden Inn Hotel and Square Mart.

PERFORMANCE



As part of the wider #PushaBW campaign, Brand Botswana developed additional sub-themed campaigns; #ListenLocal, to promote local arts and music, #EatLocal to promote Botswana's cuisine and #TravelLocal, to promote tourism and leisure locations around the country.

Taking Pride Mark Users to the next level

With the growth of the #PushaBW initiative, it became clear that while Botswana does produce a lot locally, there are many challenges regarding the appreciation and general awareness of locally made products, their accessibility, and adequate uptake of local products by mainstream retailers. Brand Botswana deliberately courted several retailers to engage with them on onboarding more local products and having them on their shelves or using them in their establishments. These entities included Square Mart, Trans Africa Cash and Carry and Hilton Garden Inn Hotel, who hosted Local SMMEs Market Days and committed to increase their stock of local products going forward. Engagements are continuing and the aim is to have more establishments and retailers increase their trade and utilisation of local products.



To further create awareness of local products, Brand Botswana produced the #PushaBW Product Catalogue which was distributed both physically and online. The catalogue, which is updated on a quarterly basis and distributed electronically, has proven to be a popular means for people to identify local products and producers. To give added exposure to local producers, various companies are profiled on social media pages every week.

An agreement has been reached to feature the catalogue and company profiles on the popular and widely followed BWGov online platforms, which will provide additional visibility to the Brand.



During the 2020/2021 financial year, the sudden imposition of movement restrictions in response to the outbreak of the pandemic necessitated a sharp turn towards digital engagement. Brand Botswana immediately explored ways to assist local producers and manufacturers to sell their wares online. Brand Botswana has since partnered with a local e-commerce platform, SkyMartBW, to set up a #PushaBW online store where local products are listed, initially targeting 500 local products. By the end of the reporting period, 180 products had already been listed on the platform.

International Marketing Promotions

With reduced budgets due to the suspension of BITC's government funding, Brand Botswana ran promotional campaigns on the Al Jazeera, BBC World, Bloomberg and the Financial Times media platforms. The campaigns on Al Jazeera Network and BBC World focused mainly on general country awareness creation and travel, while those on Bloomberg and the Financial Times focused on investing in, and doing business with, Botswana. The campaigns on these digital platforms attracted considerable interest, resulting in over 20 000 click throughs to BITC and Brand Botswana content and significantly increasing the brand's global reach.

Brand Botswana continues to engage Batswana in the diaspora with a view to utilising them as Botswana ambassadors wherever they may be based, and the Active Global Citizens (AGC) campaign has thus far registered 397 Batswana in different parts of the world. The AGC campaign seeks to explore avenues for Brand Botswana to work more closely with Batswana based abroad, and during the year under review Brand Botswana hosted two AGC engagement webinars which were attended by 271 of the 412 registered Batswana in 17 different countries. The webinar focus areas were investment, immigration, and possible areas for collaboration. The intention is also to host country specific AGC engagements in the future.

MEDIA PARTNERSHIPS	IMPRESSIONS	CLICK THROUGHS
Al Jazeera Networks, BBC World, Bloomberg and Financial Times/FDI	5 684 059	22 940

Nurturing relations

Brand Botswana continues to identify and collaborate with different stakeholders, both locally and internationally. Botswana missions abroad, which fall under the Ministry of International Affairs and Cooperation, are a key stakeholder in Brand Botswana's global awareness creation efforts. During the year under review, Brand Botswana undertook promotional engagements with Botswana missions in Switzerland, Poland, South Africa, India, Brazil and the United Kingdom.

Locally, Brand Botswana worked with the Botswana Informal Sector Association on the re-branding and launch of the organisation, which was part of the Ministry of Investment, Trade and Industry's local SMMEs Revitalisation Plan.

Challenges and planned interventions

The COVID-19 pandemic affected Brand Botswana's operations in a variety of ways. Many people in underserved parts of Botswana are not digitally connected, meaning that this sizeable section of the community, previously reached through roadshows and physical activations, has been lost. However, on the plus side, the travel restrictions and curtailed physical contact opened up new opportunities for more online engagements.

To mitigate against the effects of its own budgetary constraints, Brand Botswana continuously seeks partnerships with various key stakeholders who can contribute to reinforcing the Nation Brand message. This has resulted in some strategic collaborations with notable public and private entities for joint activations.

Looking forward to the future

With the growth of the #PushaBW campaign, further avenues to enhance the campaign are being explored to be implemented in the coming financial year. These include the establishment of the #PushaBW Store, which will be dedicated to 100% locally produced merchandise and avail virtual shelf space for local products which are not generally available in mainstream retail outlets. In a bid to further increase sales for local manufacturers, Brand Botswana will seek opportunities to boost the listing of more local products on multiple e-commerce platforms.

Having identified Service as a key variable affecting Botswana's global competitiveness, Brand Botswana will conduct a National Service Excellence Campaign to drive service improvement in the country.

With reduced budgets, limited physical contact and restricted movement, Brand Botswana will focus on effectively conducting its marketing promotion campaigns and stakeholder engagements on digital platforms. Stakeholder relations remain a key performance area for Brand Botswana and there will be deliberate and targeted efforts to engage ever more stakeholders in strategic partnerships to undertake collaborative initiatives.

Media Engagements

The media is a critical stakeholder and BITC continues to nurture mutually beneficial relations with media, both locally and internationally, and to establish new relationships. In the year under review, the Centre continuously engaged the media, sharing information on BITC operations, challenges and interventions.

BITC partnered with the News Bureau Agency for a media capacity building workshop aimed at training journalists in business and economic journalism. The workshop was geared at engaging participants on techniques to enhance the journalistic quality and content of reporting on business and the economic climate of Botswana. The Centre believes that the benefit of this capacity building exercise will be to assist journalists to better portray Botswana in the media.

Expanding the Akola Botswana Campaign

The Centre continues to find ways to engage in dialogue with its key stakeholders and broader audience through various digital media platforms. During the financial year the Centre rolled out the second year of the Akola Botswana Campaign, a brand education campaign designed to:

- Educate the public on the BITC mandate, products and service offering
- Build a more positive brand reputation and awareness between the Centre and its audience
- Create awareness of local investment opportunities through testimonials and influencer marketing.

The digital media campaign reached out to the public on several platforms including Facebook, Instagram, Twitter, LinkedIn and YouTube.

This year's campaign used influencer marketing through the use of social media influencers who posted information regarding the services they have received from BITC. Through these posts the Centre was able to engage with its followers on opportunities presented in the local market. Through Akola Botswana, the Centre was able to create content using testimonials from various customers which allowed audiences to understand how BITC has assisted local businesses through its various services and to better appreciate the services BITC offers.

Corporate Social Responsibility

The Centre remains steadfastly committed to its corporate social responsibility plans in an effort to uplift the communities in which it operates. Throughout the financial year the Centre continued to explore ways to create long-lasting impact on its communities by identifying initiatives that address issues such as gender based violence (GBV), Inspiring the Girl Child and renovating the Monarch Destitute Centre in Francistown.

Inspire the Girl Child

In an initiative to inspire and encourage the girl child, BITC hosted twelve academically excelling girls from various Community Secondary Schools at a one-day workshop under the theme "Inspire the Girl Child". The purpose of the workshop was to engage in dialogue with the high achievers and instil in them an understanding of the role they are capable of playing as young women in society. The workshop included contributions by various speakers who gave their views on what it takes to be a strong leader, particularly as a woman in today's world. The girls heard several motivational addresses that were aimed at inspiring the girl child to break new ground in traditionally male dominated industries.

The Inspire a Girl Child programme will also extend to Inspire the Boy Child in future BITC corporate social responsibility initiatives.

Gender Based Violence

During the year under review the Centre recognised the alarming rise in gender based violence statistics across the country. BITC partnered with a private entity and sponsored a national education campaign aimed at sensitising the public to the ills of GBV and encouraging a mindset change to tackle this significant social ill.

Francistown Destitute Shelter

At the request of the Francistown City Council, the Centre, through its Corporate Social Investment Plan, renovated the Monarch Destitute Shelter in Francistown which houses six adults and six children. BITC refurbished the shelter's ceiling, toilet and doors and repainted the building. In addition to the renovations, members of the BITC Social Club donated toiletries and stationery to the shelter residents.

Customer Service

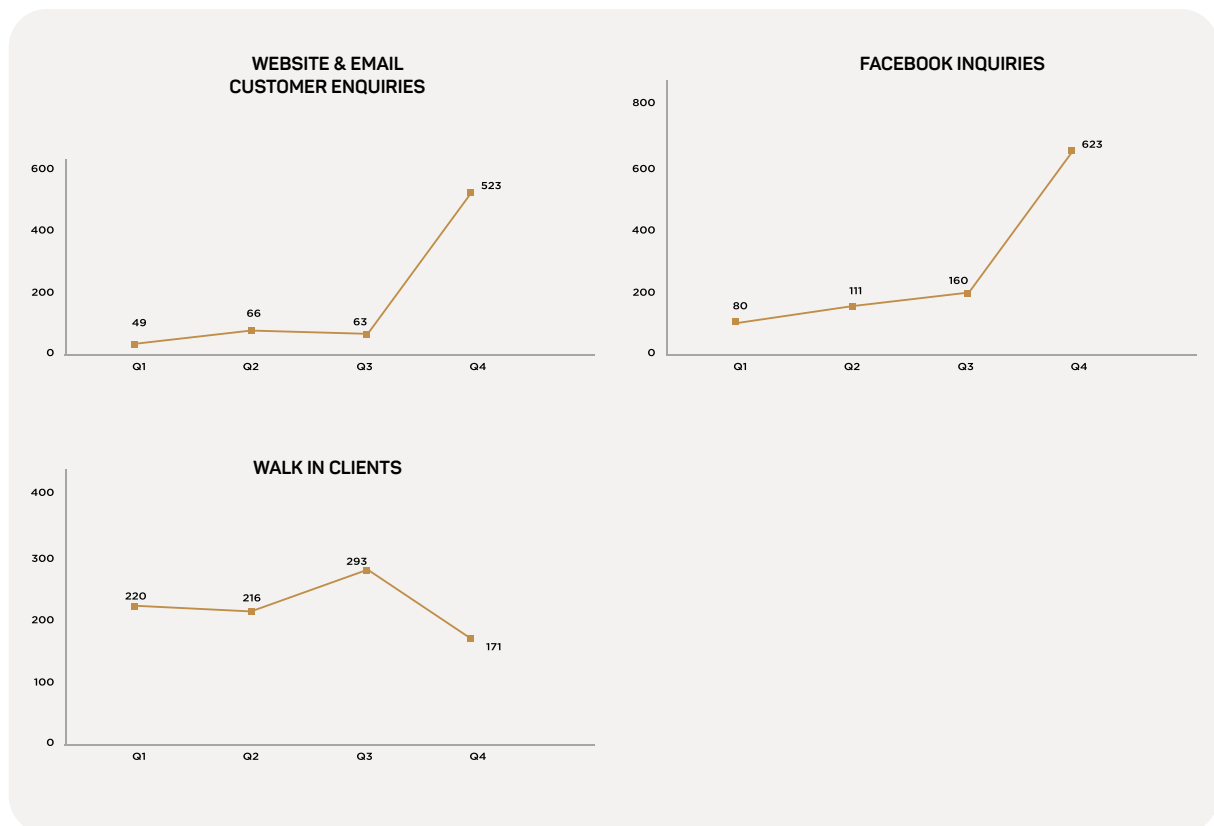
Customer service has evolved over the years due to the ever-changing needs and expectations of the customer, and the need for organisations to reinvent themselves to align with emergent customer needs. The year 2020/2021 launched a new dynamic to customer service the world over due to the COVID-19 pandemic. Organisations had to respond immediately to the new operating environment by realigning their people, processes and systems in pursuit of attracting, retaining and growing the new customer.

As an institution competing in the global space to attract investment, BITC equally felt the global shock of the pandemic that threatens to affect the level and quality of customer service it is able to provide. Customer service remains a crucial competitive advantage and a priority for the organisation as it looks towards the future to find innovative ways to meet its customers' needs.

Enquiries

The BITC Customer Service division engages clients through various channels including walk-ins, the website, social media platforms and the dedicated email enquiries platform. Services offered across these platforms are predominantly first level enquiry services where clients are assisted with basic information on various BITC services and business opportunities available for investment. Enquiries received through these channels are processed, and where required referred to the next level service unit for further engagement.

During the year under review, the organisation attracted more clients to its online platforms through enhanced digital marketing initiatives implemented over the period. This led to limited physical contact as per proposed mitigating measures against COVID-19 transmission as shown below:



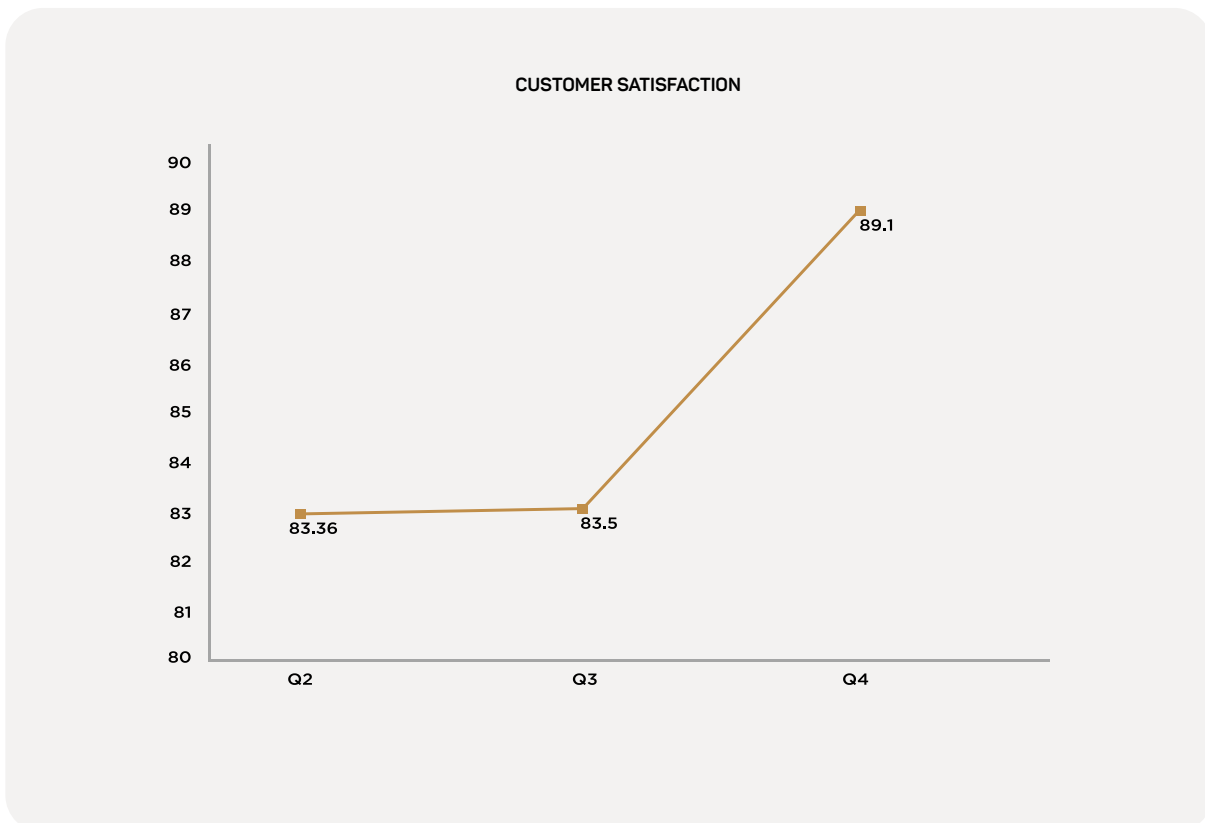
Customer Service Monitoring

Customer service monitoring remains key for the organisation to be able to keep up with customers' evolving needs and expectations. Monitoring allows the organisation to review its performance against set customer service indices and to develop strategies to address any gaps identified.

This year presented an even more compelling need to closely monitor and review performance of the key customer service elements - people, processes and technology - and to align them to the evolving operating environment. The following initiatives were deployed:

External Customer Satisfaction Survey

The monthly dip stick survey tool continues to assist in facilitating feedback from clients and measuring customer satisfaction. An average customer satisfaction score of 85.3% was achieved for the year against the set target of 85%.



At the beginning of the year, due to the onset of COVID-19 and the associated challenges, service delivery was significantly impacted, especially during the lockdown period, as the majority of clients had previously preferred physical access to BITC's services. However, improvement in satisfaction is noted over time as interventions were onboarded to respond to the new normal.

Mystery Shopping

In addition to the dip stick customer satisfaction survey, mystery shopping was implemented to further monitor performance of all service channels including the website, email, telephone and client visits. This exercise has been instrumental in formulating the organisation's response strategy to the new normal, providing key insights into the digital channels' readiness for future client interactions. The recognition of service inadequacies and identification of opportunities derived from the mystery shopping exercise have been key in informing implementation plans of various initiatives to improve customer service across all channels.

Internal Customer Satisfaction Survey

The overall output of the organisation is greatly impacted by internal customer satisfaction, or the levels of satisfaction of employees in their individual or departmental capacity with internal service partners. The organisation is cognisant of the importance of internal customer service and its impact on overall customer satisfaction. During the year under review, an internal customer satisfaction survey was conducted, targeting assessment of service exchanges between departments. The purpose of the survey was to gather data towards creating interdepartmental service strategies that will improve work-flow in the organisation.

Customer Service Training

People are the most critical component in achieving high service standards. Continuous motivation and empowerment are key in aligning the people to the needs and expectations of BITC clients, especially with the current unsettling disruption brought about by the pandemic. The organisation commissioned a targeted training programme to promote alignment between the client and the customer and address service gaps noted from the mystery shopping exercise.



STAKEHOLDER ENGAGEMENT

BITC's strategic plan lays particular emphasis on the necessity for meaningful participation, consultation, and collaboration with individuals, groups, government, business communities and institutions that have an interest in, enable, contribute to, or are likely to be impacted by, or impact the business of, BITC. To this end, achieving a sound relationship with its various stakeholders based on open communication, inclusion and collaboration is crucial to the accomplishment of maximum stakeholder buy-in, effective management of business risk and ultimate improvement of business performance and customer service. For the period under review the organisation conducted stakeholder engagements targeting the following stakeholders:



PERFORMANCE

STAKEHOLDER GROUP	STAKEHOLDER	AREAS OF ENGAGEMENT
Government Parastatals	His Excellency the President	Quarterly briefing by the Minister of Investment, Trade and Industry, to give HE an update on investment performance. A takeaway for BITC was the emphasis on education of civil servants on issues of investment to appreciate their role in facilitating investment in the country.
	Ministry of Investment, Trade and Industry and BITC Board Chairman	Alignment with the Shareholder's expectation of the BITC Board and management, as well as engaging the Hon. Minister on specific issues such as the impending CEE Draft Bill and Board of Investment and Business Facilitation Law. The Minister undertook to address the full Board.
	Botswana Ambassador Designate to the USA	Meetings were held to capacitate the ambassadors on the BITC mandate and highlight on potential investment promotion areas and export opportunities specific to the USA and India, as well as the jurisdictions covered by the diplomatic offices in these countries.
	Botswana Ambassador Designate to India	
	Botswana Ambassador Designate to South Africa	
	Minister of Mineral Resources, Green Technology & Energy Security	Alignment with ministries on efforts to promote foreign investment, facilitate investors and promote an export led economy and advance country branding. The key outcome was to identify areas of collaboration and advocacy. An agreement was reached to establish working groups with an implementation plan to track performance on issues agreed upon. The setting up of these working groups is on-going.
	Minister of Health and Wellness	
	Minister of Agricultural Development and Food Security	
	Minister of Natural Resources Conservation and Tourism	
	Minister of Transport and Communication	
	Minister of Youth Empowerment, Sport and Culture Development	
	Minister of Employment, Labour Productivity and Skills development	
	Botswana Government Communication and Information Services	In partnership with the BGCIS, Brand Botswana is currently working on revised branding guidelines, to guide the application of all national symbols: the coat of arms, national flag and national anthem. The revised guidelines will also incorporate the Pride Mark as the country's marketing symbol. The revised branding guidelines will be rolled out in the upcoming financial year.
Botswana Public Service College	The BPSC is instrumental in the rolling out of the national service campaign. Through the BPSC, BITC will be able to develop training programmes and train the public service on Nation Branding, Investment and trade promotion and service delivery. A memorandum of understanding has been signed.	

STAKEHOLDER GROUP	STAKEHOLDER	AREAS OF ENGAGEMENT
Government Parastatals (Continued)	DPSM	Engagements are aimed at getting a better understanding of government's service initiatives for public servants, and a service excellence marketing campaign to seek partnership for execution throughout the public service.
	Botswana Missions abroad	Brand Botswana continues to collaborate with Botswana Missions abroad for placement of Botswana promotional content on various media platforms. Brand Botswana worked on content and design for the Botswana Mission in the United Kingdom (Diplomat Magazine) and Brazil (Economy & Law Magazine) for placement in print publications in the two markets.
	Ministry of Lands Management, Water and Sanitation Services – Land Boards	On 16 October 2020, BITC engaged the newly appointed members of various Land Boards across the country. The engagement was intended to share BITC's Mandate, its operations and how they can access BITC services. The members were also briefed on how the Centre works closely with Land Boards across the country on issues of land, and how BITC facilitates land for sound investments. The Land Board members applauded the Centre for its efforts and urged BITC to continue engaging them and to give preference to local investors when allocating land.
	Botswana Football Association (BFA)	Brand Botswana is engaging with the BFA to partner in various #PushaBW collaborations. The BFA is the body that oversees national football and has a great reach and influence, hence the partnership. An MoU was drafted to be signed off by February 2021.
	Botswana National Olympic Committee	The BNOC has partnered with local apparel manufacturer All KASI for a commemorative Botswana shirt to raise funds for the Botswana team that will participate at the upcoming Olympic Games in Tokyo, Japan. Brand Botswana has partnered with the two entities for the commemorative t-shirt to carry the Pride Mark and to promote the t-shirt to raise funds for the team.

STAKEHOLDER GROUP	STAKEHOLDER	AREAS OF ENGAGEMENT
Local Authorities	Palapye Sub-Council	BITC consulted the council on the Makoro Project and exposed the council to projects in the area being facilitated by BITC and suggested that the council prioritise assisting BITC to ascertain investment needs for the area. Commitment by council was secured to assist with the setting up, completion and management of the Makoro project. A working team within council was to be constituted to assist with unlocking project challenges, including that of securing water on site from an existing borehole.
	Francistown Full Council Meeting	The engagement fostered appreciation of the BITC mandate by the council, exposing them to investment projects supported by BITC in their area as well as setting priorities to direct befitting investment to the area.
	Kgatleng Full Council Meeting	Key points raised Kgatleng: Council requested more detail and further engagement on district mapping study to appreciate opportunities in the Kgatleng district. Council requested BITC to involve them when identifying and issuing land for investment in their district - BITC issued land in Pilane for investment. BITC requested to assist local producers to supply retailers. BITC encouraged to support and protect domestic investors to enable them to thrive.
	Gantsi Full Council Meeting	Key points raised in Gantsi: The CEO's address to the Gantsi Full Council on the BITC mandate and its services was well received. An issue expressed by some councillors was the emerging conflict between local potato farmers and the livestock farmers. Livestock farmers claim that potato farming is depleting the aquifers.
	Land Board Authorities (Chairpersons and Board Secretaries)	An orientation seminar was held for chairpersons of recently appointed Land Boards. The Land Boards are BITC's strategic partners regarding land facilitation. The authorities were addressed on BITC investor facilitation regarding land and the broader BITC mandate. A further engagement was scheduled for the 23 rd of October.
	Department of Lands	Engagement was conducted to educate members about the services offered by BOSSC in order to equip them to better advise companies as they are accredited or onboarded as well as to examine land policy, reforms and guidelines, and the Immigration and Labour Acts.

STAKEHOLDER GROUP	STAKEHOLDER	AREAS OF ENGAGEMENT
Parastatals	BOCRA	Brand Botswana presented the #PushaBW campaign and the significance of supporting local products and services at the BOCRA hosted (.bw) Domains Marketing Webinar on 28th October 2020. The webinar was attended by local and international delegates.
	Botswana Oil Limited	Botswana Oil management met with BITC management for appreciation of their respective mandates, identification of areas for collaboration as well as appreciation of key projects and initiatives of both organisations.
	MITI Parastatal CEO's Working Group	The working group met several times to devise the Ministry's response to the economic challenges posed by the COVID-19 pandemic in the investment and trade environment in the country. The team also met to review the Draft CEE Bill.
	BOMRA	Engagement conducted on appreciation of respective mandates and identifying areas of collaboration for mutual benefit.
Private Sector	Stanbic Bank	Stanbic Bank CEO and his team met with BITC management about the partnership on the Stanbic Bank ACCELER8 Programme. The programme is an initiative by the Bank to work with young people and strategic partners to produce the next generation of Africa's legitimate and successful business owners capable of investing in Botswana, to reduce the rate of youth unemployment in the country.
	Business Botswana	BITC and Business Botswana have signed an MoU setting up a joint-business Council with a view to strengthening institutional support for the promotion of business opportunities for both domestic and foreign investments and coordinating events together for the betterment of the private sector in Botswana.
Project Related	Makoro Project (Palapye) - Council Secretary, Molaodi, Kgosi, Department of Roads, Veterinary, Makoro vendors.	BITC met with local community leadership in Makoro and Palapye to appraise the leadership on progress of the project. The Centre continues to engage with key project partners including the Ministry of Transport and Communications as a key stakeholder in the project through the Department of Roads.
Civil Society	Botswana Informal Sector Association	Brand Botswana is assisting the Botswana Informal Sector Association to re-brand and re-launch the Association. The Association has been identified as a strategic partner due to its large membership and reach. Preparation for the re-branding exercise is ongoing, with revision of the logo and profile as well as development of a communications plan. Launch was planned for February 2021.
Media	All Media	Press Briefing- an effort to keep all stakeholders and the general public abreast of BITC and Brand Botswana initiatives, performance and progress scheduled for 13 th October 2020,
	Business Reporters and Editors	A session was conducted to capacitate reporters on the Financial and Business Services Sector (IFSC), IFSC Framework and Tax issues in Botswana. This was done to improve the reporting by the media on IFSC matters.
	BTV	Interviews were aired on the Global Expo to mobilise participation by the business community and general public.
	Editors Forum and Press Council	A one-on-one engagement was conducted as part of the ongoing efforts to constantly engage and update the media on BITC operations and initiatives.



CONSOLIDATED ANNUAL
**FINANCIAL
STATEMENTS**
for the year ended 31 March 2021

04

FINANCIALS

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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. Terence Dambe - Chairperson (Until 31 January 2022)
Ms. Palesa Audrey Semele - Vice Chairperson (Until 31 May 2023)
Ms. Ellen L. Richard-Madisa (Until 18 May 2021)
Mr. Bakang Palai (Until 31 May 2023)
Ms. Enele Gomolemo Madikgetla (Until 31 May 2023)
Mr. Tebo Motswagae
Mr. Lesang Magang (Until 31 January 2024)
Ms. Macie Keneilwe Molebatsi (Until 31 January 2024)
Mr. Keletsositse 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
First National Bank of South Africa Limited
Bank of India Limited
Barclays Bank PLC, UK
Bank Gaborone Limited
African Alliance Botswana Limited

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS for the year ended 31 March 2021

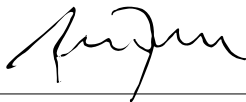
The directors of Botswana Investment and Trade Centre are responsible for the consolidated annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of consolidated annual financial statements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

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

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

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

The consolidated annual financial statements on pages 87 to 126 and supplementary information on pages 127 to 130 were authorised for issue by the Board of Directors on 27 September 2021 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 2021, and of 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 87 to 126 comprise:

- the consolidated statement of financial position as at 31 March 2021;
 - 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
 - the notes to the 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 370 9700, www.pwc.com/bw

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of investment properties</i></p> <p>The Group accounts for its investment properties at fair value. At 31 March 2021, the carrying value of the Group’s total investment properties amounted to P286 million after recognising a fair value gain adjustment for the year amounting to P9.96 million.</p> <p>As at 31 March 2021 an independent valuer carried out a valuation of Group’s investment properties using various methods of valuation such as discounted cash flows, gross replacement cost, sales comparison and income capitalisation.</p> <p>Significant judgement is required in determining the values of investment properties. Significant assumptions and judgments applied include the capitalisation rate, market value per square meter, build rate per square meter, discount rate and rent escalation rate.</p> <p>We considered the valuation of investment properties to be a matter of most significance to the current year audit due to the significant judgements applied in the valuations as well as magnitude of the investment property balances.</p>	<p>In respect of the Group’s independent valuer (the “Valuer”), we performed the following procedures:</p> <ul style="list-style-type: none"> • Inspected the Valuer’s valuation reports for statements of independence and compliance with generally accepted valuation standards, as well as for confirmation of the Valuer’s affiliation with the relevant professional body. • Inspected underlying documents relating to the Valuer’s professional certifications, experience in the industry and reputation in the field, and considered our previous experience with this Valuer; • Evaluated whether there are any matters that might have affected the Valuer’s objectivity or may have imposed scope limitations upon the work performed by the Valuer by obtaining written confirmation from the Valuer that: <ul style="list-style-type: none"> • all professional staff involved in the valuation process are in good standing with relevant professional bodies; • they are free from any direct or indirect financial interest in the Group; • the Group did not place any restrictions on the valuation process; and • they are not aware of any information relevant to the valuation which had been withheld by the Group <p>Based on our procedures performed above, we noted no matters requiring further consideration in respect of the Valuer.</p> <p>We assessed the appropriateness of the valuation methodologies used by the Valuer with reference to the requirements of IFRS 13 - Fair Value Measurement and industry practice. Based on our procedures performed, we found that valuation methods used were comparable to those typically used in the market.</p>

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of investment properties (continued)</i></p> <p>Refer to the following notes to the consolidated financial statements for detail:</p> <ul style="list-style-type: none"> • Note 2.4 - Summary of significant accounting policies: Investment properties; • Note 3.3 - Financial risk management: Fair value estimation; • Note 4(c) - Critical accounting estimates and judgements: Investment properties; and • Note 12 - Investment Properties. 	<p>We compared 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 as well as to rates used in the Group’s historical valuations. We noted no matters requiring further consideration.</p> <p>We compared the capitalisation rates used in the valuation to those generally used in the market for similar properties, rates used in historical valuations, general market factors (such as comparable long term-bond yield rates) and property specific risk factors. Based on our procedures performed, we noted that capitalisation rates used were those typically used in the market. We tested the mathematical accuracy of the valuation calculations and noted no material differences.</p> <p>We assessed whether there is an impact of COVID-19 on the valuation of investment properties. We noted no matters requiring further consideration.</p>

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor’s report comprises the information included in the document titled “Botswana Investment and Trade Centre Consolidated Annual Financial Statements for the year ended 31 March 2021”, 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 2020/21”, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Group'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 Group 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 consolidated 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 audit. We remain solely responsible for our audit opinion.

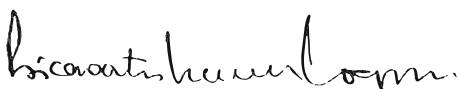
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Botswana Investment and Trade Centre Act, 2011 (the "Act") we report 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 consolidated 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
29 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	2021 P	2020 P
Revenue	5	84,153,936	114,233,962
Other income	7	2,384,925	2,376,158
Investment property fair value adjustment	12	9,960,591	7,698,186
Administrative expenses	8	(98,130,779)	(121,622,120)
Operating (deficit) / surplus		(1,631,327)	2,686,186
Net finance income / (costs)	10	651,216	(1,813,218)
(Deficit) / surplus for the year		(980,111)	872,968
Other comprehensive income		-	-
Total comprehensive (deficit) / surplus for the year		(980,111)	872,968

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

		2021	2020
	Note	P	P
ASSETS			
Non-current assets			
Property, plant and equipment	11	5,727,221	5,775,639
Investment properties	12	285,696,145	275,735,554
Right of use assets	13	24,099,500	23,719,803
Deferred lease income assets	16	2,453,855	2,216,243
		317,976,721	307,447,239
Current assets			
Trade and other receivables	15	5,353,412	6,451,024
Deferred lease income assets	16	-	48,203
Cash and cash equivalents	17	61,810,819	69,911,170
		67,164,231	76,410,397
Total assets		385,140,952	383,857,636
FUNDS AND LIABILITIES			
Funds and reserves			
General fund		206,168,673	207,148,784
Total funds		206,168,673	207,148,784
Non-current liabilities			
Capital grants	18	138,573,168	138,621,586
Lease liabilities	13	21,739,210	19,096,210
		160,312,378	157,717,796
Current liabilities			
Trade and other payables	19	14,988,331	12,310,034
Lease liabilities	13	3,671,570	5,431,022
Deferred income	20	-	1,250,000
		18,659,901	18,991,056
Total liabilities		178,972,279	176,708,852
Total funds and liabilities		385,140,952	383,857,636

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2021

	General fund P	Total P
Balance at 1 April 2019	206,275,816	206,275,816
Total comprehensive surplus for the year	872,968	872,968
Balance at 31 March 2020	207,148,784	207,148,784
Balance at 1 April 2020	207,148,784	207,148,784
Total comprehensive deficit for the year	(980,111)	(980,111)
Balance at 31 March 2021	206,168,673	206,168,673

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 March 2021

	Note	2021 P	2020 P
Cash utilised in operations	21	(4,175,303)	(5,480,170)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(1,231,403)	(3,257,486)
Proceeds from sale of property, plant and equipment		500,635	107,619
Proceeds from sale of non-current assets held for sale		-	2,151,081
Interest income received	10	1,922,073	1,678,377
Net cash generated from investing activities		1,191,305	679,591
Cash flows from financing activities			
Government capital grants received	18	1,231,403	3,224,782
Principal payment of lease liability	13	(6,976,212)	(8,537,704)
Net cash utilised in financing activities		(5,744,809)	(5,312,922)
Net change in cash and cash equivalents		(8,728,807)	(10,113,501)
Cash and cash equivalents at beginning of year		69,911,170	81,266,876
Exchange losses on cash and cash equivalents		628,456	(1,242,205)
Cash and cash equivalents at end of year	17	61,810,819	69,911,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

1 General information

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

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 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 Group'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

The consolidated financial statements incorporate the financial statements of the BITC and of its subsidiary. Subsidiary is an entity over which the Group has control. The Group 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. They are derecognized from the date that control ceases.

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 2021

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 Group's accounting period beginning on or after 1 April 2020. These have been adopted by the Group during the year.

- 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.

The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

This amendment did not have any impact on BITC's financial statements.

- Amendment to IFRS 3 - 'Business combinations' Definition of a business

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.

To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early-stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. This amendment did not have any impact on BITC's financial statements.

Other standards/amendments

The following amendments are not expected to have a significant impact on the financial Statements;

- Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2 Summary of significant accounting policies (continued)

2.1.1 Adoption of standards in the current financial year

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment (effective for annual periods beginning on or after 1 June 2020).

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

- Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

- Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

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 Group 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 Group'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 less accumulated impairment. 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 Group 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
- Leasehold improvements	Remaining lease period
- Office equipment	4 years
- Computer equipment	3 years
- Furniture and fittings	5 years
- Motor vehicles	4 years
- Household furniture	10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

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 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold/leasehold land and buildings. Properties under operating lease are classified as investment properties only if they meet recognition 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 Group uses alternative valuation methods such as recent prices, gross replacement cost, capitalised income on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property that is being redeveloped for continuing use as investment property for which the market has become less active continues to be measured at fair value.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.5 Leases – Where Group is Lessor

Incomes of operating lease payments from properties are accounted for as rental income on a straightline basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of penalty is recognised as income in the period in which the termination takes place.

2.6 Leases – Where group is Lessee

The Group classifies as a lease, a contract that conveys to the lessee the right to control the use of an identified asset for a given period, including a service contract if it contains a lease component.

The Group leases a number of assets in order to support its business, including the head office building, liaison office buildings and residential properties. Leases are categorised under land and buildings.

- Land and buildings: these contracts mainly concern service activity (offices and head office) leases, as well as leases of residential accommodation buildings not owned by the Group.

Leases are recognized in the consolidated statement of financial position through an asset reflecting the right to use the leased assets and a liability reflecting the related lease obligations (see Note 13). In the consolidated income statement, amortization and depreciation of the right-of-use asset (see Note 13) is presented separately from the interest expenses on the lease liability. In the consolidated statement of cash flows, cash outflows relating to interests impact operating flows, while repayments of the lease liability impact financing flows.

When the Group proceeds with a transaction qualified as sale and leaseback according to IFRS 16, a right-of-use asset is recognized in proportion of the accounting value of the asset retained as a result of the leaseback against a lease liability. A gain (or loss) on disposal of fixed assets is recognized in the income statement in proportion of the rights transferred to the buyer-lessor. The adjustment of the gain (or loss) on disposal recognized in the income statement for the share on which the Group retains its right to use the underlying asset corresponds to the difference between the right-of-use asset and the lease liability recognized in the balance sheet.

The Group applies the exemption proposed by IFRS 16, concerning leases with a term of 12 months or less. Leases covered by this exemption are presented in off-balance sheet commitments and an expense is recognized in "operating expenses" in the consolidated income statement.

(a) Lease liability

The Group recognizes a liability (i.e. a lease liability) at the date the underlying asset is made available. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group systematically determines the lease term as the period during which leases cannot be cancelled, plus periods covered by any extension options that the lessee is reasonably certain to exercise and by any termination options that the lessee is reasonably certain not to exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.6 Leases (continued)

(a) Lease liability (continued)

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

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (Note 13).

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (Note 10).

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.6 Leases (continued)

(a) Lease liability (continued)

Extension and termination options

The lease term is the non-cancellable period of the lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise the option to extend.

The Group has aligned the threshold of reasonably certain to the business plan period. Consequently, only renewal options which have been planned to be exercised in any business planning cycle i.e. for land and buildings (within a 2 - 6 year period).

b) Right-of-use assets

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

Lease payments included in the measurement of the right-of-use assets comprise the following:

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line over the period of the lease.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

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.

2.8 Financial assets

2.8.1 Classification

The Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2.8 Financial assets (continued)

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 Group 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 Group recognises the difference as follows:

- (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 Group manages the assets in order to generate cash flows. That is, whether the Group'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 Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2.8 Financial assets (continued)

Initial recognition and measurement (continued)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, The Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, The Group 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 Group 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 Group 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 Group 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 Group'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 Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, The Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

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 2021

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 Group derecognises financial liabilities when, and only when, The Group'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 include 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 2021

2 Summary of significant accounting policies (continued)

2.12 Trade payables (continued)

2.13 Employee benefits

Terminal 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.

Pension obligations

Payments to defined contribution plans are recognised as part of the staff costs in the statement of comprehensive income when employees have rendered service entitling them to the contributions.

2.14 Revenue recognition

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

a) Rental income

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

b) Interest income

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

c) Global expo income

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

2.15 Government grants

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.15 Government grants (continued)

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 Group they are directors of the Group. Related party transactions are disclosed in Note 23 to the financial statements.

3. Financial risk management

3.1 Financial risk factors

The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group'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 Group enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to South African Rand, Indian Rupee and UK Pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Group does not have significant investments in foreign currencies. Foreign currency bank accounts are maintained by the branches in South Africa, India and UK.

At 31 March 2021, 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 P4,096 (2020: P6,944) 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 2021, 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 P35,413 (2020: P65,245) higher / lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign currency risk(continued)

At 31 March 2021, if the currency had weakened / strengthened by 1% against the Indian Rupee with all other variables held constant, surplus for the year would have been P 13,833 (2020: P15,614) 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 Group 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 Group has no long-term significant interest-bearing assets. The grant is deposited in short-term deposits until it is used for the purpose for which the grant is received from the Government.

At 31 March 2021, 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 P618,039 (2020: P699,112) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

(b) Credit risk

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

BITC applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all short-term receivables. To measure the expected credit losses, short-term receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 31 March 2020 and 31 March 2021 are determined as follows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

3. Financial risk management (continued)

(b) Credit risk (continued)

31 March 2020	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						
Simplified approach method	21%	30%	57%	85%	100%	
Individually impaired	100%	100%	100%	100%	100%	
Related party	0%	0%	0%	0%	0%	
Gross Carrying Amount						
Simplified approach method (P)	748,798	353,701	166,361	152,921	805,684	2,227,465
Individually impaired (P)	122,452	121,355	122,452	90,202	1,556,154	2,012,615
Related party (P)	22,333	22,333	22,333	22,333	32,665	121,997
Loss allowance (P)	(277,625)	(226,252)	(217,354)	(220,030)	(2,361,838)	(3,303,189)
Net receivable (P)	615,958	271,047	93,792	45,426	32,665	1,058,888
31 March 2021						
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						
Simplified approach method	19%	34%	56%	82%	100%	
Individually impaired	100%	100%	100%	100%	100%	
Related party	0%	0%	0%	0%	0%	
Gross Carrying Amount						
Simplified approach method (P)	1,006,817	443,568	203,875	122,280	692,105	2,468,645
Individually impaired (P)	102,221	105,874	102,277	94,928	2,570,450	2,975,750
Related party (P)	-	-	-	-	-	-
Loss allowance (P)	(297,500)	(257,095)	(216,434)	(194,794)	(3,262,555)	(4,228,378)
Net receivable (P)	811,538	292,347	89,718	22,414	-	1,216,017

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

3 Financial risk management (continued)

(b) Credit risk (continued)

Description	2021 (P)	2020 (P)
Net trade and other receivables (Note 15)	2,261,245	1,737,745
Cash and Cash Equivalent: (Note 17)	61,803,929	69,898,977
First National Bank of Botswana Limited	7,133,562	16,216,469
Barclays Bank PLC - United Kingdom	407,333	687,412
Standard Chartered Bank Botswana Limited	26,054,532	6,253,477
Bank Gaborone Limited	10,420,323	25,105,959
First National Bank of South Africa Limited	5,324	6,646
Stanbic Bank Botswana Limited	16,396,333	283,471
STANLIB Investment Management Services (Proprietary) Limited	-	19,783,437
Bank of India	1,382,567	1,558,321
African Alliance	3,955	3,785
Total maximum amount exposed to credit risk	64,065,174	71,636,722

The Group only deposit cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Group has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana 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 Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the statement of financial position date. The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

3 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year	2 - 5 years	Over 5 years	Total
	P	P	P	P
At 31 March 2021				
Lease liabilities (Note 13.2)	5,490,670	21,059,542	5,013,410	31,563,622
Trade and other payables* (Note19)	14,988,331	-	-	14,988,331
	20,479,001	21,059,542	5,013,410	46,551,953
At 31 March 2020				
Lease liabilities (Note 13.2)	7,348,324	21,048,952	2,127,972	30,525,248
Trade and other payables* (Note19)	11,627,366	-	-	11,627,366
	18,975,690	21,048,952	2,127,972	42,152,614

*Excluding statutory liabilities

3.2 Capital risk management

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

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

3.3 Fair value estimation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

3. Financial risk management (continued)

3.3 Fair value estimation(continued)

Level 2: Valuation technique using observable inputs - Level 2

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

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

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

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

At 31 March 2021, investment properties with a total carrying amount of P 285,696,145 (2020 P275,735,554) valued using Discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and Income capitalization was based significant Level 3 unobservable inputs (Refer Note 12 and Note 4 (c)).

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 Group'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) Expected Credit Losses

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

Measurement of the expected credit loss allowance

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

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

4. Critical accounting estimates and judgements (continued)

(a) Expected Credit Losses (continued)

(b) Useful lives and residual values of property, plant and equipment

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

The Group performed a sensitivity analysis on the useful lives of assets. Results indicated that an increase in useful life of 1 year would result in a decrease of depreciation and an increase in net book value of property, plant and equipment (PPE) amounting to P 261,811 and an increase in useful lives of 6 months would result in a decrease of depreciation and an increase in net book value of PPE amounting to P 176,396.

(c) Investment properties

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

Management used independent professional valuer in valuing the investment property. The fair value of investment property was determined using the valuation techniques discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and income capitalisation based on unobservable inputs which categorise the valuation of investment property as Level 3 in terms of fair value hierarchy. Key assumptions and estimates underlying these valuation techniques are capitalisation rate, market value per square meter, build rate per square meter, discount rate and rent escalation rate. Refer to Note 12 for further details.

(d) Treatment of grants received from Government

Taking into account its nature and substance, the Group considers amounts that it receives from the Government to fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In reaching this conclusion, the Group considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Group recognises the amounts received in accordance with the accounting policy as included in Note 2.15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

4. Critical accounting estimates and judgements (continued)

(e) Incremental borrowing rate, leases renewal and termination options

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

	2021	2020
	P	P
5 Revenue		
Government subvention (Note 6)	64,841,182	93,280,077
Global Expo income - Point in time	-	2,231,003
Rental income	19,312,754	18,722,882
	84,153,936	114,233,962
6 Government subvention		
Subvention received for the year	66,072,585	96,504,859
Less : capital grants for the year (Note 18)	(1,231,403)	(3,224,782)
	64,841,182	93,280,077
7 Other income		
Amortisation of Government capital grant (Note 18)	1,279,821	1,935,589
Profit on disposal of property plant and equipment	495,327	79,371
Gain on modification of lease liability	353,785	45,214
Sundry income	255,992	315,984
	2,384,925	2,376,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	P	P
8 Expenses by nature		
Aftercare expenses	16,896	29,354
Auditors' remuneration	642,392	579,174
Branding expenses	4,898,405	6,674,066
Provision for loss allowance - trade debtors	925,189	1,453,663
Provision for bad debts - TDS receivables	-	835,958
Staff costs (Note 9)	58,214,866	59,573,024
Export promotion expenses	789,604	3,550,515
Depreciation expenses	7,209,047	9,315,214
Global Expo expenses	3,502,351	8,002,765
Investment promotion expenses	1,343,135	3,973,509
Professional and legal fee	3,357,178	2,899,563
Public relations expenses	1,780,636	3,708,640
Rent expense	495,179	372,568
Research expenses	2,055,470	2,510,411
Seminar and conferences	24,058	1,107,274
Telecommunication and utilities	2,982,143	2,825,154
Computer expenses	220,580	396,382
Property maintenance expenses	1,892,316	1,537,526
Transport, travel and subsistence	638,467	3,406,987
Tax and penalties	-	682,668
Computer expenses	3,589,231	3,808,154
Directors' fees	197,090	106,785
Insurance	1,135,387	1,002,531
Office equipment lease	430,324	495,494
Rates	560,053	377,229
Security expenses	716,495	1,067,003
Other expenses	514,287	1,330,509
	98,130,779	121,622,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

	2021	2020
	P	P
9 Staff costs		
Salaries and allowances	52,302,073	52,419,035
Social security costs	1,634,411	1,610,713
Gratuity	3,863,570	3,785,518
Staff training and other staff related expenses	414,812	1,757,758
	58,214,866	59,573,024
10 Net finance income / costs		
Finance income		
Interest income on cash and cash equivalents	1,922,073	1,678,377
Exchange gains	759,605	-
Finance costs		
Unwinding of interest - Lease liabilities (Note 13.2)	(2,030,462)	(2,422,033)
Exchange losses	-	(1,069,562)
Net finance income / costs	651,216	(1,813,218)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

11 Property, plant and equipment

	Land and buildings	Leasehold improvements	Office equipment	Computer equipment	Furniture and fittings	Motor vehicles	Household Furniture	Total
	P	P	P	P	P	P	P	P
As at 31 March 2019								
Cost	203,766	6,641,001	1,057,147	6,838,549	3,227,764	4,949,886	367,722	23,285,835
Accumulated depreciation and impairment losses	-	(6,602,744)	(874,362)	(4,908,946)	(2,727,208)	(2,723,368)	(348,536)	(18,185,164)
Net book amount	203,766	38,257	182,785	1,929,603	500,556	2,226,518	19,186	5,100,671
Year ended 31 March 2020								
Net book amount at beginning of year	203,766	38,257	182,785	1,929,603	500,556	2,226,518	19,186	5,100,671
Additions	-	1,041,460	601,315	590,481	152,143	737,223	134,864	3,257,486
Cost of disposal	-	-	-	(65,409)	(33,745)	(392,769)	(169,586)	(661,509)
Depreciation on disposal	-	-	-	39,207	33,744	392,769	167,541	633,261
Depreciation	-	(289,987)	(151,683)	(1,064,114)	(167,637)	(860,695)	(20,154)	(2,554,270)
Net book amount at end of year	203,766	789,730	632,417	1,429,768	485,061	2,103,046	131,851	5,775,639
As at 31 March 2020								
Cost	203,766	7,682,461	1,658,462	7,363,621	3,346,162	5,294,340	333,000	25,881,812
Accumulated depreciation and impairment losses	-	(6,892,731)	(1,026,045)	(5,933,853)	(2,861,101)	(3,191,294)	(201,149)	(20,106,173)
Net book amount	203,766	789,730	632,417	1,429,768	485,061	2,103,046	131,851	5,775,639
Year ended 31 March 2021								
Net book amount at beginning of year	203,766	789,730	632,417	1,429,768	485,061	2,103,046	131,851	5,775,639
Additions	-	-	71,249	152,276	53,886	943,821	10,171	1,231,403
Cost of disposal	-	(183,967)	(153,495)	(2,156,861)	(915,330)	(1,107,655)	(81,040)	(4,598,348)
Depreciation on disposal	-	183,967	153,495	2,151,553	915,330	1,107,655	81,040	4,593,040
Depreciation	-	(82,774)	(98,742)	(432,372)	(61,007)	(583,496)	(16,122)	(1,274,513)
Net book amount at end of year	203,766	706,956	604,924	1,144,364	477,940	2,463,371	125,900	5,727,221
As at 31 March 2021								
Cost	203,766	7,498,494	1,576,216	5,359,036	2,484,718	5,130,506	262,131	22,514,867
Accumulated depreciation and impairment losses	-	(6,791,538)	(971,292)	(4,214,672)	(2,006,778)	(2,667,135)	(136,231)	(16,787,646)
Net book amount	203,766	706,956	604,924	1,144,364	477,940	2,463,371	125,900	5,727,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

12 Investment properties	Land and buildings P	Total P
Year ended 31 March 2020		
Balance at beginning of year	268,037,368	268,037,368
Fair value gain	6,800,000	6,800,000
Rental straight-line adjustment	898,186	898,186
Balance at end of year	<u>275,735,554</u>	<u>275,735,554</u>
Balance at end of year		
At fair value	278,000,000	278,000,000
Rental straight-line adjustment	(2,264,446)	(2,264,446)
	<u>275,735,554</u>	<u>275,735,554</u>
Year ended 31 March 2020		
Fair value gain	6,800,000	6,800,000
Rental straight-line adjustment	898,186	898,186
	<u>7,698,186</u>	<u>7,698,186</u>
Year ended 31 March 2021		
Balance at beginning of year	275,735,554	275,735,554
Fair value gain	10,150,000	10,150,000
Rental straight-line adjustment	(189,409)	(189,409)
Balance at end of year	<u>285,696,145</u>	<u>285,696,145</u>
Balance at end of year		
At fair value	288,150,000	288,150,000
Rental straight-line adjustment	(2,453,855)	2,453,855
	<u>285,696,145</u>	<u>285,696,145</u>
Year ended 31 March 2021		
Fair value gain	10,150,000	10,150,000
Rental straight-line adjustment	(189,409)	(189,409)
	<u>9,960,591</u>	<u>9,960,591</u>

The Group's investment properties were revalued on 31 March 2021 by an independent professionally qualified valuer with experience in property valuation in Gaborone, Cribbs (Pty) Limited t/a Apex Properties. Valuations were based on unobservable inputs.

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

	2021 P	2020 P
Rental income	19,312,754	18,722,882
Direct costs		
Rates	560,053	340,143
Property maintenance	1,009,942	2,960,303
	<u>1,569,995</u>	<u>3,300,446</u>
Indirect costs		
Insurance	103,396	98,201

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 2021

12 Investment properties (continued)

Non-financial assets carried at fair value, as is the case for investment property held by the Group, 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 P285,696,145 (2020: P275,735,554), 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

Valuation technique	Input	Estimate	Sensitivity on estimates (in BWP Million)			
			2021 Impact lower	2021 Impact higher	2020 Impact lower	2020 Impact higher
Sales comparison	Sales price of per square metre of the property	Market value per sqm +/- 10%	(9.48)	10.13	(13.70)	13.80
Depreciated replacement cost	Construction cost per square metre	Build rate per sqm +/- 10%	(0.40)	0.40	(0.40)	0.40
Income capitalisation	Capitalisation rate	Capitalisation rate +/- 1%	3.18	(2.48)	8.20	(6.50)
Discounted cash flow	Discount rate	Discount rate +/- 1%	4.10	(3.45)	5.25	(4.70)
	Rent escalation rate	Rent escalation rate +/- 1%	(2.95)	3.40	(3.90)	4.20

Estimate	Level 3 – Range of unobservable inputs	
	2021	2020
Market value per sqm	P3,400 - P11,600	P4,500 - P8,500
Build rate per sqm (weighted average)	P4,628	P2,478
Capitalisation rate	9% - 10%	9% - 10%
Discount rate	9% - 10%	9% - 10%
Rent escalation rate	10%	10%

Valuation technique	2021 (P)	2020 (P)
Average of income and DCF	26,900,000	24,500,000
Average of income, DCF, DRC and sales comparable	122,450,000	116,800,000
Average of income, DCF and sales comparable	29,500,000	27,500,000
Sales comparable	109,300,000	109,200,000
Total	288,150,000	278,000,000
Rental straight-line adjustment	(2,453,855)	(2,264,446)
Balance at end of year	285,696,145	275,735,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

13 Leases

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

13.1 Right of use asset

	2021 Land and Buildings	2020 Land and Buildings
	P	P
Cost		
Opening balance	29,856,896	29,113,010
Additions	23,247,092	4,791,789
Lease modifications*	(22,012,719)	(4,047,903)
Closing balance	31,091,269	29,856,896
Accumulated depreciation		
At 01 April 2020	(6,137,093)	-
Depreciation for the year	(5,934,534)	(6,760,945)
Lease modifications*	5,079,858	623,852
At 31 March 2021	(6,991,769)	(6,137,093)
Carrying amount	24,099,500	23,719,803

13.2 Lease liability

	2021 P	2020 P
Lease liability - Opening balance	24,527,232	29,493,022
Additions	23,247,092	4,791,789
Recognition of interest expense	2,030,462	2,422,033
Settlement through payments	(6,976,212)	(8,537,704)
Lease modifications*	(17,286,645)	(3,469,265)
Foreign exchange differences	(131,149)	(172,643)
Lease liability at the year end	25,410,780	24,527,232
Current	3,671,570	5,431,022
Non-current	21,739,210	19,096,210
Lease liability at the year end	25,410,780	24,527,232
Maturity analysis of lease liability		
Not later than one year	5,490,670	7,348,324
Later than one year and no later than five years	26,072,952	23,176,924
	31,563,622	30,525,248
Less: finance charge component	(6,152,842)	(5,998,016)
	25,410,780	24,527,232

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	P	P
13 Leases (continued)		
13.2 Lease liability (continued)		
Amounts recognised in the income statement		
The income statement shows the following amounts relating to leases:		
Depreciation of right-of-use assets (Note 13.1)	5,934,534	6,760,945
Foreign currency exchange differences (Note 13.2)	(131,149)	(172,643)
Interest expense (included in finance costs) (Note 10)	2,030,462	2,422,033
Expense relating to short term leases (included in other operating expenses) (Note 8)	495,179	372,568

Amounts recognised in the statement of cash flows

The statement of cash flows shows the following amounts relating to leases:

Cash outflow - payment of lease liability (Note 13.2)	(6,976,212)	(8,537,704)
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Details of leases considered for the IFRS 16 calculation

Name of the landlord	Location	Purpose
Exponential Investments Limited	Plot 54351, Gaborone, Botswana.	Office building
The Far Property Company Limited	Plot 903, Francistown, Botswana.	Office building
Growthpoint Properties	Sandton 2146, South Africa.	Office building
SND Property Limited	57 Golders Green Road, London, United Kingdom.	Residential
Mrs Duraiya Mansur Petiwala & Mr Mansur Taherbhai Petiwala	Office 43, Maker Chamber, India	Office building
Taj Wellington Mews	Taj Wellington Mews, 33 Nathalal Parekh Marg, India.	Residential

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

14 Investment in subsidiaries

Comprising;	<u>% holding</u>
31 March 2021	
Botswana Export Development and Investment Authority	<u>100%</u>
31 March 2020	
Botswana Export Development and Investment Authority	<u>100%</u>

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 BITC Botswana.

	2021	2020
	P	P
15 Trade and other receivables		
Trade receivables	5,444,395	4,362,077
Less: Loss allowance	(4,228,378)	(3,303,189)
	<u>1,216,017</u>	1,058,888
Prepayments and security deposits	3,092,167	4,713,279
Interest receivable	360,798	162,958
Other debtors	684,430	515,899
	<u>4,137,395</u>	5,392,136
	<u>5,353,412</u>	6,451,024
The movement in provision for loss allowance is analysed as follows:		
Balance at beginning of year	3,303,189	1,849,526
Provision during the year	925,189	1,453,663
Balance at end of year	<u>4,228,378</u>	3,303,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	P	P
15 Trade and other receivables (continued)		
Trade receivable settlement profile		
Current	1,109,038	893,583
1-30 Days past due	549,443	497,388
31-60 Days past due	306,152	311,146
61-90 Days past due	217,207	265,456
Over 91 Days past due	3,262,555	2,394,504
Total gross trade receivables	5,444,395	4,362,077
Loss allowance for trade receivables		
- Lifetime ECL - performing and underperforming	(966,582)	(484,890)
- Lifetime ECL - Non performing	(3,261,796)	(2,818,299)
Total net trade receivables	1,216,017	1,058,888

The fair value of above financial assets equals their carrying amounts, as the impact of discounting is not significant. The Group does not hold any collateral as security.

Included in other receivables are amounts receivable from Staff debtors and Sundry debtors to which the Group has applied the general impairment model. The Group has considered the capacity of the borrowers to meet their contractual cash flow in the near term, the adverse changes in economic and business conditions in the longer and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Application of the ECL model had an immaterial impact on all financial assets except for trade receivables.

16 Deferred lease income assets

Balance at beginning of year	2,264,446	3,162,632
Movement during the year	189,409	(898,186)
Balance at end of year	2,453,855	2,264,446
Current portion	-	48,203
Non current portion	2,453,855	2,216,243
	2,453,855	2,264,446

17 Cash and cash equivalents

Short-term deposits	54,402,469	56,554,270
Cash at bank	7,401,460	13,344,707
Cash on hand	6,890	12,193
	61,810,819	69,911,170

Cash and cash equivalent includes P1,389,539 (2020: P1,568,770) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	P	P

17 Cash and cash equivalents (continued)

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is P 61,810,820 (2020: 69,911,170).

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Bank balances	61,803,929	69,898,977
Cash on hand	6,890	12,193
	61,810,819	69,911,170

Cash and cash equivalents denominated in foreign currencies are as follows:

UK Pounds	409,613	694,444
South African Rands	3,547,568	7,328
Indian Rupees	1,383,255	1,561,442
	5,340,436	2,263,214

18 Government capital grants

Balance at beginning of year	138,621,586	137,332,393
Grant received during the year (Note 6)	1,231,403	3,224,782
Amortisation during the year (Note 7)	(1,279,821)	(1,935,589)
Balance at end of year	138,573,168	138,621,586

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

19 Trade and other payables

Staff accruals	6,091,335	5,371,043
Trade payables	2,393,252	456,993
Accrued expenses	2,780,069	2,938,684
Other payables	3,723,675	2,860,646
RSA taxes payable	-	682,668
	14,988,331	12,310,034

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021 P	2020 P
20 Deferred income	-	1,250,000

The deferred income relates to corporate responsibility sponsorship received during the year but not utilised as at 31 March 2020.

	2021 P	2020 P
21 Cash flow from operation activities		
Operating deficit for the year	(1,631,327)	2,686,186
Adjustments for:		
Depreciation - Property, plant and equipment (Note 11) 11	1,274,513	2,554,270
Depreciation - Right of use asset (Note 13) 13	5,934,534	6,760,945
Investment property fair value adjustment (Note 12) 12	(9,960,591)	(7,698,186)
Rental straight lining adjustment (Note 12) 12	(189,409)	898,186
Profit on disposal of plant and equipment (Note 7) 7	(495,327)	(79,371)
Amortisation of capital grant (Note 18) 18	(1,279,821)	(1,935,589)
Gain on modification of lease liability (Note 7) 7	(353,785)	(45,214)
Changes in working capital		
Movement in trade and other receivables	1,097,612	(195,342)
Movement in trade and other payables	1,428,298	(4,676,054)
Movement in deferred income	-	(3,750,000)
Net cash utilised in operations	(4,175,303)	(5,480,170)

22 Commitments

(i) Financial commitments

Operating lease commitments - where the Group is a lessor

The Group 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	18,295,178	18,295,584
Lather than one year but not later than 5 years	34,245,606	32,092,416
	52,540,784	50,388,000

(ii) Capital commitments

Approved by directors - contracted	-	19,580
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There were no capital expenditure contracted for but not yet incurred or approved and not contracted for at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	P	P

23 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.

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

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

Grant income received for the year	66,072,585	96,504,859
Less : capital grants for the year (Note 18)	(1,231,403)	(3,224,782)
	64,841,182	93,280,077

(b) Transaction with government owned entities

Net expense incurred - Special Economic Zones Authority	-	28,721
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(c) Key management compensation

Key management includes the 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	4,159,627	5,444,930
Key management - allowances	3,354,987	4,516,840
Key management - gratuity and leave pay	2,017,516	2,553,018
Management - total	9,532,130	12,514,787
Payments made to directors	197,090	106,785
	9,729,220	12,621,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

24 Financial instruments - accounting classifications

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

In (P)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Non - financial instruments	Total carrying amount
As at 31 March 2021					
Financial assets					
Trade and other receivables (Note 15)	-	-	2,261,245	3,092,167	5,353,412
Cash and cash equivalent (Note 17)	-	-	61,810,819	-	61,810,819
	-	-	64,072,064	3,092,167	67,164,231
Financial liabilities					
Lease liabilities (Note 13)			25,410,780		25,410,780
Trade and other payables (Note 19)	-	-	14,988,331	-	14,988,331
	-	-	40,399,111	-	40,399,111
As at 31 March 2020					
Financial assets					
Trade and other receivables (Note 15)	-	-	1,737,745	4,713,279	6,451,024
Cash and cash equivalent (Note 17)	-	-	69,911,170	-	69,911,170
	-	-	71,648,915	4,713,279	76,362,194
Financial liabilities					
Lease liabilities (Note 13)			24,527,232		24,527,232
Trade and other payables (Note 19)	-	-	11,627,366	682,668	12,310,034
	-	-	36,154,598	682,668	36,837,266

25 Contingent liabilities

There were no contingent liabilities at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

26 Going concern

In late March 2020 Botswana confirmed domestic cases of COVID-19, a new strain of the coronavirus. Prior to this, the public health response to the COVID-19 pandemic in other countries led to business interruptions, economic turmoil and severe stock market losses.

To aid in combating the spread of the virus in Botswana and to reduce the impact on the economy, the Government embarked on a multi pronged strategy including lockdown, travel restriction and vaccine roll outs.

The Group assessed the potential impact on future income from the Government and investment properties, working capital, credit risk and liquidity based on information available at the time of approving these annual financial statements. Based on this, the Group determined the impact that this could have on its cash flows, and particularly, whether the Group will have sufficient liquidity to continue to meet its obligations as these falls due and concluded that it will have sufficient net cash flows to operate for ensuing 12 months. The Group has already received its first quarter subvention from the Government for the financial year 2021/22. Therefore, management is confident that the subvention together with rental income generated will be sufficient to sustain Group's operations for at least till the next financial year.

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

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

27 Post balance sheet events

The Group operates in numerous tax jurisdictions and the Group's interpretation and application of the various tax rules applied in direct and indirect tax filling may results in disputes between the Group and the relevant tax authorities. On 24 August 2021 South African Revenue Services (SARS) issued income tax assessments for years 2018 to 2020. Assessments included tax amounting to ZAR 2,303,402 (P 1,784,891), penalties amounting to ZAR 1,014,594 (P 786,202) and interest amounting to ZAR 514,581 (P 398,745). Management is confident that will be no tax liability arising since SARS has revised similar assessments issued previously on the grant income based on the section 10 (1(bA) of the Income Tax Act.

The Directors and management confirm that there are no other material post balance sheet events that require disclosures in or adjustments to the financial statements.

DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2021

	Schedule	2021 P	2020 P
INCOME			
Government subventions		64,841,182	93,280,077
Global Expo income		-	2,231,003
Rental income		19,312,754	18,722,882
Total income		84,153,936	114,233,962
EXPENDITURE			
Investment promotion expenses	1	1,343,135	3,973,509
Export promotion expenses	2	789,604	3,550,515
Aftercare expenses		16,896	29,354
Public relations expenses	3	1,780,636	3,708,640
Branding expenses		4,898,405	6,674,066
Research expenses	4	2,055,470	2,510,411
Staff costs	5	58,214,866	59,573,024
Global Expo expenses		3,502,351	8,002,765
Administrative expenses	6	18,320,369	24,284,622
Depreciation		7,209,047	9,315,214
Total expenditure		98,130,779	121,622,120
Other income		2,384,925	2,376,158
Investment property fair value adjustment		9,960,591	7,698,186
Operating deficit for the year		(1,631,327)	2,686,186

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 82 to 86.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2021

	2021	2020
	P	P
1 Investment promotion expenses		
Inward promotion mission	-	378,756
External missions	1,343,135	3,594,753
	1,343,135	3,973,509
2 Export promotion expenses		
Export development	306,118	2,983,149
Export promotion	483,487	567,366
	789,604	3,550,515
3 Public relation expenses		
Gifts and donations	1,498	64,433
Corporate social responsibility	183,601	232,730
Promotional material	35,184	446,307
Exhibitions	133,894	564,362
Branding	322,241	864,600
Advertising	657,103	860,437
Publications	447,115	675,771
	1,780,636	3,708,640
4 Research expenses		
Market intelligence	1,976,742	1,497,067
Strategic planning	78,728	1,013,344
	2,055,470	2,510,411

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 82 to 86.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2021

	2021	2020
	P	P
5 Staff costs		
Car allowance	3,061,826	2,870,047
Cell phone allowance	469,874	443,044
Entertainment allowance	353,590	345,074
Foreign service allowance	2,014,612	1,752,656
Gratuity	3,863,570	3,785,518
Leave pay	1,817,375	2,276,307
Medical aid	1,634,411	1,610,713
Overtime allowance	51,170	89,033
Pension costs	2,769,537	2,677,276
Recreational expenses	94,995	125,789
Security Allowance	144,000	-
Staff welfare and recreation	330,214	822,549
Salaries and wages	37,056,135	36,506,866
Utility allowance	489,786	503,639
Housing allowance	3,133,936	2,940,458
Education allowance	485,435	553,183
Training	619,464	1,506,692
Staff movements	29,589	513,114
Recruitment expenses	73,292	101,196
SDL/UIF Contribution	(277,944)	149,870
	58,214,866	59,573,024

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 82 to 86.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2021

	2021	2020
	P	P
6 Administrative expenses		
Auditors' remuneration	642,392	579,174
Provision / (reversal) for bad debts - trade debtors	925,189	1,453,663
- TDS receivables	-	835,958
Bank charges	77,920	144,304
Board activities	60,084	265,624
Computer expenses	3,589,231	3,808,154
Directors' fees	197,090	106,785
Entertainment	53,595	157,856
Insurance	1,135,387	1,002,531
Motor vehicle running expenses	239,719	303,833
Office equipment lease	430,324	495,494
Office expenses	220,580	396,382
Stationery	23,333	210,556
Professional, consultancy and legal fees	3,357,178	2,899,563
Tax and penalties	-	682,668
Property maintenance	1,892,316	1,537,526
Rates	560,053	377,229
Rent	495,179	372,568
Security expenses	716,495	1,067,003
Seminars and conferences	24,058	1,107,274
Subscriptions	59,637	248,336
Transport, travel and subsistence	638,467	3,406,987
Telecommunications	1,417,331	1,385,982
Utilities	1,564,812	1,439,172
	18,320,369	24,284,622

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 82 to 86.

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