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INTRODUCTION

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INTRODUCTION TO BITC

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

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

BITC drives wealth creation for Botswana by creating platforms that will instigate and ensure increased citizen participation in the economy and create sustainable job opportunities. Of great importance within the role of this organization is building and maintaining a positive and impressive image of our country locally and internationally.

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MISSION, VISION, VALUES

OUR MISSION

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

OUR VISION

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

OUR VALUES

Agility

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

Boldness

It 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.

Humility

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

Curiosity

Is not merely an openness to new ideas but an active pursuit of new ideas, information and insights, driven by an insatiable desire to want to know more.



BITC OVERVIEW

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

The organisation drives wealth creation for Botswana by creating platforms that will instigate and ensure increased citizen participation in economic development and create sustainable job opportunities. Of great importance within the role of this organization is building and maintaining a positive and impressive image of our country locally, regionally and internationally.

FOCUSED, SELECTIVE, AND TARGETED INVESTMENT PROMOTION

As we strive to become a leading and high performance Investment and Trade Promotion Agency (ITPA), one of our key focus areas is investment promotion. To achieve this, we conduct thorough research to identify growth sectors, package them and provide go-to market value propositions that will attract investors to the country. We prioritise pre-existing strategic national priorities that aim to deliver economic growth.

These includes but are not limited to:

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

EFFECTIVE STAKEHOLDER ENGAGEMENT,

Botswana Investment and Trade Centre (BITC) appreciates and recognises the need for meaningful participation, consultation and collaboration with stakeholders including government, private sector and other institutions which enable and contribute to achievement of BITC's mandate and critical strategic initiatives.

The organisation proactively and continuously engages, partners and collaborates with various stakeholders to advance its mandate.



EFFECTIVE INVESTOR FACILITATION AND AFTERCARE

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

- Trade and business license applications
- Entry VISAs, Work Permit Exemptions
- Connection of utilities e.g. power, telecommunications and water
- Income Tax and VAT registration
- Access to industrial and commercial land
- Allocation of BITC factory space
- Environmental Impact Assessment. (EIA)
- Opening a Bank Account



BUILDING A COMPETITIVE AND ATTRACTIVE BUSINESS ENVIRONMENT

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

SUSTAINABLE EXPORT DEVELOPMENT AND PROMOTION

Through capacitating local manufacturers, Botswana has the potential to export more products to various regions. BITC engages in intensive export promotion such as facilitating participation by local manufacturers in regional and international expos, with the aim to expose

them to export markets thereby increasing their export potential. To realise this potential, the current focus is to intensify the Botswana Exporter Development Programme to assist and support local manufacturers in terms of improving in product quality, packaging and increased production, so as to meet potential buyers' requirements and expectations.

NATION IMAGE BUILDING AND GLOBAL AWARENESS CREATION

As BITC, manages the Nation Brand programme, it seeks to position Botswana to domestic, regional and international audiences as an attractive place to visit, work and invest. The Nation Brand highlights our national assets - our people, culture, tourist attractions, business potential and reputation for good governance.

GOVERNANCE

- ▶ BOARD OF DIRECTORS & GOVERNANCE
- ▶ CHAIRPERSON'S STATEMENT
- ▶ CHIEF EXECUTIVE OFFICER'S STATEMENT
- ▶ EXECUTIVE MANAGEMENT OPERATIONAL & FINANCIAL REVIEW



THE BOARD AND GOVERNANCE

The Board of Directors is a governing body appointed by the Honourable Minister of Trade and Industry (MTI). 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 (9) members; eight (8) independent non-Executive Directors, who are the majority, and one (1) Executive Director as stated below:

BOARD OF DIRECTORS

Non-Executive Directors

Ms. Palesa Audrey Semele - **Chairperson**
Ms. Macie Keneilwe Molebatsi - **Vice Chairperson**
Ms. Gomolemo Lolo Madikgetla
Mr. Bakang Palai
Mr. Tebo Motswagae
Ms. Boineelo Peter
Mr. Lesang Magang

Executive Director

Mr Keletsositse Olebile - **Chief Executive Officer**

KEY BOARD CHANGES AND TERMS OF TENURE

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



| BOARD MEMBER | DATE OF APPOINTMENT | EXPIRY OF APPOINTMENT |
|------------------------------|---|--|
| Ms. Palesa Audrey Semele | 1st February 2016 1st June 2019 | 31st January 2019 31st May 2023 |
| Ms. Macie Keneilwe Molebatsi | 1st November 2015 1st November 2019 1st February 2020 | 31st October 2019 31st January 2020 31st January 2024 |
| Ms. Gomolemo Lolo Madikgetla | 1st June 2019 | 31st May 2023 |
| Mr. Bakang Palai | 1st June 2019 | 31st May 2023 |
| Mr. Tebo Motswagae | 25th February 2020 | Tied to the tenure of his position as the Deputy Director, Doing Business and Investment Unit, MTI |
| Ms. Boineelo Peter | 1st September 2022 | Tied to the tenure of her position as the Deputy Secretary for Financial Policy at the Ministry of Finance |
| Mr. Lesang Magang | 1st February 2020 | Retired 1st November 2022 |

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 regularly and approved by the Board.

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

Board Secretary

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

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) |
|------------------------------|--------------------------------|
| Ms. Palesa Audrey Semele | P80325.00 |
| Ms. Macie Keneilwe Molebatsi | P60165.00 |
| Ms. Gomolemo Lolo Madikgetla | P56070.00 |
| Mr. Bakang Palai | P63945.00 |
| Mr. Tebo Motswagae | (Paid to government) P46620.00 |
| Ms. Boineelo Peter | P9135.00 |
| Mr. Lesang Magang | P38430.00 |

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. Palesa A. Semele - Chair
 Ms Gomolemo Lolo Madikgetla - Member
 Ms Boineelo Peter - Member

Members

Mr. Bakang Palai - Chair
 Mr. Lesang Magang - Member
 Mr. Tebo Motswagae - Member

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. Macie K. Molebatsi - Chair
 Mr. Tebo Motswagae - Member
 Ms. Palesa A. Semele - Member

Conflicts of Interest

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

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

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.

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

Internal Audit provides independent and objective assurance to the Finance and 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. Tracking of implementation of Internal Audit recommendations on identified control weaknesses is done quarterly and reported to the Finance and Audit Committee to ensure that control enhancement is done. The Finance and Audit Committee remains assured that internal controls were adequate; and no significant breakdown of controls was identified and came to their attention during the year under review.

WHISTLE BLOWING AND ETHICS

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

In that regard, the Whistle-Blowing policy is in place to promote ethical behaviour. Through this policy, an anonymous toll-free ethics hotline is in place 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

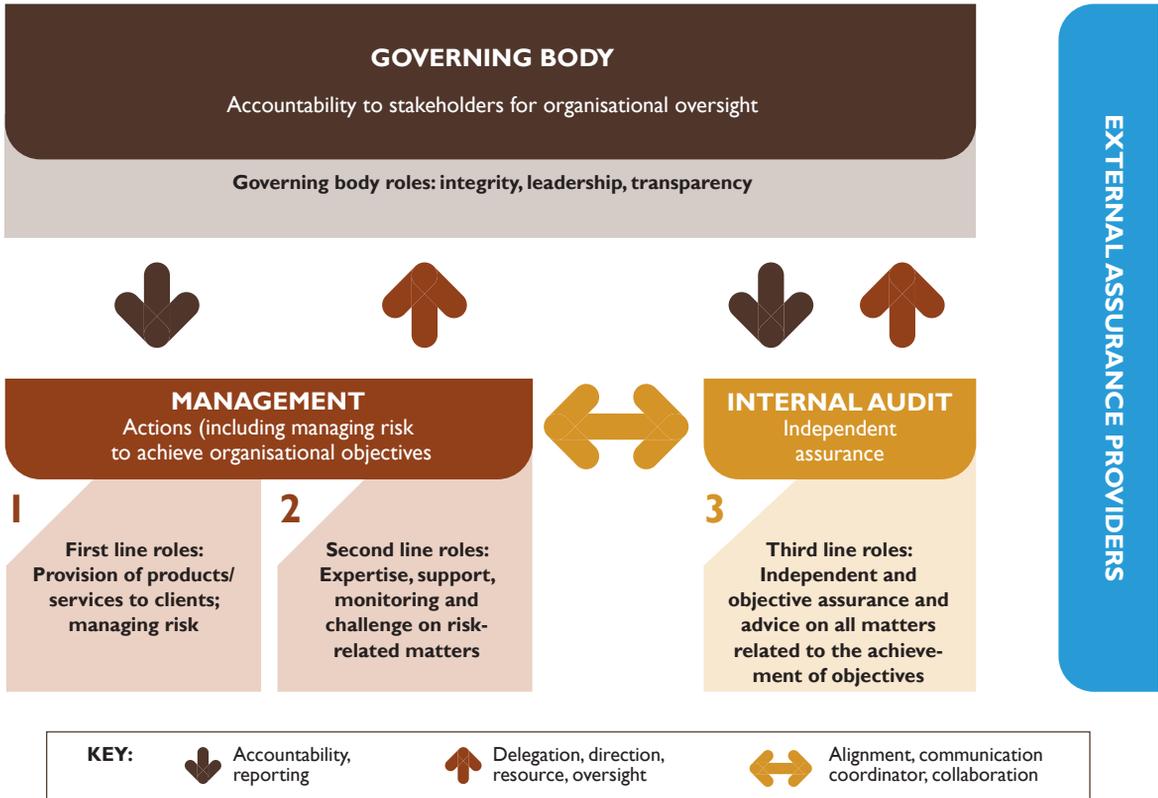
Enterprise Risk Management (ERM) continues to evolve at an increasing rate. However, with a positive risk culture and clear ownership of risk management within the organisation, its stakeholders and shareholders will derive comfort from knowing that a robust risk framework exists that will be able to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

Compliance Risk Management is also an integral part of the Centre which ensures that all compliance obligations to applicable statutory and regulatory requirements are met.

The Board of Directors and Management of BITC are responsible for the governance of 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.

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. BITC also subscribes to the Institute of Internal Auditors' (IIA) Principle of Three Lines Model for enhancing risk management and for supporting strong governance, as illustrated on the following diagram.

The IIA's Three Lions Model



THE BOARD OF DIRECTORS



MS. PALESAA. SEMELE

CHAIRPERSON





MS. MACIE K. MOLEBATSI
VICE CHAIRPERSON



MR. TEBO MOTSWAGAE
BOARD MEMBER



MR. LESANG MAGANG
BOARD MEMBER



MR. BAKANG PALAI
BOARD MEMBER



MS. GOMOLEMO L. MADIKGETLA
BOARD MEMBER



MS. BOINEELO M. PETER
BOARD MEMBER



CHAIRPERSON'S STATEMENT

I am pleased and honoured, on behalf of the Botswana Investment and Trade Centre (BITC) Board of Directors, to present to you the Annual Report for the financial year 2022/2023.

KEY HIGHLIGHTS

The International Economic Outlook

The year 2022/2023 marked the period when the world witnessed a slow but sure movement towards normalcy in daily lives and international trade and commerce. The COVID-19 pandemic was surely on retreat. The global village began to open business operations, the world over, which were severely disrupted by closure of borders and restrictions. International supply chains for goods and services are slowly returning to normal. The relaxation of travel movements breathed life into the tourism industry which was hardest hit by the



Ms. Palesa A. Semele
BITC Board Chairperson

travel restrictions. Now, it can truly be said that the storm is over.

While there is reason for optimism, the Russia - Ukraine war is a cause for concern. The Western world's reaction to Russia's invasion of Ukraine has exposed the vulnerability and fragility of many economies, especially, African economies, Ukraine was one of the leading grain producers and the war has cut out this important supplier from the international market. Russia is also one of the leading grain and fertilizer producers and the sanctions imposed by the West has disrupted markets. One can only hope that a resolution to the Russia/Ukraine war would be found soon.

World Economic Outlook

Major forces that shaped the world economy in 2022/2023 seem set to continue into 2023/24 but with changed intensities. China is rebounding strongly following the re-opening of its economy and the easing of supply chain disruptions. The massive and synchronous tightening of monetary policies by most central banks is expected to start bearing fruits with inflation declining. Commodity prices that rose following Russia's invasion of Ukraine are expected to moderate.

Another major development is the rise of BRICS which is in the process of creating a new medium



BRICS

IS IN THE PROCESS OF

CREATING A NEW MEDIUM OF PAYMENT

THAT IS SECURED BY GOLD AND OTHER COMMODITIES.
THIS WOULD REDUCE THE WORLD'S DEPENDENCE ON THE

UNITED STATES (US) DOLLAR

AND THE

EURO.

SOME HAVE TERMED THE DEVELOPMENT, THE DE-
DOLLARIZATION OF INTERNATIONAL TRADE.

of payment that is secured by gold and other commodities. This, would reduce the world's dependence on the US dollar and the Euro. Some have termed the development, the de-dollarization of international trade. BRICS has also set up a store of foreign currency for emergency purposes which will protect against currency fluctuations and will cover debts for a short-term crisis. Other countries such as Saudi Arabia, United Arab Emirates, Algeria, Egypt, Bahrain, Indonesia. are showing interest to join BRICS.

Trade growth is expected to be subpar at 1.7% in 2023, and will rebound to 3.2 % in 2024. The 'subpar', is due to multiple factors, including the ongoing Russia-Ukraine conflict, stubbornly high inflation, tighter monetary policy and financial uncertainty.

Foreign Direct Investment (FDI) flows in strategic sectors, are diverging across regions. Asian countries will continue to benefit from China's decline in inward FDI. The USA's friendshoring shifted FDI from China towards friendly allies. Greenfield FDI is expected to decline in 2023. There is also a noticeable shift towards renewable energy.

DOMESTIC ECONOMIC OUT LOOK

Real GDP is projected to expand by 4% in 2023, as growth in the mining sector moderates. There is expected improved performance in the non-mining sectors such as finance, insurance and pension funds sectors.

The implementation of the National Strategic Agenda such as the Reset & Reclaim Agenda, National Transition Plan, Economic Recovery and Transformation Plan is expected to energise recovery in the local economy. Uncertainty still lurks due to weaker global demand and the Russia-Ukraine war.

On the policy landscape, as from the 1st April 2023, Value Added Tax (VAT) reverted to 14% from 12%. The tax was reduced to 12% as one of the measures to ease economic hardships precipitated by the COVID-19 pandemic.

From the 28th February 2023, Botswana and Namibia agreed on the use of national identity cards for cross boader travel between the two countries at the Mamuno/Trans-Kalahari border

post. It is hoped that this development will strengthen economic and regional integration.

The heavy reliance on diamond production (90% of exports) poses serious challenges to the economy.

▶ **TRADE GROWTH IS EXPECTED TO BE SUBPAR AT**
1.7% IN 2023,
AND WILL REBOUND TO
3.2% IN 2024

▶ **REAL GROSS DOMESTIC PRODUCT (GDP) IS PROJECTED TO EXPAND BY**
4% IN 2023,
AS GROWTH IN THE MINING SECTOR MODERATES.

FUTURE TRAJECTORY

There is general apprehension that unless the Russia/Ukraine war ends, the world economies will continue to experience turbulence as the war will continue to negatively affect commodity and fuel prices. This development has served as a wake up call on African countries to address their reliance on external supplies even for basic commodities.

In this regard, the Government of Botswana continues to come up with programmes and policies aimed at stimulating local production. Government continues its relentless pursuit of diversification of the economy away from reliance on diamond mining and mineral resources to other forms especially the agricultural space which has so much potential. BITC stands ready to facilitate investors in whatever way possible to realise their business pursuits.



Ms. Palesa A. Semele
Board Chairperson

CHIEF EXECUTIVE OFFICER'S STATEMENT



Mr. Keletsoitse Olebile
Chief Executive Officer

PERFORMANCE OVERVIEW

The Financial year 2022/2023 marks the first year of the new Botswana Investment and Trade Centre (BITC) 2022-2026 Strategic Plan. I am proud to reveal that overall the BITC presented impressive performance results in the year, achieving 91% against an excellence performance target of 80%.

We continue to exert our energy and all efforts in attracting investment into the country and I am happy to announce that this year we did exceptionally well given the effects of COVID-19 pandemic which almost brought the world to a stand still for almost two (2) years. In the year under review BITC realised Foreign Direct Investment (FDI) inflow amounting to P3.177 billion, largely attributed to the Mining and Financial Services sectors. The Mining Sector continues to be the key driver of the economy and with the removal of Botswana from the Financial Action Task Force (FATF) grey listing, companies are confident to invest in the Financial Sector and prefer to have holding companies domicile in Botswana. The

combined Domestic Investment and Expansions for the same period is P2.666 billion, largely dominated by the Mining and Services sectors.

The total number of jobs created by BITC through FDI, Domestic Investment and Expansions stood at four thousand two hundred and twenty nine (4229) during the reporting period. The Services, Mining and Agriculture Sectors contributed more to realising these jobs.

BITC continues to contribute to the success of the export-led growth strategy that hinges on the ability to develop new non-traditional Botswana export products and link them to international buyers in strategic export markets. During the 2022/2023 BITC facilitated companies recorded cumulative export revenue worth P5.443 billion of export earnings against an annual target of P4 billion. The revenue was largely attributed to export of ignition wiring sets, salt and soda ash, coal, pvc pipes & tanks, textiles, veterinary medicine, meat products, electrical cables and automobile batteries. This performance marks good recovery on the export sector following the disruptions caused by the COVID-19 pandemic and the Russia-Ukraine War.

▶ THE TOTAL NUMBER OF JOBS CREATED BY BITC THROUGH THE FDI, DOMESTIC INVESTMENT AND EXPANSIONS STOOD AT

4229 JOBS

DURING THE REPORTING PERIOD.

▶ BITC ACHIEVED

91%

AGAINST AN EXCELLENT PERFORMANCE TARGET OF

80%

IN THE FINANCIAL YEAR 2022/2023.

▶ BITC REALISED (FDI) INFLOW AMOUNTING TO

P3.177 BILLION

LARGELY ATTRIBUTED TO THE MINING AND FINANCIAL SERVICES SECTORS.

We continue to capacitate local companies to ready them for the regional and international markets. In 2022/2023 several export readiness capacity building programs were implemented under the Botswana Exporter Development Programme (BEDP). In 2022/2023 twenty-three (23) local companies received export capacity building interventions. Five (5) companies were assisted in the areas of product development and export marketing strategies, six (6) companies were assisted with compliance to Federal Drug Administration (FDA) requirements in preparation for entry into the US market, one (1) company was assisted with Independent Communications Authority of South Africa (ICASA) registration to enable sale of its electronic products into South Africa and one company facilitated to attain HACCP certification. BITC has also facilitated twelve (12) companies to register with designated local retailers under the Supplier Development Programme (SDP).

INVESTOR FACILITATION

Through the Botswana One Stop Service Centre (BOSSC), we continue to roll the red carpet to investors and clients seeking business facilitation. BOSSC continues to register growth in the number of users and various government authorisations offered through a single cohesive structure that coordinates and streamlines processes to provide prompt, efficient and transparent services to both local and foreign investors. In the year 2022/2023, a total of one thousand six hundred and eighty five (1685) government authorisations were processed, with an average approval rate of over 96%.

The investor Aftercare programme remains top priority for BITC. We continue to implement a robust Aftercare programme and visits to retain, encourage and fast-track reinvestment in the local economy to maximize impact and diversify into other opportunities available within the country. It is also through these engagements that BITC receives feedback on the challenges that impede investors' operations and where possible, assist the investors with remedial solutions. In the reporting period, we visited a total of ninety three (93) companies as part of the aftercare initiative. This is in addition to engagement with varied stakeholders, especially in government to ensure that Botswana remains a preferred destination for

business and investment.

During the financial year 2022/2023, BITC facilitated twenty one (21) requests for land and factory shells and managed to allocate factory shells to two companies with a projected total investment level of P2.3 million and twenty (20) new job opportunities. The occupancy rate of BITC factory shells stood at 98% at the end of the reporting period. Of the land allocation, requests received were nineteen (19) and four companies with a projected investment level of P150 million and job creation of one thousand and forty five (1045) were allocated land. The remaining fifteen (15) companies were at various stages of land acquisition at land authorities.

KEY MILESTONES

BITC in 2022/2023 successfully hosted the 16th edition of the Global Expo Botswana (GEB) conference and exposition under the theme **“Reimagining our economy for a better tomorrow through digitalization and the application of robust export – led strategies”**. The 2022 Global Expo Botswana took place from the 1st – 4th November 2022 where we had the honour of hosting the President of Afreximbank Professor Bennedict Okechukwu Oramah, as the Guest at the official opening and held meetings with key stakeholders in government and the private sector. The Afreximbank President who was also the Guest of Honour, announced a USD1.5 billion Country Programme for Botswana to be implemented over three years to end in 2025. The programme will support various projects such as development of industrial parks, creative arts, agro-processing and infrastructure projects.

With a quest to rekindle the financial sector we undertook to engage an expert in a financial firm to conduct a compliance review of certified companies. The review focused on the IFSC accredited companies for compliance with the conditions specified in the IFSC tax certificates as well as the substantial activity requirements stipulated by the Forum on Harmful Tax Practice (FHTP) under Action 5 of the Base Erosion and Profit Shifting (BEPS) Inclusive Framework of the OECD.

The objective of the review was to assess the level of compliance in accordance with the provisions of Botswana tax laws and Botswana international tax obligations. We undertook the assessment to also form the fundamental guidelines for provision of training to the BITC team, Certification Committee and the BITC Board as well as to representatives of the IFSC certified companies, on compliance requirements as stipulated under the Income Tax Act and the FHTP guidelines. At the close of the year, we had schooled to undertake the required training of staff in the first quarter of 2023/2024 financial year.

Consistent with the strategic thrust on evidence-led decision making as articulated in the 2022-2026 Strategy, BITC packaged content on the Democratic Republic of Congo (DRC) and Africa Continental Free Trade Area (AfCFTA) market studies to produce brief market insights on the DRC and the African continent. These insights provided valuable information to investors seeking export-oriented investment opportunities in the DRC and Africa. To distil investment opportunities and ensure investment promotion and attraction initiatives are targeted, sector studies in Information and Communication Technologies (ICT), Pharmaceutical and Automotive sectors has commenced. These sector studies are expected to identify segments of value chains with opportunities for investment. Again, this will provide valuable insights on export-oriented and import-substituting investment opportunities that foreign and domestic investors can take advantage of.

During the year under review BITC partnered with the European Union (EU) to develop the Nation Brand Strategy which will run from 2023-2028. The Strategy serves as a strategic positioning tool to enhance the country's competitiveness, awareness, and perception. It aims to enable economic transformation from a local, regional, and international perspective, while reinforcing Botswana's undeniable position as the thriving and secure socio-economic hub of Southern Africa. It is our expectation that the implementation of this Strategy will greatly augment the efforts by BITC and other key stakeholders tasked with investment promotion and investor attraction in

luring investors into the country. It is our sincere hope that the Strategy will narrow the awareness gap about Botswana and Africa in general.

We ended the year under review with an assignment to lead the coordination of the 15th edition of the U.S.-Africa Business Summit to be hosted by Botswana in collaboration with the with the Corporate Council on Africa (CCA). The Business Summit is scheduled to take place in Gaborone, Botswana on the 11th - 14th, July 2023.

APPRECIATION

I am greatly indebted to the BITC Board for tirelessly giving strategic direction for the excellent achievement of the BITC mandate. In the midst of the uncertainty with the impending government rationalisation of state owned enterprises which resulted in a moratorium to recruit, the Board stood with management in support and continuously engaged the Ministry of Trade and Industry on the matter. This resulted in BITC granted permission to recruit for certain mission critical positions including those bordering on governance.

I wish to extend my sincere gratitude to the management team who united to ensure we achieve what we set to achieve with the over stretched resources. It has not been easy, however with the team's commitment all assignment were executed with excellence.

My humble appreciation goes to the members of the BITC staff who were not deterred by the impeding rationalisation and the already constrained human resources, but committed and went an extra mile to deliver exceptional performance. We are ending the year on a high note because of you. Well done team!

To all stakeholders, I am grateful for the partnerships, sponsorships you rendered to BITC throughout the year. Without your support, we will not have achieved the results we proudly announce today in this report. Thank you, le kamoso.

Ke a leboga.



Mr. Keletsositse Olebile
Chief Executive Officer



EXECUTIVE MANAGEMENT



MR. KELETSOSITSE OEBILE
CHIEF EXECUTIVE OFFICER



MR. ANTHONY SEFAKO
CHIEF OPERATIONS OFFICER



MS. EMELDAH PHOKOLETSO
EXECUTIVE DIRECTOR
SHARED SERVICES



MS. TRUNKLINAH GABONTHONE
EXECUTIVE DIRECTOR
INVESTMENT PROMOTION



MR. TEMO NTAPU
EXECUTIVE DIRECTOR
EXPORT DEVELOPMENT AND PROMOTION



MRS. KUTLO MOAGI
EXECUTIVE DIRECTOR
BRAND MANAGEMENT



MR. OBERT YUYI
EXECUTIVE DIRECTOR
BUSINESS FACILITATION



DR. MARGARET SENGWAKETSE
EXECUTIVE DIRECTOR
BUSINESS INTELLIGENCE



MR. KABELO LEBOTSE
DIRECTOR
LEGAL SERVICES



MR. TUMELO LINCHEWE
DIRECTOR
INTERNAL AUDIT



OPERATIONAL AND FINANCIAL REVIEW

TRANSFORMING BITC INTO A HIGH-PERFORMANCE ORGANIZATION

BITC has made a commitment to transform into a High-Performance Organization (HPO). Conceited efforts were made to ensure distinct improved, sustainable organisational performance across all the Centre's functions by committing to exceedingly achieving both financial and non-financial results over a sustained period of time. Management continues to roll out initiatives geared towards transforming BITC into an HPO. A number of interventions were therefore done during 2022/2023

Strengthening Leadership Capacity

In an endeavour to strengthen leadership capacity, BITC facilitated the following training programmes:

Change Management: Executives were offered Change Management training to build capacity to lead their teams during the transformation.

Mind Set Change: Mind Set Change training offered to Senior Management to help them re-align their attitude, beliefs, emotions, and relationships for optimal results. The training provided an opportunity for the leadership team to learn about the importance of a growth mindset in supporting cultural change in a digital era and how to successfully bring along employees on a change journey.

Emotional Intelligence: twenty one (21) employees, consisting of Directors and Managers attended the Emotional Intelligence training. The objective was to capacitate participants on how to relate to a diverse range of people whom they lead, be aware of their emotions and how they should be in control of their reactions in different situations they face and be able to analyze their environment objectively.

Executive Training: BITC continues to enroll the leadership in strategic courses. One employee completed the Oxford Executive Leadership Programme, increasing the number of executive members who have completed the course to four (4) as this follows three (3) other Executives who completed the same course in the previous financial year. The training equipped them with the ability to lead with impact.

Corporate Governance: In order for BITC to be at par with contemporary trends and conform to international best practices, the principles of Corporate Governance have been adopted. A total of eleven (11) team members attended Corporate Governance training, three (3) Board members, three (3) Executive team and five (5) staff members.

Policy Review.

BITC continues to review Policies and Processes in order to align with best practice and evolving governance trends. In an endeavour to create a common understanding and promote employee buy-in, a team of employees were nominated to review policies within the organization. Each department had a representative in the Policy Review Committee. A total of six (6) policies were reviewed: Performance Management Systems Policy, Bereavement Policy, Executive Car Policy, Conditions of Service, Separation Policy and the Reward and Remuneration policy.

PERFORMANCE MANAGEMENT SYSTEM

Implementation of Systems for Operational efficiency

A few human resource management interactive online solutions were also deployed to improve organizational effectiveness and efficiency.

| SYSTEM | DESCRIPTION |
|----------------------------------|--|
| Employee Induction Video | <ul style="list-style-type: none"> • New employee induction and on-boarding • Consolidated animated outline of roles played by each Department in BITC shared with new employees to familiarise them with the operations of the organization Centre's culture, and how they fit into the team. |
| EMP (Employee Management Portal) | <ul style="list-style-type: none"> • Leave Administration • Claim for payroll. • Payslip management • Performance Contract development • Performance Appraisal |
| Sage 300 People | <ul style="list-style-type: none"> • Payroll Administration • Human Resources Module |
| Direct Hire | <ul style="list-style-type: none"> • Management of recruitment |

Performance Appraisals

BITC conducts two (2) bi-annual staff performance appraisals in September and at the end of the Financial Year in March. The average employee performance for the year ending 31st March 2023 was 91% compared to 86% In March 2022. This was a 4% improvement from the previous year's results and is proof that the transformation to a High Performance Organisation is progressing well and is achievable.

STAFF WELFARE

Psycho-Social Support

BITC recognises the prevalence of psychosocial issues and possible effect on the workforce spiritual, social, physical and emotional wellbeing. Therefore, an Employee Wellness and Staff Welfare Programme has been established to address employees' well-being to improve productivity, service delivery and manage relationships in the workplace with both clients and fellow colleagues.

The aim of the Employee Wellness and Staff Welfare Programme is to improve the quality of life of all employees by providing support and assistance to help manage personal and family challenges. The Programme offers new and exciting prospects to assist in the well-being of employees. As a result, a total of eleven (11) employees attended counselling sessions during the year under review.

Team Building Initiatives

BITC continues to roll out team building activities to employees. The aim is to build the team's rapport, trust enhance collaboration, promote team cohesion as well as strengthen relationships. The Organisation recognises the need for staff to interact socially as a way of building a strong team as well as contributing to the social well-being of staff. As a result, BITC partnered with the Social Club to sponsor a trip to Tuli Block in December 2022 and to facilitate participation in the Y-Care Charity walk in March 2023. It is hoped that the experience contributed positively towards enhancing staff awareness of Botswana's tourist attraction sites.

Departmental team-building sessions are also hosted and are aimed at building a cohesive team within the organization. Each department is expected to have team building sessions at least twice annually which may be in various methods. Team building activities have now become an essential part of the BITC's Organisational Culture and are credited with improving productivity, increases employee motivation, encouraging collaboration, building trust and respect among employees as well as the entire organization.

| # | ACTIVITY | DESIRED RESULTS |
|---|--|--|
| 1 | <ul style="list-style-type: none"> • Desert Bush Walk • Support to Social Club team cohesion activities (Mashatu Trip) | <ul style="list-style-type: none"> • Relationship building. • Team cohesion |
| 2 | <ul style="list-style-type: none"> • Y-Care Charity walk in collaboration with the Social Club | <ul style="list-style-type: none"> • Relationship building. • Team cohesion |
| 3 | <ul style="list-style-type: none"> • Departmental team-building sessions | <ul style="list-style-type: none"> • Relationship building. • Breaking Silos • Building trust |
| 4 | <ul style="list-style-type: none"> • Diacore Marathon | <ul style="list-style-type: none"> • Relationship building. • Team cohesion. • Building Trust |

TRAINING AND DEVELOPMENT

People are the most key assets of any organization and the most effective way of growing any organization remains an intentional investment in human capital. To guide the training and development of staff within the organization, BITC has developed a comprehensive Training and Development Policy. Training is a line function, and each Head of the Business Unit is responsible for identifying departmental training needs, prioritising the needs, and producing a departmental training plan.

During 2022/2023, BITC offered training programmes to capacitate staff on a number of

key areas aligned to the strategic key focus areas of transforming BITC into an HPO improving operational efficiency, performance management, governance and leadership development. The BITC team members all had the opportunities to attend two (2) or more programmes. The training will therefore continue to focus on the same areas going forward to ensure that all staff members are trained and fully capacitated to run with the programmes that are being rolled out across the organisation. The following training interventions were therefore rolled out.

| TRAINING 2022/2023 | | |
|--|--|--------|
| TRAINING PROVIDED | TARGET GROUP | NUMBER |
| Transformation, Culture and Change Management | | |
| Developing High Performing teams | HR Officer | 01 |
| Mindset Change and Emotional Intelligence | Executive Management & Directors | 21 |
| JICA (Japanese Language) | Officer | 01 |
| Performance Management | | |
| Training on New Payroll/HR System (Sage 300 People) implementation | Finance & HR staff | 05 |
| Report Writing | Managers & Officers | 07 |
| Speech Writing | Middle Management | 06 |
| Operational Excellence and Governance. | | |
| Corporate Governance | Executive Directors, Directors & Managers | 11 |
| IFRS Training – SADC DFRC | Officer | 01 |
| New Public Procurement Regulations | Board Executive, Management, Directors and Middle Management | 25 |
| Cyber Security Training | All staff | 66 |
| Ethics and Anti-Corruption Training | All staff | 57 |
| Tax Training | Finance Department | 02 |
| Share Point Records Management | Officer | 01 |
| Leadership Development | | |
| Emotional Intelligence | Middle Management | 15 |
| Leadership Alignment | Executive Management | 14 |
| Oxford Executive Leadership Programme. | Executive Director | 01 |
| Core Mandate Training | | |
| Business Management Training | Brand Management | 01 |
| 25th TCI Global Conference | Investment Promotion | 04 |

STAFF ENGAGEMENT

General Staff meetings

BITC holds a minimum of four general staff meetings, one (1) per quarter to engage with staff on issues pertaining to organisational performance, staff welfare, industry updates, government policy developments and updates on Board resolutions. A total of four (4) meetings were therefore held during the year under review.

Inspiration Hour sessions

Inspiration Hour sessions are held to engage staff on issues pertaining to key industry updates, key government policy developments and to solicit input and feedback from staff. On average two (2) sessions are held per Quarter, the list below details the sessions held during the period under review and the key issues discussed.

| THE FOLLOWING TOPICS WERE PRESENTED TO THE STAFF DURING THE INSPIRATION HOUR SESSIONS THE PERIOD OF 2022/20 | DATE |
|---|------------|
| Insurance products and services as per the BITC Group Life Cover. | 13/05/2022 |
| Highlights from the World Investment Report 2022 | 15/06/2022 |
| BITC Code of Conduct | 7/8/2022 |
| Estate Planning: Wills and Trusts Life and funeral covers. Investments and retirement annuity | 29/07/2022 |
| Funeral Cover Services and Benefits | 8/15/2022 |
| Cyber Security Awareness | 5/8/2022 |
| Macro-Economic Review – Insights and discussion | 19/08/2022 |
| FNB-Scheme value proposition and highlight of benefits for the private/ premier clients offering | 28/11/2022 |
| Various pension products including Africa 53 which is a savings vehicle. | 18/11/2022 |
| The BITC Strategy Management Framework | 31/03/2023 |
| SACCOS Services and Investment Offerings | 10/02/2023 |
| Insights and discussions into the State Of the Nations Address | 20/01/2023 |

Staff Recognition and Rewards

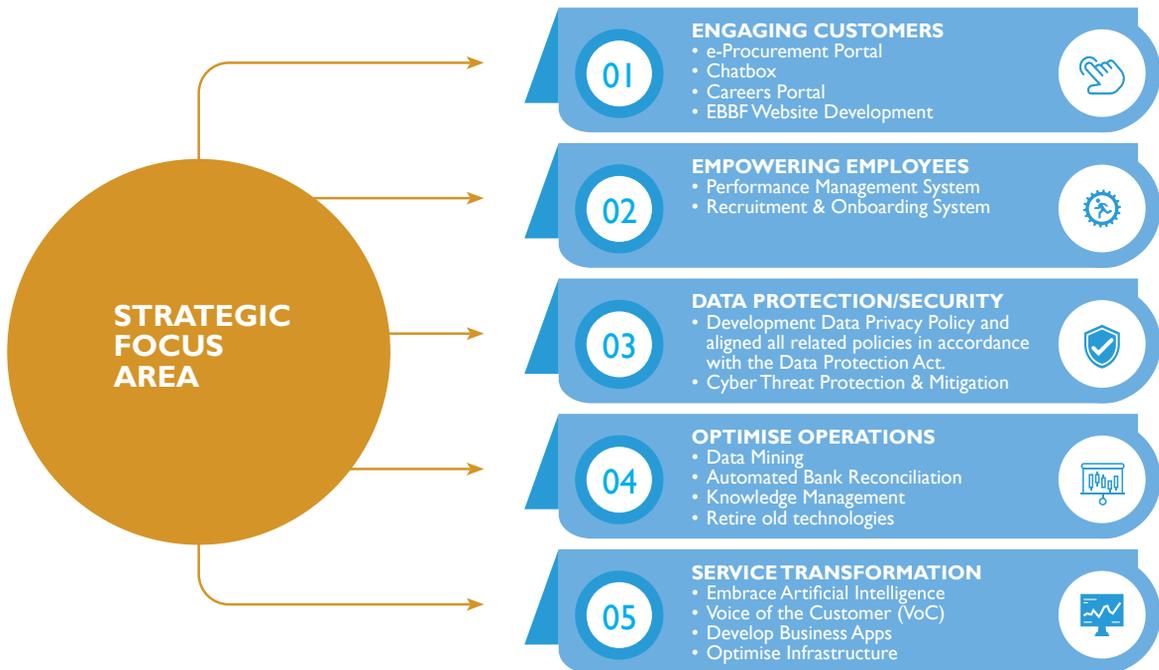
Long Service Awards: In line with the Employee Wellness and Staff Welfare Policy, BITC continuously recognizes employees who have completed five (5) and ten (10) years of service. To date, a total of twenty nine (29) employees were recognized for the ten (10) years of service award while nine (9) were recognized for the five (5) year service award. This is part of BITC's strategy for retaining and motivating employees.

Diamond Awards: BITC partnered with Service Bridges Consulting (SBC) to recognize and reward customer service excellence. Three (3) BITC customer service champions nominated by employees competed against other service champions from participating institutions/ organizations. All BITC champions fared very well as the representatives were each awarded for service excellence in different categories. In addition to the Diamond Awards, the thirteen (13) overall winners including one BITC champion were rewarded with a trip to London. The highlight of this service journey and experience was a visit to two (2) London-based companies that are recognized as leaders in customer service excellence. The visits were organized and facilitated by the BITC UK Office. This was the third edition of the Diamonds Service Awards in which BITC participated and featured among the winners. Going forward, BITC will continue to participate in the competition as part of instilling service excellence.

DIGITAL TRANSFORMATION

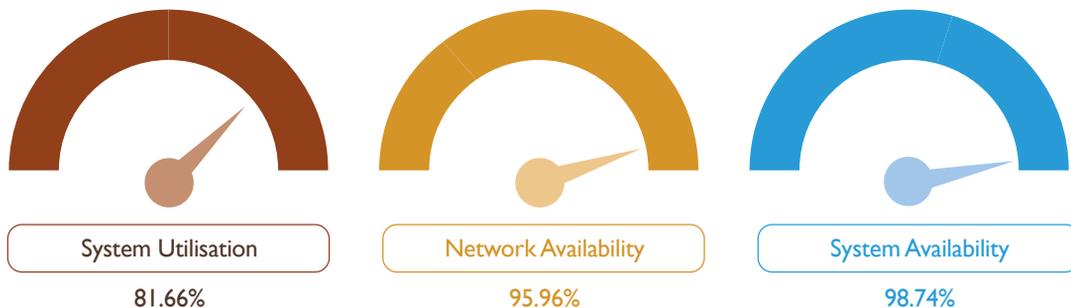
Digital Transformation remains a strategic priority as BITC strives to support business operations post the COVID-19. Technology continues to play a major role in improving business operations. This is likely to be achieved by fostering creative and innovative use of technology. BITC promotes effective stewardship of information assets and provides a secure, highly reliable technology infrastructure along with high-quality, customer oriented services and support, to meet the ever-changing needs of the Centre and the clients. Below are some of the key deliverables rolled out and key focus areas; See diagram 1

Diagram 1: Strategic focus areas



Source: BITC

Diagram 2; Performance statistics



Source: BITC

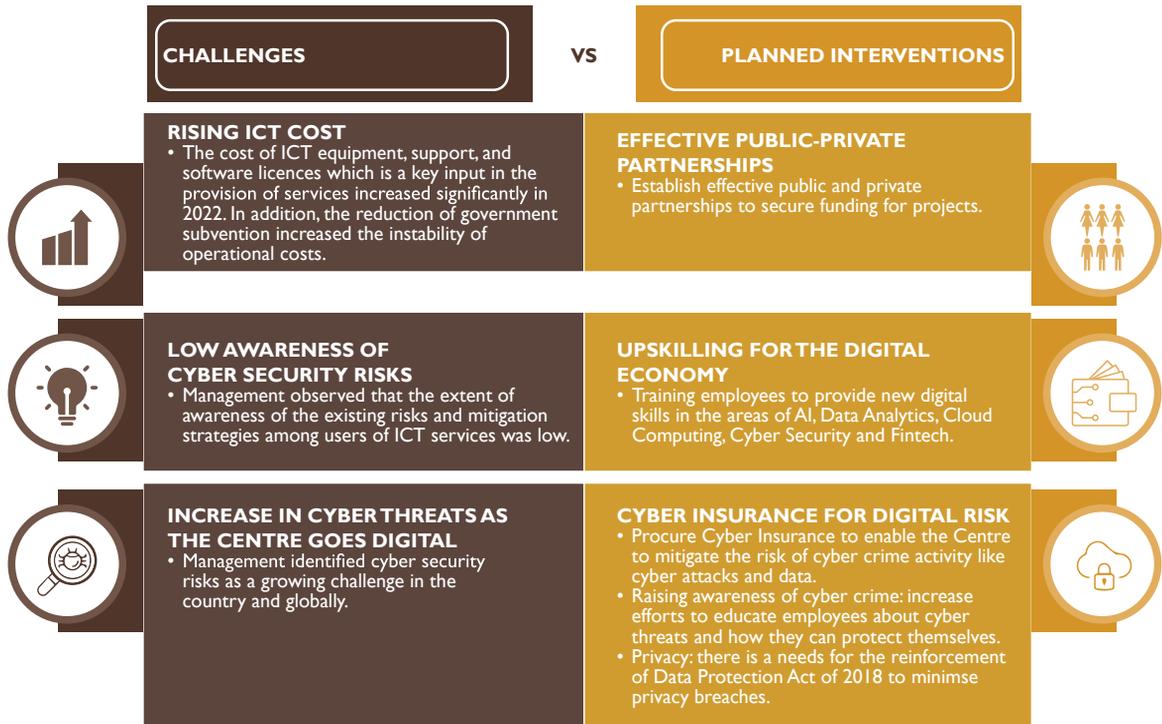
Key Focus Strategic Interventions

A number of key business processes outlined below were automated to streamline business processes with easy-to-create workflows that are customer centric to improve organisational efficiency and effectiveness.

Performance of ICT Platforms

The current private cloud platform is scalable, stable and provides high availability and high performance. This has positively contributed to improved stability of infrastructure and thus overall improved service delivery. See diagram 2;

Diagram 3: Challenges and interventions

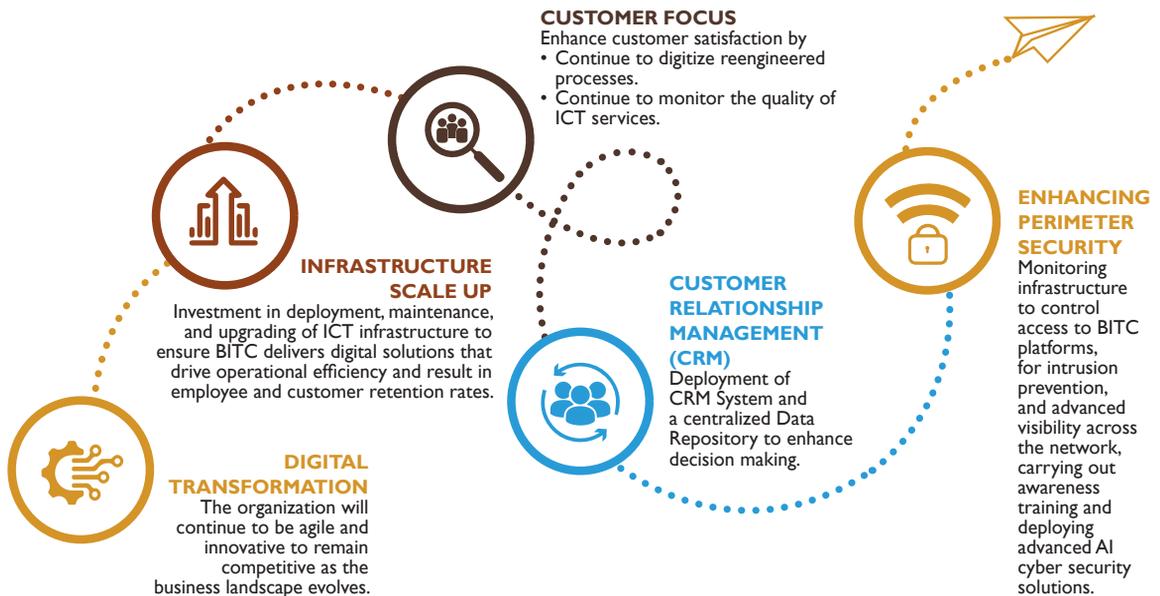


Source: BITC

FUTURE FOCUS 2023/2024

BITC is committed to providing the following in the coming year. See Diagram 4;

Diagram 4: Focus 2023-2024



Source: BITC

PERFORMANCE

- ▶ BUSINESS INTELLIGENCE
- ▶ INVESTMENT PROMOTION AND ATTRACTION
- ▶ BOTSWANA ONE STOP SERVICE CENTRE
- ▶ EXPORT DEVELOPMENT AND PROMOTION
- ▶ BRAND MANAGEMENT
- ▶ STAKEHOLDER ENGAGEMENT



BUSINESS INTELLIGENCE

STRATEGIC OUTLOOK

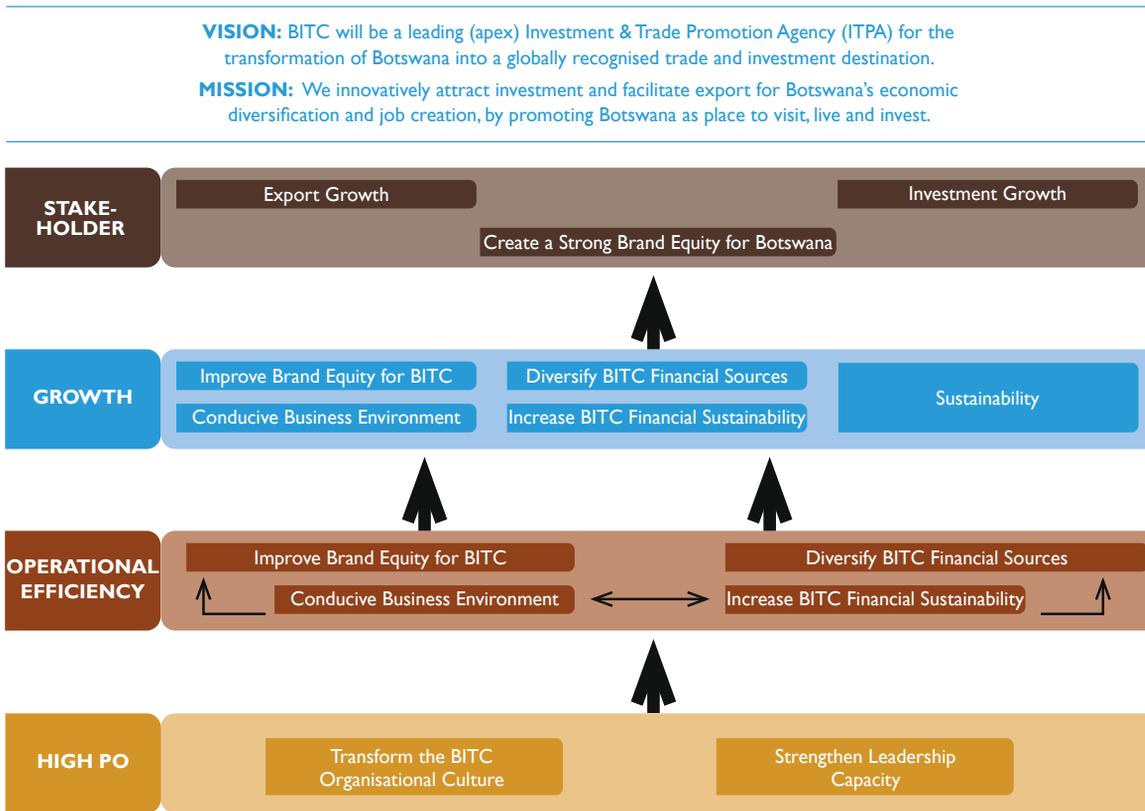
The 2022-2026 BITC Strategy Plan seeks to position the organisation as an apex investment entity that is transforming to be very agile in execution, innovation, client centricity and talent curation. The Implementation Functional Strategy has been identified as still critical to the success of BITC during the current period, hence it still continues to shape the BITC culture.

The main thrust of the 2022-2026 Strategy Plan is to attain financial sustainability as per the BITC Act. This BITC strategic focus is aligned to Government policy towards State Owned Enterprise (SOE), that they must be rationalised, be self-sufficient and impactful in their pursuit of the nation's transformation agenda as contained in the NDP 11 midterm review, the Economic Recovery and Transformation Plan (ERTP), the Reset agenda as well as the Vision 2036.

In developing the Strategy, BITC makes use of research and market intelligence to inform the strategic direction, initiatives and activities of the organisation.

Furthermore, a new perspective was added (Stakeholder Perspective) to the new BITC Strategy Map to allow for clear capturing of the outcome based results for the shareholder's benefit. Additionally, the strategy map is based on strategic guidance from the BITC Board of Directors.

Diagram 5: BITC Strategy Map 2022/2023



Source: BITC

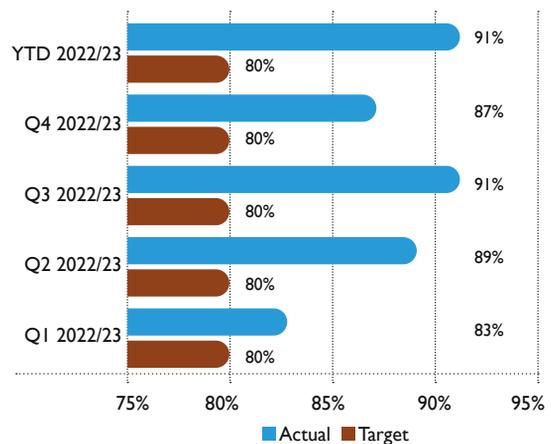
2022 – 2023 BITC Performance

The 2022/2023 financial year marked the end of the first year of the BITC third Strategy Plan (2022-2026). The Strategy Plan was developed after the previous one was revised on its fourth year to address the negative impact of the COVID-19 pandemic, which was felt across the BITC value chain.

Throughout the 2022/2023 financial year, performance monitoring was undertaken to ascertain the level of implementation of the BITC mandate. The performance reports were shared with the BITC Board of Directors, the Ministry of Trade and Industry (MTI) and subsequently with the Office of the President.

BITC performed excellently at 91% against a performance target of 80% for the year 2022/2023.

Corporate Performance 2022/23



Source: BITC

BITC 2022/2023 Apex Performance Measures

All the four (4) BITC Apex measures realized a performance of over 100% for the year 2022/2023. Export earnings, followed by FDI recorded the highest performance against the set targets .

GLOBAL TRADE OUTLOOK

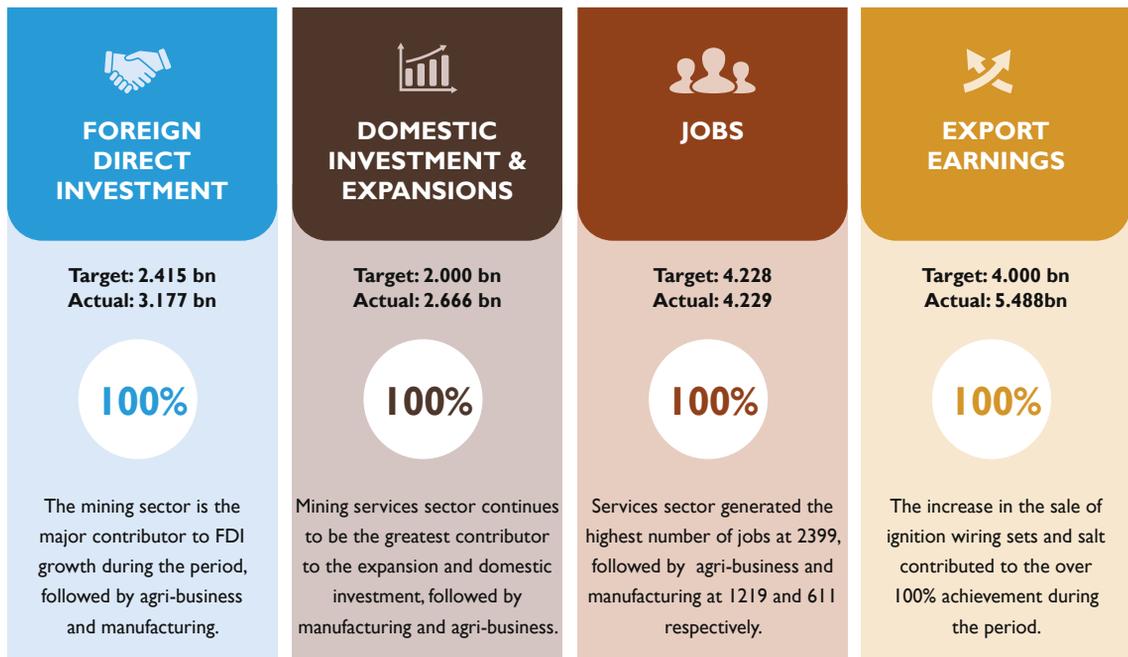
According to the World Trade Organisation (WTO) 2023 report, global trade experienced a 2.7% expansion in 2022 by amounting to USD 25.3 trillion. However, trade growth is expected to slow down to 1.7% in 2023 following a slump in the

way for a faster-than-expected recovery in 2023. Furthermore, global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic levels of about 3.5%.

BOTSWANA'S ECONOMY IN 2022

Botswana recorded a robust GDP growth rate of 5.8% in 2022 from USD 17.52 billion recorded in 2021 to USD 20.42 billion. Global economic recovery, which stimulated the mining sector, specifically diamond mining was a significant driver of economic growth in 2022. Other drivers

BITC 2022-2023 APEX Measure Performance



Source: BITC

fourth quarter of 2022. Several factors contributed to the slump; the rise in global commodity prices eroding incomes and import demand. The main drivers of trade and output in 2022 were geo-political tensions, energy and other commodity prices, and the lingering effects of COVID-19.

GLOBAL OUTPUT GROWTH

According to the International Monetary Fund (IMF) 2023 report, global output growth was projected to fall from 3.4% in 2022 to 2.9% in 2023 before rebounding to 3.1% in 2024. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the

of economic growth included public administration and defence, construction, and wholesale and retail. Lastly, the domestic economy is forecast to expand by 4.3% in 2022, from a higher projected expansion of 9.7% in 2021.

BITC KEY RESEARCH OUTPUTS

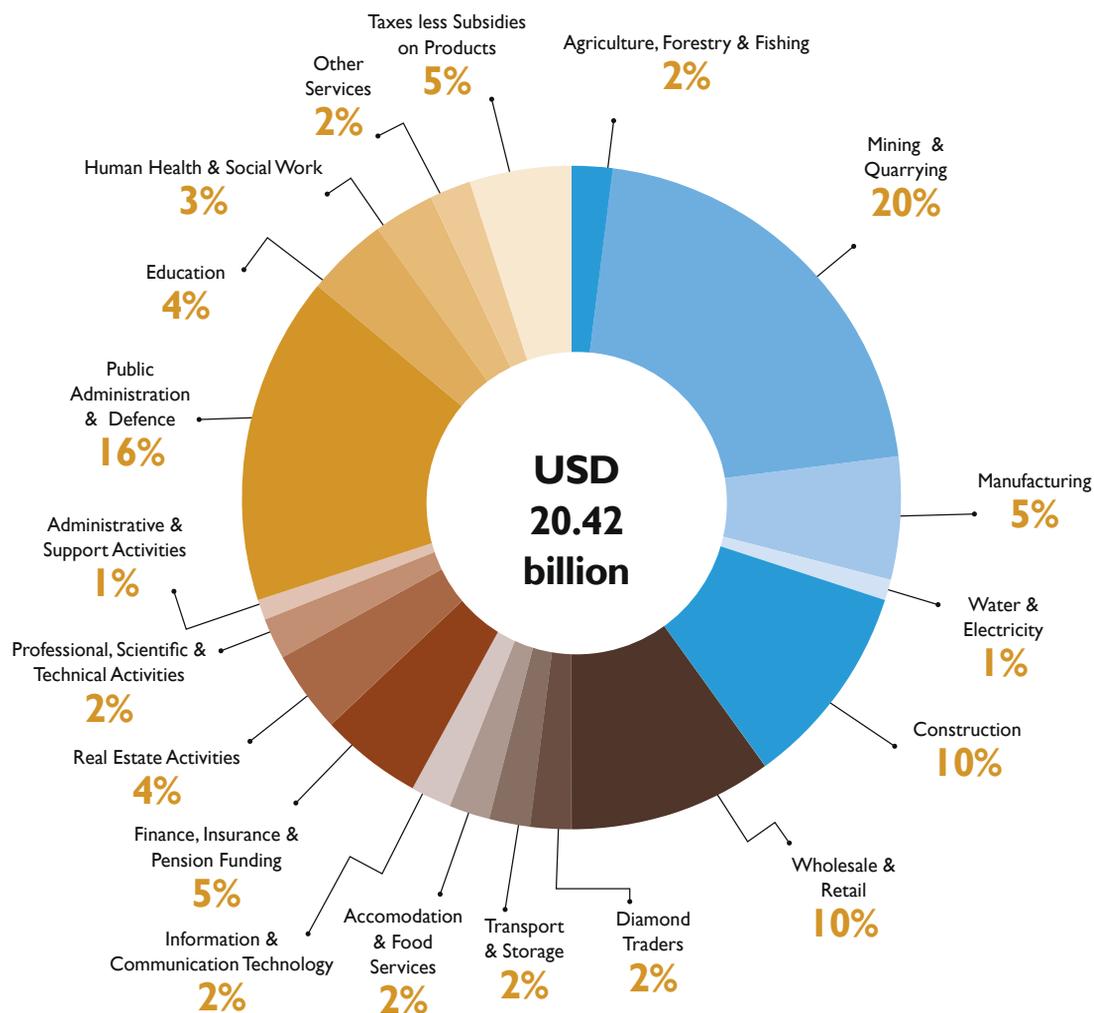
BITC Is mandated to: gather intelligence and conduct research to sustain and enhance the competitiveness of Botswana; Publish information relating to investment in, and exports from, Botswana; Recommend, to the Government, changes in the statutory and administrative framework relevant to the investment and export

climate of Botswana. Further, to unlock national priorities guided by the Reset & Reclaim agenda, TNRP, ETRP and export led growth BITC undertook market access studies In Congo, DRC and AfCFTA. The aim was to Identify realistic export opportunities In those markets, the detailed Insights are show below

DEMOCRATIC REPUBLIC OF CONGO MARKET BRIEF

Being one of the largest economies in Africa and the 15th largest importer in Africa makes the Democratic Republic of Congo (DRC) an important potential market for Botswana exports. The objective of this brief is to identify export opportunities of Botswana products in the DRC

Diagram 6: Contribution to GDP by Economic Activity 2022



Source: BITC/Statistics Botswana 2023

market. The brief heavily relies on findings of the 2022 IMANI study that analysed export potential of Botswana goods and services in the DRC market.

DEMOCRATIC REPUBLIC OF CONGO MARKET SNAPSHOT

According to Fitch Solutions Country Risk Report 2022, the Gross Domestic Product (GDP) of DRC has increased to reach an estimated value of USD 55.7 billion in 2021 from USD 37.13 billion in 2016, with an average growth rate of 3.95%. It is forecast that the DRC economy will grow by 5.5% in 2023 to reach USD 74.4 billion, growing faster than Sub-Saharan Africa. DRC is one of the world's most mineral-rich countries; it sits on almost half of the global cobalt reserves, as well as large deposits of copper, gold and diamonds. Additionally, it is one of the world's top producers

of cobalt, which is used in Electric Vehicle (EV) batteries, and Africa's leading miner of copper. Further, the mining sector accounts for over 98% of exports and is a very important contributor to fiscal revenues. Lastly, the DRC produces few manufactured and consumed goods hence, high reliance on imports to meet domestic demand. This presents an opportunity to identify Botswana products with export potential in the DRC market.

DEMOCRATIC REPUBLIC OF CONGO TRADE PROFILE

The DRC's exports to the world have increased significantly from USD 6.56 billion in 2016 to USD 18 billion in 2021. Mineral exports comprise the largest share in total exports at about 98%, specifically, refined copper wires, cobalt matters and other, copper ores. Furthermore, the DRC is also home to large deposits of lithium, a mineral critical for the EV batteries. Consequently, it becomes a strategic partner in boosting Botswana's efforts towards tapping into the EV sub-sector. Lastly, the largest destination markets for DRC's products are; China, European Union, South Korea, Italy, and Spain.

Diagram 7: Macroeconomic Indicators



Source: Fitch Solutions 2023

The DRC imports have increased from USD 6.63 billion in 2016 to USD 9.37 billion in 2021. DRC's most significant imports are parts of machinery for sorting & grinding, insulated wire cables, and construction equipment. Furthermore, the largest supplying partners are China, South Africa, European Union, Belgium, Netherlands and India.

BOTSWANA EXPORTS OPPORTUNITIES: DEMOCRATIC REPUBLIC OF CONGO

From broad products group perspective the following were identified as having significant export potential to DRC: motor vehicle parts & accessories; parts of machinery and industrial stones. The total estimated export potential is valued at USD 12.81 million. The following table indicates eight (8) niche products with the highest potential in the short to medium term in the DRC market.

AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) MARKET BRIEF

The insight is produced as part of dissemination of African Continental Free Trade Area (AfCFTA) Markets Study undertaken by BITC. The market study is part of the organisation's continued effort to assess potential export markets for Botswana products and services.

OVERVIEW OF AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

The AfCFTA is the world's largest free trade area bringing together fifty-four (54) African Union (AU) member states across eight Regional Economic Communities (RECs)¹. The AfCFTA entered into force on May 30, 2019, after twenty four (24) Member States deposited their Instruments

Table 1: Realistic Export Opportunities Under AfCFTA

| H56 TARIFF CODE | EXAMPLES | FRIENDLY PRODUCT DESCRIPTION | EXPORT POTENTIAL ('000) [USD] | TARIFF% |
|-----------------|---|--|-------------------------------|----------------|
| H5870410 |  | Articulated off road dumping/tipping trucks | 10,634.13 | 5 |
| H5843041 |  | Self-propelled rock drilling or boring machinery | 1,326.81 | 5 |
| H5871631 |  | Tanker (Full and semi) trailers | 648.85 | 5 |
| H5846693 |  | Parts of industrial machinery like ultrasonic electro discharge, electro-chemical, electron beam | 102.66 | 5 |
| H5843039 |  | Coal or rock cutters and tunnelling machinery | 49.31 | 5 |
| H5870110 |  | Walk behind tractors | 34.0 | 5 |
| H5846900 |  | Non computer typewriters and word processing machines (including braille typewriters) | 15.67 | 5 |
| H5251310 |  | Industrial pumice stones | 0.36 | 5 |
| | | TOTAL | 4645 | 5118.57 |

Source: Trade Decision Support Model; 2023

of Ratification following a series of continuous continental trade negotiations spanning from 2012. The AfCFTA is one of the flagship projects of Agenda 2063 with the overall mandate to create a single African continental market with a population of about 1.3 billion people and a combined GDP of approximately USD 3.4 trillion.

AfCFTA aims to eliminate trade barriers and boost intra-Africa trade and contribute to establishing regional value chains in Africa, enabling investment and creating sustainable jobs. Implementation of the AfCFTA has the potential to foster industrialization, job creation, and investment, thus enhancing the competitiveness of Africa in the medium to long term. In specific terms, AfCFTA will boost intra-Africa trade by about 52%.

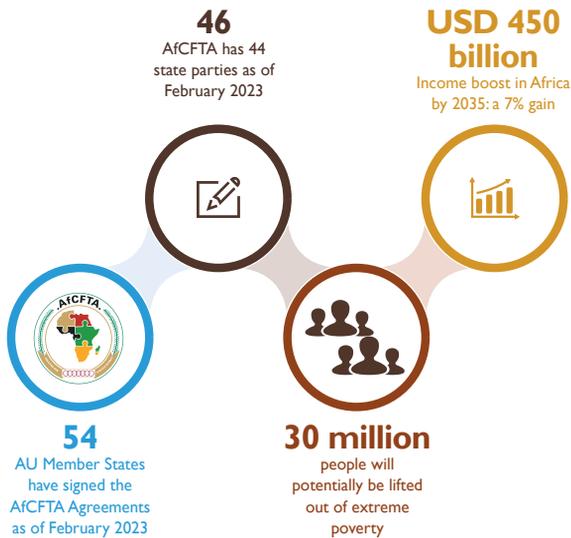
BOTSWANA IN THE AfCFTA

Botswana deposited her instrument of ratification of the AfCFTA on the 18th February 2023. This meant all Southern Africa Customs Union (SACU) member states have now ratified the agreement and submitted their joint tariff offer which upon verification, will signal the beginning of enjoyment of tariff and non-tariff concessions as Botswana products and services access African markets.

Botswana as part of SACU, has liberalised² 90% of SACU tariff book which represents 7111 products lines. The remaining 10% consists of sensitive products at 7% and exclusion list at 3%. Sensitive products will be liberalized in a phased down period of ten (10) years for SACU member states.

¹ RECs include: Arab Maghreb Union (UMA); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel-Saharan States (CEN-SAD); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); Intergovernmental Authority on Development (IGAD); Southern African Development Community (SADC).

Diagram 8: Key Statistics AfCFTA 2023



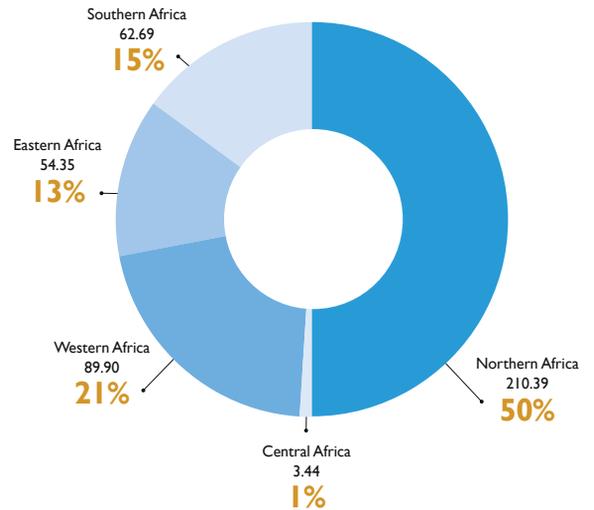
Source: AfCFTA Secretariat 2023

BOTSWANA'S EXPORT OPPORTUNITIES UNDER AfCFTA

AfCFTA brings with it a huge market (both for exports and sourcing of raw materials) which Botswana did not previously access due to various reasons. The legal texts cover tariff concessions, setting up of necessary trade facilitation institutions, elimination of non-tariff barriers and collaboration in infrastructure development. All these factors, among others, are considered in determining export opportunities.

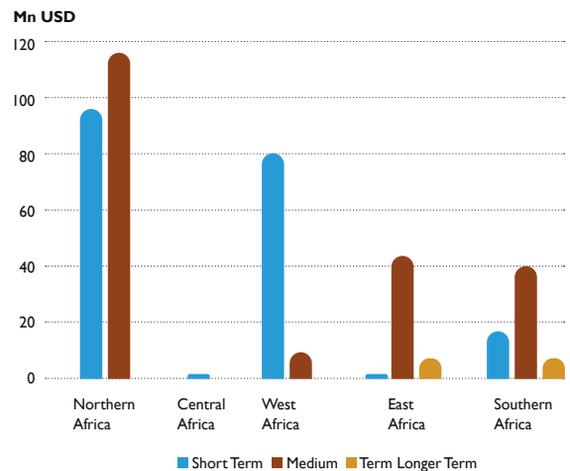
Overall, the African market potential is estimated at around USD 420 million associated with sixty two (62) unique products spread across thirty five (35) markets most of which is associated with North Africa (overall). Southern Africa presents most opportunities in short term.

Figure 7(a): Overall Export opportunities



Source: Trade Decision Support Model; 2023

Figure 7(b): Export Opportunities by Region



Source: TRADE Decision Support Model³, 2023

² Liberalisation, in this context, means elimination of tariff duties (SACU, https://sacu.int/docs/pr/2023/PressRelease-SACU_Tariff_Offer_to_AfCFTAandBotswana.pdf).

³ The TRADE-DSM was specifically developed as an instrument in assisting the identification of realistic export opportunities into global markets for a company's product. The TRADE-DSM is a quantitative methodology that uses trade data and various filters to determine the potential export opportunity of products into various markets based on a well-researched scientific and rigorous approach. The TRADE-DSM also provides a good reference for one to be able to prioritize marketing efforts based on the value and size of these opportunities in relative terms. This instrument provides sound information that companies can use in developing their export marketing strategy and forms the basis and guidance for further research should it be required.

Short Term Export Opportunities

These opportunities constitute shorter term export promotion focus which include intensifying trade for existing products and markets and are more prevalent in Southern Africa especially South Africa. They also cover export diversification promotion with intensity on promoting market access in new markets for existing products: these are more prevalent in Northern Africa especially Algeria in which Botswana has not undertaken any export business.

Table 2: Longer Term Export Opportunities

| PRODUCT | UNTAPPED VALUE MN USD |
|---|-----------------------|
| Coal | 97.42 |
| Chemicals used as raw materials in industries other than the food or drink industries | 9.03 |
| Metals: gold, non-monetary, unwrought (but not powder) | 5.84 |
| Cattle: live, pure-bred breeding animals | 5.52 |
| Elevators and conveyors: pneumatic | 3.85 |
| Copper: waste and scrap | 3.84 |
| Machine-tools: parts and accessories | 2.10 |
| Paper and products | 2.90 |
| Electrical machines and apparatus | 1.49 |
| Stones: precious (other than diamonds) and semi-precious stones | 1.26 |
| Tallow | 0.56 |
| Fertilizers, mineral or chemical | 0.49 |
| Machine-tools | 0.35 |
| Meat and edible meat offal | 0.35 |
| Aluminium: waste and scrap | 0.15 |
| Elevators and conveyors | 0.09 |

Source: TRADE DSM, 2023

Longer Term Opportunities

Longer term opportunities denote longer term export development and investment focus (extensive margin). They inform areas of product development and industrialisation which could lead to much desired export diversification both in terms of new products and new markets.

Opportunities in this term are dominated by coal: Botswana is known to have huge amounts of coal deposits which could be used to generate power. There is an ongoing effort by the country to utilise this coal in a more environmentally friendly manner pursuant to her commitment to green energy efforts.

Other opportunities exist in export of live cattle for breeding purposes, industrial products chemicals and agricultural products. This is shown on Table 3. Longer term opportunities are more prevalent in North Africa especially Algeria. Other untapped markets include Angola, Burkina Faso, Cape Verde, Ghana, Libya and Kenya.

The BITC 2023-2024 Annual Plan Formulation

The BITC 2023-2024 annual plan was developed following an intensive pre-work, which considered several factors to guide the development of objectives and the targets. The documents considered during the development of the annual plan were, among others, the Economic Landscape, Budget Speech, State of the Nation Address (SONA) and the National Transitional Plan. Emphasis was placed on the outputs versus outcomes key performance indicators (KPI) to capture the full essence of implementation.

The 2023-2024 plan contains eleven (11) objectives, thirty-eight (38) key performance indicators and forty-four (44) initiatives.

CONCLUSION

Export opportunities are determined in short and long term and this gives companies a platform for growth as well as future expansion plans in terms of products and market diversification.

POLICY PRONOUNCEMENTS AND GOVERNMENT INTERVENTIONS

Today's global economic system is marred by uncertainty and policy shift. In true sense policy advocacy is defined as efforts to change laws, regulations, and policy that impact on Botswana's attractiveness of investment promotion and attraction, nation branding and export development.

The key outcomes are:

- Shaping investment climate,
- Promoting policies that allow for greater benefits.
- Promoting and sustaining competitiveness.

As a result, BITC tracks, analyses and monitor policy pronouncement to derive insights that can aid Botswana's competitive positioning.

Table 3: Key Policy Pronouncements

| PRONOUNCEMENT | DESCRIPTION | ECONOMIC, TRADE & INVESTMENT IMPLICATIONS |
|--|---|--|
| Fuel prices adjusted down | Russia-Ukraine war has had an upward influence on global oil prices. This has seen fluctuations in price of fuel in Botswana. Retail pump price of unleaded petrol 93, unleaded petrol 95, diesel 50ppm and illuminating paraffin to decrease effective 21st June 2023. | May decrease cost of production and increase investment. |
| Amendment of the transfer duty act | The Botswana Transfer Duty (Amendment) Act 5 of 2023 has been proclaimed, effective on the 3rd May 2023. The Act amends the Transfer Duty Act (Cap. 53:01) to, among others, reduce the transfer duty on the acquisition of immovable property or rights in immovable property by non-citizens from 30% to 10% on the value of property up to 2 million Pula ("P") and 15% on the value in excess of P2 million. | May encourage property transactions. |
| Import and Export restriction : Maize and Sorghum | An announcement has been made by the Botswana Ministry of Entrepreneurship following a Presidential Directive which restricts the import and export of scheduled key grains (maize and sorghum). An immediate halt has been placed on the exportation of maize and sorghum, while the importation of the same must cease at 00:01 hours on the 15th May 2023. | May boost domestic investment. Opportunities for import substitution. |
| Phasing out of Cheques for government services | Cheques as a form of payment for the procurement of government goods and services in Botswana will cease effective 1 July 2023. The last cheques will be issued on 30 June 2023 which will be valid for six months ending 31 December 2023. | May spark interest in financial technology. |
| Monetary Policy decision | At its meeting held on 27 and 28 April 2023, the Monetary Policy Committee of the Bank of Botswana decided to maintain the Monetary Policy Rate at 2.65%. | May stimulate price stability. |
| Amendment of VAT Act 7 | The Botswana Value Added Tax (Amendment) Act 7 of 2023 has been proclaimed, effective 3 May 2023. The object of the Act is to amend the Value Added Tax Act (Cap. 50:03) by imposing zero rating on taxable supplies such as vegetables, cooking oil, liquid petroleum gas, salt, infant formula, among others. | |
| Botswana-Zimbabwe passport free travel arrangement | It was reported in the media that the President of Botswana wants to launch a passport-free travel arrangement with Zimbabwe and scrap the requirement for travellers from either country to carry passports while crossing their common border. | May strengthen economic and regional integration. Boost skills transfer. |
| Use of National Identity Card for travel to Namibia | Use of national identity card for travel to Namibia at the Mamuno/Trans-Kalahari border post effective 28 February 2023. | Boost transfer of skills. May increase trade between two countries. May strengthen regional integration and cooperation. |

Source: BITC

3-4 AUGUST 2023



SECTION 3



INVESTMENT PROMOTION

OVERVIEW

The global foreign direct investment (FDI) prospects remained subdued in 2022 as a result of multiple crises, including the Russia-Ukraine war, turmoil in the financial sector and stubborn high inflationary episodes across the globe. This has resulted in a 12% decline in global FDI in 2022, to USD1.3 trillion, after a significant rebound in 2021. Notwithstanding these challenges, the relaxation of COVID-19 restrictions by many countries brought the much-needed impetus into FDI promotion and attraction.

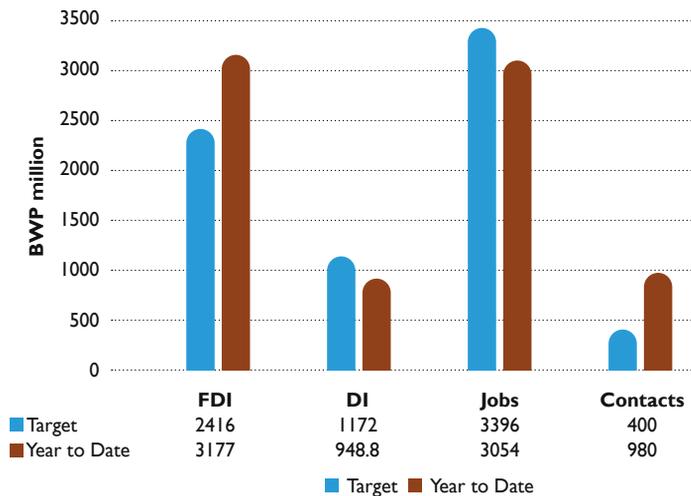
It is for this reason that BITC was aggressive towards the implementation of the Go-To-Market Strategy/Plan to attract greenfield investments.

Key highlights for the year include

- Immense contribution towards His Excellency Dr Mokgweetsi E.K. Masisi, the President of the Republic of Botswana's agenda on the global front, including the 2022 World Economic Forum in Davos in June.
- Sweden Investor Forum (June 2022);
- U.S-Africa Business Leadership Forum (December 2022);
- Swiss Federation State visit to Botswana (February 2023), and
- Dallas outward mission, to mention but a few.

The missions have provided tangible benefits to global investors looking to scope for investment opportunities in Botswana.

Diagram 9 Investment Promotion Performance Highlights: 2022 – 2023:



Source: BITC

KEY PERFORMANCE HIGHLIGHTS

- Foreign Direct Investment that flows into Botswana from BITC assisted companies rose to P3.177 billion from fourty seven (47) companies to surpass the set target of P2.415 billion, with Mining and Financial Services taking lead roles in the conversion pipeline. This figure represents a significant growth of P805 million when compared to the 2021/2022 financial year.
- On the local front, Domestic Investment recorded a cumulative total of P948.8 million against a set target of P1.172 billion – which represents an annual output of 80.9% to the set target.
- On employment creation, a total of three thousand and fifty four (3054) jobs were created for Batswana against the annual target of three thousand three hundred and ninety six (3396), which translates to over 89% achievement.
- On the whole, a total of hundred and four (104) companies were accredited under BITC against a yearly target of hundred (100).

INVESTMENT PROMOTION EFFORTS

The 2022-23 financial year witnessed heightened engagements at the global scale, and the most notable activities were led by His Excellency

the President in both developed and emerging markets. As a result of these engagements, new contacts that were established are being followed towards conversions. Several inward/scoping missions to Botswana also provided opportunities for the Botswana private sector to engage and broker deals with their counterparts.

Some of the key initiatives into the new financial year included hosting the first U.S.-Africa Business Summit in July 2023 and the Europe-Botswana Business Summit which will happen alongside the Global Expo in October 2023. These major events



aim to secure Botswana's strategic intent as the go to market given the country's stability and credit ratings amongst other business accolades.

Republic of South Africa (RSA)

Investor attraction efforts in the SA market were comprehensive and entailed several in-market engagements through stakeholder collaborations, seminars/webinars and sector specific events. One key investment promotion mission executed is the SA Business Mission to Botswana conducted from the 4th-5th August 2023, held on the margins of the the 5th Bi-National Cooperation Commission between Botswana and SA which was hosted by Republic of South Africa in Pretoria in April 2022.

The Roundtable was graced by the Presidents of both the Republic of South Africa and the Republic of Botswana. One of the key deliverables from this was the commitment by both countries to expedite the construction of the 120km Lephalale Railway link which will amongst other things facilitate export of coal from Botswana to SA as well as to seaborne markets, particularly given the increased global demand for coal following the Russia-Ukraine crisis.

A total of two (2) investment projects were attracted from RSA including a steel company which has invested P100 million creating hundred (100) jobs as well as a PVC tank manufacturer and water solutions provider that will invest up to P15 million creating fifteen (15) jobs at full potential.

The United Kingdom (UK)

BITC UK office continued to facilitate investments from UK markets to Botswana through strategic collaborations with profiled stakeholders and investors. Several high profile events were facilitated including scoping missions to Botswana across diverse sectors. The office continued to undertake strategic collaborations with profiled stakeholders, and this include operationalisation of Memorandum of understanding (MoU) and development of new partnerships. The main event for 2022/2023 financial year is the hosting of the first Europe Union Botswana Business Forum (EBBF) being organised in partnership with the European Union in October 2023.

Key performance highlights include facilitation of eight (8) financial and business services companies to participate at the Africa Financial Services Investment Conference (AFSIC) in London, majority of whom have continued to strike



deals and raise capital flows for their domestic and Pan African operations. One (1) flagship project from Europe, for the diamond cutting was officially opened in March 2023 and is expected to enhance diamond production through deployment of cutting-edge technology.

There are also several projects within the investment pipeline for pharmaceuticals, tourism hospitality (some at conversion stage); manufacturing and finance amongst others.

India

Investment promotion efforts in India yielded the conversion of a number of companies who had been in the investment pipeline for some time. Some of these are in national priority investment sectors that are key in employment creation for Botswana.

Among these was a diamond cutting and polishing company that started operations in Gaborone in April 2022 with an initial targeted investment level of P77million, and employment level of two hundred and eighty eight (288) jobs at full production capacity. The company had as at end of the financial year managed an initial thirty six (36) jobs with further investment in employee training and machinery.

Two (2) other diamond sorting and cutting companies from India were secured as part of engagements made during the Expo 2020 in Dubai.

Other conversions made during the year included an Indian company that manufactures aluminium ingot who have set up base in Botswana with a targeted initial job creation of sixty four (64) people.

As a means to generate further investment for the future, the India Regional Office continued to carry out Investment Promotion activities that included among others a webinar on Smart-Farming Partnerships which was carried out in collaboration with National Agricultural Research & Development Institute (NARDI) and Business Botswana, targeted engagements for the garments and textile sectors in Bangladesh, as well as direct engagements with affiliate companies of the Bharat Diamond Bourse for increased diamond beneficiation.



Other key engagements for the year included a visit to Botswana by a delegation from the Federation of Indian Export Organisations (FIEO) in March 2023.

KEY PROJECTS FOR 2022/2023

a) International Financial Services (IFSC)

During the review period, BITC successfully attracted two (2) companies to join the IFSC portfolio. Both companies are poised to expand their existing investments into Botswana and are actively engaged in the fields of Hospitality, Property Management, and Reinsurance. Collectively, these companies are projected to invest a total of P2.2 billion, leading to the creation of thirty five (35) new jobs upon their full operations as IFSC entities. These two (2) entities have their origins in Botswana and Zimbabwe respectively, and have established a presence in multiple countries, including South Africa, Croatia, Malawi, Angola, USA, Mozambique, Madagascar, and Namibia.

b) Premium Nickel Resources (PNR) Project

One of BITC's assisted companies, Canadian Premium Nickel Resources Limited has successfully closed a financing transaction totaling CAD-USD 34 million with Edgepoint Investment Group Inc. Following completion of the 15,000 meter surface drilling program in 2022, the focus of the financing will be on the underground development at Selebi North to facilitate drilling of up to 32,000 meters of underground core drilling by the end of the year. The underground drill program at Selebi North is planned to start in August 2023 and the company currently employees two hundred and fifty (250) employees.

Preparations for drilling and blasting of drifts to access and excavate the underground exploration drill bays, together with provision of all the required services are progressing well.

The company is enthusiastic and optimistic about significant progress in the months to come. In terms of Environmental, Social and Governance (ESG) and sustainability, continuous community and stakeholder engagements to co-create programs and interventions are being undertaken with a social license survey underway to evaluate stakeholder perceptions of PNR. BITC continues to support the company by offering relevant investor facilitation services through the Botswana One Stop Service Centre (BOSSC).

c) Sandfire Resources

Australia's Sandfire Resources continues to make excellent progress on the base case 3.2 Mtpa Motheo Copper Mine Project Located in the Kalahari Copper Belt in Botswana. The mine is expected to significantly contribute towards the socio-economic development of the Ghanzi District. Some of the milestones achieved gearing up to the full operations of the mine include the completion of seven hundred and fifty two (752) rooms in the Motheo Mine Village, award of the electrical and instrumentation installation contract, erection of the primary crusher, completion of reclaim tunnel and tailings storage facility, as well as completion of mine administration office and

▶ **565 KT OF ORE**
HAS BEEN MINED TO DATE INCLUDING
200 KT
AT
1.1% CU
AND
365 KT
OF
0.6% CU.



clinic buildings and procurement of the processing plant equipment. A total of 565kt of ore has been mined to date including 200kt at 1.1% Cu and 365kt of 0.6% Cu. The Motheo Copper Mine 5.2 Mtpa expansion project design and procurement activities continue, parallel with relevant approvals and facilitation services offered through BITC and other key stakeholders. The ESIA for the open pit development has been approved for release and review by the Department of Environmental Affairs.

Sandfire Resources' Motheo Copper Mine will become the second producing mine in the emerging copper hotspot in Botswana's Kalahari copper belt. The mine is expected to be fully operational in June 2023 with construction activities continuing and over one thousand seven hundred (1700) personnel on site. Once fully commissioned the mine will create over eight hundred (800) direct jobs and over one thousand nine hundred (1900) indirect jobs mostly locals.

d) KGK Diamonds

KGK Diamonds Botswana continues to significantly contribute towards the growth of Botswana's diamond sector beneficiation and diversification of its value chain. Since expanding its global footprint to Botswana in 2014 as a diamond manufacturing and distribution company with forty five (45) employees, the company has grown to become a leading player and employer in the sector currently employing over four hundred (400) people mostly locals. The company has taken diamond beneficiation to the next level leveraging on KGK Group of over fifty (50) years' experience in the jewellery business to set up a

fully fledged State-of-the-Art Diamond Jewellery manufacturing facility within their iconic premises in Gaborone.

The jewellery facility was officially opened by His Excellency the President of the Republic of Botswana Dr. Mokgweetsi E.K. Masisi on the 18th January 2023. The company has already exported some of their products to the USA through African Growth Opportunities Act (AGOA) with some of their targeted markets being the EU, Middle East and Africa.

KGK has invested in the development of skills in the diamond sector in Botswana and has established a Botswana Qualification Authority Accredited (BQA) training academy which has so far trained over three hundred (300) fresh diamond polishers and currently expanding its capacity. The company is conscious of the green drive to reduce carbon footprint in their facility and has successfully led the green initiative by installing grid tied roof top solar powered system generating 497KWH, making it one of the largest in Botswana.

The company has also ventured into other priority sectors as part of their diversification plans for long term investment in Botswana notably diamond equipment support and pharmaceutical sector through KGK Healthcare. KGK Diamonds will continue their commitment to invest in their operations and create more socio-economic opportunities.





BOTSWANA ONE STOP SERVICE CENTRE

The main objective of the Botswana One Stop Services Centre (BOSSC) is continuous facilitation of government authorization and to facilitate BITC accredited investors. Facilitation is set in such a way that it provides a single cohesive structure that coordinates and streamlines processes to provide prompt, efficient and transparent services to investors in order to establish and expand their projects.

During the year, BITC continued to engage with relevant government agencies who enable the organisations to unlock investor challenges to establishing and operating their businesses.

The key focus for the year was the implementation of a robust aftercare programme which has proven imperative to encourage investors to retain, expand their operations in Botswana and diversify into other opportunities available within the country. It is through these engagements, that BITC received feedback on the challenges that impede investors operations and where possible, come up with remedial actions for solutions for the investors or business community. The BITC Francistown regional office contributed significantly to conducting aftercare and outreach initiatives in the northern region.

Local companies continued to expand their operations into either new products or increased levels of production and thus reinvesting within the country. The higher proportion of expansions in businesses and reinvestments were mainly recorded in the services sector, compared to other sectors like agriculture and manufacturing. A substantial number of job opportunities were also created in the year as will be outlined in Table 4.





GOVERNMENT AUTHORIZATIONS

The BOSSC office continued to facilitate applications for government authorizations during the financial year, including work & residence permits, exemptions, emergency work permits and visas.

Since inception in 2017, BOSSC continues to record a constant increase in the utilisation of its service. This may be attributed to the confidence that clients now place on BOSSC because of its operational efficiencies and quicker turnaround times.

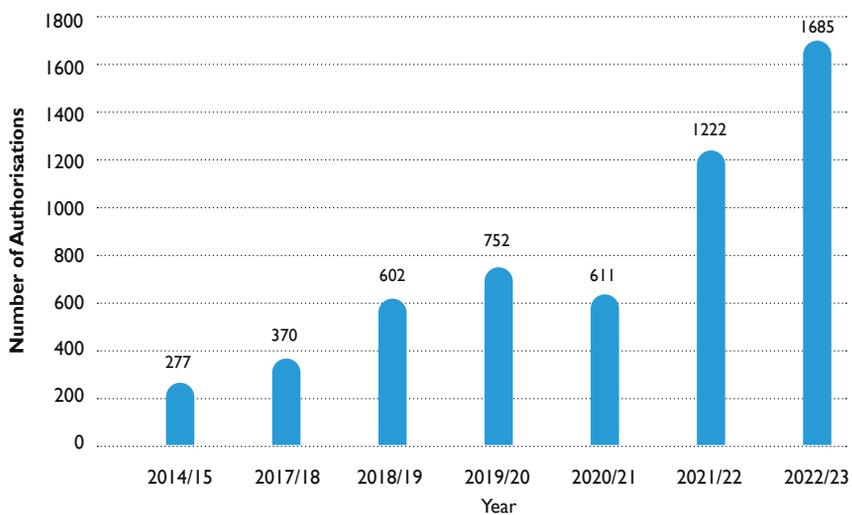
Table 4 indicates the cumulative number of government authorisations for the year 2022/2023 across all the categories. For the whole year, a total of one thousand six hundred and eighty five (1685) government authorization were received and processed through the BOSSC office, compared to a total of one thousand two hundred and twenty two (1222) registered in the previous year, representing an increase of 27% in the overall number of applications processed. This made it the highest number since the inception of the office. Of these applications one thousand six hundred and seven (1607) were all approved or granted, sixty three (63) applications were rejected and fifteen (15) are still pending. This translates to a 96% approval rate for the financial year 2022/2023.

Table 4: Government Authorizations Cumulative – 2022/2023.

| TYPE OF AUTHORIZATION | TOTAL | | | TOTALS |
|----------------------------------|--------------|-----------|----------------------|--------------|
| | GRANTED | REJECTED | PENDING APPLICATIONS | |
| Entry VISAS | 40 | 0 | 0 | 40 |
| Work and Residence Permits | 758 | 46 | 0 | 804 |
| Work and Residence Exemption | 185 | 11 | 0 | 196 |
| Emergency Work Permits | 501 | 1 | 0 | 502 |
| Residence Waiver | 11 | 1 | 0 | 12 |
| Permanent Residence | 10 | 1 | 5 | 16 |
| Appeals to the Minister | 20 | 3 | 6 | 29 |
| Section 23/11 Appeal to Minister | 8 | 0 | 0 | 8 |
| Industrial License | 0 | 0 | 0 | 0 |
| Company Registration | 0 | 0 | 0 | 0 |
| Environmental Impact Assessment | 0 | 0 | 0 | 0 |
| Replacement Permits | 11 | 0 | 0 | 11 |
| Development Approval Order | 0 | 0 | 0 | 0 |
| Extension of Days | 29 | 0 | 0 | 29 |
| Citizenship | 0 | 0 | 2 | 2 |
| Cancellation | 34 | 0 | 2 | 36 |
| TOTAL | 1,607 | 63 | 15 | 1,685 |

Source; BITC

Number of Authorisations



Source; BITC

INVESTOR AFTERCARE AND COMPANY ENGAGEMENTS

Company aftercare and outreach visits are a very important platform through which BITC engages with investors to share their future operations plans and challenges they encounter. Through these engagements, any suggestions and remedial actions are discussed to improve the ease of doing business.

DOMESTIC INVESTMENTS AND EXPANSIONS

One of the critical components of both investment promotion and facilitation is the continuous expansions and reinvestment by locally existing and operational companies. This process increases the levels of investment, adds to the increased levels of employment as well as continues to improve the livelihoods of the citizens. It is therefore imperative to note that local companies continued to expand their operations into either new products or increased levels of production and thus reinvesting within the country during the financial year.

OUT OF THE TOTAL

P1, 717 BILLION

RECORDED, THE SERVICES SECTOR CONTRIBUTED

P1 226.5 MILLION (71%),

MANUFACTURING

P432.2 MILLION (25%),

WHILE THE AGRICULTURE SECTOR ACCOUNTED FOR

P58.5 MILLION (4%),

WHILE THE JOBS WERE

537 (46%),

493 (42%)

AND

145 (12%)

OF THE TOTAL

1175 JOBS,

RESPECTIVELY FOR THE SECTORS.

Investment expansions from Q1 to Q4 of 2022/2023 was P 1,717 million which has surpassed the yearly target of P825 million. Out of this, a total of P733.24 million was only recorded in Q4 alone, indicating a vibrant economy towards the end of the financial year. The corresponding levels of employment created during these expansions over the year stood at one thousand one hundred and seventy five (1175) jobs, with three and thirty six (336) jobs created in the last quarter of the financial year. There has been a continuous expansion mainly within the services sector, including the mining sector, followed by the manufacturing sector and then the agriculture sector.

This total, maintains an annual expansion figure reported above, being total of ninety six (96) companies across Services, Agriculture and Manufacturing sectors. Out of the P1717 billion recorded, the Services sector contributed P1226.5 million (71%), Manufacturing P432.2 million (25%), while the Agriculture sector accounted for P58.5 million (4%), and the jobs created were 537 (46%), 493 (42%) and 145 (12%) which is a total 1175 jobs, respectively for the sectors.

The service sector contributed significantly to the expansions and jobs creation during the reporting period.



Table 5: Summary of Expansions Figures (Investment) YTD 2022/2023

| COMPANY | LEVEL OF EXPANSIONS (P MILLION) | EMPLOYMENT LEVEL |
|--------------|---------------------------------|------------------|
| Q1 | 253.4 | 225 |
| Q2 | 68.3 | 102 |
| Q3 | 662.0 | 512 |
| Q4 | 733.4 | 336 |
| TOTAL | 1,717.1 | 1,175 |

Source: BITC

Table 6: Summary of Expansion Figures (YTD) by Sector

| EXPANSION BY SECTOR | SERVICES | MANUFACTURING | AGRIBUSINESS | TOTAL |
|---------------------|----------------|---------------|--------------|----------------|
| Q1 | 58.7 | 194.7 | 0.0 | 253.4 |
| Q2 | 23.2 | 44.8 | 0.3 | 68.3 |
| Q3 | 506.0 | 126.3 | 29.8 | 662.0 |
| Q4 | 638.6 | 66.5 | 28.4 | 733.4 |
| TOTAL | 1 226.5 | 432.2 | 58.5 | 1 717.2 |

Source: BITC



Table 7: Summary of Expansion Jobs (YTD) by Sector

| EXPANSION BY SECTOR | SERVICES | MANUFACTURING | AGRIBUSINESS | TOTAL |
|---------------------|------------|---------------|--------------|--------------|
| Q1 | 109 | 106 | 10 | 225 |
| Q2 | 33 | 51 | 18 | 102 |
| Q3 | 262 | 198 | 52 | 512 |
| Q4 | 133 | 138 | 65 | 336 |
| TOTAL | 537 | 493 | 145 | 1 175 |

Source; BITC

STAKEHOLDER ENGAGEMENTS AND ADVOCACY

- One of the issues related to the process of vetting engineering professionals contracted by local companies to apply for relevant government authorizations. It is worth noting that all engineering professionals operating in Botswana need to be registered to guide integrity within the profession. The issue was to facilitate an expedited vetting process for applications to avoid the extended time which might stall companies' operations. MoU between key institutions is in the offing to finalize possible areas of collaboration to mitigate the extended time it takes to go through the registration process.
- Critical stakeholders were engaged in a collaborative mission to the northern part of Botswana facilitated by BITC with the aim to build awareness and sensitize the business community about the benefits of using the Walvis Bay Botswana Dry Port facility in Namibia. The Dry Port handles both break-bulk and containerised cargo and it is equipped with bonded facility built on 36,200sqm of land. High level meetings were held with companies in Francistown and encouraged to use the facility for exporting or importing of goods.
- Land Authorities including the Department of Lands and Lands Boards were engaged to expedite land allocation for various investors around the country, through the recommendation motivated by BITC.

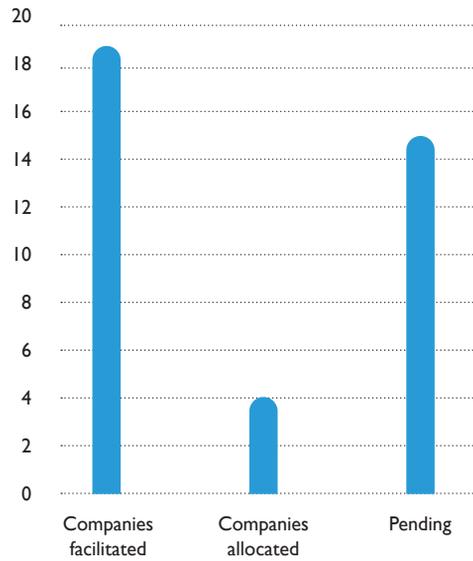
PROPERTY MANAGEMENT SERVICES

BITC continuously provides qualifying investors with suitable factory warehouses and land for investment projects in various parts of the country. These are provided on rental basis to deserving investors as a competitive advantage on attracting investment projects as well as expansions into the country. This is because investors usually require readily available land and operating space to set up and operate within the minimum required time.

During the year under review, BITC allocated two factory shells to companies with a projected total investment level of P2.3 million and twenty (20) new job opportunities. BITC also facilitated land to nineteen (19) companies during the financial year 2022/2023. Out of the nineteen (19) companies, four (4) companies with a projected investment level of P150 million and job creation of one thousand and forty five (1045) were allocated land. Fifteen (15) companies are still at various stages of land acquisition at land authorities across the country.

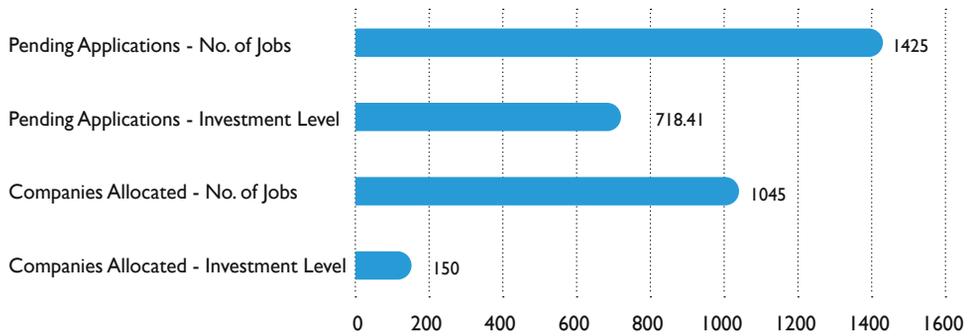


Diagram 10: Number of companies facilitated with land during 2022/2023



Source; BITC

Investment Level and Jobs During 2022/23



Source; BITC



BOTSWANA

our pride, your destination





EXPORT DEVELOPMENT & PROMOTION

GLOBAL TRENDS

2022 did not provide the expected recovery in global economic conditions owing to threats emanating from tense geopolitical instability, increasing inflation rates, supply chain disruptions, volatile energy prices, weak demand and high levels of national debts. Rising interest rates was a concern across the globe as monetary authorities across the globe struggled with right policy mix to deploy to contain rising inflation and spur economic growth rates. According to UNCTAD global trade is set a record level of more than USD 32 trillion in 2022. After subdued performance in the second half of 2022, global trade in goods and services rebounded by 2 % in Quarter 1 of 2023 relative Quarter 4 of 2022, adding about USD 100 billion from Quarter 4 of 2022. Global growth in trade of services also rebounded and increased by about USD 50 billion in Quarter 1 of 2023.



DOMESTIC EXPORT TRENDS

Consistent with the trends in global trade, national exports increased in the first half of 2022/2023 financial year before experiencing a decline in the second half of the year and first quarter of 2023. The performance trends of national exports follow closely performance of the export sector which contributes over 80% of total exports. Exports recovered during the month of March 2023 on the back of more than 25% increase in diamond

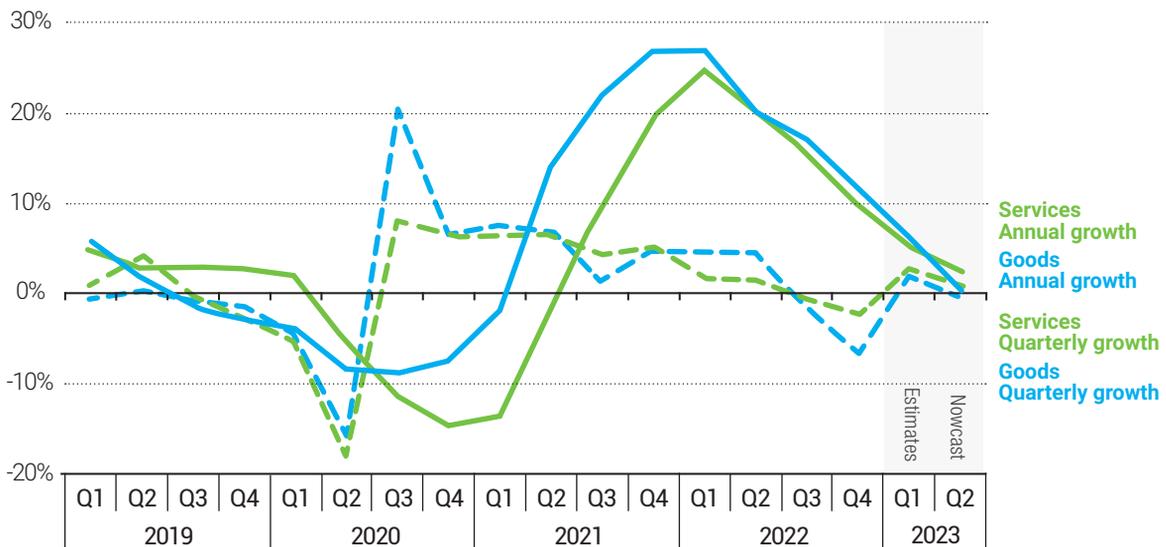
prices. The key markets for national exports include United Arab Emirates (UAE), India, Hong Kong, China, Israel and Belgium

GLOBAL GROWTH IN TRADE OF SERVICES ALSO
REBOUNDED AND INCREASED BY ABOUT

USD 50 BILLION

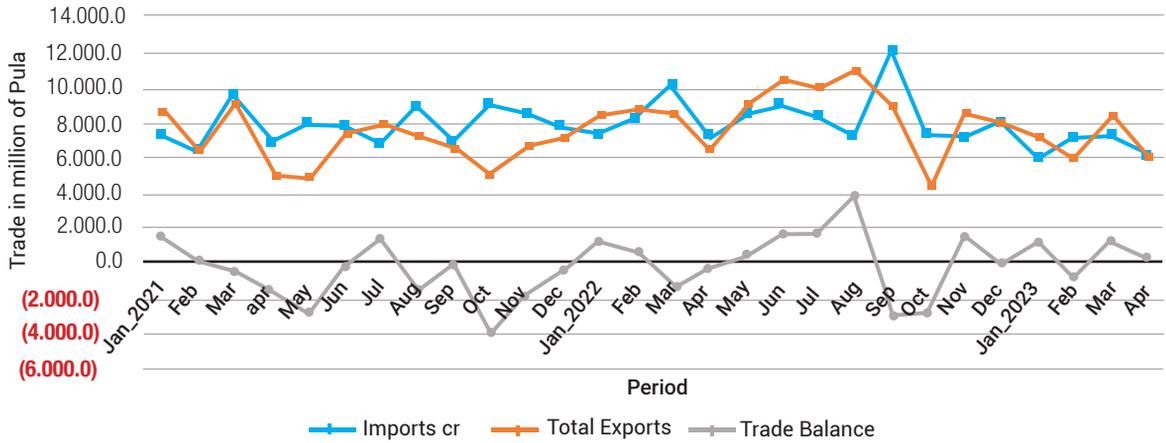
IN QUARTER 1 OF 2023.

Diagram 11: Global Trade Trends 2019_Q1 – 2023Q2



Source: UNCTAD

Diagram 12: Total International Merchandise Trade – January 2021 to April 2023 (Million Pula)



Source: Statistics Botswana

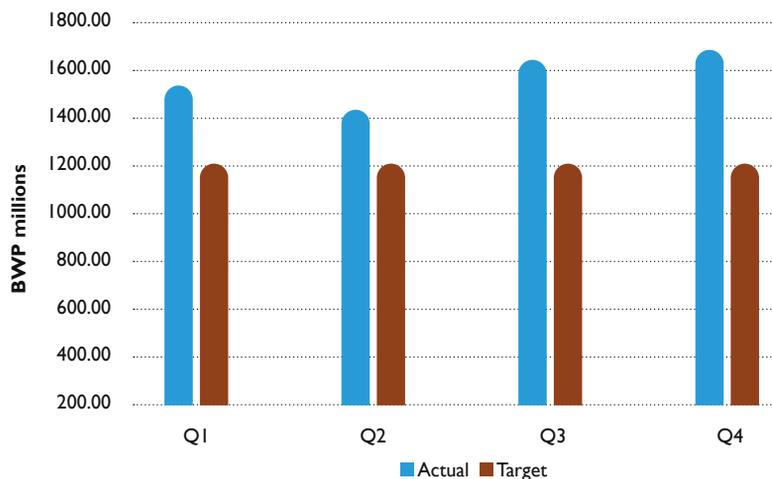
EXPORT PERFORMANCE

Export Revenue

During 2022/2023, BITC facilitated companies recorded cumulative export revenue worth P5.458 billion of export earnings against annual target of P4 billion, exceeding target by P1.443 billion. This was largely attributed to export of ignition wiring sets, salt and soda ash, coal, pvc pipes & tanks, textiles, veterinary medicine, meat products, electrical cables and automobile batteries. Year on year performance improved to surpass pre-

covid levels of P3.83 billion recorded in the previous financial year. The key export markets for BITC facilitated companies are South Africa, Zimbabwe, Zambia, Namibia, DRC, Austria, Mexico, Macedonia, Germany, Slovakia, South Africa, Morocco, Hungary, Denmark, Malaysia, Netherlands and Spain. During the past financial year BITC assisted companies managed to penetrate new markets which include Korea Republic, Switzerland, Mozambique, Zimbabwe, Namibia and Central African Republic.

Diagram 13: Export Revenue Performance (2022/2023 FY)



Source: BITC

International Market Access

To facilitate market access, BITC participated in a number of trade events to expose local companies to external markets.

Capacity Building Interventions

In 2022/2023 several export readiness capacity building programs were implemented under the Botswana Exporter Development Programme (BEDP). Twenty-three (23) local companies received export capacity building interventions: Five (5) companies received assistance in the areas of product development and export marketing strategies, six (6) companies were assisted with compliance to Federal Drug Administration (FDA) requirements in preparation for entry into the US market, one (1) company was assisted with Independent Communications Authority of South Africa (ICASA) registration to enable sale of its electronic products into South Africa and one (1) company facilitated to attain HACCP certification. BITC has also facilitated twelve (12) companies to register with designated local retailers under the Supplier Development Programme (SDP).

BITC hosted the 16th edition of the Global Expo Botswana (GEB 2022) conference and exposition under the theme **“Reimagining our economy for a better tomorrow through digitalization and the application of robust export – led strategies”**. Global Expo Botswana 2022 took place from the 1st-4th November 2022. The Guest of Honour was President of Afreximbank Professor Benedict Okechukwu Oramah. Afreximbank announced a USD1.5 billion Country Program for Botswana to be implemented over three years to end 2025. The programme will support various projects such as development of industrial parks, creative arts, agro-processing and infrastructure projects.

Market Information

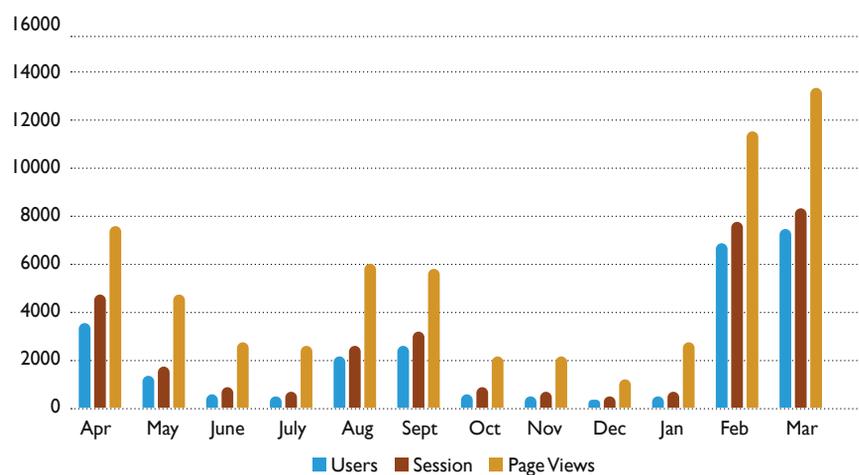
As part of BITC strategy to improve access to trade information, Botswana Trade Portal is in place to serve both importers and exporters. During 2022/2023 financial year a total of twenty six thousand two hundred and two (26 202) users utilized portal resulting in thirty two thousand two hundred and fifty eight (32 258) user sessions. Below are summaries of the pattern of usage and the markets most served by the portal in the past financial year.

Table 8: Export Promotion Activities 2022/2023

| COUNTRY | EVENT | NUMBER OF PARTICIPATING COMPANIES |
|--------------|--|-----------------------------------|
| Zimbabwe | Zimbabwe International Trade Fair (ZITF) – 2022??? | 8 |
| South Africa | Southern African International Trade Exhibition (SAITEX) – 2022??? | 16 |
| | Hospitality Trade Expo (HOSTEX) | 3 |
| Mozambique | Maputo International Fair (FACIM) | 4 |
| U.S.A. | Summer Fancy Food Show | 3 |
| | U.S. - Africa Leader's Summit | 1 |
| Nigeria | Virtual Trade Mission | 39 |
| Morocco | US - Africa Business Summit | 3 |
| Germany | Biofach | 5 |
| Botswana | Global Expo Botswana 2022 | 287 |
| Botswana | Committee of Intelligence and Security Services of Africa | 20 |
| Botswana | Export Awareness Workshops (Maun, Tsabong, SPEDU, Gaborone) | 95 |

Source: BITC

Figure 4: Trade Portal Utilisation (2022/2023 FY)



Source; BITC



Figure 5: Top 10 Markets Served by Trade Portal (2022/2023 FY)

| NO | COUNTRY | USERS | % USERS |
|----|---------------|--------|---------|
| 1 | India | 12,897 | 49.42% |
| 2 | Botswana | 4,626 | 17.73% |
| 3 | Nigeria | 1,370 | 5.25% |
| 4 | United States | 840 | 3.22% |
| 5 | South Africa | 735 | 2.82% |
| 6 | Zambia | 654 | 2.51% |
| 7 | Egypt | 505 | 1.94% |
| 8 | China | 401 | 1.54% |
| 9 | Morocco | 330 | 1.26% |
| 10 | Bangladesh | 299 | 1.15% |

Source: Botswana Trade Portal





BRAND MANAGEMENT

Brand Management continues to effectively engage stakeholders, both locally and globally, to support and elevate the Nation and BITC brands. The financial year saw increased and more targeted stakeholder engagement to garner buy-in and support to drive the nation brand programmes and BITC's mandate. As the lead focal point of some of the major national and international events, there was a great need for increased and enhanced stakeholder relations.

Budget constraints continue to hamper efforts, but all has been done to achieve more with less, hence the focus on stakeholder relations to also garner partnerships and financial support for some initiatives. .



BRAND BOTSWANA

Elevating the Nation Brand through the **#PushaBW** Campaign.

The **#PushaBW** campaign has been a success in driving nation wide awareness and support for locally produced goods. From its humble beginnings as a local product marketing initiative, it has now become a household name that is synonymous with promoting economic growth in Botswana.

In the five (5) years since inception, the **#PushaBW** campaign has achieved remarkable results such as branding targeted stores and activations were instrumental in driving the uptake of local products in leading retail stores. The use of the Pride Mark made it easier for consumers to identify these products. In addition, the campaign facilitated engagement between producers and retailers through national roadshows, exhibitions and online product listings.

The campaign has succeeded in instilling a sense of pride and encouraged consumers to support their fellow country men and women. This has not only contributed to the growth of the local economy but will go a long way in helping create jobs and promote sustainable development. The campaign has evolved and is executed at different key touch points such as:

PushaBW Conversations

In 2020, after COVID-19 protocols were relaxed, Brand Botswana hosted a social media-based interview programme that was aimed at profiling Batswana making a difference in different spheres of society. The sessions featured Batswana in business, the arts, creative industry, manufacturing and sports. The program's key objective was to give Batswana a platform to tell their stories as well as to promote what they do. The Facebook live sessions gave birth to **#PushaBW** conversations.

Using radio as a platform, Brand Botswana partnered with Yarona FM to host the premier **#PushaBW** conversations. The show was targeted at unpacking the local creative industry as contributors to economic growth, bring common understanding and find workable solutions. This involved defining the creative sector eco-

system and engaging the various players and stakeholders, to allow for the public to get a better understanding of this sector, the key challenges impacting its growth and identify how best to support it so that it grows and creates jobs. This allowed the public to get a better understanding of it, inspired support and how to get it to be another source of employment. Guests ranged from musicians, artists, photographers, producers to key institutions like Copyright Society of Botswana (COSBOTS) and Botswana Television.

#PushaBW National Service Campaign

Following the development of a National Service Framework (NASEF) by Botswana National Productivity Centre (BNPC), Brand Botswana signed a Memorandum of Understanding with BNPC to cement a partnership aimed at driving awareness and improve national service delivery. The partnership provided an opportunity to elevate customer service which has a bearing on the outlook of the country at many levels including culture and business and led to the development of the National Service Awareness Campaign that targeted employers and business owners as well as the public sector. A largely digital campaign, it supported a radio show that celebrated good service delivery on Duma FM and the recording of four (4) episodes of **#PushaBW** Conversations, which were aired on Botswana Television (BTV).



In-store branding

A key tenet of the **#PushaBW** campaign is to drive awareness of local products and encourage their uptake. One of the key strategies employed by the campaign is to increase the visibility and awareness of local products on shelves within retail stores. To this end, Brand Botswana has been working with major retailers to brand in-store and highlight local products. Woolworths, in particular, has been proactive in this regard, rolling out a national branding campaign for local products and even identifying locally made Woolworths house products with a Pride Mark sticker.

The impact of these efforts has been significant, as consumers are now more aware of local products and are more likely to purchase them. Brand Botswana is continuing to engage with other retailers to promote the uptake of local products in their stores and encourage them to stock up on these items. Engagements are currently ongoing with Clicks and DisChem.

Taking Botswana products to the next level

Capacity Building Workshops: Pride Mark Users

Brand Botswana continues to capacitate stakeholders on the nation brand and their role in building Botswana's brand. As companies apply to use the Pride mark, a key step in their uptake process is a capacity building workshop. During these workshops, participants learn about the significance of using the Pride Mark. Efforts are being made to register companies from as wide a reach as possible.



Capacity Building Workshops: Ministry of Local Government and Rural Development

Brand Botswana and the Ministry of Local Government and Rural Development (MLGRD) have joined forces to collaborate on mutual mandates that will benefit Botswana's SMMEs. The partnership aims to support and grow small and medium-sized businesses, which are the backbone of Botswana's economy. The collaboration is focused on grassroots impact and enhancing economic development at the local level.

The Brand Botswana and MLGRD partnership encompasses several long-term initiatives to support sustainable and inclusive growth of SMMEs and benefit local communities. These initiatives include:

- Community engagement through workshops that provide local entrepreneurs with valuable insights into business development.
- Showcasing local markets to promote local goods and services, encouraging consumers to buy locally and support their communities.
- Alignment with Local Economic Development, in creating a conducive environment for SMMEs to thrive by providing access to resources and support systems they need to succeed.

Sub-campaigns

Brand Botswana has been executing **#PushaBW** sub-campaigns to reach targeted audiences and disseminate specific messages. In the past year, the Visit Local and PushaBW Festive Campaign were executed.

The Visit Local initiative was launched to encourage Botswana to vacation within the borders of Botswana, especially during major holidays. By doing so, they can support the local economy and promote domestic tourism. The Visit Local campaign is a great way for Botswana to explore their own country and discover new destinations they may not have considered before.

The **#PushaBW** Festive Campaign had several focus areas, including Visit Local, Dress Local, Dance Local, and Eat Local. The Visit Local message was amplified during the festive season,

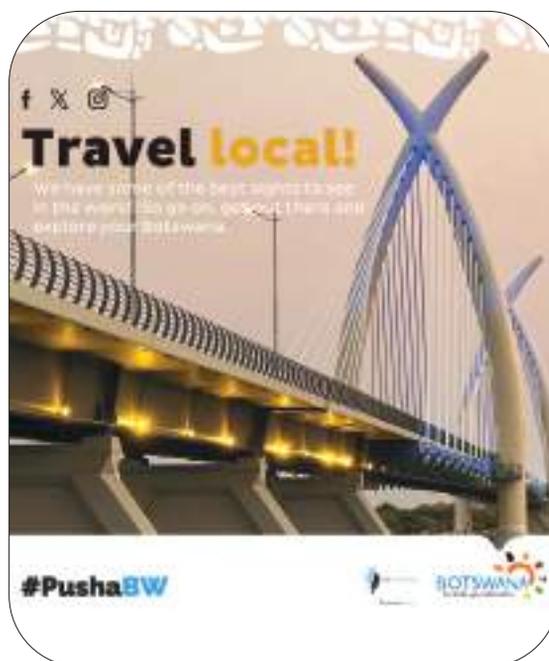


reminding Batswana to use their holiday season to explore their country and support local businesses.

These sub-campaigns have been instrumental in raising awareness about the need to embrace local products and services and the importance of supporting the local community.

Nation Brand Strategy Development

BITC kickstarted the process of developing a five (5) year Nation Brand Strategy that will guide and drive effective marketing and positioning of Botswana to achieve local and international brand awareness, shape positive country perceptions, increase country competitiveness as well enhance national pride and patriotism amongst Batswana. The strategy aims to enable the country to stand out within the region at the same time inviting cross-collaboration with its African neighbours and other partners for mutual benefit. The key objective is to develop a strategy that fully exploits the unique Botswana offering in ways that:





- Drive effective positioning of Botswana in its achievement of improved local and international brand awareness; country perceptions; country competitiveness,
- Better target foreign investment & trade as well as promote domestic investment
- Support Botswana's efforts to diversify the economy
- Help build pride and patriotism amongst Botswana

For 2022/2023, the department engaged with stakeholders to get input and buy-in into the strategy for effective implementation. Different stakeholders in government, parastatals and the private sector were engaged to contribute to the process.

Akola Botswana

The Akola Botswana Campaign continues to play a pivotal role in the Centre's integrated marketing communications plan to raise awareness of its mandate, products and services. In the financial year under review, the Centre continued to build more awareness through strategic and targeted print, radio and digital media platforms campaigns. They were crafted at continuously

promoting the Centre's services, key milestones and highlighting assisted company testimonials. The Akola Botswana Campaign continues to be as successful as in previous years largely due to the level of engagement it derives from followers, particularly on social platforms.

The Business Kraal

One of the main activities of the Akola Botswana Campaign was a thirteen (13) episode feature on Gabz FM's The Business Kraal. This was headlined by the BITC Chief Executive Officer, Mr. Keletsositse Olebile and highlighted the organizations services, and its impact on economic diversification and growth.

In continuing to promote and share information about BITC nationally, BITC participated in some national fairs and shows. These included the Ghanzi Agricultural Show, Botswana Consumer Fair, Chobe Agricultural show, Francistown Business Expo, Khawa Dune Challenge, Mosisedi Harvest Day, Business Botswana Northern Trade Fair and Voorslag Agriculture Fair.

Fostering relations with Media

BITC continues to nurture its relationship with both local and international media. In doing so it strives to build and foster good relationships with media houses through various media engagement initiatives. Key in those media engagements are quarterly Media Briefing sessions whereby the media is appraised on BITC activities and achievements and performance of the Centre. Through these engagements, they are given an opportunity to delve into the Centre's successes, challenges and milestones.

International Media Marketing Promotions

• CNN International Botswana promotional campaign

Due to limited budget and more focus on digital marketing, there was reduced activity in the international media marketing space. In the year under review BITC ran a three (3) months Botswana promotional campaign on CNN international resulting in a eight hundred and thirteen thousand eight hundred and eighty eight (813 888) impressions and eight hundred and ninety seven (897) direct engagements.

• Investment Promotion campaign on Oxford Business Group – OBG

In partnership with the Special Economic Zones Authority Botswana (SEZA), BITC implemented a Botswana investment promotion campaign on Oxford Business Group platforms. The campaign started in May 2022 for a period of 6 months. The Oxford Business Group (OBG) is a global research and advisory company with a presence in over thirty (30) countries, spanning Africa, the Middle East, Asia and the Americas.

Engaging in the digital space

BITC and Brand Botswana Facebook pages exhibited exceptional performance for 2022/2023 with a reach of over ten million (10 000 000) users. By implementing effective content strategies, engaging with the audience, and consistently delivering valuable and visually appealing content, the pages successfully captured attention, fostered engagement, and contributed to a positive brand image.

Table 9: BITC and Brand Botswana facebook performance

| Face Book Page | Total Fans | Fans Growth | Post | Reach | Reach Per Post | Engagement | Engagement Per Post | Engagement Rate |
|--|------------|-------------|-------|------------|----------------|------------|---------------------|-----------------|
|  Brand Botswana (Page) Plot 54351. CBD Gaborone | 82.368 | 11.965 | 641 | 4.267.451 | 6657.49 | 393.173 | 613.37 | 9.21% |
|  Botswana Investment and Trade Centre. CBD Exponential Building. | 57.593 | 16.83% | 708 | 5.974.244 | 8438.2 | 474.922 | 670.79 | 7.95% |
| All pages summary | 139.961 | 13.91% | 1.349 | 10.241.695 | 7592.06 | 868.095 | 643.51 | 8.48% |

Source: BITC

BITC and Brand Botswana LinkedIn pages also exhibited exceptional performance. By focusing on thought leadership, delivering valuable content, and tailoring content to a professional audience, these pages successfully positioned themselves as authoritative sources of information and networking hubs within their respective industries.

Table 10: Organisation pages performance

| Linkedin Page | Total Fans | Fans Growth | Post | Reach | Reach Per Post | Engagement | Engagement Per Post | Engagement Rate |
|--|------------|-------------|------|---------|----------------|------------|---------------------|-----------------|
|  Botswana Investment and Trade Centre. CBD Exponential Building. | 35.344 | 100% | 318 | 656.301 | 206.84 | 88.976 | 279.8 | 21.15% |
|  Brand Botswana (Page) Plot 54351. CBD Gaborone. | 20.009 | 100% | 247 | 278.163 | 1126.17 | 45.098 | 182.58 | 26.34% |
| All pages summary | 55.353 | 0% | 565 | 934.464 | 1653.92 | 134.074 | 273.3 | 14.35% |

Source: BITC

Corporate Social Responsibility (CSR)

In the continued efforts to better serve the community, BITC facilitated and oversaw the completion and hand-over of the Kedia Clinic. The clinic was proudly built through the facilitation of BITC and through the generosity of a BITC assisted company Crown Manufacturing Group, and the Clinic was officially opened by His Honor Vice President Slumber Tsogwane. When handing over the clinic, BITC also donated one hundred and thirty-seven (137) pairs of school shoes to Kedia Primary School. Crown Manufacturing further extended a helping hand to the community of Kedia, donating one hundred blankets (100), while Woolworths Botswana also came on board and donated clothing to the value of P364 000.00.

CUSTOMER SERVICE

Taking care of the customer

Strong brands are built on the positive experiences that people have. Brand Promise influences brand choice and experience confirms expectations 'Albert Einstein'. Our brand is the promise we make to our customers and customer experience is how we keep the promise, as such creating and shaping brand perception.

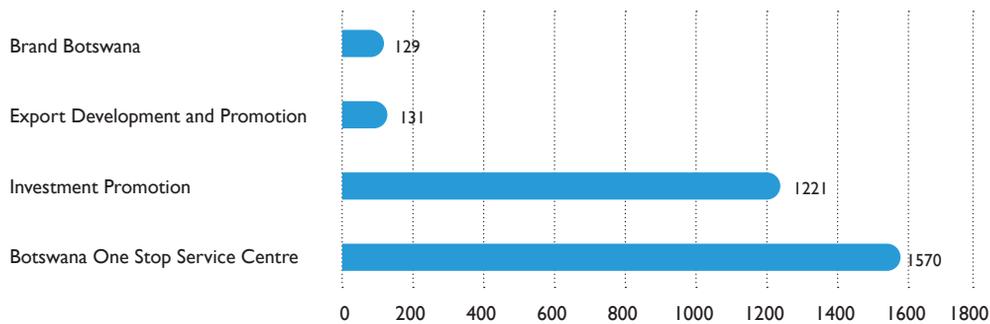
BITC continues to advance its approach to managing customer experience through designing and implementing intentional initiatives to drive, monitor and measure improved customer experience across all physical and digital touch points. The objective is to pursue alignment between the BITC brand and customer experience to impact customer attraction, engagement, satisfaction, retention and by extension, business growth.

inform service improvement programs to be implemented.

• **Number of Clients Served**

The demand for BITC services is one of the indicators of our efforts to create a strong and positive brand equity for BITC. The organization targeted to engage and service a total of three thousand (3000) clients requiring services across the various service areas; including new and repeat customers. The total number recorded for the year is three thousand and fifty one (3051),

Diagram 13: Customer Service Engagements



Source: BITC

• **Voice of the Customer**

The Customer Satisfaction survey is one of the reliable tools that the organization periodically deploys to collect feedback from the customer about BITC products and services and how they meet their needs and expectations. The survey is a critical input in closing the feedback loop as it enables client informed service improvement.

slightly above the target and includes largely enquiries on BITC services as well as follow up on investor facilitation services such as processing of work and residence permits, visas and land applications.

The 2022 Customer Satisfaction and Experience Survey targeted a total of one thousand (1 000) customers drawn from a database of customers serviced at physical and digital service touch points. The purpose of the survey was to determine BITC’s performance against customer satisfaction metrics and to track emerging issues, opportunities and challenges for the customer. In addition to broader and more statistical survey, the organization continues to implement a dipstick survey to get a general feel of how customers experience the service rendered. The overall Customer Experience Score achieved for the year is 80.1%, slightly below the ultimate score of 85%. From the findings, detailed conclusions recommendations were determined which will

OSAKA 2025 World Expo

BITC has been assigned by the Ministry of Trade and Industry to lead and initiate preparations for Botswana’s participation at the upcoming Expo 2025 Osaka, in Japan. Botswana has confirmed participation and engagements with the Expo organisers are ongoing. Botswana has been allocated a Type B (Expo Built) pavillion. This means that Botswana’s representation will be in a stand-alone structure that we will be able to design and curate as best deemed to effectively position and sell the country. BITC CEO Mr. Keletsoitse Oebile has been appointed as the Commissioner General for Botswana. Going forward, the team will proceed to expedite all the necessary preparations for Osaka 2025 and mobilise stakeholders. The most significant challenge facing the project to date is the availability of financial resources.





STAKEHOLDER ENGAGEMENT

BITC continued to engage stakeholders across various sectors for their support and input in executing key strategic initiatives planned for the year. This is in line with the BITC stakeholder engagement framework which guides the organization to identify key stakeholders and develop an annual stakeholder engagement plan to be deployed throughout the year. The plan entails various initiatives for engaging stakeholders to create awareness and updates about various organizational initiatives and projects, solicit collaboration and sponsorship for execution of select projects as well as for information exchange. These stakeholder engagements have resulted in meaningful partnerships and collaboration on some initiatives.



The table below indicates the Stakeholder Engagement Initiatives for 2022/2023 and their outcomes.

Table 11: Stakeholder Engagement - 2022/2023

| STAKEHOLDER | REASON FOR ENGAGEMENT | OUTCOMES |
|---|--|--|
| Ministry of Trade and Industry | To discuss and consider government interventions that could assist to re-boot the economy through the textile sector. | Development of proposal for consideration by Ministry to assist re-boot the economy through the textile sector entailing access to raw materials, skills training, quality management and financial support. |
| | Market Intelligence Tools Information sharing. | Awareness of BITC data tools and platforms. Potential for cost sharing for procurement of the tools. |
| | To address delays in renewals and transfers of concession leases in the Delta. | Government to revise the position on renewal of concession leases due. |
| | To make input into the formulation of Botswana's position for trade negotiations. | Input into trade agreements. |
| Senior Expert Services (SES) in Germany | To discuss the way forward on the 2023 BITC projects To negotiate amendments to the existing MoU to match SES's budget. | SES will continue to sponsor travel costs for BITC 2023 Projects as per the MOU. Proposal for adoption of SES model in Botswana shared with BITC for consideration. |
| Statistics Botswana | Request for data and information. | Up to date import and export data. |
| SACU Technical Committee on Industry, Export and Investment Promotion | Representation of BITC as part of Botswana to advance Botswana positions at SACU. | Development of various value chains across economic sectors. SACU Ministerial Investment Round Table. |
| EU- Africa RISE | Request for technical support for 2 sector studies; Pharmaceutical Manufacturing in Botswana and ICT sector development in Botswana. | Commitment to support the two sector studies through procurement of experts to carry out the studies. |
| UNDP | Request for technical support for the Automotive Sector Study. | Commitment to support the two sector studies through procurement of expert to carry out the study. |
| Debswana, ODC, Morupule Coal Mine, MTN, HB Antwerp, EU | Request for collaboration and sponsorship for GEB. | GEB partnership EU pavilion for local companies supported through EU programmes. |
| SADC | Presentation of Botswana positions on Regional Investment Strategy. | Botswana's input into the SADC regional Investment Strategy. |
| Ministry of Foreign Affairs | Economic diplomacy strategy engagement. | Input into the Economic Diplomacy Strategy. |
| Legatum Institute | Awareness on use of Legatum Indices for Legatum Prosperity Index. | Use of Legatum Index for promoting Botswana as a place to live, work and invest in. |
| Botswana Trade Portal Focal Persons | Engagement on Botswana Trade Portal management and maintenance. | Content Validation. Content Sharing. Marketing and Promotional Activities. |
| Freight Forwarders Association | Engagement on implementation of the Customs Logistics Index survey. | Introduction of Freight Forwarders members to Botswana Trade Portal. The membership was appraised about the survey to be undertaken by the Trade portal Team. |
| UNCTAD | Reforms Tracker Training. | Continuous updating of the Reforms tracker by the Trade Portal Team to track implementation by the country. |
| Ministry of Labour and Home affairs | Continuous engagement with the Ministry to guide in facilitation process for work and residence permits. | Improves turn around times. |
| Engineering Registration Board and BQA | Engagement regarding facilitation of vetting of engineering professionals contracted by local companies. | Reduced turnaround times for vetting process Collaboration with ERB through MOU. |

Continues from page 72

| STAKEHOLDER | REASON FOR ENGAGEMENT | OUTCOMES |
|--|--|--|
| Sea Rail Botswana, Nampot and the Trans Kalagadi Trans Corridor Group | Inward mission in partnership with BITC to build awareness and sensitize the business community about the benefits of using the Walvis Bay Botswana Dry Port facility in Namibia. | Commitment by local companies to start using the facility for the next shipments of mainly inbound goods (raw materials and inputs) and in some cases outbound goods. |
| Department of Industrial Affairs | To discuss local industry protection in favour of local manufacturing companies. | Further engagement and collaborations between companies for collective lobbying. |
| Ministry of Lands | Engagement of different Land Boards to facilitate investor applications for land. Stakeholder relationship management. | Land facilitation. |
| Ministry of Agriculture and Food Security: Department of Crop Production and The Department of Forestry and Range Resources: | The aim of the meeting was to explore possible areas of synergy in research and development, stakeholder and public awareness and the mobilization of farmers in various areas of Botswana. | To embark on a process to identify and categorize all the indigenous plants with medicinal and flavoring benefits. |
| CEDA | Engagement for collaboration in unlocking business conversions. | Agreement to be finalized. |
| Nation Brand Strategy Stakeholders | Stakeholders across various sectors were engaged in several workshops for input into the development of the Nation Brand Strategy for Botswana. | Input, validation and consensus amongst all participants on the proposed central idea, with recommendation to refine it further. |
| US -Africa Business Summit | Engagement of various stakeholders including the Corporate Council on Africa, Botswana Embassy in USA, government entities, private sector and media through various platforms for awareness, updates and their support in terms of sponsorship, planning, facilitation and participation. | Information sharing. Collaboration and partnership. |
| Ministry of Local Government and Rural Development | Workshopping on Nation Brand and how they can support in driving the Brand Botswana message across the districts. Workshop on #Pushabw to drive the message as well as capacity building to local producers in the districts. | Facilitation of continuous engagements at various district level for the nation brand message. Commitment to deliver capacity building to local producers in the different districts. |
| National Arts Council of Botswana | To appreciate the ongoing National Arts Strategy development progress with view to align with the nation brand strategy development program. | Committed to engage further to identify initiatives for collaboration. |
| Public Procurement Regulatory Authority | Engagement on the new Procurement Act. | Awareness. |
| Financial Institutions | Engagement with several financial institutions for improved employee benefits/schemes. | Employee schemes. |
| Acc Tech | Engagement for development of new PMS system. | System deployment. |
| BURS | Reconciliation for E-Filing tax. Registration for E-Filing. | Tax – Compliance. Timely completion of Tax Returns. |

Source: BITC

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GENERAL INFORMATION

| | |
|--|--|
| Country of incorporation and domicile | Botswana |
| Nature of business and principal activities | Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand |
| Directors | <p>Ms. Palesa Audrey Semele - Chairperson (until 31 May 2023)</p> <p>Ms. Boineelo Peter (appointed 1 September 2022 until term of office)</p> <p>Mr. Bakang Palai (until May 2023)</p> <p>Ms. Enele Gomolemo Madikgetla (until 31 May 2023)</p> <p>Mr. Tebo Motswagae (for the tenure of his office)</p> <p>Mr. Lesang Magang (resigned 1 November 2022)</p> <p>Ms. Macie Keneilwe Molebatsi (until 31 January 2024)</p> <p>Mr. Keletsositse Olebile - Chief Executive Officer</p> |
| Registered office | Plot 54351, Exponential Building Central Business District (CBD), Gaborone |
| Postal address | Private Bag 00445, Gaborone |
| Bankers | Standard Chartered Bank Botswana Limited First National Bank of Botswana Limited Stanbic Bank Botswana Limited First National Bank of South Africa Limited Bank of India Limited Barclays Bank PLC, UK Bank Gaborone Limited African Alliance Botswana Limited RBL Bank India |
| Auditors | Grant Thornton Firm of Certified Auditors Member firm Grant Thornton International |
| Presentation currency | Botswana Pula (P) |

Botswana Investment and Trade Centre

Trading as Botswana Investment and Trade Centre Act, 2011
Consolidated Annual Financial Statements for the year ended 31 March 2023

Statement of responsibility by the Board of Directors

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.

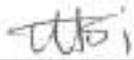
The Botswana Investment and Trade Centre ("Group") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Group's assets. The directors are also responsible 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 set out on pages 78 to 120 and supplementary information on pages 121 to 122 were authorised for issue by the Board of Directors on 28 Feb 2023 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:



Director



Director

Chartered Accountants

Grant Thornton
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twitter.com/GrantThorntonBW

Independent Auditor's Report

To the members of Botswana Investment and Trade Centre

Report on the Audit of the Financial statements

Opinion

We have audited the Consolidated Annual Financial Statements of Botswana Investment and Trade Centre (the Centre) and its subsidiary (the group) set out on pages 78 to 120, which comprise the consolidated statement of financial position as at 31 March 2023, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements give a true and fair view of, the financial position of Botswana Investment and Trade Centre as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated annual financial statements section of our report. We are independent of the Center in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of consolidated annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Botswana Accountancy Oversight Authority registration number: FAP 005 2023 (Audit firm of Public Interest Entity)
Botswana Institute of Chartered Accountants membership number: MeFBW11012 (Audit and Non-Audit)

Partners

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

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Independent Auditor's Report (continued)

Key audit matters

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

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



Independent Auditor's Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Investment and Trade Center consolidated annual financial statements for the year ended 31 March 2023", which includes the Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report and the Annual Report which is expected to be made available to us after this date. Other information does not include the annual financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated Annual Financial Statements

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

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

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



Independent Auditor's Report (continued)

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

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

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

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



Independent Auditor's Report (continued)

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

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

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

Report on other legal and regulatory requirements

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

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

Grant Thornton

Grant Thornton
Firm of Certified Auditors
Practicing member: Madhavan Venkatachary (CAP 0017 2023)

29 Sep 2023

Gaborone

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| Figures in Pula | Note(s) | 2023 | 2022 |
|-------------------------------------|---------|--------------------|--------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 16 | 4 757 961 | 5 868 424 |
| Right-of-use assets | 17 | 22 487 319 | 25 955 840 |
| Investment property | 18 | 306 901 986 | 288 161 016 |
| Intangible assets | 19 | 176 199 | - |
| Operating lease asset | 21 | 2 098 014 | 3 024 113 |
| | | 336 421 479 | 323 009 393 |
| Current Assets | | | |
| Trade and other receivables | 22 | 5 891 030 | 5 921 529 |
| Cash and cash equivalents | 23 | 50 945 144 | 62 720 929 |
| | | 56 836 174 | 68 642 458 |
| Total Assets | | 393 257 653 | 391 651 851 |
| Equity and Liabilities | | | |
| Equity | | | |
| Reserves | | 68 518 164 | 68 518 164 |
| General Fund | | 146 763 488 | 135 454 339 |
| | | 215 281 652 | 203 972 503 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Lease liabilities | 17 | 22 147 202 | 25 274 527 |
| Government Capital Grants | 25 | 138 431 196 | 138 715 009 |
| | | 160 578 398 | 163 989 536 |
| Current Liabilities | | | |
| Trade and other payables | 24 | 13 053 704 | 20 291 531 |
| Lease liabilities | 17 | 4 343 899 | 3 398 281 |
| | | 17 397 603 | 23 689 812 |
| Total Liabilities | | 177 976 001 | 187 679 348 |
| Total Equity and Liabilities | | 393 257 653 | 391 651 851 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| Figures in Pula | Note(s) | 2023 | 2022 |
|---|---------|-------------------|--------------------|
| Revenue and Government subventions | 3 | 105 781 842 | 107 726 807 |
| Other operating income | 4 | 1 989 330 | 1 568 740 |
| Fair value gains (losses) | 5 | 18 090 821 | 2 641 029 |
| Operating expenses | 6 | (113 738 813) | (113 150 473) |
| Operating surplus/(deficit) for the year | | 12 123 180 | (1 213 897) |
| Finance income | 14 | 1 559 527 | 1 354 237 |
| Finance costs | 15 | (2 373 558) | (2 336 514) |
| Surplus/(deficit) for the year | | 11 309 149 | (2 196 174) |
| Other comprehensive income | | - | - |
| Total comprehensive surplus/(deficit) for the year | | 11 309 149 | (2 196 174) |

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2023

| Figures in Pula | Revaluation | General fund | Total equity |
|---|-------------------|--------------------|--------------------|
| Balance at 01 April 2021 | 68 518 164 | 137 650 513 | 206 168 677 |
| Loss for the year | - | (2 196 174) | (2 196 174) |
| Total comprehensive deficit for the year | - | (2 196 174) | (2 196 174) |
| Balance at 01 April 2022 | 68 518 164 | 135 454 339 | 203 972 503 |
| Profit for the year | - | 11 309 149 | 11 309 149 |
| Total comprehensive deficit for the year | - | 11 309 149 | 11 309 149 |
| Balance at 31 March 2023 | 68 518 164 | 146 763 488 | 215 281 652 |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

| Figures in Pula | Note(s) | 2023 | 2022 |
|---|---------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash (used in)/generated from operations | 26 | (7 289 413) | 6 508 712 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 16 | (506 489) | (2 061 588) |
| Purchases of investment property | 18 | (650 149) | - |
| Purchases of intangible assets | 19 | (274 440) | - |
| Interest income | 14 | 2 270 765 | 1 889 397 |
| Net cash from investing activities | | 839 687 | (172 191) |
| Cash flows from financing activities | | | |
| Government capital grants received | | 1 431 077 | 1 534 202 |
| Cash repayments on lease liabilities | 17 | (3 672 339) | (4 211 635) |
| Finance costs | 15 | (2 373 558) | (2 336 514) |
| Net cash from financing activities | | (4 614 820) | (5 013 947) |
| Total cash movement for the year | | (11 064 546) | 1 322 574 |
| Cash and cash equivalents at the beginning of the year | | 62 720 930 | 61 810 819 |
| Effect of exchange rate movement on cash balances | | (711 238) | (412 464) |
| Cash and cash equivalents at the end of the year | 23 | 50 945 146 | 62 720 929 |

ACCOUNTING POLICIES

Corporate information

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

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

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

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the group’s functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

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

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

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

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

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

1.2 Consolidation (continued)

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Impairment of financial assets

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

Measurement of the expected credit loss allowance

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

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

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

Useful lives of property, plant and equipment

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

1.3 Significant judgements and sources of estimation uncertainty (continued)

Treatment of grant received from related parties

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

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 31 for further details.

Incremental borrowing rate, lease renewal and termination options

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The average lease term for recognised leases ranges from two to six years. The Group also applied judgement in determining the incremental borrowing rates depending on the different geographical locations. The incremental borrowing rates used for Botswana 8.50% (prime plus 2%), South Africa 11.75% (prime plus 2%), United Kingdom 3.75% (prime plus 2%), India 11.4% (prime plus 2%). Refer to Note 13 for further details.

1.4 Investment property

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

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

1.4 Investment property (continued)

Fair value

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

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

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

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

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

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

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

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

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

1.5 Property, plant and equipment (continued)

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

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line | 5 years |

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost; or

Note 30 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

1.7 Financial instruments (continued)

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 22).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

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

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

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

1.7 Financial instruments (continued)

receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 22).

Impairment

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

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

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 22.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 13).

Write off policy

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

1.7 Financial instruments (continued)

Credit risk

Details of credit risk are included in the trade and other receivables note (note 22) and the financial instruments and risk management note (note 30).

Derecognition

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

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note).

Trade and other payables**Classification**

Trade and other payables (note 24), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 30 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 30).

1.7 Financial instruments (continued)**Derecognition**

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

Cash and cash equivalents

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

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment

The Group recognises a loss allowance for expected credit losses on cash equivalents at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective cash held with financial institutions.

Default

For purposes of internal credit risk management purposes, the Group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Write-off

Receivables are written off when its deemed to be unrecoverable.

Derecognition**Financial assets**

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

1.7 Financial instruments (continued)

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.8 Leases

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

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

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

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

Group as lessee

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

1.8 Leases (continued)

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

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

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

Lease liability

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

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

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

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

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

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

1.8 Leases (continued)

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.

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 asset comprise the following:

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

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

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

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

1.8 Leases (continued)

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

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

1.9 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

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

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

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

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

1.10 Funds and reserves

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

Other components of equity include the following:

- General fund - General fund includes all current and prior period retained (deficit)/surplus.
- Revaluation reserve – comprises of gains and losses from the revaluation of land and buildings.

1.11 Employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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

1.12 Government grants

Grants related to income are presented as a credit in the profit or loss under revenue.

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.

1.12 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.

1.13 Revenue

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

- **Rental income**

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

- **Interest income**

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

- **Global expo income**

Global expo income from sale of exhibition space is recognized on a time-proportion using invoice date, as it is the point in time when all performance obligations are deemed to have been satisfied.

1.14 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

1.14 Translation of foreign currencies (continued)

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

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

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

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

Investments in subsidiaries

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

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

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

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

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

1.15 Related parties

A party is deemed related to the Group if they are directors of the Group. Related party transactions are disclosed in note 29 to the financial statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

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

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

The effective date of the Group is for years beginning on or after 01 January 2022.

The Group has adopted the amendment for the first time in the 2023 consolidated annual financial statements. The impact of the amendment is not material.

Reference to the Conceptual Framework: Amendments to IFRS 3

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

The effective date of the Group is for years beginning on or after 01 January 2022.

The Group has adopted the amendment for the first time in the 2023 consolidated annual financial statements. The impact of the amendment is not material.

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

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

The effective date of the Group is for years beginning on or after 01 January 2022.

The Group has adopted the amendment for the first time in the 2023 consolidated annual financial statements. The impact of the amendment is not material.

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

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting

2.1 Standards and interpretations effective and adopted in the current year (continued)

the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the Group is for years beginning on or after 01 January 2022.

The Group has adopted the amendment for the first time in the 2023 consolidated annual financial statements. The impact of the amendment is not material.

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

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

The effective date of the Group is for years beginning on or after 01 January 2022.

The Group has adopted the amendment for the first time in the 2023 consolidated annual financial statements. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2023 or later periods:

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

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

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

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

The effective date of the amendment is for years beginning on or after 01 January 2023.

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

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

| Figures in Pula | Note(s) | 2023 | 2022 |
|---|---------|--------------------|--------------------|
| 3. REVENUE AND GOVERNMENT SUBVENTION | | | |
| Government Subvention | | 81 735 683 | 86 009 758 |
| Rental income | | 22 537 121 | 21 717 049 |
| Global Expo Botswana-Income | | 1 509 038 | - |
| | | 105 781 842 | 107 726 807 |
| Government subvention | | | |
| Subvention received for the year | | 83 166 760 | 87 543 960 |
| Less: Capital grants for the year | | (1 431 077) | (1 534 202) |
| | | 81 735 683 | 86 009 758 |
| 4. OTHER OPERATING INCOME | | | |
| Amortisation of Government capital grant | | 1 714 890 | 1 392 361 |
| Other income | | 271 739 | 176 379 |
| Scrapping of property plant and equipment | | (39 349) | - |
| Gain on modification of lease liability | | 42 050 | - |
| | | 1 989 330 | 1 568 740 |
| 5. FAIR VALUE GAINS (LOSSES) | | | |
| Gains on disposals | | | |
| Right-of-use assets | 17 | - | 176 158 |
| Fair value gains (losses) | | | |
| Investment property | 18 | 18 090 821 | 2 464 871 |
| Total other operating gains (losses) | | 18 090 821 | 2 641 029 |
| 6. OPERATING EXPENSES | | | |
| Operating expenses by nature | | | |
| The public relation expenses, export promotion expenses, investment promotion expenses, research expenses and other operating expenses are analysed by nature as follows: | | | |
| Staff costs | 7 | 58 396 631 | 57 858 958 |
| Rent expense | | 1 171 733 | 658 646 |
| Depreciation expense | 8 | 6 634 460 | 6 881 930 |
| Administrative expenses | 13 | 31 826 323 | 29 062 596 |
| Investment promotion expenses | 11 | 5 702 402 | 1 929 406 |
| Export promotion expenses | 10 | 2 692 808 | 1 121 964 |
| Public relation expenses | 9 | 4 803 317 | 12 640 190 |
| Research expenses | 12 | 2 511 139 | 2 996 783 |
| | | 113 738 813 | 113 150 473 |

Figures in Pula

2023

2022

7. EMPLOYEE COSTS

Employee costs

| | | |
|---------------------------------------|-------------------|-------------------|
| Basic salaries | 42 046 491 | 40 483 334 |
| Staff welfare and recreation | 883 782 | 389 966 |
| Training | 941 676 | 665 710 |
| Medical aid | 1 895 149 | 1 814 697 |
| Company contribution and tax | 679 429 | 388 689 |
| Security allowance | - | 36 000 |
| Car allowance | - | 892 242 |
| Leave pay provision | 1 839 140 | 1 854 324 |
| Foreign service allowance | 1 967 169 | 2 003 764 |
| Overtime and entertainment allowances | 101 066 | 150 722 |
| Utilities | - | 280 510 |
| Recreational allowance | 135 611 | 77 517 |
| Defined pension contributions | 4 378 904 | 3 926 277 |
| Housing allowance | - | 910 896 |
| Gratuity | 3 528 214 | 3 984 310 |
| | 58 396 631 | 57 858 958 |

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation

| | | |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 1 577 066 | 1 392 361 |
| Right-of-use assets | 4 959 153 | 5 489 569 |
| | 6 536 219 | 6 881 930 |

Amortisation

| | | |
|-------------------|--------|---|
| Intangible assets | 98 241 | - |
|-------------------|--------|---|

Total depreciation, amortisation and impairment

| | | |
|--------------|------------------|------------------|
| Depreciation | 6 536 219 | 6 881 930 |
| Amortisation | 98 241 | - |
| | 6 634 460 | 6 881 930 |

9. PUBLIC RELATION EXPENSES

| | | |
|---------------------------------|------------------|-------------------|
| Advertising | 2 198 471 | 1 795 718 |
| Corporate social responsibility | 703 310 | 194 443 |
| Exhibitions | 1 166 439 | 10 133 485 |
| Gifts and donations | 2 590 | - |
| Publications | 426 302 | 417 471 |
| Promotions material | 306 205 | 99 073 |
| | 4 803 317 | 12 640 190 |

10. EXPORT PROMOTION EXPENSES

| | | |
|--------------------|------------------|------------------|
| Export promotion | 1 923 556 | 976 052 |
| Export development | 769 252 | 145 912 |
| | 2 692 808 | 1 121 964 |

11. INVESTMENT PROMOTION EXPENSES

| | | |
|----------------------|------------------|------------------|
| Investment promotion | 5 702 402 | 1 923 134 |
|----------------------|------------------|------------------|

| Figures in Pula | Note(s) | 2023 | 2022 |
|--|---------|-------------------|-------------------|
| 12. RESEARCH EXPENSES | | | |
| Strategic planning | | 112 033 | 861 614 |
| Market Intelligence | | 1 171 733 | 658 646 |
| | | 1 283 766 | 1 520 260 |
| 13. ADMINISTRATIVE EXPENSES | | | |
| After care activities | | 339 979 | 161 662 |
| Auditors remuneration - external auditors | | 460 892 | 383 824 |
| Provision for loss allowance - trade debtors | | 4 116 695 | 1 901 753 |
| Bank charges | | 94 109 | 92 104 |
| Board activities | | 509 016 | 224 976 |
| Cleaning | | 748 956 | 757 708 |
| Computer expenses | | 4 824 885 | 4 822 193 |
| Professional and legal fees | | 2 364 678 | 3 788 593 |
| Directors fees | | 365 715 | 144 585 |
| Entertainment | | 159 433 | 54 416 |
| Global expo expenses | | 3 778 869 | 1 672 328 |
| Insurance | | 1 175 525 | 760 832 |
| Motor vehicle expenses | | 372 021 | 265 761 |
| Office equipment lease | | 422 630 | 359 287 |
| Office expenses | | 269 192 | 295 219 |
| Branding | | 5 183 402 | 5 656 430 |
| Property maintenance | | 685 960 | 1 480 511 |
| Rates | | 321 186 | 276 172 |
| Stationary | | 206 695 | 220 174 |
| Security | | 645 753 | 671 342 |
| Subscriptions | | 58 790 | 85 559 |
| Seminars and conferences | | 207 748 | 25 992 |
| Telephone | | 952 693 | 1 640 893 |
| Transport, travel and subsistence | | 1 855 050 | 867 465 |
| Utilities | | 1 706 451 | 2 459 089 |
| | | 31 826 323 | 29 068 868 |
| 14. FINANCE INCOME | | | |
| Interest income | | | |
| Investments in financial assets: | | | |
| Bank and other cash | | 2 270 764 | 1 889 397 |
| Exchange losses | | (711 237) | (535 160) |
| Total interest income | | 1 559 527 | 1 354 237 |
| 15. FINANCE COSTS | | | |
| Lease liabilities | | 2 373 558 | 2 336 514 |

16. PROPERTY, PLANT AND EQUIPMENT

| | 2023 | | | 2022 | | |
|----------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land | 203 766 | - | 203 766 | 203 766 | - | 203 766 |
| Furniture and fixtures | 2 491 389 | (2 137 065) | 354 324 | 2 487 883 | (2 071 083) | 416 800 |
| Motor vehicles | 5 130 508 | (3 966 141) | 1 164 367 | 5 130 508 | (3 319 450) | 1 811 058 |
| Office equipment | 1 991 433 | (1 052 578) | 938 855 | 1 790 657 | (913 457) | 877 200 |
| IT equipment | 5 946 248 | (4 748 302) | 1 197 946 | 5 122 694 | (4 221 582) | 901 112 |
| Household furniture | 523 862 | (246 176) | 277 686 | 477 156 | (179 494) | 297 662 |
| Leasehold property | 7 371 283 | (6 750 266) | 621 017 | 7 371 285 | (6 660 608) | 710 677 |
| Capital - Work in progress | - | - | - | 650 149 | - | 650 149 |
| Total | 23 658 489 | (18 900 528) | 4 757 961 | 23 234 098 | (17 365 674) | 5 868 424 |

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

| | Land | Furniture and fixtures | Motor vehicles | Office equipment | IT equipment | Household furniture | Leasehold improvements | Capital work in progress | Total |
|---|----------------|------------------------|------------------|------------------|------------------|---------------------|------------------------|--------------------------|------------------|
| Cost | 203 766 | 2 487 883 | 5 130 508 | 1 790 657 | 5 122 694 | 477 156 | 7 371 285 | 650 149 | 23 234 098 |
| Accumulated depreciation and impairment | - | (2 071 083) | (3 319 450) | (913 457) | (4 221 582) | (179 494) | (6 660 608) | - | (17 365 674) |
| Net book value at 01 April 2022 | 203 766 | 416 800 | 1 811 058 | 877 200 | 901 112 | 297 662 | 710 677 | 650 149 | - |
| Additions | - | 3 506 | - | 200 776 | 905 650 | 46 706 | - | (650 149) | 506 489 |
| Scrappings at cost | - | - | - | - | (81 796) | - | - | - | (81 796) |
| Scrappings - accumulated depreciation | - | - | - | - | 41 910 | - | - | - | 41 910 |
| Depreciation | - | (65 982) | (646 691) | (139 121) | (568 930) | (66 682) | (89 660) | - | (1 577 066) |
| Net book value at 31 March 2023 | 203 766 | 354 324 | 1 164 367 | 938 855 | 1 197 946 | 277 686 | 621 017 | - | 4 757 961 |
| Made up as follows: | | | | | | | | | |
| Cost | 203 766 | 2 491 389 | 5 130 508 | 1 991 433 | 5 946 248 | 523 862 | 7 371 283 | - | 23 658 489 |
| Accumulated depreciation | - | (2 137 065) | (3 966 141) | (1 052 578) | (4 748 302) | (246 176) | (6 750 266) | - | (18 900 528) |
| | 203 766 | 354 324 | 1 164 367 | 938 855 | 1 197 946 | 277 686 | 621 017 | - | 4 757 961 |

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

| | Land | Furniture and fixtures | Motor vehicles | Office equipment | IT equipment | Household furniture | Leasehold property | Capital work in progress | Total |
|---|----------------|------------------------|------------------|------------------|------------------|---------------------|--------------------|--------------------------|------------------|
| Opening balance | | | | | | | | | |
| Cost | 203 766 | 2 484 718 | 5 130 506 | 1 576 216 | 5 359 036 | 262 131 | 7 282 044 | - | 22 298 417 |
| Accumulated depreciation and impairment | - | (2 006 778) | (2 667 135) | (971 292) | (4 214 672) | (136 232) | (6 575 090) | - | (16 571 199) |
| Net book value at 01 April 2021 | 203 766 | 477 940 | 2 463 371 | 604 924 | 1 144 364 | 125 899 | 706 954 | - | 5 727 218 |
| Additions | - | 47 182 | 527 382 | 380 070 | 195 269 | 215 025 | 46 511 | 650 149 | 2 061 588 |
| Disposal at cost | - | - | - | (165 628) | (431 611) | - | (112 000) | - | (709 239) |
| Transfers (to) and from investment property | - | (46 450) | - | 115 668 | - | - | 112 000 | - | 181 218 |
| Depreciation | - | (61 872) | (1 179 695) | (57 834) | (6 910) | (43 262) | (42 788) | - | (1 392 361) |
| Net book value at 31 March 2022 | 203 766 | 416 800 | 1 811 058 | 877 200 | 901 112 | 297 662 | 710 677 | 650 149 | 5 868 424 |
| Made up as follows: | | | | | | | | | |
| Cost | 203 766 | 2 487 883 | 5 130 508 | 1 790 657 | 5 122 694 | 477 156 | 7 371 285 | 650 149 | 23 234 098 |
| Accumulated depreciation | - | (2 071 083) | (3 319 450) | (913 457) | (4 221 582) | (179 494) | (6 660 608) | - | (17 365 674) |
| | 203 766 | 416 800 | 1 811 058 | 877 200 | 901 112 | 297 662 | 710 677 | 650 149 | 5 868 424 |

| Figures in Pula | 2023 | 2022 |
|--|---------------------|---------------------|
| 17. RIGHT-OF-USE ASSET | | |
| Net carrying amounts of right-of-use assets | | |
| The carrying amounts of right-of-use assets are included in the following line items: | | |
| Buildings | 22 487 319 | 25 955 840 |
| Cost | | |
| Opening balance | 39 616 283 | 31 091 269 |
| Additions | 1 490 633 | 8 149 960 |
| Lease modifications | - | 375 054 |
| | 41 106 916 | 39 616 283 |
| Accumulated depreciation | | |
| Opening balance | (13 660 443) | (6 991 769) |
| Depreciation for the year | (4 959 153) | (5 533 892) |
| Lease modifications | - | (1 134 782) |
| | (18 619 596) | (13 660 443) |
| Cash outflow - payments of lease liability | (5 978 798) | (6 548 152) |
| Other disclosures | | |
| Interest expense on lease liabilities | 2 373 558 | 2 336 514 |
| Depreciation | 4 959 153 | 5 489 569 |
| Expense relating to short-term leases | 1 171 733 | 658 646 |
| The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. | | |
| Lease liabilities | | |
| Reconciliation of lease liability | | |
| Lease liability - opening balance | 28 672 808 | 25 410 780 |
| Additions | 1 490 633 | 8 149 960 |
| Recognition of interest expense | 2 373 558 | 2 336 514 |
| Settlement through payments | (5 978 798) | (6 548 152) |
| Lease modifications* | - | (551 293) |
| Foreign exchange differences | (67 100) | (125 001) |
| | 26 491 101 | 28 672 808 |
| The maturity analysis of lease liabilities is as follows: | | |
| Within one year | 4 343 899 | 5 939 243 |
| Two to five years | 23 205 628 | 24 491 464 |
| More than five years | 4 924 144 | 7 531 797 |
| | 32 473 671 | 37 962 504 |
| Less finance charges component | (5 982 570) | (9 289 696) |
| | 26 491 101 | 28 672 808 |
| Non-current liabilities | 22 147 202 | 25 274 527 |
| Current liabilities | 4 343 899 | 3 398 281 |
| | 26 491 101 | 28 672 808 |

17. Right-of-use asset (continued)

During the year, a lease addendum was issued to the existing rental agreement relevant to Mr. Anil Rajput to extend the rental period from 15th March 2023 to 14th March 2025. The rent escalation will be **10%** per annum starting from 15th March 2024. All the other terms and conditions of the lease agreement remain the same.

Details of leases considered for the IFRS 16 calculation

| Name of landlord | Location | Purpose | Lease | Average remaining lease term |
|---------------------------------|---------------------------------------|-----------------|---------|------------------------------|
| Exponential Investments Limited | Botswana | Office building | 8 years | 5 years |
| Growthpoint Properties | Sandton 2146, South Africa | Office building | 4 years | 2 years |
| Master Engineering | Plot 903, Francistown | Office building | 4 years | 2 years |
| Mr. Anil Rajput | B3/20, Vasant Vihar, New Dehli, India | Residential | 2 years | 1 year |

18. INVESTMENT PROPERTY

| | 2023 | | | 2022 | | |
|---------------------|-------------|--------------------------|----------------|-------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Investment property | 306 901 986 | - | 306 901 986 | 288 161 016 | - | 288 161 016 |

Reconciliation of investment property

| | Investment property |
|---|---------------------|
| Cost | |
| At 01 April 2021 | 285 696 145 |
| Fair value adjustments | 2 750 000 |
| Rental straight-line adjustment | (285 129) |
| At 31 March 2022 | 288 161 016 |
| Additions resulting from capitalised subsequent expenditure | 650 149 |
| Fair value adjustments | 17 449 851 |
| Rental straight-line adjustment | 640 970 |
| At 31 March 2023 | 306 901 986 |
| Carrying amount | |
| Carrying amount | |
| Fair value | 288 161 016 |
| At 31 March 2022 | 288 161 016 |
| Cost | 306 901 986 |
| At 31 March 2023 | 306 901 986 |

18. Investment property (continued)

Figures in Pula 2023 2022

Details of valuation

The Group's investment properties were revalued on 31 March 2023 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.

Refer to note 31 details of fair value information.

Amounts recognised in profit and loss for the year

| | | |
|--|-------------------|-------------------|
| Rental income from investment property | 22 822 250 | 21 717 049 |
| Rates | (321 186) | (255 480) |
| Property maintenance | (685 960) | (1 438 225) |
| Insurance | (409 415) | (224 789) |
| | 21 405 689 | 19 798 555 |

19. INTANGIBLE ASSETS

| | 2023 | | | 2022 | | |
|-------------------|---------|--------------------------|----------------|------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Intangible assets | 274 440 | (98 241) | 176 199 | - | - | - |

Reconciliation of intangible assets - 2023

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|---------|
| Intangible assets | - | 274 440 | (98 241) | 176 199 |

20. INVESTMENT IN SUBSIDIARIES

| Name of company | % voting power 2023 | % voting power 2022 |
|--|---------------------|---------------------|
| Botswana Investment and Trade Centre South Africa | 100.00 % | 100.00 % |
| Botswana Export Development and Investment Authority | 100.00 % | 100.00 % |

Nature of the company

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

| Figures in Pula | 2023 | 2022 |
|--|------------------|------------------|
| 21. OPERATING LEASE ASSET | | |
| Non-current assets | 2 098 014 | 3 024 113 |
| 22. TRADE AND OTHER RECEIVABLES | | |
| Financial instruments: | | |
| Trade receivables | 5 951 483 | 6 994 730 |
| Loss allowance | (5 129 920) | (6 108 904) |
| Trade receivables at amortised cost | 821 563 | 885 826 |
| Other receivables | 788 406 | 954 898 |
| Interest receivable | 166 843 | 213 408 |
| Non-financial instruments: | | |
| Prepayments | 4 114 218 | 3 867 397 |
| Total trade and other receivables | 5 891 030 | 5 921 529 |
| Financial instrument and non-financial instrument components of trade and other receivables | | |
| At amortised cost | 1 776 812 | 2 054 132 |
| Non-financial instruments | 4 114 218 | 3 867 397 |
| | 5 891 030 | 5 921 529 |

Exposure to credit risk

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

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

| | 2023 | 2023 | 2022 | 2022 |
|---|--|--|--|--|
| | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| Expected credit loss rate: | | | | |
| Not past due 49% (2022: 44%) | 97 997 | (47 538) | 846 771 | (376 644) |
| Less than 30 days past due: 65% (2022: 55%) | 1 734 520 | (1 122 984) | 573 527 | (313 757) |
| 31 - 60 days past due: 77% (2022: 77%) | 704 148 | (538 723) | 630 407 | (484 279) |
| 61 - 90 days past due: 92% (2022: 96%) | 402 512 | (368 377) | 252 725 | (242 924) |
| Over 91 days past due: 100% (2022: 100%) | 3 012 306 | (3 052 298) | 4 691 300 | (4 691 300) |
| Total | 5 951 483 | (5 129 920) | 6 994 730 | (6 108 904) |

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses).

| | | |
|--|--------------------|--------------------|
| Opening balance in accordance with IFRS 9 | (6 108 904) | (4 228 378) |
| Provision raised on new trade receivables | 978 984 | (1 880 526) |
| Closing balance | (5 129 920) | (6 108 904) |

Fair value of trade and other receivables

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

Figures in Pula

2023

2022

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Cash on hand | 12 686 | 13 106 |
| Cash at bank | 6 827 831 | 18 488 905 |
| Short-term deposits | 44 104 627 | 44 218 918 |
| | 50 945 144 | 62 720 929 |

Cash and cash equivalents include P1,884,292 (2022: P1,480,713) attributable to countries where exchange controls or other legal restrictions apply (India and South Africa). Nevertheless, if the Group complies with relevant requirements, such liquid funds are at its disposal within a reasonable period of time.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is P50,945,144 (2022: P62,720,930)

| | | |
|---------------|-------------------|-------------------|
| Bank balances | 50 932 458 | 62 707 823 |
| Cash on hand | 12 686 | 13 106 |
| | 50 945 144 | 62 720 929 |

Cash and cash equivalents denominated in foreign currencies

| | | |
|---------------------|------------------|------------------|
| UK Pounds | 625 196 | 702 759 |
| South African Rands | 779 111 | 4 236 409 |
| Indian Rupees | 684 | 1 045 219 |
| | 1 404 991 | 5 984 387 |

24. TRADE AND OTHER PAYABLES

Financial instruments:

| | | |
|----------------------|-------------------|-------------------|
| Trade payables | 1 401 949 | 1 508 199 |
| Staff accruals | 5 366 118 | 6 451 740 |
| Accrued expenses | 1 419 986 | 1 951 738 |
| Sponsorship advances | 1 196 698 | 7 765 398 |
| Other payables | 3 668 953 | 2 614 456 |
| | 13 053 704 | 20 291 531 |

Exposure to currency risk

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

Pula Amount

| | | |
|------|------------|------------|
| Pula | 13 053 704 | 20 291 530 |
|------|------------|------------|

Foreign currency sensitivity analysis

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

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

Fair value of trade and other payables

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

Figures in Pula

2023

2022

25. GOVERNMENT CAPITAL GRANTS

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

| | | |
|--------------------------------|--------------------|--------------------|
| Balance at beginning of year | 138 715 009 | 138 573 168 |
| Grant received during the year | 1 431 077 | 1 534 202 |
| Amortisation during the year | (1 714 890) | (1 392 361) |
| | 138 431 196 | 138 715 009 |

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

26. CASH (USED IN)/GENERATED FROM OPERATIONS

| | | |
|--|--------------------|------------------|
| Surplus/(deficit) for the year | 11 309 149 | (2 196 174) |
| Adjustments for: | | |
| Depreciation | 6 634 460 | 6 881 930 |
| Profit on de-recognition of lease | - | (176 158) |
| Interest income | (1 559 527) | (1 354 237) |
| Finance costs | 2 373 558 | 2 336 514 |
| Fair value gains | (18 090 821) | (2 464 871) |
| Movements in operating lease assets and accruals | 926 099 | (570 258) |
| Amortisation of capital grant | (1 714 890) | (1 392 361) |
| Scrappings | 39 886 | 709 239 |
| Changes in working capital: | | |
| Trade and other receivables | 30 499 | (568 117) |
| Trade and other payables | (7 237 826) | 5 303 205 |
| | (7 289 413) | 6 508 712 |

27. COMMITMENTS
Operating leases – as lessor (income)

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

| | | |
|---|-------------------|-------------------|
| Minimum lease payments due | | |
| Not later than 1 year | 19 460 387 | 6 517 433 |
| -Later than one year but not later than 5 years | 8 668 843 | 7 242 556 |
| | 28 129 230 | 13 759 989 |

28. CONTINGENCIES

The Group operates in numerous tax jurisdiction and the Group's interpretation and application of the various tax rules applied in direct and indirect tax filling may result in dispute between the Group and the relevant tax authorities. On 24 August 2021 South African Revenue Services (SARS) issued additional income tax assessments for years 2018 to 2020 citing submission of insufficient relevant documentation on salaries and consultancy fees portion. 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 has an unconditional obligation to pay the salaries and consultancy fees and as a result lodged an objection in respect of the additional assessments raised for the 2018 to 2020 assessments on 13th June 2022. SARS has since acknowledged receipt of the objection and on the 14th March 2023, BITC obligation to pay interest and penalties was provisionally suspended pending the conclusion of the matter. Management is confident that there will be no tax liability arising and will await SARS response on the pending matter.

Figures in Pula

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2022

29. RELATED PARTIES

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

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

Related party balances

Transactions with the Ministry of Investment, Trade and Industry

| | | |
|------------------------------------|-------------------|-------------------|
| Grant income received for the year | 83 166 760 | 87 543 960 |
| Capital grants for the year | (1 431 077) | (1 534 202) |
| | 81 735 683 | 86 009 758 |

Payments to directors

| | | |
|-----------------------------|---------|---------|
| Sitting fees and allowances | 365 715 | 144 585 |
|-----------------------------|---------|---------|

Key management compensation

| | | |
|---------------------------------------|-------------------|------------------|
| Key management basic Salary | 6 855 696 | 5 833 722 |
| Key management allowances | 701 198 | 1 087 217 |
| Key management gratuity and leave pay | 4 131 975 | 1 881 679 |
| | 11 688 869 | 8 802 618 |

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

2023

| | Note(s) | Amortised cost | Total | Fair value |
|-----------------------------|---------|-------------------|-------------------|-------------------|
| Trade and other receivables | 22 | 1 776 812 | 1 776 812 | 1 776 812 |
| Cash and cash equivalents | 23 | 51 807 981 | 51 807 981 | 50 945 144 |
| | | 53 584 793 | 53 584 793 | 52 721 956 |

2022

| | Note(s) | Amortised cost | Total | Fair value |
|-----------------------------|---------|-------------------|-------------------|-------------------|
| Trade and other receivables | 22 | 2 054 132 | 2 054 132 | 2 054 132 |
| Cash and cash equivalents | 23 | 62 930 401 | 62 930 401 | 62 720 929 |
| | | 64 984 533 | 64 984 533 | 64 775 061 |

30. Financial instruments and risk management (continued)

Categories of financial liabilities

| 2023 | | | | |
|---------------------------|---------|-------------------|-------------------|-------------------|
| | Note(s) | Amortised cost | Total | Fair value |
| Trade and other payables | 24 | 13 053 704 | 13 053 704 | 13 053 704 |
| Finance lease obligations | 17 | 26 491 101 | 26 491 101 | 26 491 101 |
| | | 39 544 805 | 39 544 805 | 39 544 805 |
| 2022 | | | | |
| | Note(s) | Amortised cost | Total | Fair value |
| Trade and other payables | 24 | 20 291 531 | 20 291 531 | 20 291 531 |
| Finance lease obligations | 17 | 28 672 808 | 28 672 808 | 28 672 808 |
| | | 48 964 339 | 48 964 339 | 48 964 339 |

Capital risk management

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

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

Financial risk management

Overview

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

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

Credit risk

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

BITC applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all short-term receivables. To measure the expected credit losses, short-term receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 31 March 2023 and 31 March 2022 are detailed in Note 22.

30. Financial instruments and risk management (continued)

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

| | 2023 | | | 2022 | | |
|-----------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 22 11 020 950 | (5 129 920) | 5 891 030 | 12 030 433 | (6 108 904) | 5 921 529 |
| Cash and cash equivalents | 23 51 807 981 | - | 51 807 981 | 62 930 401 | - | 62 930 401 |
| | 62 828 931 | (5 129 920) | 57 699 011 | 74 960 834 | (6 108 904) | 68 851 930 |

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. The financial institutions in Botswana are not rated.

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.

| 2023 | | | | | |
|--------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Less than 1 year | 2 to 5 years | Over 5 years | Total | Carrying amount |
| Non-current liabilities | | | | | |
| Lease liabilities | - | 23 205 628 | 4 924 144 | 28 129 772 | 22 147 202 |
| Current liabilities | | | | | |
| Trade and other payables | 13 053 704 | - | - | 13 053 704 | 13 053 704 |
| Lease liabilities | 4 343 899 | - | - | 4 343 899 | 4 343 899 |
| | 17 397 603 | 23 205 628 | 4 924 144 | 45 527 375 | 39 544 805 |
| 2022 | | | | | |
| | Less than 1 year | 2 to 5 years | Over 5 years | Total | Carrying amount |
| Non-current liabilities | | | | | |
| Lease liabilities | - | 24 491 464 | 7 531 797 | 32 023 261 | 25 274 527 |
| Current liabilities | | | | | |
| Trade and other payables | 24 20 291 531 | - | - | 20 291 531 | 20 291 530 |
| Lease liabilities | 5 939 243 | - | - | 5 939 243 | 3 398 281 |
| | 26 230 774 | 24 491 464 | 7 531 797 | 58 254 035 | 48 964 338 |

Figures in Pula

Notes

2023

2022

Foreign currency risk

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

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

Exposure in Pula

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

British Pound exposure:

Current assets:

| | | | |
|---------------------------|----|---------|---------|
| Cash and cash equivalents | 23 | 625 196 | 702 759 |
|---------------------------|----|---------|---------|

Indian Rupee exposure:

Current assets:

| | | | |
|---------------------------|----|-----|-----------|
| Cash and cash equivalents | 23 | 684 | 1 045 219 |
|---------------------------|----|-----|-----------|

South African Rand exposure:

Current assets:

| | | | |
|---------------------------|----|---------|-----------|
| Cash and cash equivalents | 23 | 779 111 | 4 236 409 |
|---------------------------|----|---------|-----------|

Net exposure to foreign currency in Pula

| | | | |
|--|--|------------------|------------------|
| | | 1 404 991 | 5 984 387 |
|--|--|------------------|------------------|

Foreign currency sensitivity analysis

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

At 31 March 2023, if the currency had weakened / strengthened by 1% against the UK pound with all other variables held constant, surplus for the year would have been P 6 251 (2022: P7,028) 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 2023, if the currency had weakened / strengthened by 1% against the South African Rand with all other variables held constant, surplus for the year would have been P 7 791 (2022: P42,364) higher / lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

At 31 March 2023, 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 6.84 (2022: P10,452) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

30. Financial instruments and risk management (continued)**Cash flow and fair value interest rate risk**

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

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

Interest rate sensitivity analysis

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

Group

At 31 March 2023, if interest rates on short-term deposit had been 10% higher / lower with all other variables held constant, excess of expenditure over income for the year would have been P277 760 (2022: P188,940) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

Price risk

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

31. FAIR VALUE INFORMATION**Fair value hierarchy**

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

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

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

Level 2: Valuation technique using observable inputs - Level 2

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

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 2023, investment properties with a total carrying amount of P 306,901,985 (2022: P288 161 016) valued using Discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and Income capitalization was based significant Level 3 unobservable inputs.

31. Fair value information (continued)

| Figures in Pula | | 2023 | 2022 | | | |
|--|----------------|--------------------|--------------------|--------------------------|----------------|--------------------|
| Levels of fair value measurements | | | | | | |
| Level 3 | | | | | | |
| Recurring fair value measurements | | | | | | |
| Assets | Note(s) | | | | | |
| Investment property | 18 | | | | | |
| Investment property | | 306 901 985 | 288 161 016 | | | |
| Total | | 306 901 985 | 288 161 016 | | | |
| Reconciliation of assets and liabilities measured at level 3 | | | | | | |
| 2023 | | | | | | |
| | Note(s) | Opening balance | Fair value | Straight-line adjustment | Additions | Closing balance |
| Investment property | 18 | | | | | |
| Investment property | | 288 161 016 | 17 449 851 | 640 970 | 650 149 | 306 901 986 |
| Total | | 288 161 016 | 17 449 851 | 640 970 | 650 149 | 306 901 986 |
| 2022 | | | | | | |
| Investment property | 18 | | | | | |
| Investment property | | 285 696 145 | 2 750 000 | (285 129) | - | 288 161 016 |
| Total | | 285 696 145 | 2 750 000 | (285 129) | - | 288 161 016 |
| Information about valuation techniques and inputs used to derive level 3 fair values | | | | | | |
| Investment property - shopping malls | | | | | | |
| For investment properties with a total carrying amount of P301,901,985 (2022: P288,161,016), the valuation was determined using discounted cash flow (DCF), Gross replacement cost (GRC), Sales comparison and Income capitalisation based on significant Level 3 unobservable inputs. | | | | | | |
| Range of unobservable inputs | | | | | | |
| | | 2023 | 2022 | | | |
| Market value per square meter | P3 400-P11 600 | | | P3 400-P11 600 | | |
| Build rate per square meter (weighted average) | | 4 628 | | 4 628 | | |
| Capitalisation rate | | 9-10% | | 9-10% | | |
| Discount rate | | 9-10% | | 9-10% | | |
| Rent escalation rate | | 10% | | 10% | | |

31. Fair value information (continued)

| 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 sq |
| Discounted cash flows | reflecting current market assessments of the uncertainty in the amount and timing of cash flows; and | Discount rate |
| Future rental cash flows | 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 |
| 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 sq |

| Sensitivity on estimates in BWP millions | | | | | | |
|--|---|------------------------------|-------------------|--------------------|-------------------|--------------------|
| Valuation technique | Input | Estimate | 2023 lower impact | 2023 higher impact | 2022 lower impact | 2022 higher impact |
| Sales comparison | Sales price of per square metre of the property | Market value per sqm +/- 10% | (9.48) | 10.13 | (9.48) | 10.13 |
| Depreciation replace cost | Construction cost per sqm +/- 1% | Build rate per sqm +/- 10% | (0.40) | 0.40 | (0.40) | 0.40 |
| Income capitalisation | Capitalisation rate | Capitalisation rate +/- 1% | 3.18 | (2.48) | 3.18 | (2.48) |
| Discounted cash flow | Discount rate | Discount rate +/- 1% | 4.10 | (3.45) | 4.10 | (3.45) |
| Rental income | Rent escalation rate | Rent escalation rate +/- 1% | (2.95) | 3.40 | (2.95) | 3.40 |

32. GOING CONCERN

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

The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these is that the Government continues to provide revenue and capital subvention in the form of Government grants.

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 2023/24. 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.

33. RATIONALISATION OF PARASTATALS

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

- Improved Public sector service delivery through synergies
- Cost reduction and value for money
- Enhanced policy coordination and shareholder oversight Botswana Investment and Trade Centre which is a State- Owned Enterprise, will therefore be part of the rationalisation process together with other Parastatals in the Ministry of Trade and Industry.

34. EVENTS AFTER THE REPORTING PERIOD

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

There has been no significant developments in the planned rationalization of State-Owned Entities and Management will await further updates on the rationalisation process from relevant authorities. The rationalisation process is not expected to disrupt the operations of the Centre.

DETAILED INCOME STATEMENT

| Figures in Pula | Note(s) | 2023 | 2022 |
|--|----------|--------------------|--------------------|
| Revenue | | | |
| Global Expo Botswana-Income | | 1 509 038 | - |
| Government grant | | 81 735 683 | 86 009 758 |
| Rental Income | | 22 537 121 | 21 717 049 |
| | 3 | 105 781 842 | 107 726 807 |
| Other operating income | | | |
| Amortisation of Government grants | | 1 714 890 | 1 392 361 |
| Sundry income | | 271 739 | 176 379 |
| Scapping of assets | | (39 349) | - |
| Gain on modification of lease liability | | 42 050 | - |
| | 4 | 1 989 330 | 1 568 740 |
| Other operating gains (losses) | | | |
| Gains on disposal of assets or settlement of liabilities | | - | 176 158 |
| Fair value gains | | 18 090 821 | 2 464 871 |
| | 5 | 18 090 821 | 2 641 029 |

DETAILED INCOME STATEMENT (CONTINUED)

| Figures in Pula | Note(s) | 2023 | 2022 |
|--|---------|----------------------|----------------------|
| Other operating expenses | | | |
| Advertising | | (2 198 471) | (1 795 718) |
| After care activities | | (339 979) | (161 662) |
| Amortisation | | (98 241) | - |
| Auditor's remuneration | 6 | (460 892) | (383 824) |
| Bank charges | | (94 109) | (92 104) |
| Board activities | | (509 016) | (224 976) |
| Branding | | (5 183 402) | (5 656 430) |
| Cleaning | | (748 956) | (757 708) |
| Computer expenses | | (4 824 885) | (4 822 193) |
| Consulting and professional fees 1 | | (56 549) | (27 553) |
| Corporate social responsibility | | (703 310) | (194 443) |
| Depreciation | | (6 536 219) | (6 881 930) |
| Directors fees | | (365 715) | (144 585) |
| Entertainment | | (159 433) | (54 416) |
| Exhibitions | | (1 166 439) | (10 133 485) |
| Export development | | (769 252) | (145 912) |
| Export promotion | | (1 923 556) | (976 052) |
| Gifts and donations | | (2 590) | - |
| Global Expo expenses | | (3 778 869) | (1 672 328) |
| Insurance | | (1 175 525) | (760 832) |
| Investment promotion | | (5 702 402) | (1 923 134) |
| Lease rentals on operating lease | | (2 342 557) | (2 107 616) |
| Marketing Intelligence | | (1 171 733) | (658 646) |
| Motor vehicle expenses | | (372 021) | (265 761) |
| Office equipment lease | | (422 630) | (359 287) |
| Office expenses | | (269 192) | (295 219) |
| Professional and legal fees | | (2 364 678) | (3 788 593) |
| Promotional material | | (306 205) | (99 073) |
| Property maintenance | | (685 960) | (1 480 511) |
| Provision for loss allowance-trade debtors | | (4 116 695) | (1 901 753) |
| Publications | | (426 302) | (417 471) |
| Rates | | (321 186) | (276 172) |
| Security | | (645 753) | (671 342) |
| Seminars and conferences | | (207 748) | (25 992) |
| Staff costs | | (58 396 631) | (57 858 958) |
| Stationery | | (206 695) | (220 174) |
| Strategic planning | | (112 033) | (861 614) |
| Subscriptions | | (58 790) | (85 559) |
| Telephone | | (952 693) | (1 640 893) |
| Transport, travel and subsistence | | (1 855 050) | (867 465) |
| Utilities | | (1 706 451) | (2 459 089) |
| | | (113 738 813) | (113 150 473) |
| Operating profit (loss) | 6 | 12 123 180 | (1 213 897) |
| Investment income | 14 | 1 559 527 | 1 354 237 |
| Finance costs | 15 | (2 373 558) | (2 336 514) |
| Profit (loss) for the year | | 11 309 149 | (2 196 174) |