



**BOTSWANA**  
INVESTMENT  
& TRADE CENTRE

ANNUAL REPORT 2014

**Our Present.  
Our Future.**



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*We describe  
how our business  
model creates value  
for our economy  
according to our  
ambitions and objectives.  
These are material to our  
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# Introduction to BITC

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

The organisation plays a critical role of driving Botswana's economic growth through attraction of FDI, domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets. BITC drives wealth creation for 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 organisation is building and maintaining a positive and impressive image of our country locally and internationally.

## Focused, Selective and Targeted Investment Promotion

In our efforts to become a third generation Investment Promotion Agency, our focus on investment promotion is leveraged on undertaking research to identify growth sectors, packaging them and availing strategic go-to-market value propositions that will entice investors to the country. We have put great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth, development and diversification.

These include but are not limited to:

- i. Mining & Energy - Beneficiation (Diamond Hub)
- ii. Agriculture (Agriculture Hub)
- iii. Education (Education Hub)
- iv. Transport and Logistics (Transport Hub)
- v. Financial & Business Services
- vi. Tourism

## Effective Stakeholder Engagement, Involvement and Alignment

Proactive and continuous collaboration with key stakeholders such as the Economic Excellence Hubs, Botswana Tourism Organisation (BTO), Botswana Development Corporation (BDC) and Selebi Phikwe Economic Diversification Unit (SPEDU) is at the forefront of BITC's strategy. This includes partnership with

Botswana Foreign Missions that have a greater footprint within the international market and provide a platform through which foreign direct investment can thrive by identifying business partnerships, beneficial industry associations, and providing a point of information exchange for both international and domestic investors.

## Effective Investor Facilitation and Aftercare

The organisation provides an in-house Business Facilitation Services Centre that provides the following services to local and international investors:

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

BITC operates a Resource and Reference Centre that was established through the Joint Integrated Technical Assistance Programme (JITAPI), a programme jointly implemented by ITC, UNCTAD and WTO. The Centre disseminates appropriate trade and investment promotion related information and is open to Government officials, the business community, academia, students and the general public.

## Building a Competitive and Attractive Business Environment

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



## Sustainable Export Development and Promotion

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

## National Image Building and Global Awareness Creation

As BITC, we are privileged to have at our disposal the Nation Brand, which seeks to position Botswana to 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.

## National Roll out of Successful, Positive Impact SEZs

The Government of Botswana has adopted the Special Economic Zones (SEZ) Policy which is designed to attract top domestic and foreign investors on the basis of world class infrastructure, state of the art technology, targeted economic incentives, beneficial inter-sectoral linkages, and specially trained manpower with relevant modern industry skills. In its role as the Interim Special Economic Zones Authority (SEZA), BITC has been mandated with the implementation of the SEZ programme. The generic functions of a SEZA are, among others, to:

- Coordinate, promote and facilitate SEZs investments
- Identify locations for the purpose of establishing SEZs
- Ensure that basic infrastructure and utilities are in place for the purpose of operations in the SEZs
- Prepare national and international programmes for appropriate promotion of SEZs
- License SEZs investors

## Objectives

**At a broader level the SEZ is intended to achieve the following;**

- Diversify the economic and export base of Botswana into sectors that will continue to grow long after diamond mining
- Provide a hassle free business environment that offers investors a competitive edge in world markets
- Establish a one stop, full service business environment that caters for the needs of all businesses inside the SEZs areas
- Create business development opportunities for small, medium and micro-enterprise suppliers that will meet the expanding needs of SEZs enterprises
- Develop a portfolio of public sector, private sector and public-private partnership (PPP) SEZs as dictated by the market
- Develop SEZs that are integrated into domestic, regional and international markets
- Cluster business enterprises according to their trade with a view to achieving mutually beneficial intersectoral linkages and economies of agglomeration within SEZs
- Provide SEZs incentive packages that are consistent with Botswana's domestic and international trade obligations
- Develop SEZs labour laws that are consistent with the International Labour Organisation labour standards
- Create employment through the development of appropriate SEZs countrywide.

# Introduction to BITC



BITC Brand launch May 6, 2013

# Introduction

## 6 Mission, Vision and Values

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## 8 Our Brand

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### • Insert - Our milestones

Embarking on a strategy that will contribute towards the economic diversification of Botswana



## Our Values



Proud BITC employees at the launch of the Organisations Brand





## 1. Transparency

We are completely open and transparent in all of our actions and activities. We trust others and are trustworthy, conducting our affairs in an ethical and admirable fashion.

## 2. Integrity

Every action or decision we make is undertaken with consideration for proper process and fairness to all.

## 3. Progress

We believe in power of sustainable economic development. With Botswana's interests at heart we are defining a bright future for all.

## 4. Professionalism

We conduct our business with skill, respect, confidence and acumen. We share a common ideal of professionalism, placing our nation at the leading edge of global investment and trade.

## 5. Sustainability

We take pride in the strength of our well regulated, transparent and investor-friendly business environment. We are focused on continuing to build capacity, driving prosperity for generations to come.

## VISION

We will be the globally recognised leading investment and trade promotion agency in Africa.

## MISSION

We exist to tactically and innovatively promote Botswana as a leading destination to visit, live in, to invest and trade in Africa, with a focus on accelerated economic growth and diversification, employment creation and export development.

# BITC Brand

## Our Brand

Our landmark draws inspiration from one of our nation's earliest industries: weaving and basketry. In a modern context, our landmark is a vibrant symbol of our dynamic, multi-dimensional economy, and its many thriving industries and sectors. The graphic structure of the symbol creates a spark or a shining light that reflects our warmth and energy, attracting the audience to Botswana. The woven lines create both inward and outward rhythm around an open central focal point, reflecting our organisational function. The angles of the

symbol's shape create a very subtle reference to our most precious resource without being overt or obvious. Our colour palette is vibrant and bright, yet grounded and trustworthy. Yellow communicates our vibrant society, economy and innovation. Red reflects our land, our warmth and humility. Blue is our national colour and is optimistic and proud. Deep brown is trusted, solid and dependable. Our brand is systemised, creating distinctive yet unified marketing and corporate landmarks.



**BOTSWANA**  
INVESTMENT  
& TRADE CENTRE



**Our**  
2012-2014

**Milestones**  
ACHIEVEMENTS

# 2012

## Our Milestones

### April

Establishment of the Botswana Investment and Trade Centre (BITC) as a result of the merger between BEDIA and IFSC into a single entity. This included appointment of an 8 member Board of Directors. BITC also appointed interim Special Economic Zones Authority.

### May

In line with one of Brand Botswana's key objective of encouraging uptake and use of the nation brand logo by companies operational in Botswana, BITC approves for the first time, use of the Pride Mark on products and marketing communication material for 12 local companies including Government entities.



### June

BITC ensures participation and presence of Botswana at the London 2012 Olympic Games through exhibition at an Africa Fair that was held throughout the period of the Olympic Games.

### September

His Excellency Lt. Gen Seretse Khama Ian Khama officially launches 2 aircrafts branded with the Botswana Pride Mark. This came as a result of a Botswana Brand co-branding agreement between BITC and Air Botswana.

### November

BITC through its Brand Botswana portfolio rolls out the first phase of a rural branding campaign that saw the Pride Mark and Botswana Brand colours being used to strategically brand shops and tuck shops in 100 villages across the country.



# 2013

# 2014

## April

- BITC for the 2012/2013 financial year realises a total combined investment capital of P1.06 billion with a total corresponding employment creation of 1206 jobs. The organisation further exceeds its export earnings target of P948 million by realising total export earnings valued at P1, 026 million.

## May

- BITC officially launches Corporate and Brand Strategies in Gaborone, Botswana, and Johannesburg, South Africa

## June

- Minister of Trade and Industry and BITC lead a business delegation to the Tokyo International Conference of Africa Development Summit
- BITC for the first time leads a delegation of 9 manufacturers to participate at the South African International Exhibition

## July

- BITC relocates to its new business premises; Plot 54351, Exponential Building, Central Business District

## August

- BITC hosts its inaugural Editor's Forum

## November

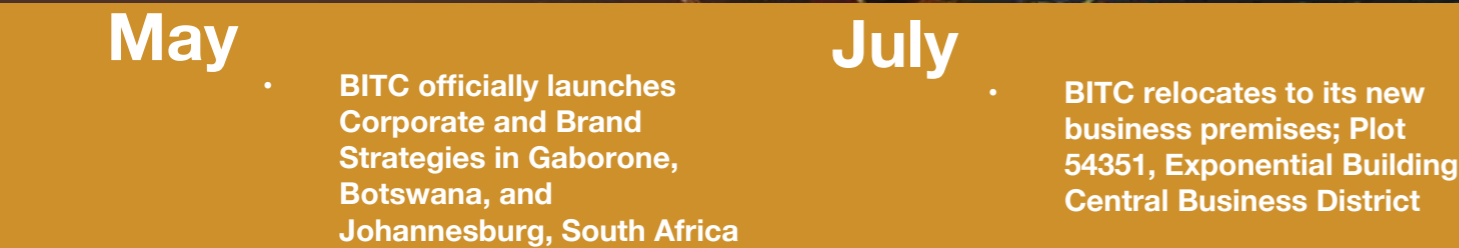
- BITC hosts 7th Global Expo Botswana for the second time and the inaugural Investment and Trade Conference

## February

- Business Facilitation Services Centre set-up to ensure ease of setting up business by local and foreign investors.
- Appointment of BITC's first CEO, Letsebe Sejoe.

## March

- BITC releases its first much awaited Investor Handbook.
- BITC completes construction of a guidance and counselling centre for Ikageng Junior Secondary School in Metsimotlhabe as its first major CSI initiative



# Performance Overview/Highlights



BITC actively works to promote and grow the leather sector

# Businesses delivering for the long term

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Embarking on a strategy that will transform into a pan-African, broad-based financial institution.

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Devoting so much time, energy and money into transformation.

# Chairman's Report

International interest and “Focus on Africa” continues to grow but to no surprise as our continent and country are endowed with an abundance of untapped opportunities that if taken advantage of can result in significant returns for investors and growth of our economy.

BITC, during the period under review continued its efforts to promote export led investment and seek export markets for Botswana products amidst a still, subdued global economy that is likely to continue for the foreseeable future. However, despite the economic gloom in much of the world, Africa and indeed Botswana remains an attractive destination for investment not only in terms of the growing size of an increasingly affluent consumer base, but also taking into account the returns that investors have been able to achieve in Africa over the years.

International interest and “Focus on Africa” continues to grow but to no surprise as our continent and country are endowed with an abundance of untapped opportunities that if taken advantage of can result in significant returns for investors and growth of our economy.

Indeed, Africa will become an increasingly attractive option as shareholders of companies in the developed economies start to demand more value and better returns from their investments. BITC's goal is to ensure that Botswana is ranked and competes highly within the African context so as to attract as large a portion as possible of the Africa-directed Foreign Direct Investment (FDI) and in order to achieve that, we have to be relevant in all facets of the competitive arena. Likewise we have to ensure the business environment promotes local business development.

In striving to fulfil our mandate we have to come to appreciate that we are operating in a very competitive landscape and that Botswana, as a country, is competing for limited resources. This however, does not deter our focus and efforts because as an organisation we are motivated and confident in our competitiveness as a country and our capability to facilitate FDI into the country.

As BITC we are very much cognisant that there is much more that we, as a country, have to focus on and work towards improving if Botswana is to be seen as a viable and attractive investment destination. Through this understanding we carry a role within our mandate of advocating for policy reforms that will pave way for creating and maintaining a conducive environment for investors to live and do business in Botswana. Our greatest milestone in those efforts is the establishment of a Business Facilitation Services Centre within BITC that delivers all the necessary facilitation services with ease for the benefit of the local and foreign investor.

As Botswana, we further need to take advantage of the natural wealth and strengths that currently exist by honing all our efforts to derive maximum value from the strengths that are unique to this country. The starting point is to look at the whole playing field and ask ourselves what we, as a country, see as our competitive edge; what is the value proposition that we can present to the world; and that will help us determine the areas of focus that we need to address.

The current FDI attraction practices and trends have showed that countries use different approaches to position themselves to attract investment such as focus on;

- **The market size and availability of customers:** this includes countries like China and India whose competitive edge is a huge local market. These countries are well placed to attract investment from companies seeking large consumer markets.
- **Labour driven FDI:** cost and availability of skilled labour, coupled with the productivity of that labour, give these countries their competitive edge. There are many countries that position themselves in this space and seek mainly to attract labour intensive investments. Bearing in mind that labour costs and productivity go hand in hand.





Mr. Victor Senye, Board Chairman

# Chairman's Report continued

- **Resource driven FDI:** This is perhaps our greatest strength. Botswana has fared well in terms of attracting investment into areas like mining and mineral exploration, but we have other sectors that also lend themselves to investment development such as tourism and beef.

Botswana naturally cannot satisfy all motives but it is upon us to position ourselves effectively by focusing on those areas in which we have – or can develop – a comparative and competitive edge; and to ensure that we package and present clear value propositions to targeted investors with resources and interest in those areas.

## Performance Review

Botswana's international 2013/14 rankings in terms of competitiveness and profitability were pleasing. Our worldwide competitiveness ranking improved during the review period; placing Botswana second, behind Hong Kong, in the Global Profitability Index. We have subsequently moved into the top position. These rankings provide investors with the comfort and assurance that Botswana is a safe and secure investment destination.

Against this backdrop, BITC's performance during the review period was good across most areas of our mandate including local expansion of businesses, export development and growing awareness of the BITC and Nation brand, particularly in our domestic market.

However, we fell short in two key areas; the target we had set for ourselves in terms of the quantum of FDI inflows into the country which we will have to put greater efforts on going forward. We also did not meet our target in terms of jobs created. This was largely because a number of large expansions during the review period – particularly in the mining sector - were capital intensive; while others in the financial services sector do not generate a significant number of new jobs.

## New Strategy

BITC has realigned its strategy, taking cognisance of the competitive landscape in which we operate as well as our achievements and shortcomings. We have also reviewed some of our targets upwards with a view to continually challenge ourselves towards greater achievements. The main thrust of the strategic realignment is that BITC should focus far more closely

on specific sectors – sectors in which the country has a solid value proposition. This sector focus will be supported and complemented by focused and selective targeted investment promotion activities that will ensure that our budget is spent wisely and with the greatest chance of achieving positive returns.

In addition, BITC seeks to underpin the strategy realignment by addressing the “doing business” environment in Botswana. Global rankings in terms of competitiveness or profitability are meaningless if they are not supported by an investment-friendly environment for businesses – local as well as foreign - to thrive in. This requires us to address issues around red tape; the costs of doing business; and the speed of regulatory processes and simply getting things done. This is a call not only for BITC but for all stakeholders that play a role in creating a conducive business environment in Botswana. Only once we have collectively created such a conducive environment, will we see our good global rankings transform into tangible FDI and local business growth.

The Government of Botswana's Economic Hub initiative provides an ideal platform from which to promote investment in the country. Working closely with these hubs and drawing on their insight and knowledge, BITC is determined to put together a compelling story for potential investors in the focus areas served by the different Hubs. This means BITC has to raise the bar with regards to effort and performance – and so too will other stakeholders such as utility providers, permits, licenses, and land regulators as it will be impossible for us to do it all alone.

Implementation of the new BITC strategy will in addition have to be supported by an appropriate structure as well as highly skilled and informed resources that can serve as sector specialists and can speak the language investors understand. Investors require current facts, accurate figures, and up-to-date statistics; they expect to know about opportunities and profit potential; they want value propositions that make business sense and give assurance of return on investment. A stable and predictable environment is critical. We have to reassure them not with vague promises but with hard facts. Statistics and a clear policy framework play a significant role in this regard.

This will result in the need for BITC to upskill its employees to gain knowledge and expertise on the

*BITC seeks to underpin the strategy realignment by addressing the “doing business” environment in Botswana.*



sectors of focus for FDI attraction. If we are to engage potential investors in discussions on a particular subject, we can no longer just talk in general terms. Sector specific value propositions are important. BITC is competing with other investment promotion agencies that have sector specialists who are also proficient in different languages. The competitive bar is quite high. As we ensure we have the right people in the right structures, we also strive to ensure that the environment in which they operate supports their efforts.

### Shareholder Compact

One of the first challenges faced by the Board was concluding the merger and ensuring all internal structures and policies were put in place and I am pleased to report that this has been achieved fully. We have highly motivated and focused staff who understand the challenges facing the organisation and are demonstrating an admirable level of professionalism.

We are now in the process of developing a Shareholder Compact. This is a contract between BITC and our principals which will set out the expectations, responsibilities and deliverables for each party. I am happy that the Board has reached agreement as to what it believes should be included in the Compact. It has been submitted to the Ministry of Trade and Industry for input and completion the next financial year.

### Appreciation

I would like to thank all BITC staff who have shown great tenacity in the sometimes difficult conditions over the past year. Despite many uncertainties, they have been able to put the organisation first and ensured that they always delivered for the common good. I would also like to thank BITC management for always leading from the front and ensuring the merger issues were dealt with as swiftly and professionally as possible.

My personal thanks go to the Ministry and more particularly the Honourable Minister of Trade and Industry, the Honourable Minister Dorcas Makgato-Malesu. Her clear understanding of the global competitive landscape in which we operate and her unwavering support at all times, has been an inspiration to me and my Board.

Finally, my thanks go to all the members of the Board, for their insight, expertise and support as we worked together to shape BITC into a reputable organisation that it has become.

**Victor Jakopo Senye**  
Board Chairman

## Board of Directors



**Victor Jakopo Senye**  
Board Chairman

**Victor Jakopo Senye** rose through the ranks to the position of General Manager Business Development during his tenure with the Botswana Development Corporation (BDC). In this position he oversaw all the Corporation's investment portfolios across the commercial, financial, industrial, and property spectrum. In late 2003, he joined Botswana's largest asset management firm, Botswana Insurance Fund Management (Bifm) and was appointed CEO in January 2005. He steered the company to a noteworthy growth in assets under management and diversified the portfolio. In 2011 he moved on to pursue his business interests through his company - Haighs Investments (Pty) Ltd. He holds a BCom (University of Botswana), MSc Management (Arthur D. Little), and PIAM (Harvard).



**Ethel Matenge-Sebesho**  
Board Vice Chairperson

**Ethel Matenge-Sebesho** has considerable experience in the banking and financial services sector at strategic and policy level and in several microfinance initiatives in Southern Africa. She started her career in banking with Standard Chartered Bank Botswana Limited, where she worked from 1973 to 1996, during which time she studied for an MBA from Brunel University of London. She was the first person in Botswana to obtain the Institute of Bankers' Associate Diploma (CIAB) South Africa. She subsequently joined the National Housing Finance Corporation during 1996 as General Manager: Housing Institutions and was part of a team that pioneered the concept of social housing in South Africa.

She is currently working for Home Finance Guarantors Africa whose main objective is to facilitate access to housing finance in the low to medium income market in Africa. Her main role is to drive the establishment of new markets for the company in a number of African countries. Ms Matenge-Sebesho has served on various boards, among them, Air Botswana (as Vice Chairman), Oikocredit (an international development financial institution based in the Netherlands), Botswana Housing Corporation and Botswana Export Development and Investment Authority (BEDIA). She is currently serving as Director of Women's Development Businesses-Micro Finance, as Trustee of Finmark Trust, Director of FirstRand Limited and sits on various Momentum Divisional Boards.



**Banny Kemoneilwe Molosiwa**  
Board Member

**Banny Kemoneilwe Molosiwa's** career started at the Ministry of Commerce (MTI) and Industry where she was on secondment from the Ministry of Finance and Development Planning (MFDP) and served as an Assistant Economist. Since then, she has served in various capacities within MTI and MFDP. She held the posts of Senior Economist and Head of the Ministerial Planning Unit - Ministry of Local Government and Housing (MLGH); Director of Development Programmes and Secretary for Economic Affairs (MFDP). Molosiwa is currently Permanent Secretary, MTI.

She served as Board Member for the Botswana Export Development and Investment Authority (BEDIA); and currently serves as Board Member for the Public Enterprise Evaluation and Privatisation Agency (PEEPA); Botswana Development Corporation (BDC), Okavango Diamond Company, and is active on the National AIDS Council (NAC); the Rural Development Council (RDC); the National Employment Manpower and Incomes Council (NEMIC) and the High Level Consultative Committee (HLCC). She holds an MA in Development Economics and a BA in Economics and Statistics.



**Terence Dambe**  
Board Member

**Terence Dambe** holds a Bachelor of Law (LLB) from the University of Botswana. He started his legal career at Minchin & Kelly (Botswana) Attorneys in 1989 as a Professional Assistant and became a Partner in 1993. He currently serves as the firm's Managing Partner. He is a past member of the Judicial Services Commission, Executive Committee member of the Botswana Football Association and currently serves on the Confederation Africaine de Football (CAF) Legal Affairs and Player Statutes Committee. He is active as a Director on various Boards including the Kalahari Conservation Society, Loapi Holdings (Pty) Ltd and is Chairman of the Kabelano Charity Trust.

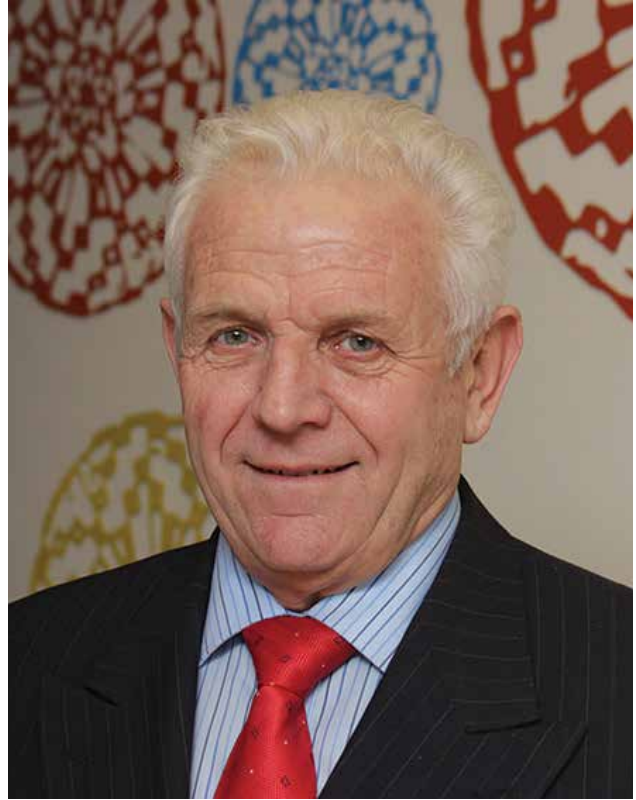
# Board of Directors



**Wilhemina Tebogo Makwinja**  
Board Member

**Wilhemina Tebogo Makwinja** is an accomplished Human Resources practitioner who has served at various leading institutions throughout her career. Her longest stay which began at Debswana Mining Company in 1986 saw her rise through the ranks, serving in various portfolios including Industrial Communications Manager, Manpower Development Manager, and as an Internal Consultant for Debswana Diamond Company between 2002 and 2004. Beyond Debswana, her contribution to Human Resource Development continued at Botswana Power Corporation, Gem Diamonds Botswana and Bokamoso Private Hospital where she served as Head of Human Resources. Makwinja is currently a Partner and Senior Consultant - Leadex Consulting, specializing in organisational restructuring, development and implementation of various Human Resource systems.

In her capacity as an International Management Professional she advises on international management - human resources business issues. Makwinja holds an Honours Degree in Sociology and Social Policy and has completed an Industrial Relations Executive Programme and Industrial Relations Mediation programmes. She is a seasoned HR practitioner with a proven track record as an accredited occupational (behavioural and occupational) assessor. She belongs to several Boards aimed at uplifting the lives of the less fortunate in society.



**Christopher Roy Garland**  
Board Member

**Christopher Roy Garland** has amassed vast experience in the areas of International Financial Planning, Foreign Direct Investment and Marketing and Corporate Advisory since the start of his career in 1974. A British National, Garland has managed various portfolios in Botswana, Mozambique, South Africa and the United Kingdom. He has served as Co-Founder and Managing Director for Capital Corporation (South Africa), Retail Manager (Marketing) for Burma Oil (United Kingdom) as well as Chief Executive Officer, TruckAfrica Group (SADC Region based in Botswana).

Garland holds an Honours Degree in Financial Planning and is a Certified Financial Planner (CFP). He currently holds the post of Managing Director - Fidelity Indemnity (Pty) Limited and previously served on the Boards of the Botswana International Financial Services Centre (IFSC) and BEDIA; and has been involved in the merger of the two organisations.



**Ellen Lopang Richard-Madisa**  
Board Member

**Ellen Lopang Richard-Madisa** has held various positions in organisations in the banking and finance sectors which have enabled her to accumulate extensive knowledge and experience in these disciplines. She worked at the Bank of Botswana from 1998 to 2003 where she held positions including Assistant Supervisor: Research Department and Assistant Supervisor: Exchange Control. Since 2003 Richard-Madisa has worked for Ministry of Finance Development and Planning (MFDP) where she has held leadership roles including those of Chief Finance Administrator, Head of Finance and Banking Section and Director: Finance and Banking Section.

She holds a BCom Degree in Economics (Financial), a BCom Degree in Management Balance of Payments, a Diploma in International Economics and Political Economy for Trade Unions and an Associate Diploma in Banking (Botswana Institute of Bankers). She has served as Deputy Permanent Secretary for Financial Policy for MFDP since 2009. She has served on the Board of Directors of the Botswana International Financial Services Centre (IFSC).



**Esther Vamanuka Kanaimba-Senai**  
Board Member

**Esther Vamanuka Kanaimba-Senai's** career spans over three decades of leadership in Broadcasting and Corporate Communications. Kanaimba-Senai rose through the ranks of Radio Botswana to become Assistant Director, News and Current Affairs and later Assistant Director, RB2 where she was responsible for the establishment of the first commercial radio station in Botswana. She later performed the role of Senior Promotions Consultant - Botswana National Productivity Centre (BNPC). Kanaimba-Senai has played leadership roles in local and regional organisations including Head of Corporate Communications Unit - Southern African Development Community (SADC) and Head of Public Relations & Communications - Botswana Export Development Investment Authority (BEDIA).

She now serves as a member of the Debswana Diamond Company Senior Leadership Team, as Group Manager: Public and Corporate Affairs, a position she has held since 2007. Kanaimba-Senai holds a Master of Journalism degree from Carleton University, Ottawa, Canada and Master's Degree in Public Administration from the University of Botswana. She is on the Board of Directors for the National Broadcasting Board of Botswana

# Chief Executive's Report



Mr. Letsebe Sejo, Chief Executive



During the period under review the Botswana Investment and Trade Centre (BITC) continued to forge ahead in delivering on its multifaceted mandate: the development and promotion of investments into and Exports out of Botswana. Our commitment to the fulfilment of the National Brand Program roll-out has been a major driver that underpinned our efforts to raise the visibility of Botswana globally.

The year 2013/14 was an eventful year as we reached maturity of our transition from the legacy institutions from which we were established in 2012.

### Performance review

During the period under review, cumulative investment surpassed the P1 billion mark. A key factor was the performance by the Financial and Business Services cluster or IFSC companies. The Financial and Business Services cluster further realized new capital investment of BWP488 million from Domestic sources. The cluster also contributed BWP728 million to our Export earnings figure of BWP1904 million which exceeded our Export earnings target of BWP1900 million.

Further Domestic Investment and Expansions of BWP449 million was achieved by the industrial companies against a target of BWP500 million representing a 90% attainment of our target.

Investment growth within the Botswana International Financial Services Center (IFSC) continues apace driven by the significant opportunity to provide services to Sub Saharan Africa from a Botswana domicile. Total cumulative capital by IFSC companies grew to approximately BWP 23 billion as at the end of March 2014, a growth of slightly more than 2% when compared with the BWP 22.9 billion registered as at the 31st March 2013.

Our performance in other key areas of our mandate such as investor facilitation services, national brand roll-out and the establishment of the Special Economic

Zones Authority also progressed satisfactorily.

### Strategic initiatives

In line with our new corporate strategy, BITC placed emphasis on local participation and investment by local businesses and Botswana to ensure they are included in Botswana's efforts to grow the export trade and investment diversification drive.

The strategic focus on local investment highlighted our efforts toward economic regeneration across various regions in Botswana other than Gaborone. This approach has enabled us to be more influential in the regional economic development agenda. Through these efforts, BITC continues to engage and support District Councils to facilitate the development of their Local Economic Development strategies. During the review period, engagements were initiated with 11 District, Councils. In addition BITC supported Francistown City Council to develop an investment strategy as part of their Vision 2020 Strategy for Francistown and the greater Francistown region. A key outcome as part of this initiative will be the hosting of the City's first ever Francistown Investment Pitso. BITC will lend similar support and facilitation to Lobatse Town Council and will extend this to other regions going forward.

Strategic engagements, partnerships and collaboration with key stakeholders involved in the investment process (pipeline) were undertaken to enhance competitiveness and meet requirements for international best practice in the area of trade and investment.

# Chief Executive's Report continued

BITC intensified its efforts in this regard during the review period and successfully delivered on its goal of enabling improved ease of doing business with the launch of a Business Facilitation Services Centre (BFSC) on the ground floor of the BITC Headquarters in Gaborone. This achievement marked a significant milestone for the organisation. The BFSC provides facilitation services to local and foreign investors to obtain the Government authorisations necessary to start and operate businesses within the shortest time possible.

The services currently offered by the Centre have been augmented by our efforts to negotiate and secure Service Level Agreements with key stakeholders such as Water Utilities Corporation (WUC) and the Registrar of Companies & Intellectual Property (ROCIP), thus enhancing the effectiveness and efficiency of the Centre. Additional agreements with other key stakeholders such as Botswana Unified Revenue Services (BURS) and Botswana Power Corporation (BPC) are in the pipeline. Four dedicated BITC staff members and 20 designated Liaison Officers stationed at various authorizing institutions ensure the Centre's efficient performance. An induction programme provided by BITC has ensured that the Liaison Officers have been fully equipped to appreciate the expectations for investment promotion best practice.

*A new development for BITC is the introduction of value propositions that are specific to each industry sector.*

During the period under review BITC facilitated the approval and issuance of visas, work and residence permits, residence emergency permits and exemptions to accredited investors. Issuance of Industrial and Trade licenses continued to be facilitated during period under review.

The establishment of the Facilitation Centre in conjunction with production of our much awaited Investor Handbook has significantly enhanced our service offering to potential investors. The handbook offers an overview of Botswana's investment policies, information on various economic indicators as well as the existing opportunities for investors.

## Key Successes

The achievement in increased exports revenues was due to the increased penetration of new product lines into the immediate sub-region as well as an increase in the export of soda ash, salt and tobacco extracts.

Another contributing factor was BITC's continuous

support of local manufacturers to access foreign markets through our export and contact promotion initiatives. Manufactured products ranging from canvas materials, industrial clothing and electrical cables to fine table salts, boat parts, semi-precious stones and cosmetics reached DRC, Zambia, Zimbabwe, Germany, Hong Kong, Malawi and South Africa. A notable achievement during the review period was first time sales of contemporary furniture products to Nigeria as well as the United States of America and European markets.

On the FDI front, BITC attracted 16 companies involved in a variety of sectors including resources, manufacturing, agriculture, tourism, diamond cutting and polishing and financial and business services to set up in Botswana. The combined projected capital investment from these projects is P462.97 million with a corresponding creation of 2098 jobs once they are fully operational.

These companies, and others, will be part of BITC's investor aftercare programme which is aimed at retaining, expanding and diversifying investment. This initiative also had considerable success during the review period. The programme is geared towards maintaining long term relationships with existing investors and identifying issues and challenges experience with a view to addressing them through BITC's advocacy

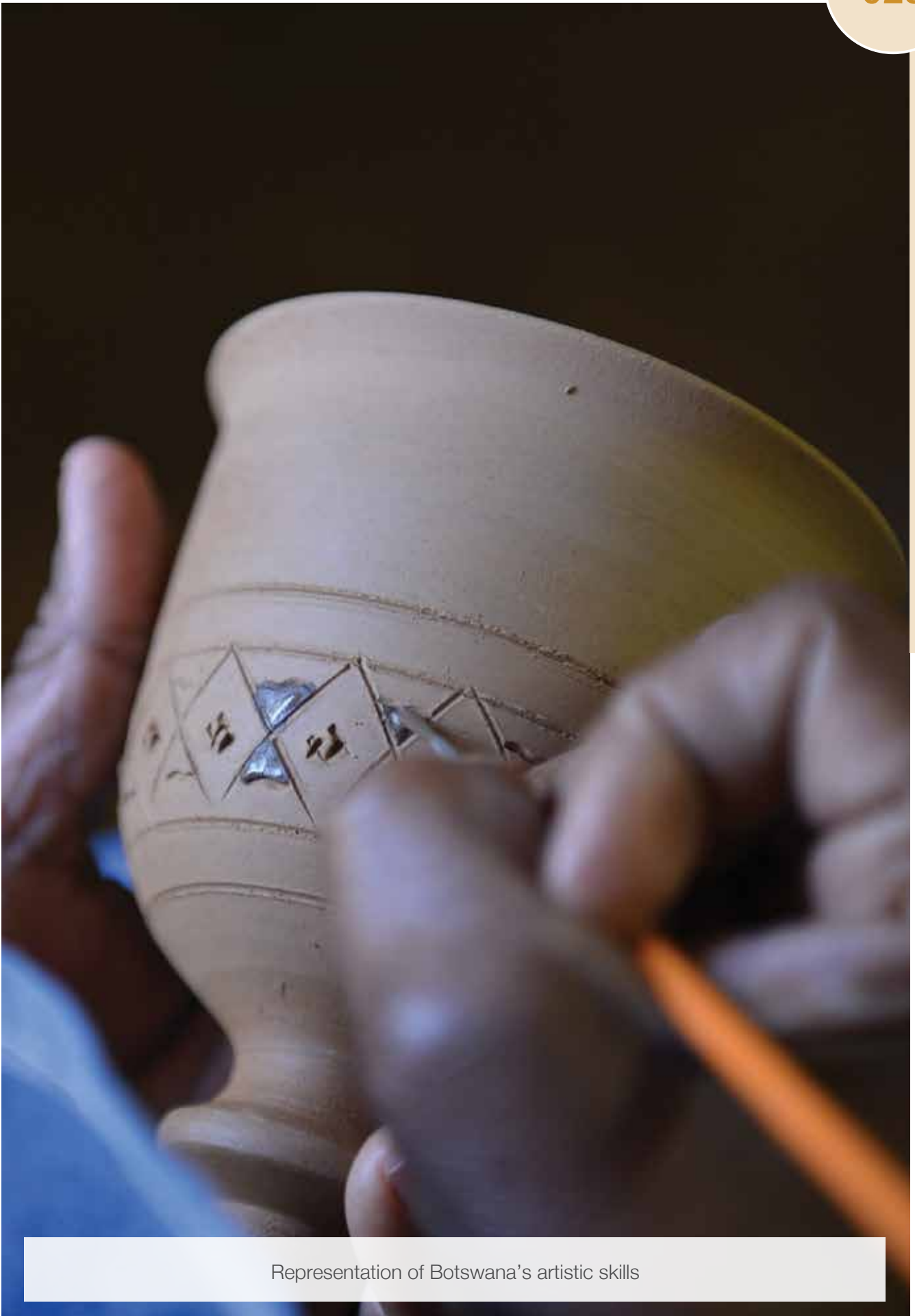
agenda. Proactive visits to 62 investors were conducted throughout the year under review.

A noteworthy achievement by BITC in lobbying for various policy reforms was realised with the repeal of the Sunset Clause on the IFSC incentive framework which was due to lapse in 2020. BITC has also been entrusted with the responsibility of developing the financial services cluster for Botswana, with the view to formalising structures that will enable competitiveness and innovation within the sector.

## Key developments

A new development for BITC is the introduction of value propositions that are specific to each industry sector. The value propositions that have been prioritised are component manufacturing, coal beneficiation, transport and logistics and agriculture production and agro-processing.

BITC has been designated as an interim Special Economic Zones Authority (SEZA) and has been



Representation of Botswana's artistic skills

# Chief Executive's Report continued

mandated with the roll-out of the Special Economic Zones programme. The SEZA Bill is in its draft stage and when passed, the Bill will confer powers unto the Authority to implement and operate Special Economic Zones across the country. A detailed mapping study to confirm the economic viability of SEZ's has identified 8 potentially viable sites across the country. Development of the proposed sites has been prioritized into phases based on the degree of complexity of implementing the respective SEZs sites. Consultations on the draft SEZs incentives are ongoing with key stakeholders and these will broadly leverage the pre-existing fiscal incentives currently provided for in existing legislation. The incentive will also empower the SEZs Authority to promptly issue all statutory Government authorizations that businesses are required to comply with in order to establish themselves and operate a business within the SEZs.

## Key Projects

Brand Botswana continues to ensure that Botswana is positioned favourably at national and international levels. Brand Botswana developed a programme to brand strategically located areas in villages such as shops and tuck shops. The project was successfully completed, with 100 shops branded across the country. This resulted in a significant increase in the Pridemark exposure to Botswana in rural areas encouraging them to be proud of their country.

The Nation Brand was officially launched to the international community by the Honourable Minister of Trade and Industry in Johannesburg and London during the review period. The focus of the launched events was to introduce the country's Nation Brand and to strategically promote Botswana's investment and trade opportunities.

Effort to promote Botswana as an attractive investment and trade location also continued and BITC embarked on outward investment promotion missions to Belgium, Kuwait, South Africa, Brazil, Argentina, South Sudan and India; and hosted business delegations from India, Germany, UK, Holland and South Africa during the review period.

BITC hosted the eighth Global Expo Botswana as one of the key highlights on the BITC calendar. The premier business to business expo attracted no

fewer than 138 exhibitors from 13 countries from as far afield as Indonesia, Italy, Japan and Poland as well as, Kenya, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe and, of course, Botswana. Global Expo Botswana also hosted the first two-day international Investment and Trade Conference that ran parallel to the exhibition. The conference featured high level international speakers who discussed various investment issues ranging from mining, nation and product branding and special economic zones to regional integration, finance and business services.

*BITC will look more closely in the global diamond industry at the beneficiation of our mineral resources. The country has done relatively well with regard diamonds, however, we can and should examine opportunities relating to other minerals that are extracted in Botswana.*

BITC also inaugurated a project for CSI that entailed the construction of a Guidance and Counselling Centre at Ikageng Junior Secondary School in Metsimotlhabe in the Kweneng District during the period under review. The project aimed to improve student welfare, create a conducive environment for learning and thus support and enhance student performance. It also created an opportunity for staff teambuilding and participation in community development.

In recognition of the impact this Guidance and Counselling Centre will make, BITC has committed to adopt the Ikageng Junior Secondary School under the Ministry of Education and Skills Development's Adopt-a-School programme.

## Looking ahead

### Competiveness of the Business Environment

BITC will continue to advocate for the introduction of a business facilitation law which will facilitate the issuance of all necessary Government authorization. There is need to expedite this legislation to ensure we remain apace with competitor countries. Progress in this regard has been slower than we would ideally have preferred.

We also continue to devise strategies to unlock our pipeline of investments that are still waiting the allocation of land so that significant investment can be realised. Resolving the issue of lack of serviced land will continue to feature at the top of our advocacy agenda in the next financial year.



Diamonds, Botswana's greatest source of export revenue

We are determined to forge ahead with our targeted investment strategy supported by comprehensive, well researched value propositions.

We will also be looking at identifying niche opportunities which will clearly differentiate us from others in the SADC region and in Africa as a whole. At present, it is our belief that investors are hard pressed to differentiate between the various African countries. However, by leveraging on our resources – including our well-educated population – along with our national investments in, for example, the undersea communications cables that link Africa to Europe and the rest of the world, we will work hard to position Botswana as an investment destination in the ICT enabled sector.

BITC will look more closely in the global diamond industry at the beneficiation of our mineral resources. The country has done relatively well with (regards diamonds), however, we can and should examine opportunities relating to other minerals that are extracted in Botswana.

I wish to extend my sincere gratitude to the Board of Directors of BITC for continuing to guide the progress of the organisation. My appreciation also goes to the staff at BITC for their contribution towards the progress of BITC as well as the Ministry of Trade and Industry for their continued support.

**Letsebe Sejoe**  
Chief Executive (A)

# Executive Directors



**Emeldah Phokoletso**  
Executive Director, Shared Services

Emeldah is Executive Director, Shared Services. She is tasked with developing organisational development strategies, overseeing the organisations finances and the setting up of an effective ICT framework to support BITC services.

Emeldah wields an MBA, Business Administration (University of Derby); Diploma in Accounting and Business Studies programme (University of Botswana); and is a Chartered Management Accountant (CIMA). She has amassed a wealth of experience spanning 18 years.

This includes over 13 years working in various positions at BEDIA before ultimately joining BITC in 2012.



**Esther Norris**  
Executive Director, Brand Management

Esther is Executive Director, Brand Management, responsible for Brand Botswana and BITC’s corporate brand. A Communications and Public Relations senior executive with over 16 years’ experience, she has worked for both the private and public sectors across different industries including telecommunications, financial services and mining/precious metals. Past experience includes work at Barclays Bank of Botswana, Debswana Diamond Company, and the Office of the President.

She wields a BComm degree (University of Botswana), a Diploma in International Business Communication (Institute of Commercial Management, UK) and has undergone the Course on Best Practice and Compliance in Financial Reporting (Finance Talking, UK). Esther currently serves as the Deputy Chairperson of BOCRA.

She joined BITC in 2013.



**Keletsositse Olebile**  
Executive Director, Strategy & Competitiveness

Keletsositse currently serves as Executive Director Strategy & Competitiveness responsible for Policy and Market Research, Strategy Development, Policy Advocacy, Stakeholder Engagement and Performance monitoring. Through his role he ensures BITC undertakes research encompassing market and policy issues to ascertain that BITC is receptive to the dynamic environment in which it operates.

He wields a BAcc and MBA from the University of Botswana, as well as CoP Short term and Long Term, Insurance Institute of South Africa (IISA). Keletsositse has a wealth of experience to his name, having worked with such organisations as African Alliance, Bank of Botswana, University of Botswana, Barclays Bank, Letshego Guard and the International Financial Services Centre.

He joined BITC in 2012.



**Reginald Selelo**  
Executive Director, Business  
Facilitation

Reginald is the Executive Director: Business Facilitation. His key responsibility within this role is to facilitate the establishment, retaining and expansions of investment in Botswana. This is highly dependent on his contribution to development of a conducive business environment in Botswana.

He provides strategic direction to BITC's business facilitation and property portfolio. Reginald exudes a wealth of experience from national, regional and international organisations including University of Botswana, BIDPA, SACU, BEDIA and USAID's Southern Africa Trade Hub. He is a member of the Economics Society of South Africa (ESSA) and an associate member of the Trade Law Centre of Southern Africa (TRALAC). Reginald holds a BA and MA in Economics (University of Botswana), as well as a Post Graduate Diploma in Trade Law and Policy Management (University of Cape Town).

He joined BITC in 2013.



**Reitumetse Aphiri**  
Executive Director, Investment  
Promotion

Reitumetse Aphiri is the Executive Director Investment Promotion responsible for promoting investment opportunities in Botswana, attracting both domestic and foreign investments into targeted growth sectors in the country and providing information to assist in advocating for change in the investment climate in Botswana.

Ms. Aphiri's career spans over 17 years, 10 of which were served at the former Botswana Export Development and Investment Authority in various strategic roles. She holds an MSc Strategic Management Degree (Derby Univ.) and BA in Social Sciences degree (University of Botswana).

She joined BITC in 2012.



**Lonely Mogara**  
Executive Director, Special Economic  
Zones

Lonely has been serving as the Executive Director of Special Economic Zones. Responsible for execution of the special Economic Zones Program. He is a profound strategist, business advisor, project manager, policy maker and innovative thinker. His diverse skills have seen him hold a number of strategic positions at the former Botswana Export Development and Investment Authority for over 11 years.

Prior to joining BITC, he was based in South Africa, working as the Regional Representative for BEDIA. He boasts eight years experience as IT manager at BEDIA, prior to which he lectured in various Computer courses at the Botswana Institute of Accounting and Communication. Mr Mogara holds an MBA, Management Information Systems (Syracuse University).

He joined BITC in 2012.

# International Representation



**Trunklinah Gabonthone**  
Director, International Business, India

Trunklinah Gabonthone is the Director International Business Services for the Asia market and is based in Mumbai, India. She is responsible for investment promotion and attraction; promotion of Botswana products for export and ensuring that BITC is alive to emerging trends and business environment issues across the Asian market.



**Omphitlhetse Senosi**  
Director, International Business, RSA

Omphitlhetse Bobo Senosi is the appointed Director International Business Services for the African Region based in Johannesburg, South Africa. Omphitlhetse is responsible for attracting foreign direct investment from the sub-continent and diverting FDI destined to the continent to Botswana. His role entails advocating for changes in regulatory framework, leveraging on local spend. Omphitlhetse further promotes exports of locally produced goods and services to SADC and SACU countries.



**Binn Matengu**  
Director, International Business, UK

Binn Matengu is the appointed Director International Business Services, UK/EU responsible for investment promotion and attraction; promotion of Botswana products for export and ensuring that BITC is alive to emerging trends and business environment issues across the UK/EU market.



# Directors



**Tshephang Kelatile**  
Director, Investment  
Promotion



**Maxwell Mosinyi**  
Director, Export Promotion



**Obert Yuyi**  
Director, Export  
Development



**Gaorekwe Gaorekwe**  
Director, Brand Botswana  
National



**Kutlo Moagi**  
Director, Corporate  
Communication



**Gorata Gabaraane**  
Director, Strategy



**Moemedi Mokgosi**  
Director, Research



**Kennedy Tlou Motang**  
Director, Information  
Communication  
Technology



**Tiyedze Kamodi**  
Director, Finance



**Shado Radira**  
Director, Organisational  
Development



**Boingotlo Ramotadima**  
Director, Risk and  
Compliance



**Mothoothata Lesole**  
Corporate Legal Counsel

# The Board and Governance

BITC's operations are overseen by a governing body appointed by the Honourable Minister of Trade and Industry. This Board of Directors is responsible for determining policy and courses of action for giving effect to the objects and purposes of the Centre as envisaged in the BITC Act. The Board is also responsible for the strategic direction of the Centre.

## Board of Directors

**The BITC Board of Directors comprises of eight members:**

Mr. Victor J. Senye	Board Chairperson
Ms. Ethel Matenge–Sebesho	Deputy Chairperson
Ms. Banny K. Molosiwa	Member
Mr. Terence Dambe	Member
Ms. Wilhemina T. Makwinja	Member
Mr. Christopher R. Garland	Member
Ms. Ellen Richard–Madisa	Member
Ms. Esther V. Kanaimba–Senai	Member

## Board Sub-committees

The Board has the power to establish sub committees as it may consider necessary to assist it in the performance of the functions of BITC. The following sub committees were constituted and certain functions delegated to them:

### Audit Committee

**Members: Mr. Christopher R. Garland, Ms. Wilhemina T. Makwinja and Ms. Ellen Richard–Madisa.**

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities for the financial reporting process; the system of internal control; the audit process; and the organisation's process for monitoring compliance with laws and regulations and code of ethics.

The role of the Audit Committee is also to oversee the establishment of appropriate controls and anti-fraud programmes. The Committee has an overall responsibility of overseeing the process for identifying and addressing organisational risks.

The Audit Committee derives its mandate from the Audit Committee Charter.

### Remuneration Committee

**Members: Ms. Ethel Matenge – Sebesho, Ms. Wilhemina T. Makwinja and Mr. Christopher R. Garland.**

The Remuneration Committee's role is to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders. The Committee ensures that BITC employees are appropriately and equitably compensated for their services and motivated to perform to the best of their abilities in the interests of all stakeholders.

The Committee also provides advice and makes recommendations to the Board to enable it to discharge its responsibilities, within the boundaries of the law and against the highest standards of governance.



### Internal Audit and Risk

BITC has established an Internal Audit and Risk Management function within the Risk and Compliance division that reports to the Audit Committee.

The primary role of Internal Audit is to provide independent and objective assurance and consulting activity designed to add value and improve operations at BITC. Internal audit helps BITC to accomplish its strategic objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Follow ups are conducted to ensure that corrective actions are taken.

The Risk and Compliance department, driven by the way the organisation perceives and manages risks, undertakes the role of assuring the Board that BITC management has performed its duties in accordance with the BITC Act. It also assures the Board that there is compliance with internal controls and that there is continuous enhancement of BITC's level of service in responding to the public and Board expectations.

The Risk Management strategy for BITC was rolled out in the financial year 2013/14. The risk registers have been compiled for all the Business Units.

### Tender Committee

**Members: Mr. T Dambe, Ms. E Kanaimba-Senai and Ms. B K Molosiwa.**

The Board Tender Committee assists the Board of Directors in the performance of the functions that are concerned with the fulfilment of the Board's responsibility to ensure that there are adequate guidelines, controls, measures and standards to regulate the procurement of goods and services required by the BITC in carrying out its mandate.

# Operational and Financial Review

BITC will have to generate sufficient resources to meet its future budgetary requirements. This will not be easy given that BITC's financial regulations, as prescribed by the PPADB guidelines, restrict the use of Government funds to generate excess revenue.

BITC obtained a score of 69.7 percent for corporate performance for the financial year under review. This confirmed the strides the BITC has made in re-organising its internal structures and implementing new solutions to support efficient customer service.

From a financial perspective, BITC continued to perform well. The organisation recorded a surplus of P17.6 million during the period under review with a 93% budget utilisation of the allocated Government grant. Furthermore BITC achieved a 13% rate in generating revenue from the investment of excess funds in short term investments with the commercial banks.

A major issue of concern to the Board and Management is that over the last two years, allocated Government subvention to BITC has remained fixed at P87 million per annum. In 2013, BITC received P14.4 million of the approved P87 million with the shortfall being financed from cash reserves accumulated from previous years.

BITC will have to generate sufficient resources to meet its future budgetary requirements. This will not be easy given that BITC's financial regulations, as prescribed by the PPADB guidelines, restrict the use of Government funds to generate excess revenue.

To address its future funding and liquidity challenges, BITC has reviewed its five-year Strategic Plan. A new three-year (2014-16) plan which calls for greater operational efficiency and focus on investor targeting and cost containment has been put in place. Furthermore, BITC has implemented an aggressive rental collection strategy to curb the problem of increasing rental arrears and bad debts. This has already yielded significant results with improvement in the recovery rate of 20% at the end of February 2014.

## Cost Containment Initiatives

During the review period, BITC partnered with key stakeholders to reduce the financial burden of financing projects and initiatives by securing co-sponsorship for some major projects.

The Export Development Programme was sponsored by the Centre for the Development of Enterprise to the value of P1 million; while the engagement of an expert to head the Export Development and Promotion Business unit received a sponsorship of P715, 000 from CDE.

The training and induction of staff on industry best practices received a discount of P6million from the Ireland Development Institute which agreed to conduct the training in Botswana instead of BITC having to send 80 staff members to Ireland at a cost of P95,000 each.

## Support Services

The efficient function of the BITC, as well as the formulation of effective strategies that enable it to fulfil its mandate, would not be possible without the support of a host of internal services and structures.

## Human Resources

The growth in the mandate of the BITC as a result of the merger required a well-resourced human capacity to enable BITC not to only keep pace, but to stay ahead of emerging competition.

BITC continues to place significant value in its people as the single most critical source of sustainable competitive advantage and driver of organisational performance. During the review period, BITC placed greater emphasis on recruiting talented staff with the right attitude and character, in line with the development of the new BITC culture.



BITC Board Chairman, Mr. Victor Senye

The Change Integration plan that ushered in BITC was concluded with the adoption of an agreed BITC culture which has been documented into a staff handbook. The handbook defines how BITC will deliver service to clients. This is one of the tools that will lead BITC into the “Achievement” of a BITC Way of doing things: **“The A-Way.”**

During the year, BITC adopted an Employee Innovative Idea’s suggestion Scheme, (EISS) that promotes ideas and Suggestions from employees for the betterment of BITC. The primary purpose of the scheme is to solicit ideas and suggestions from staff members that have the ability to result in financial savings, to improve on efficiencies and to optimise processes.

Staff turnover stood at 4% as at the end of the review period. BITC experienced significant challenges at Director and Executive Director Level with all the separations resulting from the merger having been at that level.

An improved remuneration structure is currently being developed and implemented.

### Information Technology

In the review period, an Information Communication (ICT) Strategy was successfully developed and is in the process of being rolled out. An integrated BITC system, which integrated the former legacy institution systems went live; a Performance Management System was implemented; and the new BITC Corporate Website also went live.

Recognising that data services are absolutely essential in order to attract greater Foreign Direct Investment and to meet the service level expected of an investment promotion organisation, BITC replaced computer equipment and implemented an Enterprise Mobility and Smartphone solution. This gives BITC staff access to business information at all times and enables them to conduct business from anywhere and make timely decisions.





# **Business Operations**

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# Research



BITC Resource and Reference Centre

## Market Intelligence

BITC's research function aids the organisation in developing investment and export plans utilising economic research and analysis tools and statistic analysis. Its key research activities are:

- Identifying specific investment opportunities for FDI, potential export markets and enhancing existing market access for locally manufactured products
- Enhancing Botswana's competitiveness by conducting research and dissemination of pertinent information.
- International and national cooperation with economic and finance institutions ensuring BITC is informed regarding international trade and investment trends
- Maintaining a record of investment and exports in Botswana and performing related analysis.

During the review period, the Research Department completed scoping export opportunities in Zimbabwe and Namibia. Despite the long term existing relationships under regional ties (SADC and SACU) and the huge potential for Botswana products with this market, research revealed that there is not a high level of awareness on Botswana-manufactured products in these markets. BITC will therefore develop targeted strategies in regional markets for both awareness purposes as well as marketing.

The department also facilitated subscriptions for regional offices to access intelligence tools such as FDI

Markets, Business Monitor International and Eazydesk. These databases provide information that makes it easier to follow and target companies as they plan or undertake FDI across the globe.

## Capacity Building to BITC Staff

BITC partnered with the International Trade Centre (ITC) Market Analysis and Research section (MAR) to provide training to BITC staff on ITC's Market Analysis tools. This has given them basic knowledge of enhanced methods to explore export markets, assess their export potential, study international competitors, and analyse factors that inhibit market access opportunities for Botswana businesses.

## Research and Information Packaging

The Department contributed immensely to the development of the BITC website as well as the publication of a comprehensive investor guide. The two projects are expected to further enhance the image of BITC globally, as well as sell existing opportunities for both investment and trade purposes. The investor handbook was developed to present a snapshot of sectors that could be investigated further for investment decision making process.

One of the important capabilities of a third generation International Trade Promotion Organisation is to have well researched and packaged information on sectors - pointing out to clearly defined niche opportunities offered by the country.





BITC commenced this process during the review period with the development of a coal value proposition. Botswana has immense potential to build coal fired power stations to meet the domestic and regional power requirements in SADC, COMESA and EAC along with the supply of equipment and provision of associated services for coal exploitation as well as coal downstream activities.

During the 2014/15 financial year, BITC will undertake detailed sector research on a number of projects with a view to ultimately package information that will be shared with investors across the globe.

### Regional Mapping – Reach out to local Authorities

A critically important part of the BITC mandate is to encourage the domestic investment and expansion that is necessary for the broadening and diversification of the Botswana economy.

In 2013/14, the Department made considerable progress in disseminating its regional opportunities mapping study across the many councils and other forums across Botswana.

Part of the dissemination process entails undertaking targeted training programmes on developing Local Economy Development (LED) strategies by the councils. The main objective is to assist councils in identifying and promoting opportunities presented by Government

and private sector within districts. This will enable local companies to participate meaningfully in diversifying the economy and achieving local economic development and sustainable employment creation.

During the review period, training interventions were conducted in 12 District Councils; South East; Kgatleng; Sowa Town; North East; Central (including all sub-districts - Serowe; Palapye; Mahalapye; Bobirwa; Tonota; Tutume and Boteti); Chobe; Ghanzi; Kgalagadi; Francistown; Selebi Phikwe and North West; and Lobatse.

As a result of this, the local authorities have been re-energised to develop their own LED strategies. Good progress is being made in Francistown with its Vision 2020 strategic initiative; Central District Council Framework; Lobatse and North West.

In addition, BITC has been invited by the Ministry of Local Government to partner with it and UNDP in the development of a framework paper on LED.

During the current financial year, BITC is engaging further with local authorities to facilitate development of LED strategies.



# Investment Promotion





PERFORMANCE

# Investment Promotion

## Foreign and Domestic Investment

During the period under review BITC attracted 16 companies involved in the resources sector, a wide range of manufacturing industries, agriculture, tourism, diamond cutting and polishing and financial and business services to consider investing in Botswana. The combined projected capital investment from these projects is P462.97 million with a corresponding creation of 2,098 jobs once they are fully operational.

However, during the same period, actual capital investment realised by BITC registered companies was P691.45 million with a corresponding creation of 656 jobs.

The low conversion rate is attributable to lack of readily available serviced land and/or factory space. BITC continues to engage stakeholders and the private sector with a view to making serviced land and factory space available for companies wanting to invest in Botswana.

## Outward Investment Promotion Missions

In its continued effort to promote Botswana as an attractive investment and trade location, BITC embarked on 7 outward investment promotion missions and hosted 13 business delegations.

The main objectives of the outward Investment Promotion Missions were to generate interest in investment opportunities in growth sectors in Botswana; to facilitate partnerships between the Botswana and international business communities; and to progress engagement with companies previously targeted for Foreign Direct Investment.

### Japan

The Japanese market offers high investment potential from Japanese companies looking to invest outside of Japan.

In May 2013, BITC took advantage of a targeted investment promotion mission to Japan led by the Minister of Trade and Industry, Honourable. Dorcas Makgato-Malesu to introduce the various sectors in Botswana that offer potential to Japanese companies. These include; diamonds (cutting, polishing and jewellery manufacturing), mining (copper and coal), agriculture (livestock, arable farming, leather and beef), waste management and recycling, water treatment,

ICT (television programming), power generation and renewable energy. The activities of the mission included participation at TICAD V and Africa Fair; follow up on ongoing interventions between BITC and Japanese companies, targeted meetings and site visits to Japanese Companies. A number of Japanese companies have made follow up visits to Botswana, with some already undertaking commercial activities in Botswana.

### South Africa

The South African market has been identified as a key market for promoting Botswana's growth sectors by BITC. According to UNCTAD, South Africa is the largest source of FDI in the region as demonstrated by high out flow figures. In addition, South Africa's proximity to Botswana creates a unique opportunity for South African firms seeking to expand their market while Botswana based companies have historically found strategic and technical partners in South Africa.

In May 2013, BITC partnered with farmers from the Shoshong District of Botswana on a focused exploratory mission to the Lichtenburg and Klerksdorp area of the Republic of South Africa. The mission included benchmarking site visits to farms and farming implement manufacturing plants, as well as meetings between Botswana farmers and prospective technical partners from South Africa. BITC is currently facilitating discussions between Shoshong farmers and prospective partners from South Africa.

BITC also arranged a business week in South Africa in March 2014 to promote Botswana as a competitive International Financial Services Centre (IFSC) as well as to present investment opportunities in growth sectors.

The events of the week attracted over 100 delegates representing companies interested in considering Botswana as an investment springboard into Southern and Sub Saharan Africa. The BITC had the opportunity to interact with the Turkish, Portuguese, Spanish, Singapore, German and Japanese business communities with interest in various sectors in Botswana such as auto components manufacturing, energy, textiles, airline and consumer electronics.

### Australia

In September 2013, BITC took part in the Mining and Infrastructure Mission to Australia which was led by Honourable Kitso Mokaila, the Minister of Minerals, Energy and Water Resources. The mission focused on opportunities in the Africa Mining industry as well as emerging Infrastructure development and business



# Investment Promotion continued

opportunities in Botswana's energy, ICT and Telecoms, mining, education and training, water and sanitation technology and transport sectors.

The mission also included Botswana's participation at the Africa Down Under 2013 Conference, which attracted global mining companies and service providers with an interest in the mining sector in Africa; as well as the 2013 Africa Australia Infrastructure Conference organised by the Australia Africa Business Council.

## South Sudan and Kenya

In October 2013, BITC undertook an exploratory mission to South Sudan and Kenya. The main objective was to give the Botswana private sector insight into business and investment opportunities in these countries. The mission was led by the High Commissioner of Botswana to Kenya. Fifteen private sector companies representing a variety of sectors and skill sets participated from Botswana. Attendance from the Botswana private sector was well balanced with a good variety of sectors and skill sets represented. Business forums were held in Nairobi in order for Kenyan officials and private sector to brief Botswana delegation on investment opportunities in both countries. Forty private sector participants from Kenya attended and had the opportunity to interact on a one-on-one basis with the Botswana delegation. The opportunity was also used by Her Excellency the Ambassador from Rwanda to inform the delegation about business opportunities in Rwanda.

In South Sudan, the delegation paid a courtesy call to the South Sudan Minister of Finance and Investments. A business forum attended by 43 participants from the Botswana and South Sudan private sector was organised in Juba in partnership with South Sudan Investment Authority which gave a presentation about doing business in their country. Different South Sudan ministries gave presentations about opportunities in their sectors. Later in the year, BITC led a second mission comprising 40 Botswana participants from the parastatal and private sectors to South Sudan at the invitation of the South Sudan Investment Authority to attend their Investment Conference in Juba. The delegation had an opportunity to meet with the South Sudan Ministries of Minerals, Housing and Energy – all sectors in which Botswana local businesses have comparative strength.

The conference itself focused on opportunities across various sectors which could be of interest to Botswana companies, particularly infrastructure development,

financial and business services, education, health, hospitality and tourism, retail, agriculture, mining and mining services.

The conference also provided a platform for South Sudan political leaders and decision makers to interact with private sector and potential investors to spearhead the economic transformation process through an open dialogue on South Sudan opportunities.

## Brazil and Argentina

The BITC embarked on a Trade and Investment exploratory mission to Brazil and Argentina. The delegation was led by the BITC CEO Mr Letsebe Sejoe. The objective was to identify business opportunities in various sectors of the economy with emphasis on energy, pharmaceuticals, leather, agribusiness, textiles and manufacturing industries. Local Enterprise Authority and the Ministry of Agriculture took part in the exploratory mission.

The Botswana delegation visited various companies including Inta; an Agricultural Research and Technology institute, Hüls Industrias S.A; a tannery machine manufacturing company, The Confederation of General Business of Argentina; a Chamber of commerce representing more than 50, 000 companies, Fanem; a medical laboratory equipment manufacturing company, Biolab; a prescription medicines manufacturing company, CCIB; a leather footwear manufacturing company and Buhler which runs a leather re-tanning and finishing plant.

## BITC Hosts Business Delegations

### USA

In April 2013, BITC in conjunction with the Education Hub hosted 13 USA Universities whose interest was to explore Investment opportunities in the education sector in Botswana. BITC co-organised a business forum for the delegation with the Education Hub and hosted a networking dinner for the delegation. Engagement platforms were created between the visiting delegation and key stakeholders in Botswana's education sector.

Later in the year, BITC hosted the Botswana America Chamber of Commerce and 12 companies from the USA. The mission focused on investment opportunities in the Education, Mining, Energy, Agriculture, Health, Food and Beverage and Diamond Sectors. Various Economic Hubs, Government Departments, the Botswana Chamber of Mines' Coal Forum and the



Business delegates attending BITC IFSC Seminar in RSA



BITC Board Member, Wilhemina Makwinja addressing the IFSC Business Seminar in Johannesburg SA



# Investment Promotion continued

Public Procurement and Asset Disposal Board (PPADB) participated in the mission.

BITC continues to facilitate further engagement and discussions between USA and Botswana based companies that were part of both missions.

## South Africa

In April 2013, BITC hosted a group of companies from South Africa on an exploratory mission aimed at engaging with ministries and parastatals to identify high priority projects that require Investment and/or partnerships in implementation. Engagement was facilitated with the Coal Development Unit, Ministry of Minerals Energy and Water Resources, Ministry of Infrastructure Science and Technology, the Public Private Partnership office in Ministry of Finance and Development Planning and the Transport Hub.

## Taiwan

In May 2013, BITC hosted a delegation from the Economic Division of the Taipei Liaison office based in Johannesburg, South Africa representing more than 700 companies. The purpose of this mission was to explore trade and investment opportunities in Botswana for Taiwanese companies. Many of these companies consider Botswana an ideal location for a regional hub. BITC facilitated linkages between the delegation and key stakeholders. The delegation's main areas of interest were the agriculture, beef production, solar energy and diamond sector.

## Australia

In June 2013, BITC hosted a delegation of Mining Equipment and Technology Service (METS) providers. The objectives of the mission were to establish long term relationships with potential clients, explore the possible establishment of in-market servicing centres, explore the potential in-market partnering opportunities and the feasibility of establishing manufacturing plants within Botswana. BITC arranged meetings with various mining industry stakeholders and a site visit to mines.

## Switzerland

Switzerland has a highly developed service sector, led by financial services, and a manufacturing industry that specialises in high-technology, knowledge-based production as well as jewelry and agriculture production. These are all sectors that BITC promotes as opportunity sectors in Botswana.

BITC, in conjunction with the Ministry of Trade and Industry, hosted a delegation from Switzerland on

a mission to explore investment opportunities in Botswana. During the mission, BITC presented available opportunities and facilitated interaction between the delegation and relevant stakeholders.

## Nigeria

Nigeria, as the largest market and economy in Africa is a key target market for outbound FDI for the Botswana private sector. Nigeria is home to some of Africa's largest multi-national corporations as well as some large private equity firms.

BITC participated in the second Nigeria Botswana Business Forum in October 2013. The objective of the forum was to create an interactive platform for Nigerian and Botswana investors to promote partnerships.

## Turkey

Turkey's largely free-market economy is increasingly driven by its industry and service sectors. BITC hosted a Turkish business delegation in November 2013. The objective of the mission was to explore investment opportunities in Botswana in the railway industry, energy, construction and diamond sector. BITC facilitated discussions between the delegation and the Minister of Transport and Communications Honourable Nonofu Molefhi; Shrenuj Botswana; Okavango Diamond Company; Diamond Hub; ABCON; and the Department of Energy.

## India

India is developing into an open-market and its diverse economy encompasses traditional village farming, modern agriculture, handcrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the work force is in agriculture, but, services are the major source of economic growth, accounting for nearly two-thirds of India's output with less than one-third of its labour force. India has capitalised on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers. India's main industries are textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software and pharmaceuticals.

During the period under review, BITC hosted four delegations from India whose objective was to identify opportunities and explore access to these opportunities in the Mining, Agriculture, Biotechnology, Energy, Coal, manufacturing of high voltage electrical components, and power sectors.





BITC facilitated engagement with Botswana Development Corporation; Department of Mines; Botswana Coal Forum; BCL; Ministry of Minerals Energy and Water Resources; Department of Energy Affairs; Ministry of Trade and Industry; Ministry of Agriculture; Botswana Power Corporation; and members of the private sector.

### China

The BITC hosted a delegation from China in September 2013. The delegation represented a meat processing company that currently operates in China and

Tanzania. The objective of the mission was to explore opportunities in the beef export sector. BITC facilitated and accompanied the delegation to meet with stakeholders in the meat processing sector to initiate discussions towards a joint venture partnership.

# Investment Promotion continued

## INDIA OFFICE

Following receipt of a go ahead from the Reserve Bank of India to rename Botswana Export Development and Investment Authority (BEDIA) to Botswana Investment & Trade Centre (BITC), it was all systems go for BITC India during the review period.

BITC India participated in several business events across the sub-continent and also undertook visits to China and Singapore. As a result of BITC India's efforts, Botswana became a partner country in the International Film Festival for Tribal Art & Culture held in the state of Madhya Pradesh in April 2013. This afforded the BITC Regional Director and the Botswana High Commissioner an opportunity to interact with high powered groups from the Government and important business houses.

BITC was also invited to visit India's South Western State of Kerala, and meet with the Kerala State Industrial Development Corporation (KSIDC). This entity was set up under the aegis of the State Government of Kerala to promote economic diversification of the state.

Through the KSIDC, BITC India was able to promote Botswana's potential as an investment destination with several local companies setup in the state. This led to two companies from Kerala undertaking a visit to Botswana. One is now engaged in a detailed feasibility study of setting up a manufacturing unit in Botswana, while the other has already registered their company in Botswana with a view to start their operations in the next financial year.

In its continued effort to promote Botswana as an ideal place for investment, BITC India also participated in the 44th General Assembly of World Trade Centre's Association; the Krishi Vasant agricultural trade fair; and Africa Day event organised by the Indo Africa Chamber of Commerce & Industry; a Federation of Indian Export Organisation business seminar; and another business seminar organised by the PHD Chamber of Commerce.

## Project Pipeline

As a result of the various missions and investment outreach programmes, several projects covering a wide range of industries have been lined up for realisation in the current financial year. These range from manufacturing enterprises to projects in the banking and financial services sectors.

## Inward Missions to Botswana from India

BITC India organised and led a number of inward missions to Botswana during the course of the year. Companies that visited Botswana were particularly interested in financial services, manufacturing, IT services, textiles and knitwear. Some of these companies are already at an advanced stage of negotiations to establish their businesses in Botswana.

The Office is optimistic that the leads generated during the various conferences and business seminars will, in the medium and long term, result in investment benefits to Botswana.

## UK OFFICE

### Investment Promotion

For most of 2013/14, the UK office focused mainly on Investor Targeting as the main strategy to attract FDI. The strategy incorporated subscriptions to databases and web portals, business development as well as relentless follow ups to enquiries.

The result has been considerable interest in a number of sectors including renewable energy; bio-gas; agri-business and health. Several of these are starting to take shape and transform from potential investments into actual projects

## Export Promotion

BITC UK has also been active in assisting Botswana companies to break in to the UK/EU market. Two companies, Mogomotsi Enterprises (Pty) Ltd (Design Furniture manufacturer) and Agate (Pty) Ltd (Semi-precious stones), are starting to make inroads into these lucrative, but highly competitive markets.

## Stakeholder Engagement

The UK office also continued to work with various strategic partners to promote Botswana as an investment destination to companies in Switzerland and the Czech Republic.

## RSA OFFICE

### Stakeholder Engagements

BITC South Africa, during the review period engaged with a wide range of organisations to explore potential areas of collaboration as well as to expose them to BITC and Botswana's offering as a destination for investment. These included South African-based organisations such as the ICT Association of RSA; SESSA (Non Renewable Energy Association in RSA); MPO (Milk Producers Organisation), KOTRA (Korean Trade Office, Taiwan Trade Office, Enterprise Singapore; Polish Trade; V4 countries of Poland Czechoslovakia and Slovenia; and MATRADE (Malaysia Trade). In addition, BITC South Africa engaged with Malaysia Investment Development Authority (MIDA); GGDA Gauteng Growth Development Agency; LEDA (Limpopo Economic Development Agency); Swedish Trade; Spanish Trade; SANEC (Luxemburg, Netherlands, Belgium); Mauritius Investment Centre; Manufacturers Circle; and JETRO (Japanese Trade Office).

## Investments Realised

The success of these endeavours is reflected in a growing pipeline of projects and potential investments from companies across an array of sectors ranging from light industry manufacturing to logistics, engineering, financial services and energy.

Two companies in engineering services - Fabchem and Adlam Engineering - set up businesses in Botswana during this period.

## Botswana Promotional Initiatives

In a joint collaboration with the Export Development Department, BITC South Africa facilitated the participation by nine Botswana exhibitors in the high profile South Africa International Trade Exhibition (SAITEX) in June 2013.

This exposed the Botswana companies to the South African market and helped to facilitate their exports to that country. The Botswana pavilion attracted a lot of visitors which resulted in a significant number of enquiries and orders being received by Botswana exhibitors.

BITC South Africa in March 2014 also hosted a business seminar during the review period for the South African business community focused on the International Financial Services Centre (IFSC) offerings in Botswana. To augment the benefits of this seminar BITC South Africa set up outreach initiatives on "Doing Business in Botswana" with 40 companies from Turkey and Portugal.

BITC South Africa further worked with the BITC's brand management department to host a successful launch of the Nation and Corporate brands to the South African Business community in May 2013. In addition to that the Office played a critical role of securing and facilitating participation of a total of 27 exhibitors from the South Africa to participate at the BITC managed business to business international exhibition, Global Expo Botswana in November 2013



# Business Facilitation

BITC provides professional facilitation services to both new and existing investors. These are aimed mainly at enabling investors in manufacturing and selected service sectors to secure necessary Government clearances and approvals as quickly and efficiently as possible. This includes industrial licences, work and residence permits, and visas; and infrastructure such as land, factory space and utilities.

In addition, foreign investors and domestic businesses are provided with a broad range of free services that help to create a favourable business environment.

The Business Facilitation unit provides assistance and advice throughout the investment process from initial point of inquiry through project approval, implementation, monitoring and aftercare process.

*The Business Facilitation unit provides assistance and advice throughout the investment process from initial point of inquiry through project approval, implementation, monitoring and aftercare process.*

## Facilitation of Government Authorisations

A key responsibility of BITC is to assist investors to traverse all the government bureaucratic and administrative requirements. During the review period, BITC officially launched the BITC Business Facilitation Services Centre (BFSC) on the ground floor of BITC headquarters building. The BFSC has been set up to assist qualifying investors to obtain the necessary Government authorisations to start and operate businesses within the shortest possible time. The following services, which are offered free of charge, are fast tracked and facilitated:

- Company and Business registration;
- Income tax and VAT registration;
- Entry visas, work and residence permits;
- Connection of utilities e.g. Power, Telecommunications and Water;
- Trade and Business licence applications;
- Access to Industrial and commercial land allocation and construction permits;
- Allocation of BITC factory space (subject to availability).

BITC has set out eligibility criteria to guide the facilitation process offered through the Business Facilitation Services Centre. These include:

- Number and level of employment created;
- Potential for skills and technology transfer;
- Utilisation of local raw materials in the production process;

- Potential for export and import substitution;
- Potential to create backward and forward linkages;
- Innovation and creativity;
- Priority sector under the Economic Diversification Drive (EDD).

In order to enhance effectiveness of the Business Facilitation Services Centre, BITC has negotiated and entered into Service Level Agreements (SLAs) with the Water Utilities Corporation (WUC) and the Registrar of Companies & Intellectual Property (ROCIP).

BITC hopes to sign additional SLAs with other key stakeholders such as Botswana Unified Revenue Service (BURS) and Botswana Power Corporation (BPC). The efficient functioning of the Business Facilitation Services Centre (BFSC) is supported by 20 trained Liaison Officers stationed at various authorising institutions.

During the review period, 178 visas, work and residence permits, emergency exemptions were granted to BITC accredited investors, while 23 applications were rejected. The BFSC facilitated the issuance of Industrial and Trade licences to four companies during the year.

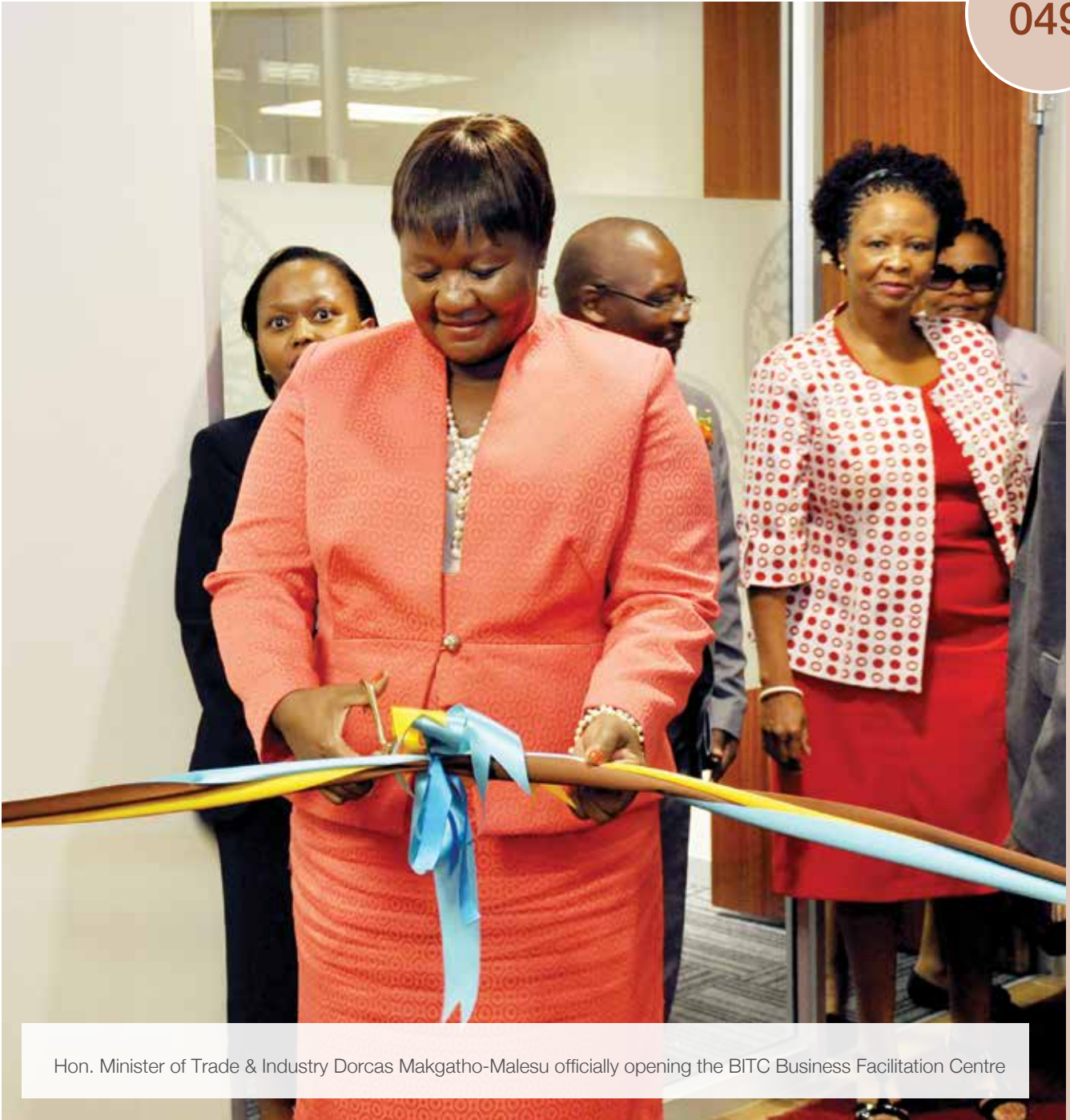
## Investor Aftercare Programme

BITC has re-introduced a reactive and proactive investor aftercare programme code named "RED". The programme is aimed at Retaining, Expanding and Diversifying investment. The programme was designed to build long-term relationships with strategically important existing foreign and domestic investors as well as to gather intelligence aimed at supporting the country's investment climate reform agenda.

BITC pro-actively visits companies to encourage domestic expansion, as well as to enquire about complaints, challenges and issues impacting on the investment climate and impeding expansion. This intelligence is then incorporated into BITC's advocacy agenda. During the review period, 62 investor aftercare visits were undertaken across the country. A number of issues that emerged through the visits, include:

- Concerns with the time taken to upgrade power from single to three phase;
- Availability and predictability of power supply;
- Turnaround times in issuance of government authorisations such as work and residence permits;
- Unavailability of serviced land and factory space.

In this regard BITC is working tirelessly to address these challenges.



Hon. Minister of Trade & Industry Dorcas Makgatho-Malesu officially opening the BITC Business Facilitation Centre

### Facilitation of Land and Factory Shells

The BITC Property Portfolio facilitates access to land and factory shells available to qualifying domestic and foreign investors. The portfolio is strategically important in that it enhances the attractiveness and competitiveness of BITC as well as Botswana's offering as an investment location of choice.

### BITC Factory Shells

BITC has constructed 47,215 square metres of factory shells in Gaborone. These have been occupied by BITC accredited investors in the manufacturing as well as

in diamond cutting and polishing sectors. During the review period, five companies were allocated factory shells.

### Land Allocations

BITC continues to facilitate land allocations for qualifying and deserving investors in an endeavour to improve investment conversion rates. During the year, applications for 12 companies were made to the land authorities across the country. As a result of proactive stakeholder engagement and facilitation by BITC, a further 7 provisional land allocations were made by land authorities.



# Export Enterprise Development and Promotion

## EXPORT PROMOTION

Included in BITC's all-encompassing mandate of investment promotion and attraction is the critical aspect of export promotion and development. Indeed, BITC is charged with promoting locally manufactured goods into regional and international markets.

During the 2013/14 financial year BITC continued to offer assistance to manufacturers to promote local products in external markets. As always, the regional market was crucial for Botswana's locally manufactured goods, with new product lines penetrating the immediate sub-region and contributing to total export earnings of P1.645 million against an annual target of P1.160 million. This represented an increase of P485 million on the annual target.

See Figure 1 – Quarterly performance of Botswana Products

The exported products ranged from recycled plastic granules to South Africa, canvas materials and electrical cables to Namibia, fine table salts to DRC and Zambia, boat parts to Zambia and cosmetics to Zimbabwe as well as financial services. Notable among these was first time sales of contemporary furniture products into Nigeria, as well as the USA and European markets.

The beef industry attracted considerable interest with a 'Commitment to Supply' being signed between local suppliers and potential buyers in the East African market. The year under review also showed growth in the sales of semi-precious stones to Germany, as well as tobacco extracts to Hong Kong.

Market	Export Sales
Zambia	70,105,890.00
Angola	2,430,088.16
DRC	11,593,613.00
Malawi	20,400,691.87
Mozambique	1,479,240.58
Namibia	18,517,449.46
Tanzania/East Africa	187,640.39
USA	211,180.00
Europe (Excluding UK)	232,874,584.23
UK	325,450,340.80
Zimbabwe	44,806,230.98
Nigeria	71,995.00
Hong Kong	32,398,603.11
RSA	844,065,880.52

Table 1 – Export Sales for the year 2013/14



Figure 1 – Quarterly performance of Botswana Products

Salt and Soda Ash continued to constitute the bulk of the export figures, with the majority of sales to South Africa, and the balance to other SADC countries including Zambia, Zimbabwe, Malawi and the DRC.

Financial Services companies (IFSC) recorded export earnings of P738 million in the period under review, which represented 39% of the total export earnings of BITC assisted companies.

### Trade Fairs and Contact Promotion Missions

BITC continued to create various product promotional platforms to assist local companies break into external markets. This included participation in various regional and international exhibitions and contact promotion missions.

The missions undertaken included Zimbabwe International Trade Fair (ZITF) in Zimbabwe; The Cape Town Source Africa Textiles Show and the Southern African Trade Exhibition (SAITEX), both in South Africa; the Agricultural and Commercial Show (ASCZ) in Zambia; and FACIM in Maputo, Mozambique.

During the year a Market Scoping Mission to Ethiopia was undertaken as well as facilitation of product freighting to the Milan Design Week in Italy.

BITC also facilitated participation at the Women Innovation Show in Cape Town as well as a Mineralintage Fair in Germany.

### SUSTAINABLE EXPORT DEVELOPMENT

BITC has a solid Export Development Programme (EDP) that aims to increase exports of products and services that add domestic value and contribute to the diversification of the economy.

During the review period, BITC reviewed the EDP in order to provide a comprehensive, coordinated, well-resourced, efficient and effective Botswana Exporter Development Programme (BEDP) that would:

- Develop a pool of export-ready companies
- Ensure that exports grow and new markets and new export products are developed
- Ensure that there are effective resources available for exporter development
- Provide leadership to the various stakeholders involved in exporting
- Facilitate collaboration between all the various stakeholders from both the private and public sectors
- Monitor and ensure continuous improvement.

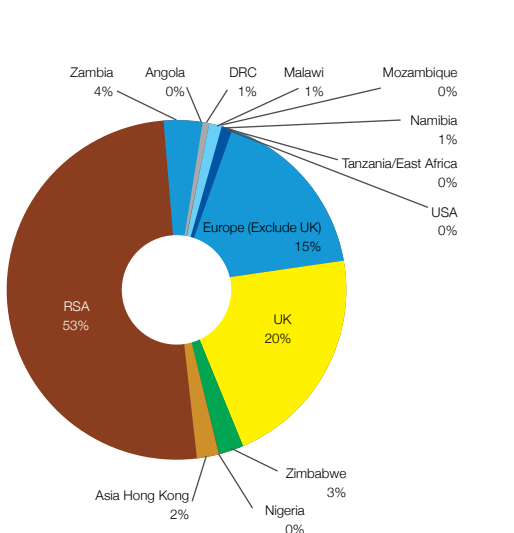


Figure 2 - Value of total exports by country 2013/14 including South Africa:

The insignificance of other markets represented was due to their lower contribution to the export basket and not necessarily a zero (0%).

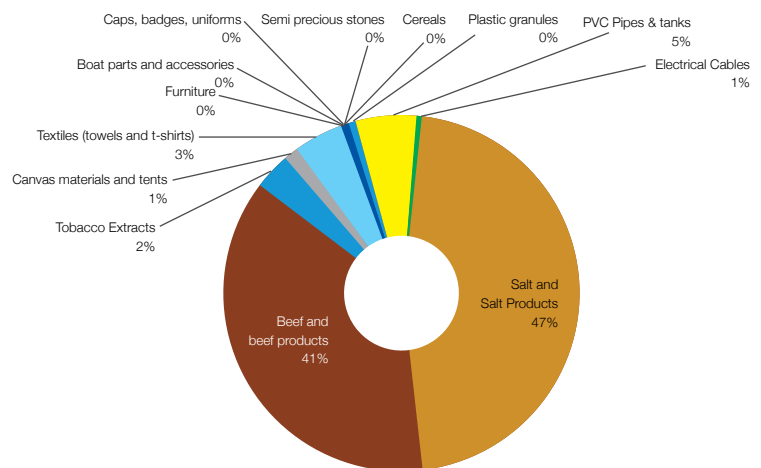


Figure 3 – Exported products

## Export Enterprise Development and Promotion

An initial 24 companies were evaluated for enrolment under the new BEDP. After the initial assessment of several key areas such as strategic management and leadership; company strategy and marketing planning; production and operations; export readiness; financial position; human resources; branding and quality management five companies were enrolled into the BEDP. The rest were referred to the Local Enterprise Authority (LEA) to embark on training and development enterprise interventions.

In addition, BITC embarked on an aggressive export awareness outreach programme with workshops being held in Selebi Phikwe, Francistown and Gaborone. The purpose of the workshops was to gain a better understanding of the drivers and obstacles that exporters face; as well as to inform potential and existing exporters about the organisation's service offering.

Another exciting development during the review period was the introduction of BITC export development staff training on the Centre for Development of Enterprise (CDE's) Small Medium Enterprises diagnosis tools. The tools provide a good platform for identifying the weaknesses and strengths of SMEs in order to build an action plan for improving the competitiveness of the enterprises.

BITC then partnered with BIDPA and BOCCIM to assess and review the performance of 35 women-led SMEs in order to assist them to improve their competitiveness, in line with the Private Sector Development Programme (PSDP).



BITC at SAITECH June 2013





Manufacturing industry continues to grow in Botswana



Lebang Setso exhibiting at SAITEX 2013



# Global Expo Botswana

BITC hosted the eighth Global Expo at the Botswana Conference & Exhibition Centre in Gaborone during November 2013. The theme of the event was “Promoting Investment through Innovative Business Partnerships and Trade”.

The Expo was officially opened by the Vice President of the Republic of Botswana, Honourable Dr. Ponatshego Kedikilwe. The event was attended by 300 guests and dignitaries from Botswana, South Africa, Kenya, and Mozambique, as well as exhibitors from different parts of the world.

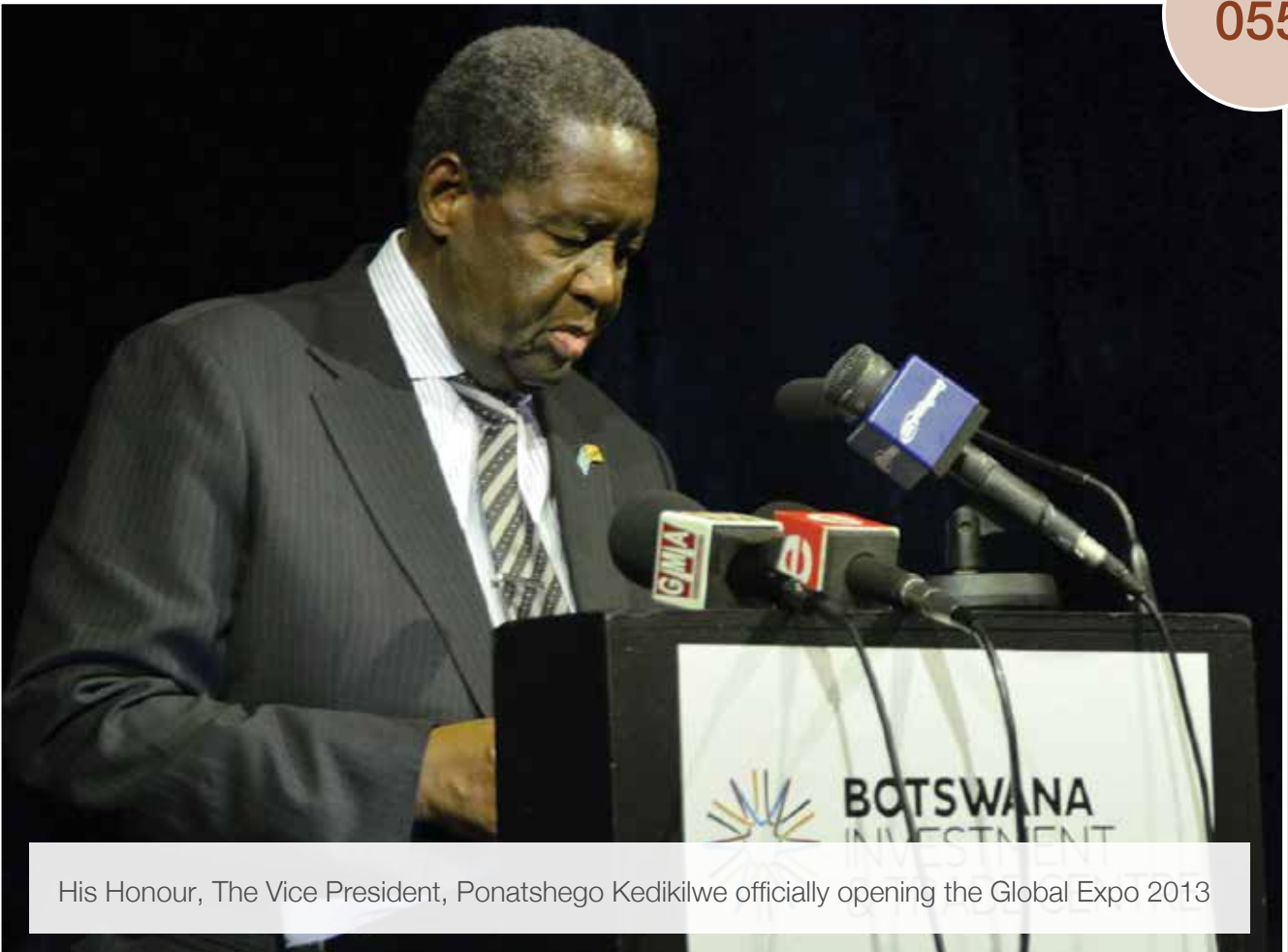
Some 138 exhibitors from 13 countries including those from Botswana, Indonesia, Italy, Japan, Kenya, Lesotho, Mozambique, Namibia, Poland, South Africa, Swaziland, Zambia and Zimbabwe – took part in the Expo. In addition, a total of 5135 visitors attended the Expo including delegations from 10 European Union (EU) companies and institutions involved in various sectors. These include energy, water, electronics, textile and transport.

A highlight of the Expo was a fashion show that showcased Botswana’s young designers’ talent and celebrated the massive potential in this industry. Moreover, for the first time in the history of the Expo, a two-day international Investment and Trade Conference was held alongside the exhibition. Various high level international speakers discussed a variety of topics ranging from mining, nation and product branding, to Special Economic Zones, regional integration, finance and business.

Among the speakers were Ms. Bridgette Dijeng-Radebe from Makau Mining in South Africa; Advocate Leslie Sedibe, the Chief Executive Officer of Proudly South African; Mr. Iann Mann, Director at Gateways Business Consulting; Dr. Moroka Nakedi Makhura from the Agricultural Development Bank of South Africa; Mr. Cyrille Nabutola, Chief Executive Officer of Export Processing Zones Authority of Kenya and Mr. Danilo Nala, the Director General of the Special Economic Zones office in Mozambique. Botswana-based speakers included Dr. Thapelo Matsheka, Managing Director of AON Botswana; and Mr. Sid Boubekeur, Head of Centre for Development of Enterprise (CDE).

More than 660 delegates participated in the conference as well at the networking lunches.

The success of GEB would not have been possible without the support of Orange Botswana; Botswana Meat Commission (BMC); the Botswana Education Hub; Botswana Innovation Hub; Waterman Swaziland; and Choppies, and we look forward to continued positive engagements of this nature.



His Honour, The Vice President, Ponatshego Kedikilwe officially opening the Global Expo 2013



# Special Economic Zones

The Special Economic Zones Bill has been drafted. BITC is working with the Ministry of Trade and Industry (MTI) to get the buy-in of key stakeholders before the Bill is debated in Parliament during the November 2014 parliament session.

Although the Bill is yet to be approved, BITC continues to roll out the programme at prioritised sites and is now approaching Cabinet for funding. Phase I of the implementation, which includes the SSKIA Mixed Use and Selebi Phikwe Economic Diversification Unit (SPEDU) sites, is at advanced stage. Phase II will cover Lobatse, Fairgrounds, Pandamatenga and Palapye; while the third and last phase will cover Francistown and Tuli Block. Currently BITC is engaging the identified zones to work on value propositions and 'go to market strategies'.

A Memorandum of Understanding (MOU) between BITC and Botswana Innovation Hub (BIH) was signed in September 2013. As part of the MOU, BITC and BIH are aligning their strategies for the development of 12.6 hectares within the Science and Technology Park. A common strategy is being developed to promote the site. The site will mainly be developed according to the BIH procedures stipulated in the MOU. The Developers/ Operators of the site should have the capability to develop and sell the site as a destination of choice for investment.

To fast track the rollout of Botswana's SEZs' BITC led a benchmarking mission in November 2013 to some of the best SEZs in World, notably Jebel Ali in Dubai; Dube Export Processing Zone in Durban, South Africa; and Masdar City and KIZAD in Abu Dhabi. The mission offered Team Botswana an opportunity to learn from the best SEZs how to strategically plan to; regulate, develop, operate, and promote SEZs. The Team comprised representatives from key stakeholders

such as BIH, Civil Aviation Authority Botswana (CAAB), SPEDU, Department of Town and Regional Planning and Attorney General Chambers.

The SEZ Department also undertook a visit to Mozambique's Office for Economic Areas with Accelerated Development (GAZEDA); Maputo and Nacala Ports in Mozambique; as well as Walvis Bay and Swakopmund ports in Namibia. These ports are strategic gateways to Botswana's current niche markets and are those that would be identified through the SEZ programme. During this mission BITC also conducted due diligence on the ports to ascertain whether they would be able to support key activities within the Botswana SEZs. The visit further gave BITC an opportunity to discuss prospects of collaboration with the ports once the SEZs are fully operational.

The development of a master plan for the Sir Seretse Khama International Airport (SSKIA) Mixed Use Special Economic Zone has commenced and subsequently an expression of interest to service the land will be floated. The master plan for the establishment of a SEZ site at the SSKIA is part of Phase I of the implementation plan.

BITC has also procured a SEZ Advisor who will hand hold and guide the SEZ Team through the implementation plan of the SEZs. The SEZ Adviser will also assist to promote Botswana as an investment destination of choice through SEZs; and to develop a sales and marketing strategy to attract developers/ investors to these zones.



PERFORMANCE

# Brand Botswana

The development of the National Brand Strategy which would create a country identity and raise the profile of Botswana nationally and internationally was initiated in 2006 by the former President of Botswana, HE Festus Mogae. Today, our National Brand has been distilled into a memorable brand logo and tagline: Botswana – Our Pride, Your Destination.



## Brand Botswana Mission

“To provide a fully integrated identity (supported by consistent and compelling visual, verbal and behavioural expression of the brand) that strongly positions Botswana amongst key local and international communities”.

Central to the programme’s success is local buy-in and support from the general population as well as from key implementation bodies such as Government, the private sector and civil society, hence the importance of effective roll out across the country to ensure that there is a clear understanding of what the National Brand Strategy aims to achieve. In addition, there is a need to develop national policies that will provide guidance on how Botswana can best execute and maintain the National Brand Strategy.

## Objectives

The objectives of the National Brand Strategy are to:

- galvanise our community around the country’s core values,
- position Botswana as a leading country within Africa and the global community,
- foster a more competitive and sustainable economy through sector diversification by promoting, attraction of investment in non-traditional sectors
- attract foreign, and to promote local, new innovation-driven investment and entrepreneurship,
- stimulate greater economic value for Botswana through enhanced tourism, targeted investment attraction and the successful promotion of Botswana’s diversified export sectors and other country offerings.

## Stakeholder Relations Function

Central to the National Brand Strategy’s success is local buy-in and support from the general population and key implementation bodies such as Government, the private sector and civil society; as well as a clear understanding of what the National Brand Strategy aims to achieve and how this can be done.

As part of these efforts, an ongoing Stakeholder Relations Strategy that seeks to identify key stakeholders and to keep them updated on the activities of Brand Botswana has been developed. The strategy activities focus on brand workshops, the nationwide public education campaign and on creating the first contact for initiatives such as co-branded or partnership campaigns.

## Brand Workshops

Brand workshops create an opportunity for targeted stakeholders to be introduced to the nation brand programme, providing an excellent platform for stakeholders to share their views and suggestions on how best it should be rolled out. It is important to note that at this initial stage, considerable education and awareness needs to be created around the programme to ensure better understanding and buy-in from stakeholders.

During the review period, fourteen (14) brand workshops were held nationally, reaching a total of around 300 people. Organisations reached included hospitality providers in the Gaborone area; HATAB; Botswana Innovation Hub accredited companies; and the Department of Immigration and Citizenship particularly focusing on customer service and the important role Immigration Officials play in creating a lasting impression of our country to visitors. By end of the reporting year, eight (8) Immigration workshops had been conducted including Sir Seretse Khama International Airport, Tlokweng, Ramotswa, Ramatlabama, Phitshane-Molopo, Lobatse and Kasane.

Brand Botswana also conducted Brand Workshops in eleven (11) Botswana Missions around the World including South Africa; United Kingdom; Brazil; Zambia; Zimbabwe; Mozambique; Namibia; Belgium; United States of America; Kuwait; and the Botswana Mission to the European Union.



Brand Botswana increasing its footprint locally and Internationally

## Marketing Communications

### Sponsorship & Promotions

Brand Botswana makes a point of working with organisations and individuals who are involved in initiatives that are in line with the mandate of Brand Botswana, often through sponsorships or promotions. These partnerships present opportunities for Brand Botswana to further engage with the public through speaking opportunities, branding and receiving media coverage, as well as by engaging Brand Ambassadors. They also present an opportunity for repeated exposure of the Pride Mark and to further Brand Botswana's overall mandate.

During the period under review, Brand Botswana sponsored a number of such events and activities including HATAB Conferences; Junior Chamber (JCI); ISO conference; International Museum's Day; Simply Botswana – E-guide; Son of the Soil Cultural Festival; Dithubaruba Cultural Festival; Lobatse International Beef Fest; Botswana's participation at the Diamond and Jewellery Fair; the Toyota 1000km Desert Race; Signed International Television Show, Khawa Dune Challenge and the Mocaragana Music Show.

### Pride Campaign

Brand Botswana rolled out a mass media campaign dubbed the "Pride Campaign", which was aimed at highlighting some of Botswana's assets and achievements and instilling a sense of pride among Batswana. The campaign is currently running on billboards throughout the country from remote rural areas to high profile locations such as the World of Golf in Gaborone.

As part of the Pride Campaign, Brand Botswana has produced five Botswana success stories relating to the country's governance, its people and its tourism. These celebrations of Botswana's achievements have been placed in local and international media.

### Rural Branding

Brand Botswana has developed a program to brand strategically located areas in villages such as shops and tuck shops which are popular in villages. The project was successfully completed, with 100 shops branded successfully across the country. This has resulted in a significant increase of the Pridemark exposure to Batswana in rural areas and call on them to be proud of their country.

### Co-Branding With Other Stakeholders Mocaragana

Brand Botswana partnered with BTV through the Mocaragana Music Show. A twelve (12) month contract has been signed which will allow Brand Botswana visibility during the show and through this partnership Brand Botswana has been able to get increased Pridemark exposure. Mocaragana is a music show that unearths raw local talent and gives local musicians from all across Botswana a platform to showcase their musical talents and enjoy an extensive following. In addition to the brand visibility, Brand Botswana carries out monthly workshops for all the musicians participating in Mocaragana. The aim of the workshops is to educate the musicians, on the national brand, its significance to musicians and the role they as musicians can play within the nation brand program.

### National Committees

During the review period, Brand Botswana was represented on a number of national committees, playing an advisory role and ensuring their activities dovetailed with the mission and objectives of Brand Botswana. The committees included President's Day National Organising Committee; the Vision 2016 Coordinators Committee; the Vision 2016 Awards adjudicators committee; Independence Day National Organising Committee; and Dithubaruba Organising committee.



# Corporate Social Investment

## BITC funds its first major corporate social investment project

Although BITC is still a relatively new organisation, it has been quick to adopt a positive and proactive approach to Corporate Social Investment (CSI).

The organisation's inaugural CSI project involved the donation of a Guidance and Counselling Centre for the benefit of Ikageng Junior Secondary School and the Metsimotlhabe community in the Kweneng District.

The project was aimed mainly at continuous creation of a conducive environment for learning and thus to support and enhance student performance as well as staff teambuilding and participation in community development. The project also provided an opportunity for stakeholder engagement and a chance for BITC to make a lasting impression among the people of the region. A ground breaking ceremony was held on 7 February 2014 in Metsimotlhabe to signify the commencement of the construction of the Centre.

The project is a way of bringing communities together and is contributory to Botswana's vision of being an informed and educated nation as stated in our country's Vision 2016 strategy. The new structure that would be painted or adorned in Brand Botswana colours is a structure that will symbolise the pride we take in our youth and our tireless efforts in enabling a well-rounded learning environment.

During the review period, BITC employees assisted with the construction of the Centre, including building, painting, cleaning, interior design and planting of trees and flowers. In recognition of the potential role this Guidance and Counselling Centre will play in the lives of the Ikageng J.S.S students and the community of Metsimotlhabe, the BITC has approved a subsequent request from Ikageng Junior Secondary School to adopt the school under the Ministry of Education and Skills Development's Adopt-a-School programme.



Students of Ikageng Junior Secondary school, Metsimotlhabe





BITC CEO, Mr Letsebe Sejoe, Officially breaking ground for Guidance and Counselling Centre Construction



BITC employees playing their part in the preparation for foundation stage of the project





# Financials

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## ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

### CENTRE INFORMATION

Domicile, legal form and principal business activity:

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

Registered address:

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

Directors:

Chairman - Mr Victor Senye  
Ms Ethel Matenge-Sebesho  
Mr Terence Dambe  
Ms Wilhemina Makwinja  
Ms Ester Kanaimba-Senai  
Ms Banny K Molosiwa  
Mr Christopher Garland  
Ms Ellen Richard-Madisa

Postal address:

Private Bag 00445  
Gaborone

Auditors:

PricewaterhouseCoopers  
Gaborone

Bankers:

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

## Statement Of Responsibility By The Board Of Directors

FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

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

The annual financial statements on pages 68 to 98 and supplementary information on Annexures I and II were authorised for issue by the Board of Directors and are signed on its behalf by:



Director



Director





## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BOTSWANA INVESTMENT AND TRADE CENTRE**

### **Report on the financial statements**

We have audited the accompanying annual financial statements of Botswana Investment and Trade Centre, which comprise the statement of financial position as at 31 March 2014, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 68 to 98.

### **Directors' Responsibility for the Financial Statements**

Botswana Investment and Trade Centre's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Botswana Investment and Trade Centre Act, 2011 and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw*

Country Senior Partner: B D Phirie  
Partners: R Binedell, R P De Silva, A S Edirisinghe



## **Opinion**

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana Investment and Trade Centre as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **Report on Other Legal and Regulatory Requirements**

In accordance with Section 19 of the Botswana Investment and Trade Centre Act, 2011, we confirm that:

- We have received all information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Botswana Investment and Trade Centre have been properly kept;
- The Botswana Investment and Trade Centre has complied with all the financial provisions of the Act; and
- Financial statements prepared by the Botswana Investment and Trade Centre was prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2 to the financial statements.

*PricewaterhouseCoopers*

**Individual practising member: Priyalal De Silva**  
**Membership number: 19900241**

**Gaborone**

## ANNUAL FINANCIAL STATEMENTS

## Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 P	2013 P
Revenue	5	93,175,200	21,391,977
Other income	7	13,917,985	25,552,649
Administrative expenses	8	(91,899,595)	(82,427,032)
Operating surplus / (deficit)		15,193,590	(35,482,406)
Finance income	10	1,120,347	2,561,398
Finance costs	10	(50,378)	(647,309)
Net finance income		1,069,969	1,914,089
<b>Comprehensive income / (loss)</b>		<b>16,263,559</b>	<b>(33,568,317)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus</b>			
Gain on revaluation of land and buildings	11	1,315,830	-
<b>Total comprehensive income / (loss) for the year</b>		<b>17,579,388</b>	<b>(33,568,317)</b>



## Statement of Financial Position

AS AT 31 MARCH 2014

	Note	2014 P	2013 P
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	14,245,810	36,026,128
Investment properties	12	254,850,000	213,810,000
Intangible assets	13	497,411	100,382
		<b>269,593,221</b>	<b>249,936,510</b>
<b>Current assets</b>			
Trade and other receivables	14	3,668,750	3,898,477
Cash and cash equivalents	15	40,390,196	32,621,041
		<b>44,058,946</b>	<b>36,519,518</b>
<b>Total assets</b>		<b>313,652,167</b>	<b>286,456,028</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Accumulated fund	16	155,732,020	127,027,376
Revaluation reserve		2,916,631	14,041,886
		<b>158,648,651</b>	<b>141,069,262</b>
<b>Non-current liabilities</b>			
Capital grants	17	142,308,647	137,120,809
<b>Current liabilities</b>			
Trade and other payables	18	12,694,869	8,265,957
<b>Total liabilities</b>		<b>155,003,516</b>	<b>145,386,766</b>
<b>Total funds and liabilities</b>		<b>313,652,167</b>	<b>286,456,028</b>



## ANNUAL FINANCIAL STATEMENTS

## Statement of Changes In Funds

FOR THE YEAR ENDED 31 MARCH 2014

	Accumulated fund P	Revaluation reserve P	Total P
<b>Balance at 1 April 2012</b>	159,945,724	14,691,855	174,637,579
Comprehensive loss for the year	(33,568,317)	-	(33,568,317)
Depreciation transfer	649,969	(649,969)	-
<b>Balance at 31 March 2013</b>	<b>127,027,376</b>	<b>14,041,886</b>	<b>141,069,262</b>
<b>Balance at 1 April 2013</b>	<b>127,027,376</b>	<b>14,041,886</b>	<b>141,069,262</b>
Comprehensive income for the year	16,263,559	-	16,263,559
Depreciation transfer	12,441,085	(12,441,085)	-
<b>Other comprehensive income</b>			
Gain on revaluation of land and buildings	-	1,315,830	1,315,830
<b>Balance at 31 March 2014</b>	<b>155,732,020</b>	<b>2,916,631</b>	<b>158,648,651</b>

## Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 P	2013 P
<b>Cash generated from / (used in ) operations</b>			
Operating surplus / (deficit)		15,193,590	(35,482,406)
Adjustments for:			
Depreciation	11	3,224,425	1,714,859
Fair value gain on investment properties	12	(13,917,985)	(25,552,649)
Amortisation of intangible assets	13	190,631	90,147
Loss / (profit) on disposal of plant and equipment		181,957	(167,677)
Deferred rental adjustment		-	(91,908)
Amortisation of capital grant	17	(2,893,481)	(2,448,205)
		1,979,137	(61,937,839)
Changes in working capital			
Trade and other receivables		318,825	22,274
Trade and other payables		4,428,912	(10,818,067)
<b>Net cash generated from / (utilised in) operations</b>		<b>6,726,874</b>	<b>(72,733,632)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(6,871,644)	(3,575,450)
Additions to investment property	12	(622,015)	(557,331)
Purchase of intangible assets	13	(587,660)	-
Proceeds from disposal of plant and equipment		61,410	185,919
Interest income received		1,031,249	2,862,768
<b>Net cash used in investing activities</b>		<b>(6,988,660)</b>	<b>(1,084,094)</b>
<b>Cash flows from financing activities</b>			
Government Capital grants received	17	8,081,319	4,132,781
<b>Net cash generated from financing activities</b>		<b>8,081,319</b>	<b>4,132,781</b>
<b>Net change in cash and cash equivalents</b>		<b>7,819,533</b>	<b>(69,684,945)</b>
Cash and cash equivalents at beginning of year		32,621,041	102,953,295
Exchange losses on cash and cash equivalents		(50,378)	(647,309)
<b>Cash and cash equivalents at end of year</b>	15	<b>40,390,196</b>	<b>32,621,041</b>



**ANNUAL FINANCIAL STATEMENTS****Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**1 General information**

The Botswana Investment and Trade Centre ("Centre") was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana. The address of its registered office is Plot 54351, Exponential Building, Central Business District, Gaborone.

The financial statements set out on pages 68 to 97 have been approved by the Board of directors on 26 September 2014.

**2 Principal accounting policies**

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

**2.1 Basis of preparation**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities, property, plant and equipment and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the Centre's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**2.1.1 Adoption of standards in the current financial year****(a) The following new standards were adopted by the Centre during the year.**

- Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting - The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. (Effective from 1 January 2013).
- Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI - The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. (Effective from 1 July 2012).
- IFRS 13 – Fair value measurement - This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. (Effective 1 January 2013).

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.1.1 Adoption of standards in the current financial year (continued)

- Amendment to IAS 16, 'Property, plant and equipment' - The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. (Effective 1 January 2013).

#### (b) New and amended standards applicable to the current period but not relevant to the Centre.

Management assessed the relevance of the following new standards, amendments, interpretations and improvements with respect to the Centre's operations and concluded that they are not relevant to the Centre.

- Amendment to IFRS 1, 'First time adoption' on government loans - This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. (Effective 1 January 2013).
- IAS 19, "Employee benefits" - The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. (Effective 1 January 2013).
- IFRS 10 – Consolidated financial statements - This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. (Effective 1 January 2013).
- IFRS 11 – Joint arrangements - This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. (Effective 1 January 2013).
- IFRS 12 – Disclosures of interests in other entities - This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. (Effective 1 January 2013).
- IAS 27 (revised 2011) – Separate financial statements - This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. (Effective 1 January 2013).
- IAS 28 (revised 2011) – Associates and joint ventures - This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. (Effective 1 January 2013).
- Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' - The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition. (Effective 1 January 2013).



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

**2.1.1 Adoption of standards in the current financial year (continued)**

- Amendments to IFRS 1, 'First time adoption of IFRS' - The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances. The amendment clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented. (Effective 1 January 2013).
- Amendment to IAS 1, 'Presentation of financial statements' - The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. (Effective 1 January 2013).
- Amendment to IAS 32, 'Financial instruments: Presentation' - The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. (Effective 1 January 2013).
- Amendment to IAS 34, 'Interim financial reporting' - The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements. (Effective 1 January 2013).
- IFRIC 20 - Stripping costs in the production phase of a surface mine - In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. (Effective 1 January 2013).

**2.1.2 Adoption of standards in future annual periods**

The following new standards, amendments, improvements and interpretations to existing standards are mandatory for the Centre's accounting periods beginning on or after 1 April 2014. These have not been early adopted by the Centre.

**(a) New standards, amendments and interpretations which are relevant to the Centre's operations**

- IFRS 9 – Financial Instruments (2009) - This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. (Effective from 1 January 2015).
- IFRS 9 – Financial Instruments (2010) - The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. (Effective from 1 January 2015).
- Amendments to IFRS 9 – Financial Instruments (2011) - The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.1.2 Adoption of standards in future annual periods (continued)

time. The requirement to restate comparatives and the disclosures required on transition have also been modified. (Effective 1 January 2015).

- Amendments to IAS 32 – Financial Instruments: Presentation - The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. (Effective 1 January 2014).
- IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' - These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. (Effective 1 January 2014).
- Amendment to IFRS 13, 'Fair value measurement' - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (Effective 1 July 2014).
- IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' - Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:
  - o either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
  - o the accumulated depreciation is eliminated against the gross (Effective 1 July 2014).
- IAS 24, 'Related party disclosures' - The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') (Effective 1 July 2014).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the Centre's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the Centre's financial statements.

### (b) New standards, amendments and interpretations which are not relevant to the Centre's operations

- Amendment to IAS 39 on novation of derivatives - The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'. (Effective 1 January 2014).
- Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities - The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. (Effective 1 January 2014).



**ANNUAL FINANCIAL STATEMENTS****Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**2.1.2 Adoption of standards in future annual periods (continued)**

- IFRS 14 - The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (Effective 1 January 2016).
- Amendment to IAS 19 regarding defined benefit plan – These narrow scope amendments apply to contribution from employees or third parties to define benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. (Effective 1 July 2014).
- Amendment to IFRS 2, 'Share based payment' - The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. (Effective 1 July 2014).
- Amendment to IFRS 3, 'Business combinations' - The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. (Effective 1 July 2014).
- Amendment to IFRS 8, 'Operating segments' - The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. (Effective 1 July 2014).
- IFRIC 21 – Accounting for levies - IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised. (Effective 1 January 2014).

**2.1.3 Business combinations involving entities under common control**

The Centre used the predecessor values method to account for common control business combination transactions during prior year. Common control business combination transactions are transactions which involve the acquisition or combination of businesses from/between entities controlled by the same party or parties. The predecessor values method requires financial statements to be prepared using predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to retained earnings. No additional goodwill was created by the transaction.

**2.2 Foreign currency translation****2.2.1 Functional and presentation currency**

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

**2.2.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.2.2 Transactions and balances (continued)

of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

### 2.3 Property, plant and equipment

Property, plant and equipment are shown at cost / revaluation amounts less accumulated depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in the statement of changes in funds. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from revaluation reserve to accumulated fund.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

When revalued assets are sold, the amounts included in revaluation reserve are transferred to general fund.

If impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is recognised in statement of comprehensive income.



## ANNUAL FINANCIAL STATEMENTS

**Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**2.4 Capital work-in progress**

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

**2.5 Investment properties**

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

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

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

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

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

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

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

**2.6 Intangible assets**

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

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.6 Intangible assets (continued)

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

### 2.7 Impairment of non-financial assets

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

## 2.8 Financial assets

### 2.8.1 Classification

The Centre classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Centre's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the reporting date.

### 2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Centre commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Centre has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.



## ANNUAL FINANCIAL STATEMENTS

**Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**2.8.2 Recognition and measurement (continued)**

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Centre's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in statement of comprehensive income, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Centre's right to receive payments is established.

There were no financial assets categorised as fair value through profit or loss or available for sale assets at the statement of financial position date.

**2.8.3 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.8.4 Impairment of financial assets****(a) Assets carried at amortised cost**

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Centre may measure impairment on the basis of an instrument's fair value using an observable market price.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.8.4 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### (b) Assets classified as available for sale

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Centre uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

### 2.9 Trade receivables

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

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

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

### 2.10 Cash and cash equivalents

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

### 2.11 Trade payables

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

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

### 2.12 Employee benefits

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



**ANNUAL FINANCIAL STATEMENTS****Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**2.13 Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Centre has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

**2.14 Revenue recognition**

Revenue is 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 Centre recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Centre; and when specific criteria have been met for each of the Centre's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Centre bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**2.14.1 Grant income**

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and Centre has complied with all attached conditions.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

**2.14.2 Rental income**

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

**2.14.3 Interest income**

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

**2.15 Capital grants**

Capital grants comprise grants received from the Government of Botswana utilised towards capital expenditure.

Funds received are credited to capital funds and the related assets are capitalised. An amount equal to the depreciation charge of the fixed assets funded by the capital grant is recognised as income in the statement of comprehensive income. Subsequent movement of fixed assets in terms of sale and impairment are treated accordingly in the capital grants.

**2.16 Related parties**

A party is deemed related to the Centre they are directors of the Centre. Related party transactions are disclosed in Note 23 to the financial statements.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 2.17 Leases

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

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

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

## 3 Financial risk management

### 3.1 Financial risk factors

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

#### (I) Market risk

##### (i) Foreign currency risk

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

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

At 31 March 2014, 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 13,768 (2013: P 11,495) 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 2014, 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 733 (2012: P 1,026) 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 2014, 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 7,697 (2013: P 16,313) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

##### (ii) Other price risk

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



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

## 3.1 Financial risk factors (continued)

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

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

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

At 31 March 2014, if interest rates on short-term deposit had been 1% higher / lower with all other variables held constant, excess of expenditure over income for the year would have been P 403,837 (2014: P 25,618) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

## (II) Credit risk

Financial assets of the Centre, which are subject to credit risk, consist mainly of debtors and cash resources. The Centre has policies in place to ensure that the premises are rented to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. No credit limits were exceeded during the reporting period. Please refer to note 22 for disclosure on credit quality.

## (III) Liquidity risk

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

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

	<b>Less than 1 year</b>
	<b>P</b>
<b>At 31 March 2014</b>	
Trade and other payables	<b>12,331,557*</b>
<b>At 31 March 2013</b>	
Trade and other payables	<b>7,447,719*</b>

\* Excluding statutory liabilities

## 3.2 Capital risk management

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

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



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 3.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

There are no financial assets classified as fair value through profit or loss at the reporting date. See note 11 for disclosures of the land and buildings that are measured at fair value and note 12 for disclosures of the disposal groups held for sale that are measured at fair value.

### 4 Critical accounting estimates and judgements

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

#### (a) Allowances for doubtful debts

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

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

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

#### (c) Investment properties

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



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

**5 Revenue**

	2014 P	2013 P
Government grants (Note 6)	79,740,816	10,267,129
Amortisation of Government capital grant (Note 17)	2,893,481	2,448,205
Global Expo income	1,543,422	1,284,343
Rental income	8,651,660	6,757,842
Other income	345,821	634,458
	<b>93,175,200</b>	<b>21,391,977</b>

**6 Government grants**

	2014 P	2013 P
Grant income received for the year	87,822,135	14,399,910
Less : capital expenditure for the year (Note 17)	(8,081,319)	(4,132,781)
	<b>79,740,816</b>	<b>10,267,129</b>

**7 Other income**

	2014 P	2013 P
Fair value gain on investment properties (Note 12)	13,917,985	25,552,649

**8 Expenses by nature**

	2014 P	2013 P
Aftercare expenses	5,326	5,276
Business travel expenses	4,433,367	1,093,610
Branding expenses	6,622,594	4,704,389
Staff costs (Note 9)	36,233,206	32,358,511
Export promotion expenses	2,157,169	906,919
Depreciation and amortisation expenses	3,415,056	1,805,006
Global Expo expenses	6,758,756	6,289,527
Investment promotion expenses	902,731	357,377
Litigation settlements	138,750	-
Professional and legal fee	3,580,798	962,868
Public relations expenses	6,687,956	3,463,398
Rent expense	7,685,996	6,633,812
Research expenses	826,117	1,320,375
Staff retirement expenses	-	12,157,625
Seminar and conferences	1,594,809	1,046,723
Telecommunication and utilities	5,120,836	2,811,395
Other expenses	5,736,128	6,510,221
	<b>91,899,595</b>	<b>82,427,032</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 9 Staff costs

	2014 P	2013 P
Salaries and allowances	27,585,953	25,625,715
Social security costs	1,009,707	772,326
Gratuity	5,469,798	4,395,885
Staff training and other	2,167,748	1,564,585
	<b>36,233,206</b>	<b>32,358,511</b>

### 10 Net finance income

	2014 P	2013 P
<b>Finance income</b>		
Interest income	1,120,347	2,561,398
<b>Finance costs</b>		
Exchange loss	(50,378)	(647,309)
Net finance income	<b>1,069,969</b>	<b>1,914,089</b>



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

## 11 Property, plant and equipment

	Land and buildings P	Capital work-in progress P	Leasehold improvements P	Office equipment P
<b>As at 1 April 2012</b>				
Cost or valuation	29,853,748	-	198,395	301,010
Accumulated depreciation	-	-	-	-
<b>Net book amount</b>	<b>29,853,748</b>	<b>-</b>	<b>198,395</b>	<b>301,010</b>
<b>Year ended 31 March 2013</b>				
Net book amount at beginning of year	29,853,748	-	198,395	301,010
Additions	-	3,329,535	-	38,011
Cost/valuation on disposal	-	-	-	-
Depreciation on disposal	-	-	-	-
Depreciation	(575,049)	-	-	(80,171)
<b>Net book amount at end of year</b>	<b>29,278,699</b>	<b>3,329,535</b>	<b>198,395</b>	<b>258,850</b>
<b>As at 31 March 2013</b>				
Cost / valuation	29,853,748	3,329,535	198,395	339,021
Accumulated depreciation	(575,049)	-	-	(80,171)
Net book amount	29,278,699	3,329,535	198,395	258,850
<b>Year ended 31 March 2014</b>				
Net book amount at beginning of year	29,278,699	3,329,535	198,395	258,850
Revaluation gain	1,315,830	-	-	-
Additions	-	4,926,199	-	199,918
Cost/valuation on disposal	-	-	-	(48,804)
Depreciation on disposal	-	-	-	24,402
Reclassifications	198,395	(8,255,734)	6,025,774	-
Transfers to investment properties	(26,500,000)	-	-	-
Depreciation	(407,509)	-	(1,098,410)	(93,694)
<b>Net book amount at end of year</b>	<b>3,885,415</b>	<b>-</b>	<b>5,125,759</b>	<b>340,672</b>
<b>As at 31 March 2014</b>				
Cost or valuation	4,052,143	-	6,224,169	490,135
Accumulated depreciation	(166,728)	-	(1,098,410)	(149,463)
<b>Net book amount</b>	<b>3,885,415</b>	<b>-</b>	<b>5,125,759</b>	<b>340,672</b>

Land and Buildings located at Plot 28, Matsitama Road were transferred to investment properties in 1 October 2013.

Property, plant and equipment were revalued as of 31 March 2012, by an independent valuer.

No assets are pledged as securities and no restrictions on title of the assets.

Computer equipment P	Furniture and fittings P	Motor vehicles P	Total P
1,446,200	1,066,937	1,317,489	34,183,779
-	-	-	-
1,446,200	1,066,937	1,317,489	34,183,779
1,446,200	1,066,937	1,317,489	34,183,779
154,906	52,998	-	3,575,450
(9,534)	(8,708)	-	(18,242)
-	-	-	-
(511,914)	(218,353)	(329,372)	(1,714,859)
1,079,658	892,874	988,117	36,026,128
1,591,572	1,111,227	1,317,489	37,740,987
(511,914)	(218,353)	(329,372)	(1,714,859)
1,079,658	892,874	988,117	36,026,128
1,079,658	892,874	988,117	<b>36,026,128</b>
-	-	-	<b>1,315,830</b>
1,350,824	-	394,703	<b>6,871,644</b>
(83,061)	(328,202)	-	(460,067)
61,762	130,535	-	216,699
-	2,031,565	-	-
-	-	-	<b>(26,500,000)</b>
(745,529)	(525,241)	(354,041)	<b>(3,224,424)</b>
<b>1,663,654</b>	<b>2,201,531</b>	<b>1,028,779</b>	<b>14,245,810</b>
2,859,335	2,814,590	1,712,192	<b>18,152,564</b>
(1,195,681)	(613,059)	(683,413)	<b>(3,906,754)</b>
<b>1,663,654</b>	<b>2,201,531</b>	<b>1,028,779</b>	<b>14,245,810</b>



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

## 11 Property, plant and equipment (Continued)

## Fair values of land and buildings

An independent valuation of the Centre's property, plant and equipment was performed by valuers to determine the fair value of the property, plant and equipment as at 31 March 2012. The revaluation surplus other comprehensive income and is shown in 'other reserves' in statement of changes in funds (note 16). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

## Fair value measurements at 31 March 2014 using

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Recurring fair value measurements</b>			
Property, plant and equipments	-	-	14,245,810

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 12 Investment properties

	Land and buildings P	Total P
<b>Year ended 31 March 2013</b>		
Balance at beginning of year	187,700,020	187,700,020
Additions	557,331	557,331
Fair value gain	25,552,649	25,552,649
<b>Balance at end of year</b>	<b>213,810,000</b>	<b>213,810,000</b>
<b>Year ended 31 March 2014</b>		
Balance at beginning of year	213,810,000	213,810,000
Additions	622,015	622,015
Transfer from property, plant and equipments (Note 11)	26,500,000	26,500,000
Fair value gain	13,917,985	13,917,985
<b>Balance at end of year</b>	<b>254,850,000</b>	<b>254,850,000</b>

The Centre's investment properties were revalued on 31 March 2014 by an independent professionally qualified valuer, Roscoe Bonna Valuers. Valuations were based on current market prices in an active market.

Investment properties of P 254,850,000 (2013: P 213,810,000) received through Government capital grants can not be disposed. No restrictions exists on remitting rental income to the Centre.

	2014 P	2013 P
Rental income	8,651,660	6,757,842
<b>Direct costs</b>		
Rates	76,290	46,188
Property maintenance	82,137	155,290
Refund received for BPC connection paid	(627,616)	-
	<b>(469,189)</b>	201,478
<b>Indirect costs</b>		
Insurance	85,210	59,526

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



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

**12 Investment properties (continued)**

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

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data.

All investment properties held by the Centre are classified as Level 3. When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred. Unobservable data becoming observable market data would determine a transfer between Level 3 and Level 2. The following tables set out the valuation techniques used in the determination of fair values on a property by property basis, as well as the key unobservable inputs used in the valuation models.

<b>Class of property Level 3</b>	<b>Market value 31-Mar-14</b>	<b>Valuation technique</b>	<b>Key Unobservable inputs</b>
Investment property	254,850,000	Income approach	rent per sqm
<b>at 31 March 2014</b>	<b>254,850,000</b>		

**13 Intangible assets**

	2014 P	2013 P
Net book amount at beginning of year	100,382	190,529
Additions	587,660	-
Amortisation charge	(190,631)	(90,147)
<b>Net book amount at end of year</b>	<b>497,411</b>	<b>100,382</b>
Cost	3,036,858	2,449,198
Accumulated amortisation	(2,539,447)	(2,348,816)
<b>Net book amount</b>	<b>497,411</b>	<b>100,382</b>

Intangible assets consist of computer software.



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 14 Trade and other receivables

	2014 P	2013 P
Trade receivables	1,103,380	2,214,354
Less: Provision for impairment of trade receivables	(595,340)	(1,128,475)
	<b>508,040</b>	1,085,879
Prepayments and security deposits	2,666,134	2,174,603
Interest receivable	91,591	2,493
Other debtors	1,343,028	635,502
Provision for doubtful amounts	(940,043)	-
	<b>3,160,710</b>	2,812,598
	<b>3,668,750</b>	3,898,477

Current trade and other receivables are receivable within a year. Since the impact of discounting is not significant, the fair value of trade and other receivables equal the carrying amount.

Trade receivables that are less than three months past due are not considered impaired. As at 31 March 2014 and 2013, there were no trade receivables which were past due, but not impaired.

As at 31 March 2014, trade receivables amounting to P 595,340 (2013: P 1,128,475) were impaired and provided for. The amount of the provision reflecting impairment as at 31 March 2014 was P 595,340 (2013: P 1,128,475). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations or have no more business transactions with the Centre for more than three months. It was assessed that the entire amount was not expected to be recovered.

The movement in provision for bad and doubtful debt can be analysed as follows:

	2014 P	2013 P
Balance at the beginning of year	1,128,475	250,105
Provision for doubtful debts	266,820	878,370
Receivables written off during the year as uncollectible	(799,955)	-
Balance at the end of year	<b>595,340</b>	1,128,475

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

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



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

## 15 Cash and cash equivalents

	2014 P	2013 P
Short-term deposits	36,638,880	347,959
Cash at bank	3,744,772	32,257,385
Cash on hand	6,544	15,697
	<b>40,390,196</b>	<b>32,621,041</b>

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

	2014 P	2013 P
Bank balances	40,383,652	32,605,344
Cash on hand	6,544	15,697
	<b>40,390,196</b>	<b>32,621,041</b>

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

	2014 P	2013 P
UK Pounds	1,376,819	1,149,507
South African Rands	73,258	103,596
Indian Rupee	777,385	1,631,296
	<b>2,227,462</b>	<b>2,884,399</b>

## 16 General fund

	2014 P	2013 P
Balance at beginning of year	127,027,376	159,945,724
Total comprehensive income for the year	16,263,559	(33,568,317)
Depreciation transfer	12,441,085	649,969
Balance at end of year	<b>155,732,020</b>	<b>127,027,376</b>

## 17 Government capital grants

	2014 P	2013 P
Balance at beginning of year	137,120,809	135,436,233
Grant received during the year	8,081,319	4,132,781
Amortisation during the year	(2,893,481)	(2,448,205)
Balance at end of year	<b>142,308,647</b>	<b>137,120,809</b>

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

## 18 Trade and other payables

	2014 P	2013 P
Staff accruals	5,089,304	2,684,332
Accrued expenses	4,698,962	1,568,238
Other payables	2,906,603	4,013,387
	<b>12,694,869</b>	<b>8,265,957</b>

Other payables include an amount of P 454,223 (2013: P2,375,825) retention payable to building contractors and consultants.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 19 Commitments

#### (i) Financial commitments

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

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

	2014 P	2013 P
Not later than 1 year	7,891,236	7,102,906

The Centre reviews and negotiates rentals on an annual basis.

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

The Centre has rented office premises under cancellable operating lease in South Africa, United Kingdom, Botswana and India.

Head office in Botswana is under a lease agreement for five years from 1 September 2012 to 31 August 2017 subject to an 8% annual escalation, with an option to renew the lease for further five years.

The Centre has leased an office premises in South Africa for the branch. Current lease is for five years from 1 March 2011 to 29 February 2016 and is subject to a 9% annual escalation.

The Centre has leased a residential property in United Kingdom. Initial lease agreement from 17 December 2012 to 16 December 2013 expired during the year and was extended up to 16 December 2014. Rent is not subject to escalation.

The Centre has leased an office premises in India. Current lease agreement is for five years from 14 November 2009 to 13 November 2014. The initial agreement was revised on 8 November 2012 and agreed rental is not subject to any escalations.

The Centre has leased a residential property in India. Lease agreement is for two years from 1 May 2012 to 30 April 2014 and the lease is not subject to rental escalations.

The future minimum rent payments under cancellable lease agreements are as follows:

	2014 P	2013 P
Not later than 1 year	5,871,709	6,534,078
Later than 1 year and less than 5 years	11,231,079	17,371,402
	<b>17,102,788</b>	<b>23,905,480</b>

#### (ii) Capital commitments

Capital expenditure contracted for at the statement of financial position date but not yet incurred is as follows.

	2014 P	2013 P
Investment property		4,609,849
	-	4,609,849



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

**20 Events after the statement of financial position date**

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

**21 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

	2014 P	2013 P
<b>Loans and receivables:</b>		
<b>Assets as per statement of financial position</b>		
Trade and other receivables excluding prepayments	1,002,616	1,723,874
Cash and cash equivalents	40,390,196	32,621,041
	<b>41,392,812</b>	<b>34,344,915</b>
<b>Other financial liabilities at amortised cost:</b>		
<b>Liabilities as per statement of financial position</b>		
Trade and other payables excluding non-financial liabilities	7,995,907	6,697,719

**22 Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

<b>Trade receivables</b>	2014 P	2013 P
Group 2	508,040	1,085,879
Total unimpaired trade receivables	508,040	1,085,879

Group 1 - New customers

Group 2 - Existing customers with no defaults in the past

Group 3 - Existing customers with some defaults in the past. All defaults were fully recovered.

**Cash at bank and short-term bank deposits**

	2014 P	2013 P
First National Bank of Botswana Limited	8,778,782	583,152
Barclays Bank plc - UK	1,376,819	1,080,078
Standard Chartered Bank Botswana Limited	9,031,143	23,696,017
Standard Chartered Bank - India	777,196	1,624,479
African Banking Corporation Limited	10,000,000	-
Bank Gaborone Limited	10,000,000	-
First National Bank of South Africa Limited	67,319	97,126
Stanbic Bank Botswana Limited	273,415	5,176,533
Stanbic Investment Management Services (Pty) Limited	78,978	347,959
	<b>40,383,652</b>	<b>32,605,344</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

### 22 Credit quality of financial assets (continued)

The Centre only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Centre has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanbic Investment Management Services (Pty) Limited, First National Bank of Botswana Limited, Barclays Bank PLC, Banc ABC, Bank Gaborone and Standard Chartered Bank India Limited . There are no credit ratings available in Botswana.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange. Standard Chartered Bank Botswana is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered PLC, a company listed on the London Stock Exchange.

Barclays Bank PLC - UK is listed on the London Stock Exchange and has a credit rating of AA- (Fitch rating).

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Stanbic Investment Management Services (Pty) Limited is fully owned subsidiary of Stanbic Bank Botswana Limited. Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Standard Chartered Bank - India has a credit rating of F1 for short term credits (Fitch rating).

### 23 Related party transactions

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

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

	2014 P	2013 P
Grant income received for the year	87,822,135	14,399,910
Less: Capital expenditure for the year (Note 17)	(8,081,319)	(4,132,781)
	<b>79,740,816</b>	<b>10,267,129</b>



**ANNUAL FINANCIAL STATEMENTS****Notes to the Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2014

**23 Related party transactions (continued)****(b) Key management compensation**

Key management includes Board of directors and members of the executive committee. The compensation paid or payable to key management for employee services together with payments made to the directors are shown below.

The following payments were made to the directors of the Centre:

	<b>2014</b>	<b>2013</b>
	<b>P</b>	<b>P</b>
Key management - basic salary	<b>2,577,624</b>	2,824,531
Key management - allowances	<b>1,053,637</b>	1,596,447
Key management - gratuity and leave pay	<b>1,018,233</b>	1,136,272
Management - total	<b>4,649,494</b>	5,557,250
Payments made to directors	<b>93,451</b>	1,044,380
	<b>4,742,945</b>	6,601,630

**24 Contingent liabilities**

There were no contingent liabilities at the reporting date.

## Detailed Income Statement

FOR THE YEAR ENDED 31 MARCH 2014

Annexure I

	Note	2014 P	2013 P
<b>REVENUE</b>			
Government grants		79,740,816	10,267,129
Amortisation of Government capital grant		2,893,481	2,448,205
Global Expo income		1,543,422	1,284,343
Rental income		8,651,660	6,757,842
Other income		345,821	634,458
<b>Total revenue</b>		<b>93,175,200</b>	<b>21,391,977</b>
<b>EXPENDITURE</b>			
Investment promotion expenses	1	902,731	357,377
Export promotion expenses	2	2,157,169	906,919
Aftercare expenses	3	5,326	5,276
Public relations expenses	4	6,687,956	3,463,398
Branding expenses	5	6,622,594	4,704,389
Research expenses	6	826,117	1,320,375
Staff costs	7	36,233,206	32,358,511
Global Expo expenses	8	6,758,756	6,289,527
Administrative expenses	9	28,290,684	31,216,254
Depreciation		3,224,425	1,714,859
Amortisation of intangible assets		190,631	90,147
<b>Total expenditure</b>		<b>91,899,595</b>	<b>82,427,032</b>
<b>Other income</b>		<b>13,917,985</b>	<b>25,552,649</b>
<b>Operating surplus / (deficit) for the year</b>		<b>15,193,590</b>	<b>(35,482,406)</b>

“This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 66 -67.”



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Detailed Income Statement

FOR THE YEAR ENDED 31 MARCH 2014

Annexure II

**1 Investment promotion expenses**

	2014 P	2013 P
<b>Investment promotion:</b>		
South Africa	16,505	-
Czechoslovakia/Poland/Romania	57,040	35,621
India	31,376	28,213
United Kingdom	224,906	-
Domestic investment	-	8,658
Others	4,032	33,745
	<b>333,859</b>	<b>106,237</b>
<b>Other promotion expenses:</b>		
Management fees	-	4,500
Inward promotion mission	119,494	244,080
External mission - investment promotion	449,378	2,560
	<b>568,872</b>	<b>251,140</b>
	<b>902,731</b>	<b>357,377</b>

**2 Export promotion expenses**

	2014 P	2013 P
Angola	-	100,511
Ethiopia	64,739	-
Mozambique	137,777	38,305
Namibia	71,562	19,936
United Kingdom	141,636	233,185
Zambia	123,564	133,406
Zimbabwe	167,643	165,340
Export development	1,450,248	119,840
Contact promotion mission	-	96,396
	<b>2,157,169</b>	<b>906,919</b>

“This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 66 -67.”



## Notes to the Detailed Income Statement

FOR THE YEAR ENDED 31 MARCH 2014

Annexure II (continued)

<b>3 Aftercare expenses</b>	<b>2014 P</b>	<b>2013 P</b>
Aftercare visits	5,326	5,276
<b>4 Public relation expenses</b>	<b>2014 P</b>	<b>2013 P</b>
Gifts and donations	136,460	100,113
Corporate social responsibility	268,576	-
Promotional material	215,717	273,696
Exhibitions	5,718	75,860
Branding	3,253,282	497,988
Advertising	1,700,601	1,962,648
Publications	1,107,602	553,093
	<b>6,687,956</b>	<b>3,463,398</b>
<b>5 Branding expenses</b>	<b>2014 P</b>	<b>2013 P</b>
Brand Botswana	6,622,594	4,704,389
<b>6 Research expenses</b>	<b>2014 P</b>	<b>2013 P</b>
Sectorial specific studies	2,325	246,518
Feasibility studies	809,832	488,967
Market intelligence	13,960	584,890
	<b>826,117</b>	<b>1,320,375</b>

“This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 66 -67.”



## ANNUAL FINANCIAL STATEMENTS

## Notes to the Detailed Income Statement

FOR THE YEAR ENDED 31 MARCH 2014

Annexure II (continued)

## 7 Staff costs

	2014 P	2013 P
Car allowance	2,021,948	2,365,382
Cell phone allowance	195,676	310,826
Entertainment allowance	244,789	120,636
Executive allowance	-	1,012
Foreign service allowance	1,212,679	1,236,521
Gratuity	5,469,798	4,395,885
Leave pay	766,710	553,634
Medical aid	841,001	727,784
Medical insurance	168,706	44,542
Overtime allowance	114,107	153,792
Pension costs	-	81,043
Recreational expenses	201,891	85,241
Staff welfare and recreation	401,798	480,733
Salaries and wages	19,137,317	17,908,553
Telephone	-	7,084
Utility allowance	284,734	142,269
Housing allowance	1,812,003	974,377
Education allowance	1,192,301	878,968
Training	1,907,000	269,374
Uniform	35	-
Staff movements	-	325,644
Recruitment expenses	260,713	1,295,211
	<b>36,233,206</b>	<b>32,358,511</b>

## 8 Global Expo expenses

	2014 P	2013 P
Global Expo Botswana exhibition	6,758,756	6,289,527

"This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 66 -67."

## Notes to the Detailed Income Statement

FOR THE YEAR ENDED 31 MARCH 2014

Annexure II (continued)

### 9 Administrative expenses

	2014 P	2013 P
Auditors' remuneration	269,774	327,716
Impairment of receivable	1,206,863	878,370
Bank charges	166,162	72,615
Board activities	91,448	11,688
Business travel expenses	4,433,367	1,093,610
Car rental	7,774	60,683
Computer expenses	527,819	1,407,603
Directors' fees	48,900	79,380
Entertainment	221,363	226,701
Insurance	468,554	554,787
Motor vehicle running expenses	192,900	166,712
Office equipment lease	119,678	135,900
Office expenses	566,000	603,908
Stationery	670,766	430,808
Professional, consultancy and legal fees	3,580,798	962,868
Property maintenance	2,280	344,213
Rates	76,290	45,688
Rent	7,685,996	6,633,812
Security expenses	456,988	456,779
Seminars and conferences	1,594,809	1,046,723
Subscriptions	374,927	376,220
Staff retirement expenses	-	12,157,625
Transport, travel and subscriptions	406,392	330,450
Telecommunications	3,928,656	2,084,161
Utilities	1,192,180	727,234
	<b>28,290,684</b>	<b>31,216,254</b>

"This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 66 -67."









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