

ANNUAL  
REPORT 2017

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**GO FURTHER  
THAN BEFORE**

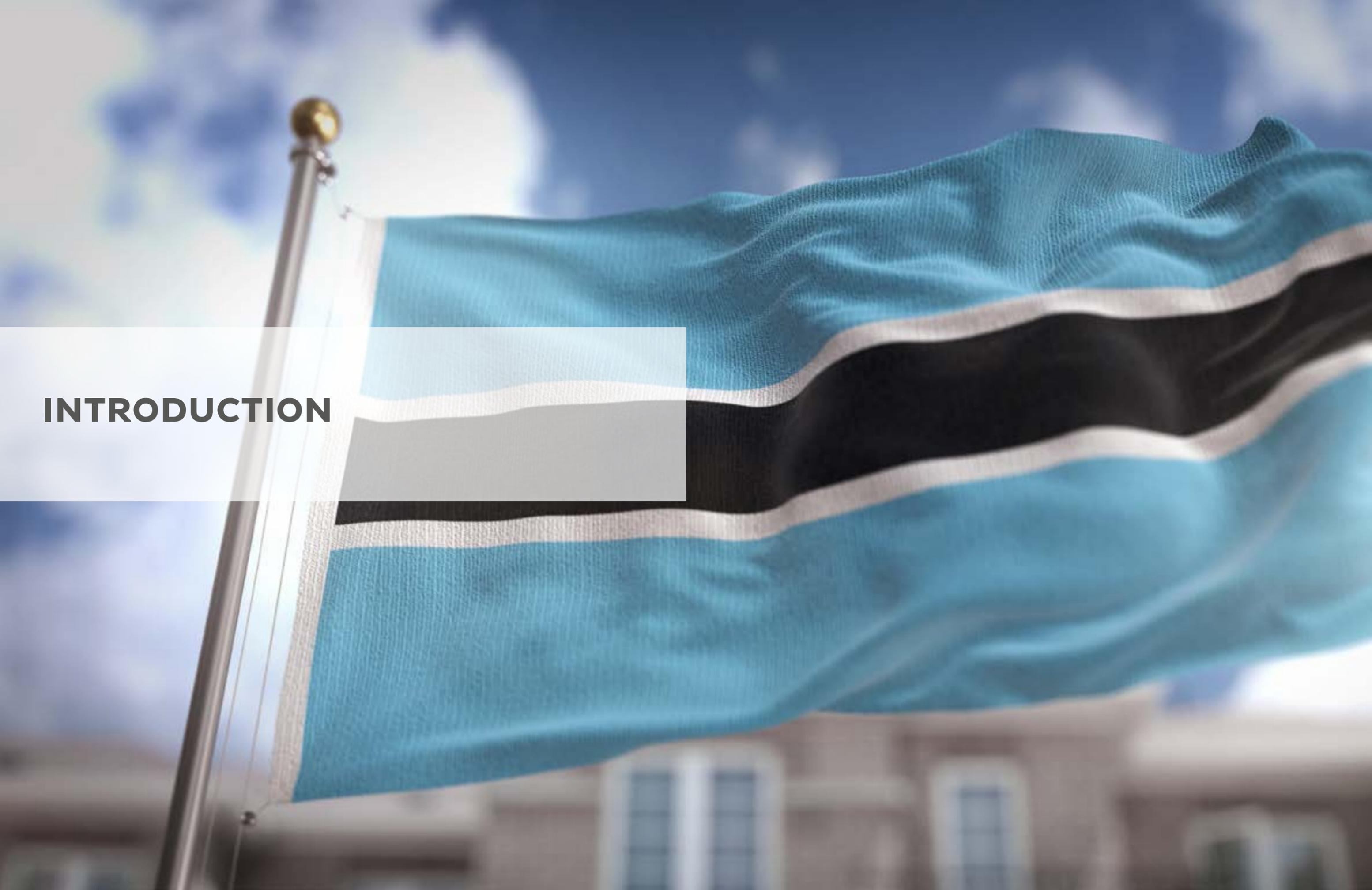
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The image shows the flag of the Republic of the Congo waving on a flagpole. The flag features a green top and bottom section, a white middle section, and a red section on the right side, with thin yellow borders separating the colors. The flagpole has a gold finial. In the background, a large, multi-story building with many windows is visible under a blue sky with light clouds. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text 'INTRODUCTION'.

# INTRODUCTION

# ABOUT BOTSWANA

Botswana is strategically located in the heart of the Southern African Development Community (SADC) – a region with more than 250 million people.

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

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

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

## BOTSWANA'S UNIQUE SELLING POINTS

THIRD MOST PROFITABLE COUNTRY GLOBALLY & MOST PROFITABLE IN SUB-SAHARAN AFRICA (BASELINE PROFITABILITY INDEX 2015)

**3<sup>RD</sup>** **292 MIL**

AT THE HEART OF THE SADC CONSUMER MARKET

HIGHEST INVESTMENT GRADE SOVEREIGN CREDIT RATING IN AFRICA LONG TERM 'A-' & SHORT TERM 'A-2' (2017)

**A-** **2<sup>ND</sup>** **FREEST ECONOMY IN SUB-SAHARAN AFRICA (2017)**

AFRICA'S **BEST** INVESTMENT DESTINATION (2017)

**COMPETITIVE**

CORPORATE TAX RATES & ROBUST INCENTIVES

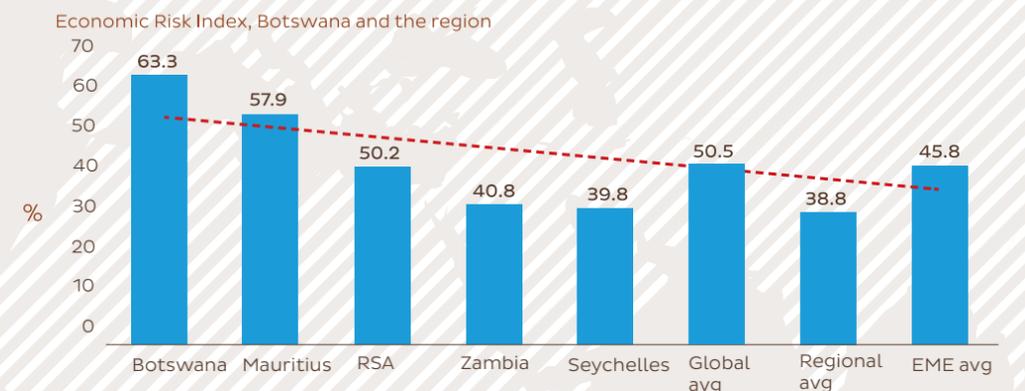
**4<sup>TH</sup>** MOST COMPETITIVE AFRICAN ECONOMY (SOURCE: GLOBAL COMPETITIVE REPORT, 2015 - 2016)

**2<sup>ND</sup>** BEST GOVERNED COUNTRY IN AFRICA (SOURCE: TRANSPARENCY INTERNATIONAL, 2016)

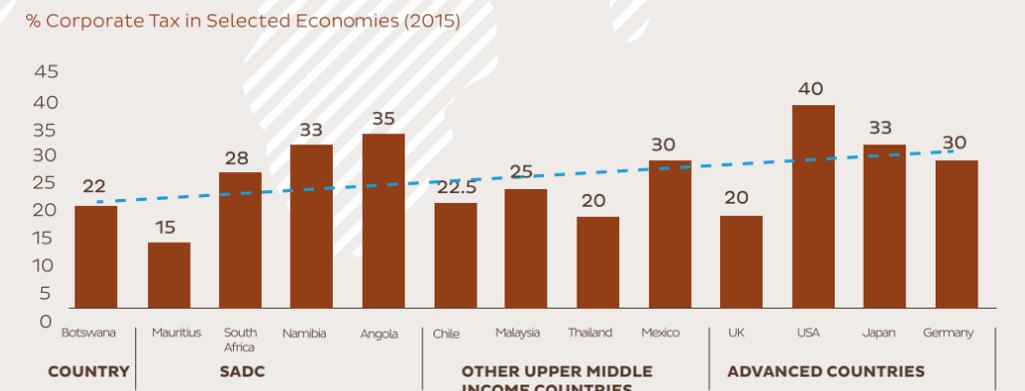
**BEST SAFETY AND RULE OF LAW IN AFRICA**  
SOURCE: IBRAHIM INDEX OF AFRICAN GOVERNANCE, 2016

# THE ECONOMY - PERFORMANCE AND OUTLOOK

The country's sterling economic performance has been the hallmark of its success owing to prudential monetary and fiscal policy mix. The BMI (2016) economic risk rating puts Botswana amongst the top performers in SADC with respect to both short and long-term scores as, outlined below in the figure.



Source: BITC based on BMI (2016)



Source: BITC based on Bank of Botswana (2015)

## INTRODUCTION

# 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 Foreign Direct Investment (FDI), domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets.

BITC drives wealth creation for 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.

## 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.

## VALUES

### 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.

### Integrity

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

### Progress

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

### 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.

### 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.

## KEY FUNCTIONS

### 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 attract investors to the country.

We have put great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth, development and diversification.

These include but are not limited to:

- Mining & Energy - Beneficiation (Diamond Hub)
- Agriculture (Agriculture Hub)
- Education (Education Hub)
- Transport and Logistics (Transport Hub)
- Financial & Business Services
- Tourism (Botswana Tourism Organisation)

### Effective Stakeholder Engagement, Involvement and Alignment

Proactive and continuous collaboration with key stakeholders is at the forefront of BITC's strategy. This includes partnership with Botswana Foreign Missions that have a greater footprint within the international market and provide a platform through which foreign direct investment can thrive by identifying business partnerships, beneficial industry associations, and providing a point of information exchange for both international and domestic investors.

### Effective Investor Facilitation and Aftercare

The organisation 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

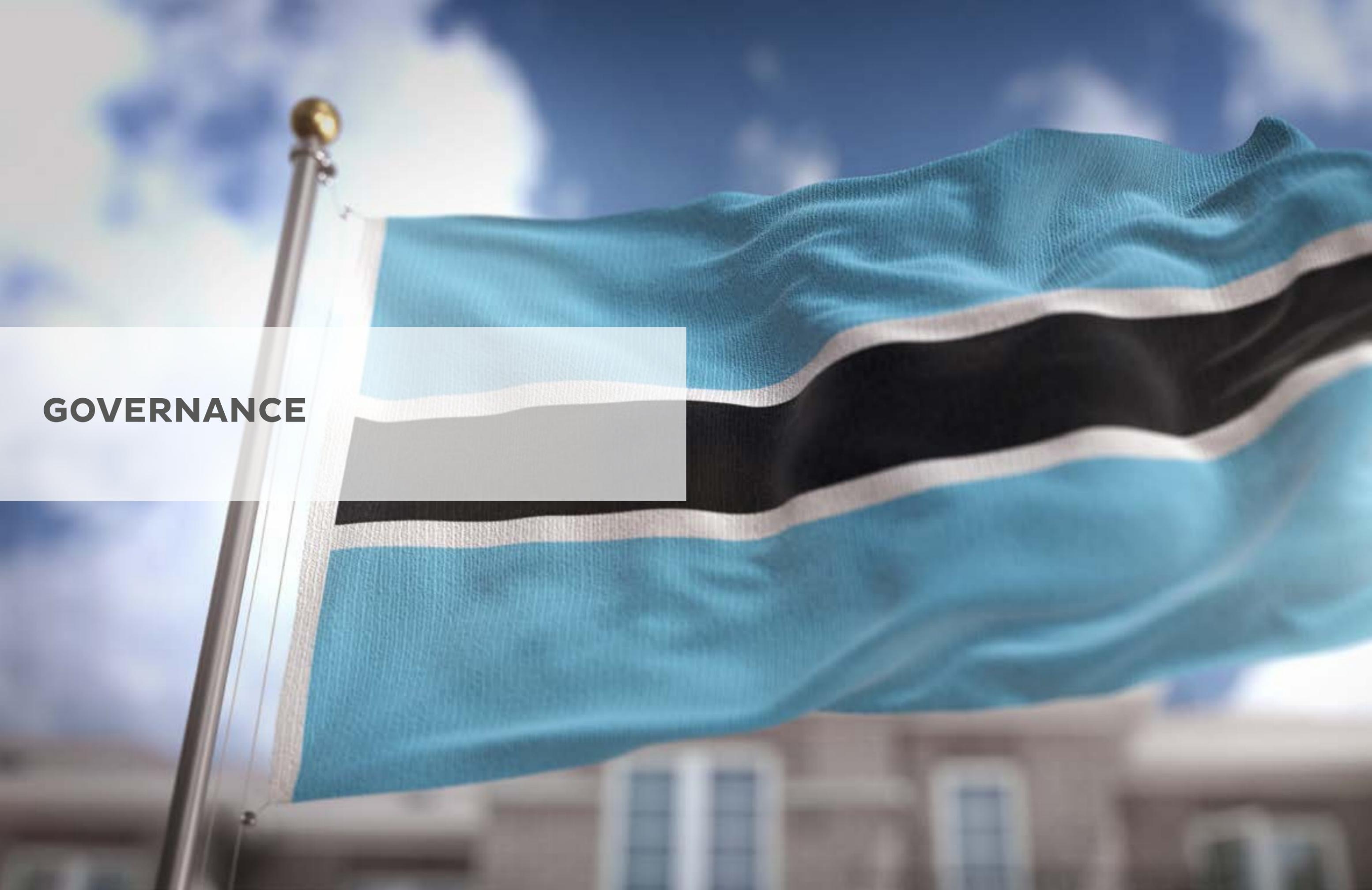
Through local manufacturers, Botswana has the potential to export more products to various regions. To realise this potential, the current focus is to intensify the BITC Export Development Programme that will assist and support local manufacturers in terms of improvement of product quality, packaging 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 domestic, regional and international audiences as an attractive place to visit, work and invest.

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

The image shows the national flag of the Bahamas, which consists of three horizontal stripes of aquamarine, white, and black, separated by thin gold borders. The flag is waving on a silver pole with a gold finial. In the background, a large, multi-story building with many windows is visible under a blue sky with light clouds. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the word "GOVERNANCE" in bold, black, uppercase letters.

**GOVERNANCE**



## CHAIRMAN'S STATEMENT

**It is my great honour and privilege to present to you the Botswana Investment and Trade Centre (BITC) Annual Report for the financial year 2016/17.**

This being our 5th year anniversary in operation under our current mantle, this report marks a poignant milestone that is yet again testament to the strides we are making as Botswana's investment and trade authority.

### Key Highlights

In the year under review, the BITC mandate continued to focus on driving the nation's economic growth through the attraction of Foreign Direct Investment (FDI), the harnessing of domestic investment and spearheading the growth of Botswana's exports. Most notable among these were the increase in capital inflows from the financial services sector; growth in the range and

number of products exported from Botswana based companies; as well as the BITC maintaining its advocacy role to the country in facilitating a number of fora between private sector businesses and the Government, with the ends of promoting the sharing of ideas and concepts on how the nation can better its overall business climate.

### Strategic Direction

While the period under review was business as usual in forging ahead with our mandate, it also saw the BITC adopt a move towards a new strategic direction to drive performance and efficiency in our approach. This would look towards linking our corporate structure and aligning it to the new strategy; reviewing our on-the-ground personnel to ensure we have the right people with the appropriate skills to engage with our varied investors; as well as considering appointment of specialist private sector advisory counsel to the Board. The dual urgency and importance of this new strategic approach cannot

be overstated, as it occurs within the context of an environment of increased competition to Botswana from other countries as they push towards the creation of a favourable environment for business in general and FDI in particular. While it is indeed heartening to witness the increasing democratisation of states across the African continent, this eventuality only places greater emphasis on our need for a more robust value proposition in order to both comparatively and competitively position ourselves in the global arena, at the risk of lagging behind. There is no question therefore, that this advertently requires the aforementioned multi-pronged strategic focus for the delivery of a competitive business climate that is conducive for investors and exporters alike.

We believe a sector-specific value proposal approach that is duly informed at Board level by advisory input from players in those sectors is a step in the right direction towards achieving this objective. In light of the challenges the organisation faced in undergoing a change of leadership in the role of CEO, it was imperative that we ensure the post is filled in the shortest time in order that the process of fully resourcing the BITC's corporate structure to carry out and implement the new strategy is put back on track.

**5 Years On**

In as much as we've made good strides in our 5 years in operation - no small achievement by any measure - progress in facilitating a conducive business climate has admittedly not been at the pace we would ideally prefer; perhaps a worthy reminder that we do not operate within a vacuum and that it is indeed a responsibility we shoulder with many other stakeholders. However, with the BITC playing its role of advocacy in tandem with our parent ministry (Ministry of Investment, Trade and Industry), positive moves have been made towards the development of a Business Facilitation Law that has already secured the approval of relevant authorities, and is at an advanced stage towards finally being legislated. These moves should be considered in the context of other African countries with whom we are competing and are leading the pack in this regard. It would stand us in good stead to drive towards a managed open approach to the economy, allow private sector to generate wealth through business ideas, lesson Government role in the mainstream of business activity, as well as embrace technology such as online visas and e-Government to improve efficiency and

business facilitation for investors to operate.

**Growth Opportunities**

There are a number of areas within BITC's broad product portfolio that I believe have the opportunity for growth. While the mining sector experienced a decline - with challenges experienced in the diamond sector, notwithstanding the closure of mines in the copper nickel sector - we believe other avenues will open within that space. The area of procurement in the mining sector and import substitution offers opportunity. The beef and leather sector presents a particularly sizable opportunity for growth. Other pertinent areas of interest we anticipate include those of telecommunications, transport and logistics, infrastructure, trade, hospitality and tourism, and communication. In terms of our GDP, some of these have shown some sparkle and potential to perform even better.

**Looking Ahead**

We would like to move with speed the transformation process towards a more focused BITC. As the Board, we have deliberated on various aspects of our mandate, with the view of aligning the organisation to that of international best practice. This requires further scrutiny and review of activities that tend to divert management attention away from the core mandate of investment and trade. A case in point in the past was the Special Economic Zone (SEZ) that was hived off to become an independent authority. As the Board, we believe the answer to achieving economic diversification lies in a move away from a Government controlled economy to one that is private sector led. While this

understandably requires a fine balance of various elements to succeed, certain sectors of the economy that have laid proof to its merits can be found in those of education, infrastructure, financial services and healthcare, from which private entities have made tangible progress. It is thus important that we embrace the notion that wealth is created through ideas in tandem with a conducive business environment. While legislation can be passed to enact all the desired changes required to see this through, it is indeed perhaps even more important to ensure they are duly implemented and monitored throughout all key touch points and at all levels.

**Appreciation**

On behalf of the Board, I would like to recognise and express gratitude to our former CEO, Mr. Letsebe Sejoe for the role he played during his tenure in office. I convey my appreciation to the staff and management of the BITC for your dedication and effort. Special mention goes to the Ministry of Investment, Trade and Industry (MITI), with whom we work so closely on this journey, and its commendable contribution to our dual mandate of building the foundation for Botswana's future economic prosperity. Finally, I wish to thank every member of the Board for your wise counsel, selfless commitment and unsurpassed dedication to your responsibilities in guiding the organisation.



**Victor Jakopo Senye**  
Board Chairman

# BOARD OF DIRECTORS



**1. Victor Jakopo Senye**  
Board Chairman



**2. Christopher Roy Garland**  
Vice Chairman



**3. Peggy Onkutlwile Serame**  
Board Member



**4. Macie Keneilwe Molebatsi**  
Board Member



**5. Ellen Lopang Richard-Madisa**  
Board Member



**6. Terence Dambe**  
Board Member



**7. Belinda Mosweu**  
Board Member



**8. Palesa Audrey Semele**  
Board Member

**1. VICTOR JAKOPO SENYE**

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 overlooked all investment portfolios of the Corporation across the commercial, financial, industrial, and property spectrum. In late 2003, he joined Botswana's largest asset management firm - Botswana Insurance Fund Management (Bifm). He was appointed CEO in January 2005, where he steered the company to a remarkable 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 BComm (University of Botswana), MSc Management (Arthur D. Little), and PIAM (Harvard).

**2. CHRISTOPHER ROY GARLAND**

Christopher Roy Garland has amassed vast senior management experience on the African continent in the fields of Logistics, Project Management, International Financial Planning & Corporate Structuring, Foreign Direct Investment Consultancy, Investment and Funding Management. He has served as Co-Founder Managing Director for Capital Corporation (South Africa), Retail Manager Marketing for Burma Oil (United Kingdom) as well as Chief Executive Officer Truck Africa Group (SADC Region

based in Botswana). He currently holds the post of Managing Director - Fidelity Indemnity (Pty) Limited.

Garland holds an Honours degree in Financial Planning and is a Certified Financial Planner (CFP). He has served on the Boards of the former Botswana International Financial Services Centre (IFSC) and Botswana Export Development Investment Authority (BEDIA) and played a key role during the merger of BEDIA and the Botswana IFSC into Botswana Investment and Trade Centre. He currently sits on several other Boards including Fugro Botswana, Transwana Group of Companies and Tagine Capital Partners.

**3. PEGGY ONKUTLWILE SERAME**

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

Ms Serame, holds a Masters Degree in Economics and a Bachelor of Arts in Economics and Statistics, both from the University of Botswana.

She started her career in 1994 as an Assistant Economist in the then Development Programmes, Division of Economic Affairs at the Ministry of Finance and Development Planning. She transferred to the Macroeconomic Policy section (same Ministry) in 2000 as an Economist and progressed to become Director. In 2007, she served on a special assignment at the World Bank Voice Secondment Programme.

**4. MACIE KENEILWE MOLEBATS**

Macie Keneilwe Molebatsi has vast experience in HR Management. She has worked for the Botswana Institute of Administration and Commerce (BIAC) and the Institute of Development Management - Botswana, Lesotho and Swaziland (IDM - BLS) from July 1985 to September 2001 (as Lecturer and Consultant). Macie also worked for Water Utilities Corporation (WUC) from September 2001 - June 2011, as Training Manager, HR Manager and ultimately the Human Resources Director before taking early retirement in 2011.

Macie is now running an HR Consultancy company as well as serving as Board member in other parastatal organisations.

Macie Keneilwe Molebatsi holds an MBA, a BCom and a Certificate in Management Services, a certificate in Training of Management Educators (TOME) and SAP Human Resource and Administration.

# BOARD PROFILES

**5. ELLEN LOPANG RICHARD - MADISA**

Ellen Lopang Richard-Madisa has held various positions at organisations in the Banking and Finance Sectors which have enabled her to accumulate extensive knowledge and experience in these disciplines. She worked at Bank of Botswana from 1998 - 2003, where she held positions including Assistant Supervisor: Research Department (Bank of Botswana) and Assistant Supervisor: Exchange Control (Bank of Botswana). Ellen has worked for Ministry of Finance Development and Planning (MFDP) since 2003, where she has held leadership roles including those of Chief Finance Administrator: Head of Finance and Banking Section; Director: Finance and Banking Section. She holds a BCom Degree in Economics (Financial); BCom Degree in Management Balance of Payments as well as a Diploma in International Economics and Political Economy for Trade Unions and an Associate Diploma in Banking (Botswana Institute of Bankers). She has served as Deputy Permanent Secretary for Financial Policy for Ministry of Finance Development and Planning since 2009. Ellen has served on the Board of Directors for Botswana International Financial Services Centre (IFSC).

**6. TERENCE DAMBE**

Terence Dambe holds a Bachelor of Laws (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 Kalahari Conservation Society, Loapi Holdings (Pty) Ltd and Chairman of Kabelano Charity Trust.

**7. MS BELINDA MOSWEU**

Belinda Mosweu is a qualified real estate professional with a BSc in Real Estate Management and MSc in Strategic Management and has full membership to the Real Estate Institute of Botswana and the Real Estate Advisory Council. She started her career 14 years ago in the service of the Botswana Government at the Ministry of Lands and Housing.

Belinda has also been with the Botswana Housing Corporation (BHC), participating in property management, development and sales roles. Following BHC, Belinda worked as private consultant for the banking sector, Local Government, a pension fund and investors providing estate agency and property valuations services, but later joined Botswana Fibre Networks (BoFiNet) in 2013 as Facilities Manager where she is currently employed.

At BoFiNet Belinda provides strategic direction on the extensive property portfolio held by the company.

**8. PALESA AUDREY SEMELE**

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

Palesa holds an ACCA from Botswana Accountancy College.

# CORPORATE GOVERNANCE

## Botswana Investment and Trade Centre (BITC) is governed by its founding legislation, the Botswana Investment and Trade Centre Act of 2011.

The Centre is committed to maintaining best practice of corporate governance, which promotes the long term interest of investors and entrepreneurs and also helps build public trust in the organisation.

### The Board and Governance

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

The Board oversees and guides the strategic direction of the Centre and determines the policies and courses of action for giving effect to the objectives and purposes of the Centre, as per the BITC Act. The Board, in accordance with the BITC Act, consists of nine (9) members including the Centre's Chief Executive Officer, as illustrated below;

### Board of Directors

Mr. Victor J. Senye	<b>Board Chairman</b>
Mr. Christopher R. Garland	<b>Vice Chairman</b>
Mr. Terence Dambe	<b>Member</b>
Ms. Palesa Audrey Semele	<b>Member</b>
Ms. Ellen Richard – Madisa	<b>Member</b>
Ms. Macie Keneilwe Molebatsi	<b>Member</b>
Ms. Peggy O. Serame	<b>Member</b>
Ms. Belinda Mosweu	<b>Member</b>
Mr. Letsebe Sejoe Ex-officio	<b>Member</b>

### Board Meetings

During the year under review, the Board of Directors, in compliance of its statutory obligation, held meetings during the year to discuss matters relating to, amongst other things; strategy and performance, financial position, risk management, human resource matters, sustainability and governance.

### Board Sub-committees

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

### Audit Committee

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

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

### Human Resources Committee

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

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

### Board Tender Committee

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

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

### Conflicts of Interest

In order to ensure that any interests of a Board member in a particular matter to be considered by the Board are brought to the attention of the Board, BITC has adopted appropriate procedures for the Board members to declare any interests pertaining to matters that come up for the Board's consideration.

### Independent External Advice

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

### Internal Audit Function

The Internal Audit function at the BITC provides an independent and objective overall assurance to the Audit Committee and Executive Management

on the effectiveness of the Centre's Governance processes, Risk Management and Control Environment. The Internal Audit purpose, authority and responsibility have been formally defined in the Internal Audit Charter, which was approved by the Audit Committee. Risk Based Audit Plans are approved and implemented to ensure relevance and alignment of the internal audit activity, consistent with organisational goals.

### Risk Management Function

BITC's Board of Directors recognises Risk Management as a fundamental element of Corporate Governance. Management is responsible for establishing and operating the risk management framework on behalf of the Board. The Risk Management function within the Risk and Compliance department established Risk Management Framework and Policy for BITC. The assessment and management of risks has enabled the creation of a risk-focused culture, standardised risk reporting and encouraged efficient use of resources.

### Fraud and Corruption

BITC is committed to eradicating fraud, corruption, unethical behaviour and misappropriation of public funds, by promoting high standards of integrity. The Centre desires to be a model of public probity by affording maximum protection to public funds it administers. The Whistle-Blowing Policy was developed to promote ethical behaviour, while BITC also has in place an anonymous toll-free Fraud and Ethics Hotline for reporting of any acts of corruption, malpractice or unethical behavior.

## BITC FRAUD AND ETHICS HOTLINE.

"We are Transparent, Professional and uphold Integrity in fighting corruption, theft and fraud to achieve a Progressive and Sustainable economy".



Report Fraud, Corruption and Unethical behaviour:

<p><b>Orange</b> 1144</p> <p><b>BTC</b> 0800 600 644</p> <p><b>Mascom</b> 71119793</p> <p><b>E-mail</b> bitc@tip-offs.com</p> <p><b>Website</b> www.tip-offs.com</p>	
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## CHIEF EXECUTIVE'S STATEMENT

2016/17, marked the celebration of our 5<sup>th</sup> anniversary as Botswana's key investment promotion authority and I have the pleasure to present the 2016/17 BITC Annual Report.

During this period, BITC continued to build upon the successes of the previous years and achieve strong performance in fulfilling our organisational mandate of driving the country's economic growth through the attraction of FDI, domestic investment as well as the expansion of Botswana's export product portfolio and her external markets.

### Performance

The organisation's overall performance of 74% registered a 16% decline in comparison to the 2015/2016 performance of 90%. Our targeted investment

promotion efforts resulted in a total capital investment of P3.08 billion. From the total capital investment achieved, FDI companies contributed P1.5 billion, while business expansions and domestic investments contributed P618 million and P964 million respectively.

The Financial and Business Services sector, which is one of the priority sectors that the organisation is promoting represented the largest contribution to this performance, by delivering P901.5 million, which is 29.24% of the total capital investment realised.

Total employment of 3156 jobs resulted from these investments, an improvement compared to 1709 jobs recorded in the previous financial year. The majority of jobs were created through Domestic Investment and Expansions (2208), while FDI registered 948 jobs.

BITC's export portfolio exceeded its target of P2.22billion, reaching an export revenue totalling P2.23 billion.

Existing local products were exported to new markets of Zambia, Angola, Zimbabwe, DRC, Malawi, Mozambique, South Africa, Namibia, USA, Hong Kong and the European Union. In addition six (6) newly produced products were added to the export portfolio including forma packs (Namibia), aluminium windows and designs (RSA), latex male condoms (RSA), vinyl floor tiles (RSA), food cans (RSA) and Cellular phones (Mozambique).

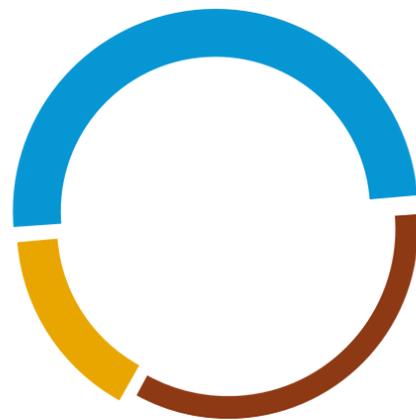
BITC's One Stop Service Centre recorded a total of 381 government authorisations, out of which a total of 307 (three hundred and seven) (80.6%) were approved.

The rejection rate at the BITC One Stop Shop stood at 6.6% in 2016/2017. BITC has made proposals to Government to create a Business Immigration Selection Board to make our work and residence processes and outcomes more predictable and with greater certainty.

We continue to monitor and are alert to the competitiveness of competing African countries. Countries such as Mauritius and Rwanda lead the pack in providing a more conducive business climate and thus competitive environment for attracting investors.

The Ministry of Investment, Trade and Industry, through the BITC's advocacy is working on enacting a Business Facilitation Law, which will look to confer a higher degree of predictability and certainty to outcomes with respect to all government authorisations.

# P3.08 BILLION



## 2016/17 TOTAL CAPITAL INVESTMENT

FDI COMPANIES

**P1.5 billion**

DOMESTIC INVESTMENTS

**P964 million**

BUSINESS EXPANSIONS

**P618 million**

### Target Sectors to diversifying Botswana's economy

Through our experiences and research, we have narrowed down sector specific opportunities that are a priority to developing a diversified economy, and through which Botswana can compete effectively and be successful at. Agriculture; there is ample opportunity in this sector for substituting the country's large import bill estimated at P70 billion, of which 10% is agricultural products and foodstuffs. We actively encourage more and more citizens to venture into commercial farming.

Beneficiation is a unique opportunity. In addition to coal, a prime example is Soda Ash, out of Sowa Town. Unbeknownst to most, Soda Ash has hundreds of chemical-based derivatives, and there's an opportunity for Botswana to establish a value-adding industry around this raw material and create much needed jobs.

Financial and Business Services, which also include ICT-enabled services- Government has invested significantly into the backbone telco-infrastructure; Botswana is a shareholder in two submarine fibre-optic cable systems to service voice, data, video and internet needs of the region - namely the EASSY, deployed to the east and south coast of Africa, and the WACS that goes through Namibia and up into Europe.

There is a huge opportunity for availability of bandwidth that's reliable and competitive, and where such services as back office processing and call centre services can be much easily provided.

During 2016/17, BITC focused on projects with a high potential for employment generation and targeted markets in South Africa, Germany, Kenya and V3 countries (Hungary, Slovakia and Poland). These markets were informed and identified through the previously concluded sector profiling and



value propositions completed for Automotive Components Manufacturing, Leather, Cargo and Logistics, IFSC, ICT, Coal and Soda Ash.

### Looking Ahead / Personal Message of Appreciation

Reflecting on BITC's 5 year performance, the organisation has posted an increase of 114% in FDI, 161% in Domestic Investment, 161% in job creation and 117% in Export Revenue raised. As an organisation, we are pleased with our corporate achievements and wish to extend our appreciation to the stakeholders both in the private sector and in Government, who continue to collaborate and support our work over the years. My team and I owe you all an enormous gratitude.

As a country, we have typically ranked among the best across numerous macro-economic indicators; highest investment rating, lowest levels of corruption by Transparency International to name but a few. That said, more

needs to be done to leverage and translate these attributes into more meaningful impact in the attraction of investments into Botswana.

Firstly, our country needs to achieve similar accolades in the provision of an enabling environment that supports our business to compete more effectively in both the local and regional markets. Secondly, a more concerted effort is required to open up and liberalize areas of economic activity that have hitherto been the preserve of the public sector. Specifically, the private sector should be allowed to invest in and participate in the provision of public infrastructure and utilities such as water and energy.

Thirdly, as an organisation we are aware of the strong affinity toward foreign direct investment. A dollar of FDI from outside the country is marginally more impactful, if at all, than a dollar invested by a domestic company. A domestic company understands our environment and continues

to demonstrate confidence in our markets. It creates the same jobs, the same economic activity and the same externalities. To succeed we must thus drive domestic investment with the same vigour with which we pursue foreign investors to holistically drive a more aggressive investment attraction agenda in our economy.

Lastly, I wish to thank my remarkable team for their selfless contribution in building our organisation and ensuring that we made a meaningful contribution to the country's economic development agenda. On behalf of the team, I also wish to thank the Board for their leadership and uncompromising demand for excellence that they placed on the organisation, it has been truly rewarding to work with all of you.

Thank you

**Letsebe Sejoe**  
Chief Executive

# EXECUTIVE MANAGEMENT



# OPERATIONAL & FINANCIAL REVIEW

**The year has been a challenging one, with an internal realignment exercise taking place, whose sole purpose is to ensure that our skills, competencies and knowledge are used optimally to support Government's plans to develop and promote identified sectors within the economy of Botswana.**

The exercise has involved a critical look at our skills set as an organisation, giving us an opportunity to examine our readiness to carry out this exciting, challenging and more focused mandate. The Centre continues to drive its mandate of attracting Foreign Direct Investment (FDI), Brand

Management, Trade Promotion and Export Development through its most valuable asset, the staff of Botswana Investment and Trade Centre. BITC human resources are the foundation on which the strategy is built.

## Capacity building

Development of the Centre's bench strength remains an important part of our operations and as such, the Centre collaborated with a recognised Graduate Business School to deliver a world intensive management development programme which has benefited 15 staff members over the past 3 years. It remains a strategic objective to continually train our staff for operation at higher, more complex and more diverse levels aimed at delivering a more effective and efficient investor facilitation programmes. It is part of the Centre's retention strategy to develop staff and place them in more challenging roles. The Centre is also actively involved in the Government Internship Scheme, with at least

5 internship students carried in various parts of the Centre being involved in technical functions of their disciplines. A number of Graduate Internship attachments at BITC have successfully secured full-time employment with the Centre.

## Employee welfare

The Centre continually benchmarks with other IPAs and parastatal organisations in Botswana, to ensure that welfare programmes are relevant to market trends and commensurate with the demands of the 21st century worker. Employee health and wellness forms an important part of BITC, with programs that ensure that employees are kept engaged and productive, and are able to be active participants of the BITC mandate throughout their stay with BITC. The Centre recognises that problems of a personal nature can have an adverse effect on an employee's job, health and feelings of wellness. Consequently, a wellness program has been established

to address problems in the workplace, in an endeavour to promote wellbeing of employees within the Organisation. During this reporting period, several employees were enrolled on effective counselling, which mostly included one-on-one counselling.

Supplementary to the above counselling and with limited budget, employees were afforded the opportunity to partake on an annual marathon as well as participating on annual Ministry of Investment, Trade and Industry (MITI) parastatal games. The games are held with the aim of keeping fit and healthy whilst promoting mutual relations between the Centre and key stakeholders.

## Diversity considerations

Botswana Investment and Trade Centre strives to create equal opportunities for all members of our society, particularly the youth and people living with disability. The Centre is therefore, under the guidance of the Ministry of Empowerment, Sport and Culture Development (disability division), developing policies and programmes that will benefit people living with disabilities, principles and guidelines to ensure that the diverse physical and sociological differences present in the workplace are catered for. Our recruitment policies, for instance, ensure that all employees and external people applying for jobs in the Centre are treated with fairness and equal consideration, ultimately resulting in a diverse and fulfilling working environment.

## Finance Report

### Financial Performance

The financial results for financial year ended 31st March 2017 was negative with the Centre

realising a deficit of P 20,784,835 which is largely contributed by Investment Property fair value loss amounting to P 29,314,072. BITC Gaborone West Industrial factory shells alone realised a loss in value of P 8,550,000 as a result of the subdued rental market. The overall subvention was yet again reduced by 1% during the financial year under review, which was geared towards alleviation of the financial meltdown of BCL.

The more integrated approach to financing marketing and promotional activities contributed to the improvement in operational efficiencies and a budget utilisation was optimised at 95%, with a deficit of P 20,784,835 as at 31st March 2017.

### Financing of Operations

BITC continues to be reliant on Government funding, with an opportunity to generate a target of 15% of its budget requirement from internally generated sources; rental of factory shells and global expo income. During this year, the Centre managed to generate 16% from internal sources to meet its budgetary requirements. In the financial year ended March 2017, BITC was allocated a total subvention of P98,830,560 which was reduced by 1% during the year by Government.

## Information Communication Technology Report

The Centre's growth and on-going transformation strategy into a fully fleshed Third Generation Investment Promotion Agency (3G) is built around market intelligence, knowledge management, technology advancement and engagement with both investors and key stakeholders. One of the fundamental elements of fostering transformation

and constant change to meet customer demands is leveraging on the use of advanced technology and infrastructure to which BITC is fully responsive. During the year under review, the Centre delivered a number of projects to support the business strategy some of which include;

### Infrastructure Upgrade

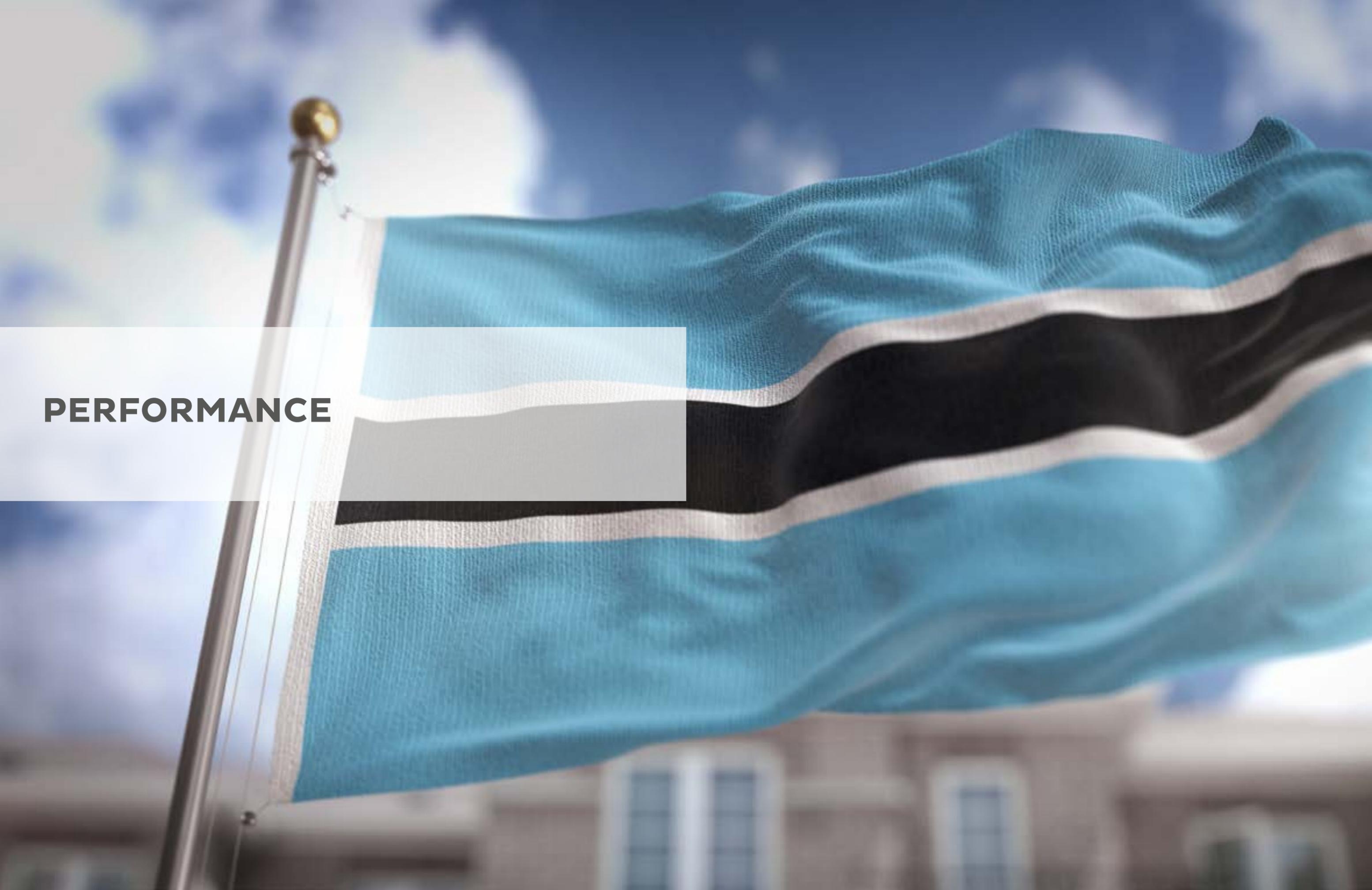
The infrastructure upgrade project was successfully completed in March 2017. The Centre's success to implement the five years strategic plan is driven by an efficient performance culture that is underpinned by tracking and monitoring performance leveraging on enabling management information systems. To that end, an infrastructure upgrade was completed which was aimed at delivering a robust infrastructure platform for all back office software and client computing environment, as well as replacing hardware that had reached their hardware refresh cycle.

### Deployment of Office 365

A further enhancement to BITC service offering is expected to be realised as a result of successful deployment of Office 365. The deployment of exchange online has been successfully implemented at Head Office (Gaborone) and the London regional office and plans are underway to deploy it to other regional offices.

### Information Security

The ICT department conducted an Information and Cyber Security Assessment Audit and Verification Exercise as a means to secure its critical systems from current and future cyber threats. The exercise was to identify security gaps and remedial actions necessary to preserve BITC information assets.

The image shows the national flag of the Bahamas, which consists of three horizontal stripes of aquamarine, white, and black, separated by thin gold borders. The flag is waving on a silver pole with a gold finial. In the background, a large, multi-story building with many windows is visible under a blue sky with light clouds. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the word "PERFORMANCE" in bold, black, uppercase letters.

**PERFORMANCE**

## STRATEGY & COMPETITIVENESS

**BITC registered a 16% decline in corporate performance for the operational year 2016/17 when compared to the previous financial year (2015/16).**

The organisation attained performance levels of 72% on domestic investment and expansions, while foreign direct investment (FDI) inflows were recorded at 83% of target during the same period. BITC's direct investment attraction and facilitation efforts yielded a total capital investment amounting to P3.083bn, against an annual investment target of P4bn.

The Financial and Business Services sector represented the largest contribution to this performance, delivering P901.5 million, which is 29.24% of the total capital investment realised. Of the P3.083bn total investment,

P1.5bn is from foreign sources (FDI), with business expansions and domestic investment contributing P1.58bn.

The total capital investment for 2016/17 was realised through several economic sectors that included manufacturing, financial & business services, retail, automotive components, manufacturing, agriculture, mining, engineering, and construction.

A total of 3156 jobs were created during the period, surpassing the annual target of 2064, with the majority of jobs realised through the business expansions and domestic investment measure, which contributed 70% to the jobs figure.

### Coordination of the development of the Financial Services Cluster

In its designated role as the cluster development coordinator for the Financial Services Sector in Botswana, BITC has made progress in mobilising key stakeholders towards the formation of an effective financial services cluster.

During the financial year, BITC made presentations and engagements with various sub-sectors within the Financial Services Sector, with a view to provide the organisation the opportunity to build rapport, solicit buy-in from players, and obtain a chance to sell opportunities that exist within the IFSC framework to sector members.

The selected sub-sectors identified for engagement include, Banking, Insurance, Medical Aid, Retirement Funds, Micro Lending, Wealth Management, Business Process Outsourcing and Professional Advisory Firms to name a few. Retirement Funds and trustees were further engaged at the Pension Funds Sector annual conference held in Kasane in March 2016, while The Insurance Institute of Botswana and its membership was addressed at the launch of the Institute in Phakalane in June, 2016.

Diagnostic assessments of the various sub-sectors such as Retirement Funds, Insurance, Medical Aids, and Banking were

conducted during the financial year, in order to gain a greater understanding of each sector, and determine the level of regulatory reforms that may be required in order to improve the business landscape.

During the financial year, the organisation hosted 4 targeted outward missions; 3 to South Africa, and 1 to London, geared towards attracting investors into the Financial Services sector. During these missions, BITC came into contact with a total of 9 lead companies who are being engaged to set up in Botswana, under the IFSC. To date, over the financial year, BITC has certified 2 companies under the IFSC portfolio.

### BITC Resource Centre

The key purpose of the BITC Reference Information Resource Centre is to promote knowledge creation and sharing through various information resources and platforms available.

The Resource Centre targets Botswana's business community, potential investors, general members of public and BITC staff. The Resource Centre houses a wide range of information materials including, Botswana Government Acts, Legal instruments, as well as BITC targeted investment sectors such as Mining, Agriculture, ICT, Tourism Logistics and Transport, Manufacturing, Pharmaceuticals and other key sectors adopted from the current Botswana Vision 2036.

The Resource Center also provides information materials on subject areas such as Business/Entrepreneurship, Management, Strategy, Risk Management, Trade promotion and BITC-generated research studies and value propositions

on investment opportunities available in the country. Internet service is also provided to enable visitors to conduct their own research online. Through this service, visitors have access to Investment/Trade Polices & Guidelines (Local and International), Import and Export data through various available online search platforms such as EMERALD Insight, Intracen.org, WTO, UNCTAD and other popular sites like Google search and Yahoo.

BITC is currently running a Resource Center Revitalisation campaign, to sensitise the investment community on the value added services that can be accessed at the BITC Resource Centre. A key part of this campaign involves the rebranding of the Resource Centre for increased visibility and attraction of public users. Resource Center Services are currently offered during the BITC normal operating hours of 0800Hrs-1700Hrs, and closed during weekends and public holidays.

### Research and Market Surveys

The following are the surveys carried out during the year;

#### 1. Global Expo Survey

This survey was done during the BITC premier annual event, Global Expo Botswana, with the aim to mainly capture stakeholders' feedback during the Expo. This provided the opportunity to build a database of clients for trade and investment. It also allowed the identification of areas of improvement so that Global Expo Botswana continues to deliver quality customer service and be able to meet the trade and investment objectives for BITC.

The respondents of the survey highlighted a number of objectives why they are exhibiting at the GEB 2016. And these were indicated as follows; to establish new contacts (63%), to explore new markets (60%), to establish new product publicity (56%), to increase sales (49%), the need to survey future customers (42%), as well as for company public relations to reach out to potential clients (36%).

The majority of the respondents also indicated that participating at GEB 2016 had an impact in their businesses, with very few indicating otherwise. This therefore suggests that the objectives of attending or participating at the Expo were met. The results of the survey indicate that 80% of respondents were happy that their objectives for participating at GEB 2016 were met, while only 20% highlighted that the objectives for participating at GEB 2016 were not met.

## 2. Export Audit Survey

For the year ended March 2017, the Research Unit also completed the Export Audit Survey. The main purpose of the Export Audit is to identify available locally manufactured or made products and services and determine their level of export readiness in terms of quantity, quality and prices, with the view to continuously promote Botswana exports into regional and international markets.

The intention is to contribute towards economic diversification through exports development and in turn increase the economic base of Botswana, as well as assist in creating sustainable employment opportunities.

The Export Audit targeted companies whose goods and service are in line with the Organisation's export development and promotion strategic plan.

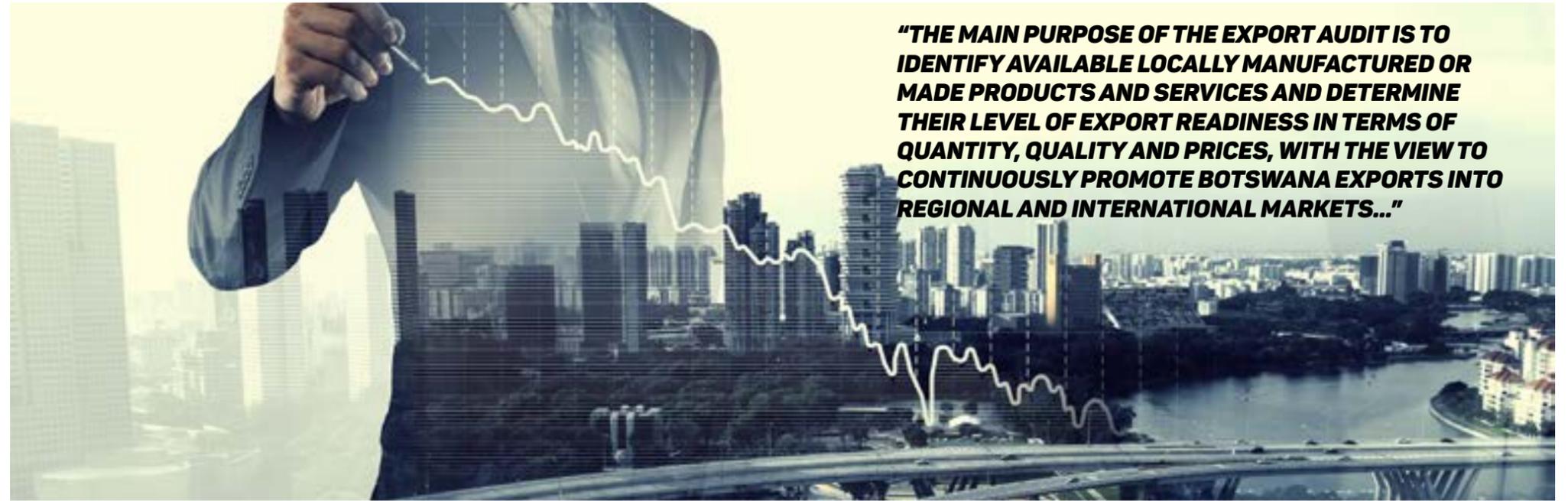
This time around, the Export Audit covered services traded for the first time, as opposed to the previous audits which mainly concentrated on manufactured goods alone. Inclusion of services was made because trade in services in Botswana has been rising significantly and consequently needs to be studied and documented and understood for systematic interventions, while exploring its export possibilities as well.

The key sectors identified for the services survey were transport and logistics, education, professional services (such as engineering, accounting, legal and others), ICT as well as financial services.

The findings of the Export Audit Survey indicate that the raw materials mainly used by manufacturing companies in Botswana are sourced from the Republic of South Africa (41%) as well as local suppliers (25%).

The other sources of raw materials for local manufacturing include China (8%), India (7%) and to a lesser extent from the southern African region (Zimbabwe, Zambia, Swaziland, Lesotho), Pakistan, Korea, Japan and Brazil, all at 2%. The other key highlight of the survey is that most of goods produced in the country are consumed in the local market at 66% and mainly by government institutions.

The other destination markets for locally produced goods following the local market are the Republic of South Africa (13%), Zimbabwe (9%) and Namibia (4%).



**"THE MAIN PURPOSE OF THE EXPORT AUDIT IS TO IDENTIFY AVAILABLE LOCALLY MANUFACTURED OR MADE PRODUCTS AND SERVICES AND DETERMINE THEIR LEVEL OF EXPORT READINESS IN TERMS OF QUANTITY, QUALITY AND PRICES, WITH THE VIEW TO CONTINUOUSLY PROMOTE BOTSWANA EXPORTS INTO REGIONAL AND INTERNATIONAL MARKETS..."**

There is also the rest of Africa, the SADC Region and Asia, each at 2%. This therefore indicates that Africa, particularly the SADC region remains the potential market for Botswana products.

## 3. Customer Satisfaction Index

The Customer Satisfaction Index for BITC was set to measure the level of satisfaction experienced by various walk-in clients that use BITC services. It is measured based on a range of attributes such as; customer expectations, quality of service delivery, courtesy, executional excellence, accessibility, responsiveness and quality of information provided amongst other factors.

It is aimed at identifying BITC's service delivery challenges, expectations and opportunities, as perceived by its external customers. The Index is measured by continuous collection of monthly indices. Customer Satisfaction results since April 2016 through to March 2017 indicate that there is generally a higher level of satisfaction derived

and experienced by BITC clients that sought the Organisation's services or assistance.

The average weighted Customer Satisfaction Index score for the eleven (11) months from April 2016 to March 2017, excluding December 2016, is 90 percent.

## 4. IFSC Company Survey

The 2016/17 annual IFSC Survey has been completed where it mainly looked at the understanding of the progresses and challenges of the IFSC framework. This is a critical sector for investment potential and promotion, economic diversification and creation of sustainable employment.

IFSC Survey is done annually on all IFSC accredited companies. The purpose of the survey is to discuss the general ease of doing business within the IFSC framework as well to track the input of these companies into the economy of Botswana.

The input is determined through the employment and tax generated which is obtained in the financial statements of these companies.

To date, the framework has managed to attract 30 companies. The 6 companies that were recently certified are Accrued Gains, Motovac, Choppies, Bonaparte, Flotek and Afinitas. The employment level for 2016/17 stands at 250 for the IFSC companies with investment level of P29, 747,538,981 and tax contribution of P383, 675,391.

## 5. Corporate Brand Awareness Survey

During the financial year, the Research Department undertook the Corporate Brand Awareness Survey. The purpose and objective of this important survey is to assess the level of awareness created by the BITC Corporate Brand across the country. The services provided by BITC as the national IPA for the country have to be known within the country.

This will make its services accessible by both existing and potential clients. The target population for this survey was all BITC stakeholders comprising of the government, private sector and the general public.

The corporate brand awareness survey is very important as it helps BITC improve its service offerings and even endeavour to tailor-make some services to meet the needs of their clients. The data collection was completed in January and the questionnaires completed by the respondents for the survey are 182 out of the targeted 150. From the results, we can conclude that there has been an improvement in the level of awareness of the respondents who are aware of BITC and their services, at 74%, compared to the figure recorded 2015, at 55%.

This has been enhanced by the social media platforms that were introduced in the last year. Television and exhibitions also played a great role as the majority of people got the information through these platforms.

**Decision Support Model (DSM)**

BITC has renewed the contract for the DSM, which BITC had partnered with North West University (NWU) Potchefstroom campus to develop the Model for Botswana on a three (3) year contract agreement. The main reason for the renewal of this tool is to continue to access critical information that continues to assist both BITC and clients with decision making purposes.

The main objective of this model has been to assist BITC to select and compare different/alternative realistic export opportunities (REOs) for a country, where the country's manufactured goods can be promoted and marketed.

Furthermore, the tool has been helpful in doing the market analysis for the SACUEFTA, TFTA agreements and assist BITC export companies with identifying export opportunities.

The Botswana TRADE DSM dashboard is operational and its output has been used in various platforms to inform trade negotiation positions at MITI, such as the Tripartite Free Trade Area (TFTA) negotiations for strategic market access conditions.

The tool has also assisted to shape the SACU EFTA strategic leverage points in the current SACUEFTA Agreement review.

**Investor Guide Content Update**

One of the critical areas for research was to produce the content for the Botswana Investor Guide where the process entailed updating the content of the document. BITC decided to follow international best practice to incorporate sector projects

with the view to provide more value for the benefit of end-users of the publication. A number of stakeholders have submitted projects to be included on the Investor Guide, including CAAB Airport City, Botswana Railways projects, Agriculture Projects (Zambezi Integrated Agro Project), BOFINET and BR Properties Projects.

Incorporation of these key infrastructure projects such as water and power assist in improving the doing business environment and help lure FDI into Botswana.

**Market Intelligence**

The Market Intelligence is a fundamental function within the Research Unit, as it allows the gathering of intelligence data especially pertaining to the macro-economic, trade and investment information, as well as economic rankings and indices for BITC and other relevant stakeholders.

**Market Intelligence Tools (FDI and Analysis Africa, BMI, ITC) Renewals**

The importance of these market intelligence tools cannot be over-emphasised, as they are good enablers for BITC core activities. The tools allow access to databases for various reviews that guide decisions and strategic interventions.

These tools were all continuously used to meet various requests across departments. Key amongst these are economic reviews, sector performances and analysis, FDI directions, key projects, etc.

**Validation of data using Intelligence Tools (FDI markets, BMI and other databases)**

BITC Research Unit continues to produce key and updated intelligence data, especially on macro-economic, trade and investment information for BITC.

Other issues covered include periodic updates on speeches for management and the Ministry. Production of accurate and timely relevant data is key for both trade and investment promotion.

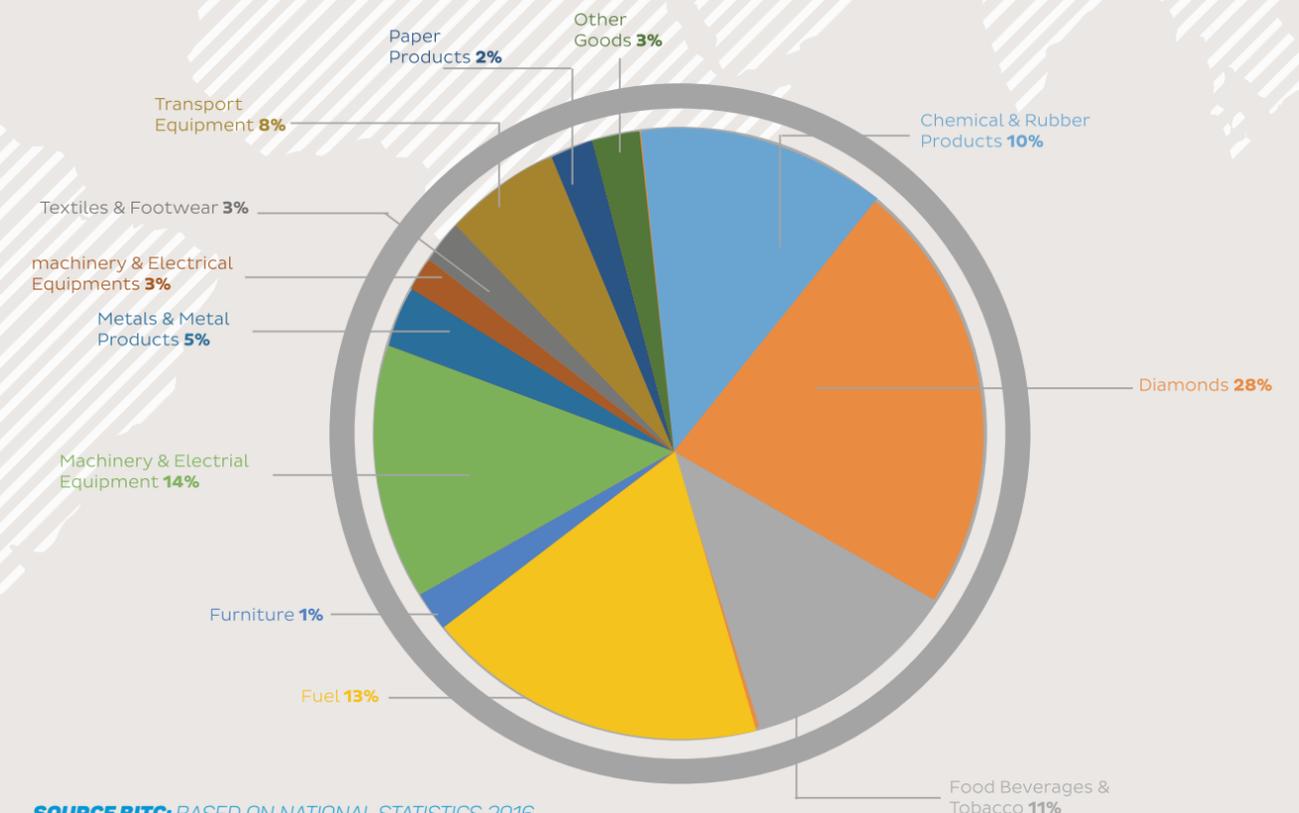
The strategic use of the tools that BITC subscribes to, such as FDI markets (FDI Intelligence), Analyse Africa and Business Monitor International (BMI) have provided BITC with invaluable information on investor signals, trends and country risk reports.

**PRINCIPAL IMPORT COMMODITY GROUPS 2016 (BWP MILLIONS)**

IMPORT BILL IN 2016 REACHED BWP 66.84 BILLION. DIAMONDS CONSTITUTED 28% OF TOTAL IMPORTED PRODUCTS (BWP18.9BN) FOLLOWED BY MACHINERY & ELECTRICAL EQUIPMENT - 14% (BWP9.2BN), FUEL- 13% (BWP8.6BN), FOOD BEVERAGES & TOBACCO - 11% (BWP7.5BN), AND CHEMICAL & RUBBER PRODUCTS - 10% (BWP 6.6BN)



**PRINCIPAL IMPORTS COMPOSITION 2016**



SOURCE BITC: BASED ON NATIONAL STATISTICS 2016

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PERFORMANCE

## BOTSWANA – THE IDEAL INVESTMENT **DESTINATION**

**For the year under review, the BITC's investment promotion efforts were geared more towards investment generating activities and leveraging on the value propositions that were developed in sectors such as Automotive Components Manufacturing, Agriculture, Leather, Cargo and Logistics, including general manufacturing for import substitution.**

These sectors are in addition to other priority areas such as the International Financial Services Framework, which remains a

popular enabler for intermediary holding structures for companies that have regional business outlook. In addition, investment projects with high employment generation capability were also prioritised.

### **Foreign and Domestic Investment (FDI) Performance**

During the period under review, BITC registered thirty eight (38) companies with an interest to invest in Botswana or expand their operations through investor facilitation services. These companies are involved in various sectors including manufacturing, business and financial services, agriculture, health, mining, property development, transport and logistics. The combined projected capital investment from these projects is P1, 550.72 million (P1.5 billion) with corresponding projected employment of 3189 jobs, once the companies are set up and fully operational.

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To this end, several joint venture initiatives have been proposed between Botswana-based companies and foreign-based entities. In addition, various major projects from the BITC pipeline have started their conversion process. These projects are in the health, commercial retail, paper and power cables manufacturing sectors. It is anticipated that these projects will become operational during the financial year 2017/2018. These projects will bring to Botswana specialist services and up-stream/down-stream value addition activities. The projected combined capital investment to be realised from these projects is P479 million, with a combined projected employment level of 742 jobs.

The projects are located in Gaborone, Mogoditshane and Palapye. Actual total capital investment realised by BITC-facilitated companies during the period under review was P2, 439.915 million (P2.4 billion), with a corresponding level of employment of 2,304 jobs.

Of the P2, 439.915 million (P2.4 billion) recorded, the FDI companies raised a total

investment of P1, 502.755 (P1.5 billion), with the remaining P939. 46 (P939 million) as capital investment from Domestic Investments (DI).

The companies are involved in various sectors such as automotive, manufacturing industries, agriculture, education property development, construction, transport and logistics, tourism and financial and business services.

These companies originate from various countries around the world; Mauritius, South Africa, India, Canada, Ethiopia, Zimbabwe and China.

#### Outward investor targeting roadshows undertaken during 2016-2017

The overarching market approach behind BITC's investment promotion strategy is to match opportunities in growth sectors in Botswana with potential investors in the targeted markets and investors' appetite for outward investment. BITC has categorised markets into tiers; 1,

2 and 3 according to; (i) exposure of the market to Botswana, (ii) BITC's past engagement with the market and (iii) attractiveness of the market as a source of FDI, based on available key market insights.

For the year under review, BITC embarked on eleven (11) outward trade promotion missions in countries such as South Africa (six times), Kenya (three times), Germany and the V3 countries (Hungary, Slovakia, and Poland).

From these missions, contacts were made with companies covering sectors such as automotive and component manufacturing, textile, ICT-enabled services, mining, agribusiness, energy, transport and logistics, pharmaceuticals, manufacturing, education and health, as well as visits to diplomatic missions.

For the success of these outward missions, BITC leveraged on some of its strategic alliance partners in the different markets.

The roadshows were necessitated by the objective to attract foreign direct investment



into Botswana in the sectors that these companies have invested into.

Currently, the level of annual foreign direct investment inflows to Botswana is very low; this is despite Botswana's attractive value propositions and stable macro-economic and business environment. These roadshows sought to address this anomaly and provide a platform for BITC to engage these companies on their interests, as well as to pitch investment opportunities in Botswana to target companies.

The outcome of these engagements is to see an increase in foreign direct investment inflows to Botswana, to identify goods (raw materials) and services that Botswana could supply to these companies for their production should they set up in Botswana, and to see a reduction in Botswana's import bill. Importantly, during the engagements with the various companies, the companies expressed a deep interest to set up in Botswana, noting the country's outstanding democratic credentials, stable macro-economic fundamentals,

good governance and security. Each company outlined some of the key requirements and interventions that will enable them to seamlessly set up in Botswana. Some of the major recurring hurdles presented by the companies include but are not limited to Work & Residence Permits, land to set up factories, availability and access to serviced land, absence of attractive sector policies and incentives, lack of fiscal grants compared to what other competitor countries offer, as well as difficulty in accessing the Infant Industry Protection Policy.

#### Business Investment Round Table – Munich, Germany

BITC, in collaboration with the Botswana Embassy to Germany and IHK Munich, which is a multi-sector business association, hosted a targeted business roundtable in Munich, Germany.

The objective of this promotional campaign was to promote investment and trade opportunities in Botswana to the Bavaria business community. BITC presented investment and trade

opportunities at the forum. BITC engaged with companies in the renewable energy and Infrastructure sectors, with seven (7) companies expressing interest for further discussion on opportunities in Botswana.

#### UNCTAD 14 – Nairobi, Kenya

BITC, in collaboration with the Botswana High Commission to Kenya, embarked on an outward mission to Kenya from 16th to 22nd July 2016. The visit was a part of a UNCTAD 14, as well as a follow-up on the state visit to Botswana by His Excellency Honourable Uhuru Kenyatta, President of the Republic of Kenya, in June 2016.

BITC attended the UNCTAD14 and embarked on follow-up meetings. During this period, BITC had an exhibition stall at the investment village running parallel with UNCTAD 14. A total of 64 contacts were established during this visit, and out of the 64, there is ongoing engagement with four potential leads that have an interest to have a presence in Botswana.

### TICAD IV – Nairobi, Kenya

BITC, in collaboration with the Botswana High Commissions to Japan, Kenya and Ethiopia embarked on an outward mission to participate at the 6th Tokyo International Conference on African Development (TICAD VI) held in Nairobi, Kenya from 21st to 30th August 2016. The conclusion of the TICAD VI coincided with the commencement of the Japan-Africa Business Conference, which presented an opportunity for BITC to further partake in this business conference under the theme of “Japan advancing with Africa”.

BITC and the Botswana delegation participated in all the high profile engagements that included the Africa-Japan 2016, the Africa-Japan Business Conference, a business networking session, a session on policy dialogue over the role of Africa’s private sector in the continent’s development and a high-level business dialogue between TICAD’s heads of state and business leaders.

Bilateral meetings were held between Botswana and Japan organisations, and 100 contacts were established during the summit.

### Automotive and components manufacturing bench learning tour – South Africa

During the period under review, BITC continued to engage in some ground work to fully understand and appreciate the automotive industry in South Africa. Part of the activities included visits and bench learning tours to the Durban, East London and COEGA Industrial Development Zones, where some of the auto component manufactures are

located to supply the original equipment manufacturers (OEMs) at close proximity.

BITC also had the opportunity to meet some of the OEMs, namely; BMW, Ford, Nissan and Toyota Southern Africa. These visits emanated from the recommendation that BITC should seek to understand the procurement processes of the OEMs as well as their Tier 1, 2 and 3 supplier network, and how the automotive industry is set up and functions as a whole.

Botswana already hosts two auto component manufacturing companies, one of which holds 50% of South Africa’s import market for the supply of ignition wiring.

There is therefore an opportunity for Botswana to position herself as a reliable supplier of auto components to South African based OEMs, through a focused strategy to attract auto component manufacturers that are not based in South Africa, but are supplying some of the auto components into South Africa from companies abroad.

Through these visits, BITC established some potential leads in Europe that it can pursue and lure to set up in Botswana, at close proximity to South Africa.

### V3 Countries – Hungary, Slovakia and Poland

As a follow up to the bench-learning tour in South Africa, BITC in collaboration with the Hungarian, Slovakian and Polish Embassies as well as the Botswana Embassy in Sweden, undertook an investor targeting road show to Hungary, Slovakia and Poland.

The purpose of the visit was to, among others, promote

Botswana as a viable investment destination for automotive and components manufactures to set up in and use as a supply base for South Africa’s automotive industry.

Overall, 59 contacts were made from the three countries. Two of the leads that were established during this mission have already made plans to visit Botswana during the first quarter of 2017/2018, with more expected to make follow up visits.

#### Why V3 Countries?

The V3 countries have a highly developed automotive component sector currently servicing the OEMs in their markets and for export.

These countries have managed to attract and retain global brands for a number of reasons; extensive supplier network in the automotive sector; government support & attractive investment incentives; their positioning within Europe makes it ideal to supply across the entire value chain; cost-effective and skilled labour force; productivity; numerous technical schools implementation of practical training in company schemes; and existing cooperation platforms between corporate R&D centres and universities, among others. We provide a synopsis of the automotive component sector for each country as follows:

1. In Poland, the value of the automotive components, parts and accessories market is €15 billion, with 50% of these components being exported. There are more than 1,000 manufacturers of components, accessories and parts in Poland, out of which tier 1 and tier 2 suppliers manufacture power-train units, steering systems, lighting systems,

cooling systems, car body and underbody structures, tyres, car glasses, interior parts, seating systems, and safety systems.

2. In Slovakia, there is a network of 316 automotive suppliers in the following sub-sectors; plastics and chemical industry; electrical engineering; mechanical engineering; composite materials; iron/steel industry; aluminum industry; textile industry; and design engineering. The new investment by Jaguar Land Rover will considerably expand the automotive suppliers network in the next coming years.
3. In Hungary, the Government identifies the automotive industry – especially Tier 1 and Tier 2 suppliers – as a catalyst bringing new investments and creating new jobs in the process. Hungary is likely to attract more car and especially component makers and continues to serve as a manufacturing hub for the nearby European market as well as globally, with a specialisation in small, premium cars such as Mercedes’ B model and Audi’s A3 and TT coupe. The Audi Q3 SUV is going to be produced at the Audi Győr plant, starting in 2018.
4. Botswana’s value proposition in the V4 countries is to entice the automotive components suppliers to establish a global footprint in Africa, by setting up in stable markets like Botswana to supply, predominantly, the South African automotive industry (tier 1 & 2) and aftermarket sales. These companies also could export to more developed markets like the USA duty free and quota free,

through existing preferential market access.

### Ministerial Led Roadshow – South Africa

BITC, in collaboration with the Botswana High Commission to South Africa embarked on a targeted Ministerial Led Roadshow to South Africa, from 3rd to 7th October, 2016. This roadshow was led by the Assistant Minister of Investment Trade and Industry, Honourable Biggie Butale, to visit and lure various companies in key sectors to invest in and do business with Botswana.

The roadshow was necessitated by the objective to attract foreign direct investment into Botswana in the sectors that these companies have invested into in South Africa. In total, BITC met 30 companies; 14 with interest in general and automotive components manufacturing, 1 in business process outsourcing, 1 in energy, 2 in infrastructure development, 3 in the financial and businesses services, 1 in healthcare services, 2 in agriculture and food processing, 4 in multi-sectoral businesses and 2 in professional services.

### Investor targeting road show to Japanese companies – South Africa

BITC, in collaboration with the Japanese Embassy in Botswana, undertook a roadshow to meet Japanese companies in South Africa from the 24th to 28th October, 2016. The roadshow was necessitated by the objective of the two countries to deepen trade and foster partnerships between the Botswana and Japanese business community.

Currently, the level of investment in Botswana by Japanese companies is fairly low; this

despite strong bilateral relations that have existed between Botswana and Japan over the years. BITC met with C-suite decision-makers of targeted Japanese companies with interests and businesses in the agriculture, manufacturing, construction, and automotive and components manufacturing sectors.

In collaboration with the Japanese External Trade Organisation (JETRO) and the Japanese Embassy in Botswana, BITC also hosted a business forum where several Japanese companies participated to learn more about the Botswana value proposition; BITC presented on the Botswana Investment

Climate and had an opportunity to further discussions with some of the Japanese companies which were met earlier at the one-on-one meetings, prior to the forum.

A total of 22 delegates attended the business forum. Two of the major Japanese trading houses have made follow up visits to Botswana to make further inquiry on investment opportunities in the country.

### Ministerial led follow up mission – Kenya

BITC undertook a Ministerial led mission by Minister of Investment, Trade and Industry, Honourable Vincent T. Seretse to Kenya, in collaboration with Business Botswana, Kenya Investment Authority, Kenya National Chamber of Commerce and Industry and Botswana High Commission to Kenya. Areas of focus included agriculture (beef, livestock, horticulture, floriculture, dairy, agribusiness and agro processing), ICT-enabled services (business process outsourcing, data centres, mobile and digital services), financial



services, manufacturing, leather, textiles/garments, tourism, education pharmaceuticals, transport and logistics, real estate and property development. An ICT company is at an advanced stage of company registration in Botswana, while BITC is engaging other companies for further follow up.

#### Follow-up mission – South Africa

Following the voluntary liquidation of the BCL Mine in October 2016 by government, BITC pledged to assist in the revitalisation of the Selebi Phikwe economy to make the town a sustainable one by attaching personnel to complement SPEDU efforts to attract investors to the region.

For the period under review, in December 2016, BITC embarked on an investor targeting mission to attract investment into the SPEDU region, as well as a follow-up mission to South Africa in March, 2017. To date, all these

combined efforts have yielded an investment pipeline totalling P3 billion, with the potential to create 10,000 jobs in an array of sectors ranging from agriculture and agro-processing, to non-renewable energy and myriad light industry manufacturing projects, with pending facilitation support required to assist with conversion, which BITC is addressing with all parties concerned.

#### WESGRO – South Africa

In 2016, BITC initiated efforts to enter into a Memorandum of Understanding (MoU) with WESGRO, which is responsible for promoting Trade, Investment and Tourism in the Western Cape Province of South Africa.

BITC saw the need to motivate for this MoU because South African companies and provincial investment promotion agencies have embraced the notion of internationalising on the continent, to enable their companies to have the necessary economies of scale.

Most Western Cape manufacturers that supply Gauteng are disadvantaged from servicing the province from Cape Town, which is some considerable distance away, and are instead attracted to supplying Gauteng from nearby locations such as Gaborone to reduce transport costs; this may also afford them the opportunity to trade with Southern Africa.

The MoU was signed in March, 2017. At the same event, WESGRO successfully organised a Doing Business with Botswana seminar, which had in attendance up to 50 Western Cape companies drawn from Agri-business, ICT, Financial Services, BPO, FMCG and light industry manufacturing.

It is anticipated that through this MoU, there will be capacity building for BITC staff through exchange programs, increase in exchange of delegations, increase in investor referrals and increase in trade and investment enquiries between the Western Cape Province and Botswana.



As a result of this mission, follow ups are ongoing with pork farmers to attract them to set up in Botswana, thereby substituting Botswana's growing import bill in this regard, as well as to attract Western Cape Ostrich Farmers to the country and host an ICT company keen on investing in Botswana to offer payment and clearing systems to Botswana financial institutions.

#### Inward investment promotion and follow up missions and company visits into Botswana

During the year under review, BITC had the opportunity to host a number of inward missions as undertaken by various foreign-based diplomatic offices, embassies and companies. The missions included countries such as India, Germany, Zambia, Zimbabwe, Mauritius, Argentina, Kenya, Namibia, South Korea, Mexico, South Africa, Japan, United Kingdom, China, Cyprus, Dubai, Slovakia and Brazil.

The inward missions provided BITC with a golden opportunity to expose companies to business opportunities that exist in Botswana, as well as exploring opportunities for Botswana businesses to identify possible strategic partners in foreign countries.

Also, several companies visited Botswana as follow-ups from the outward missions undertaken by BITC over the years, and those that attended the Global Expo Botswana 2016 Investment Conference.

The inward missions were highly successful, with BITC being able to establish some new contacts and generate more leads with companies interested in doing business or investing in Botswana. Based on these contacts, BITC continues to make follow-ups specifically with the leads generated, in order to lure and convince these companies to ultimately invest in Botswana.

Sectors of interest included

health, education, agriculture, ICT, infrastructure, energy, mining, technology and manufacturing in general.

#### India

During the year under review, BITC hosted four companies from India, in the different sectors, which are health, tertiary education, financial services and manufacturing.

BITC arranged meetings with relevant organisations in Botswana for the four companies, and engagements are ongoing.

BITC continues to engage with the local entities and to aid discussions between the parties. The key objective of the four companies is to set up in Botswana.

#### Germany

BITC hosted nine companies from Germany for inward exploratory visits.

The companies are based in Germany and visited Botswana to explore investment opportunities



in the waste, renewable energy, and manufacturing sectors in the country, with focus on waste to energy technologies and solar energy. BITC facilitated engagements with the relevant government stakeholders.

#### Zambia

In April 2016, BITC hosted a company from Zambia on an exploratory visit to assess the local market's potential for mechanical equipment hiring services. The company originates in India, but recently opened an office in Zambia to service the Zambian mining sector, and as a pivot for the regional market. BITC facilitated engagements with the Botswana Chamber of Mines and the India/Botswana Chambers of Commerce.

#### Mauritius

In April and September 2016, BITC hosted two financial services companies and another in renewable energy and waste management on a first round, inward exploratory visit to Botswana. The companies are Mauritian-based and are

interested in setting up in Botswana. BITC accredited one of the two companies during quarter three of 2016-2017.

#### ProMexico – Mexico

Following the visit by ProMexico, an investment promotion agency in Mexico that visited Botswana in November 2016, four companies visited Botswana during Global Expo Botswana 2016 to explore strategic partnership opportunities with the Botswana Agricultural Marketing Board and Ministry of Agricultural Development and Food Security on wheat, corn, maize production and milling.

#### ProCórdoba Agency – Argentina

BITC hosted ProCórdoba Agency from Argentina, which was on an exploratory mission to Botswana from 9th to 12th May 2016.

The delegation comprised representatives of various sectors to represent the interests of the business community of Córdoba and Argentina in general, focusing on sectors where Córdoba and Argentina have

strengths, namely; agriculture (beef, dairy, machinery), bio-medicals, and ICT. The Province of Córdoba identified Botswana as a potential market for investment promotion, and also exposed the Córdoba Province to the myriad investment opportunities in Botswana.

From the various meetings held, there was interest from the Ministry of Agricultural Development and Food Security and the Botswana Meat Commission (BMC) to consider return visits to Argentina to investigate further the opportunities in the agricultural machinery sector, in particular targeting the dairy sub-sector, and for BMC to investigate opportunities around plant automation, using the latest technologies currently being applied in Argentina by some of the big abattoirs in the Córdoba Province. BITC continues to engage with the Ministry of Agriculture and BMC to explore the possibility of a return visit as expressed by the two entities during the mission.

#### South Africa

BITC hosted eight companies across all sectors from South Africa on an exploratory visit to Botswana. BITC facilitated engagements with the relevant stakeholders. Of the eight companies, four of the companies visited Selebi Phikwe as part of the Selebi Phikwe Revitalization Strategy, where BITC and SPEDU hosted a business roundtable with the visiting companies and Selebi Phikwe companies, as well as the Selebi Phikwe Town Council.

The South African companies expressed interest to locate their investments in the area. Engagements are ongoing, with these and other companies to consider Selebi Phikwe as a location for their investment.

#### Botswana – Kenya Business Forum – Kenya

As a follow-up to the exploratory mission by the Kenya Business delegation in June 2015, BITC collaborated with the Kenya High Commission in hosting an inward business delegation from Kenya, on the occasion of the State Visit to Botswana by the President of Kenya, His Excellency Honourable Uhuru Kenyatta.

The sectors of focus for the mission included agriculture (horticulture/floriculture/dairy/tea), education, financial services, information communication technology, innovation, mining, tourism and hospitality, transport and logistics, amongst others. A business seminar was held on 28th June 2016, which was graced by His Excellency, the President of Kenya. This was followed by the signing of a Memorandum of Understanding (MoU) by Business Botswana and the Kenya Chamber of Commerce and Industry. The MoU seeks to promote greater trade and investment between Botswana and Kenya.

#### South Korea

Two South Korean companies undertook exploratory visits to Botswana, seeking to explore investment opportunities and to understand the Botswana PPP framework.

The sectors of interest for the two companies are energy and infrastructure. BITC facilitated engagements with the Ministry of Finance and Economic Development Planning, and is currently engaging the companies as a follow up regarding their decision to participate in infrastructure projects in Botswana, should an opportunity arise for them to do so.

#### State Visit – Namibia

Twelve (12) Namibian companies with 15 representatives participated in a State Visit to Botswana; the focus of the visit was on the cargo/logistics sector, with particular emphasis on developments at the Port of Walvis Bay and Botswana Dry Port. Of the 12 companies, 7 expressed interest in doing business in Botswana, with four interested in providing services into Botswana. BITC is following up with those companies showing interested in investing in Botswana.

#### Individual company visits

During the year 2016-2017, BITC hosted several fact-finding inward missions from Japan, Brazil, China, Cyprus, Dubai, Kenya, Slovakia, Zimbabwe and the United Kingdom by individual companies. The sectors of interest included IFSC, education, health, energy, and ICT. BITC will continue following up with companies that show higher potential and prospects to invest in Botswana. From the inward and outward missions and delegation to Botswana, BITC established nine hundred and ninety five (995) contacts and

generated sixteen (16) leads that offer good prospects for BITC to follow for further engagements and possible investments into Botswana.

#### UK/EU Market

Economic growth for the UK is expected to slow down to around 1.6% in 2017 and 1.4% in 2018, due to slower consumer spending growth and the drag on business investment from Brexit-related uncertainty. This scenario gives a snippet of the situation in which the UK/EU office is operating as we seek to attract investors to Botswana.

#### Investment Promotion & Lead Generation

The 2016/17 reporting period saw heightened targeted engagements by the UK office, with the notable support from Head Office. Three hundred and twenty-two (322) contacts were established, and these targeted both investors and intermediaries. Out of the 322 contacts, the UK/EU office has established 18 leads that have a combined investment value of around US\$ 304.2 million and confirmed employment generation ranging between 400 (setting up) to 735 at full operation. 9 Companies have been introduced to the Botswana market for business engagements and scoping purposes, respectively.

#### Investment Seminars/ Missions

##### Botswana-Netherlands Investment Promotion Mission – Amstelveen

Netherlands is the sixth-largest economy in the European Union, plays an important role as a European transportation hub, with a consistently high trade surplus, stable industrial

relations, and moderate unemployment. Industry focuses on food processing, chemicals, petroleum refining, and electrical machinery.

A highly mechanised agricultural sector employs only 2% of the labour force, but provides large surpluses for food-processing and underpins the country's status as the world's second largest agricultural exporter. Botswana Investment and Trade Centre conducted a collaborative Investment Mission in partnership with the Southern Africa Netherlands Chamber of Commerce (SANEC) and Botswana Embassy in Belgium on the 25th October in Amstelveen, and further participated at the NBI match-making in Hengelo.

The Ambassador of Botswana to Belgium, H.E. Outlule led the investment mission and was supported by BITC UK Office and Brand Botswana. The SANEC Mission was covered live on Business Safari Television to extend coverage about Botswana opportunities to the Netherlands business community.

#### IFSC Roundtable Discussion, London

The IFSC Roundtable discussion was organised for engagement with UK-based professional advisory firms currently supporting London as a leading global financial centre, and create broader awareness on Botswana as a viable investment location in Africa.

This presented the opportunity to highlight some of the reforms undertaken to improve the doing business climate in Botswana. In August 2016, the Botswana Economic Committee of Cabinet approved implementation of a set of reforms aimed at revitalising the Botswana IFSC offering. The objective of the mission was



to profile Botswana as an ideal IFSC hub in the SADC region. Secondary to that, BITC will bench-learn from UK Professional Firms and site selectors on what sustains the City of London as Global Financial Hub. Specifically, the meeting looked to;

1. Create broader awareness of Botswana's current positioning as an IFSC.
2. Create awareness on the broader accelerated reforms that Botswana will be implementing, to improve the current IFSC framework.

3. Learn from these firms on the key requirements to position a country as a globally renowned, leading IFSC.

4. Invite the UK professional advisory firms to partner with Botswana in developing compelling reforms that will place Botswana ahead of the pack as an IFSC in Africa.

5. Attract those companies not yet represented in Botswana/Africa to consider a presence in Botswana for their Africa-based clients.

#### Why London?

The City of London's status as a world leader in financial services

has led to London becoming a hub where companies and investors from around the world meet and do business.

But this doesn't only benefit the UK. European businesses benefit from having the City on their doorstep, as it allows them access to a global market and expertise to grow their business globally.

European governments also benefit from easy access to a deep pool of investors and expertise. The UK is the largest European centre for the management of private equity investments and funds (it is second only to the US in terms of global importance)

and private equity funds managed in the UK currently back around 3,800 companies, employing around 1.2m people across the world. The UK is home to the most crowd-funding platforms in Europe (second only to the US globally) and it is an ever-expanding industry.

#### Domestic Investment

The BITC UK Office contributed to domestic investment growth by introducing Cleanico Pty Ltd to meet Molok Oy in Finland (3 - 10 April 2017) to negotiate adoption and use of the Molok Technology in Botswana. Molok Oy is the inventor, developer and manufacturer of Deep Collection

for Waste Management.

#### Export Promotion

Export Promotion has not been robust in the UK Office, as this requires a detailed plan of engagement on the market.

Two Botswana companies participated at the Africa London Fashion Week, which is a high-end niche sector within the textile and clothing industry.

Of the 2 companies, BITC facilitated one company to participate. The Office also introduced new international buyers to Botswana in the diamond industry.

## BUSINESS FACILITATION

**The BITC Business Facilitation Unit continues to play an increasingly significant role in BITC's efforts to deliver on its mandate.**

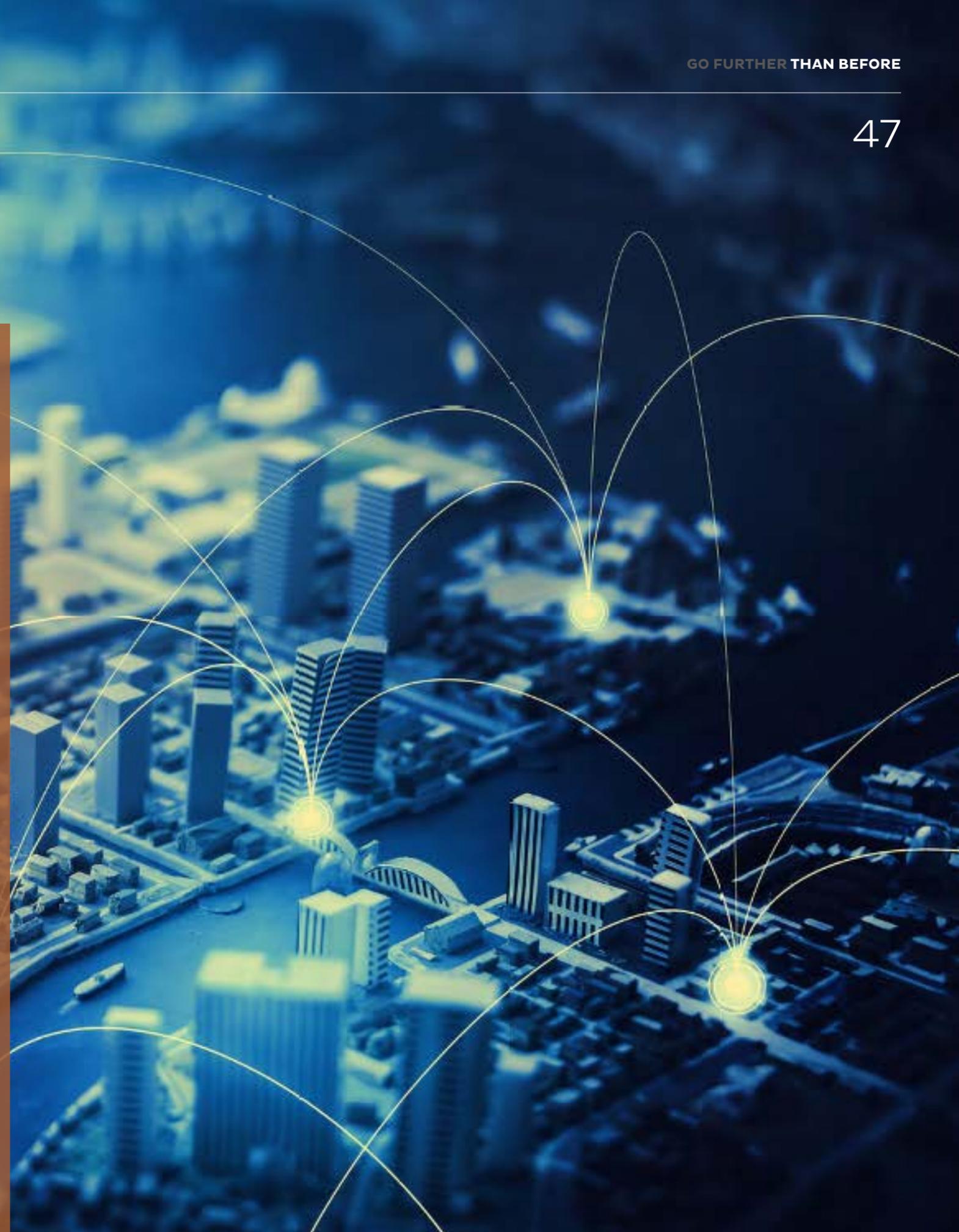
It is a known fact that IPA location marketing and lead generation needs to be supported by effective and efficient investor facilitation in order to convert investment enquiries into actual projects in a country. The investment process value chain is very intricate, with investors expecting undivided attention and support throughout the value chain. It is in this regard that the Business Facilitation Unit strategically provides assistance and advice throughout the investment process notably from the initial point of inquiry through to project approval, implementation and monitoring, as well as the aftercare process. With this in mind, during the year under review the Business

Facilitation Unit endeavored to deliver improved investor services to its customers through the Business Facilitation Services Centre (BFSC) commonly referred to as the One Stop Shop (OSS). In addition to the services provided within the OSS, the Unit also continued to implement work streams in the areas of Property Services and Land Development and Management, Investor Aftercare, Stakeholder Engagement and Policy/Regulatory Reform Advocacy.

### **Business Facilitation Services Centre**

#### **Facilitation of Government Authorisations**

The Business Facilitation Services Centre operates a "One Window OSS" model - where it serves as a central collection and submission point (without authorising powers) for various government authorizations required by investors.



In view of its importance and facilitatory role, the BITC Business Facilitation Services Centre registered an increased utilisation of its services by domestic and international investors of BITC. The 2016/17 statistics indicate that the Centre processed 381 government authorisations, compared to the 329 in the previous financial year, thus demonstrating a 16% increase in the number of applications handled by the BITC One Stop Shop. The authorisations'

approval rate for the year under review stood at 81%, compared to 71% approval rate registered in the previous financial year.

During the financial year under review, the rejection rate was 6.6%, indicating an increase from the 4.3% in prior year. The authorisations' applications that were still under process at year end comprised 12.8% of the total and of these, 43 were pending beyond the standard processing time frames, while

6 were pending beyond the standard processing time frames, while 6 were pending within the processing time frames of the various government departments (see Table 1 below).

TYPE OF AUTHORIZATION	GRANTED	REJECTED	(PENDING-WITHIN TURNAROUND TIME)	(PENDING-OUTSIDE TURNAROUND TIME)	TOTAL
Entry VISAS	58	2	1	0	61
Work and Residence Permits	43	15	26	3	87
Work and Residence Exemptions	93	4	11	3	111
Emergency Work Permits	93	0	4	0	97
Permanent Residence	0	4	1	0	5
Appeals to the Minister	8	0	0	0	8
Section 23/11 Appeal to Minister	1	0	0	0	1
Industrial License	2	0	0	0	2
Company Registration	6	0	0	0	6
Environmental Impact Assessment	1	0	0	0	1
Variation	0	0	0	0	0
Development Approval Order	2	0	0	0	2
<b>TOTAL</b>	<b>307</b>	<b>25</b>	<b>43</b>	<b>6</b>	<b>381</b>

### Investor Aftercare

The BITC Aftercare program entails providing post – investment services designed to encourage existing investors to generate new investment and to expand and diversify their investment projects. The other objectives of the investor aftercare interventions are to ensure investment retention in Botswana, to generate new investment leads and to make existing investors “ambassadors” of Botswana as preferred investment location.

During the period under review, BITC embarked on an aggressive aftercare campaign which culminated in visits to a total of 128 companies throughout the country.

The feedback obtained from these engagements with existing investors revealed that while most companies are keen to expand or continue their operations in Botswana, they are gravely concerned about the investment risks associated with the highly unpredictable and inefficient immigration permits system in Botswana.

Other areas of concerns which have been reported repeatedly over the past several years include:

- The shortage of relevant industry-specific skilled labour and a poor work ethic
- Delays in obtaining environmental clearances for projects, which results in delayed project implementation;
- Lack of dedicated incentives for export-oriented industries to compensate for the small domestic market;

- Lack of support for local products. Local clientele not ready to support local products as they prefer well known international brands. In this regard, local supermarkets also are reluctant to carry local products/brands on their shelves;
- The inadequate supply of competitively priced and serviced industrial land and industrial warehouses.

### Expansions

Notwithstanding the sentiments expressed above, BITC continues to encourage existing companies to expand in order to create more jobs and encourage additional investment in line with national objectives espoused in the national vision, VISION 2036.

The companies visited reported a total investment expansions that yielded P617 million in additional capital investment and 847 new jobs in the economy of Botswana. These figures compare favorably with the annual target of P492 million.

### Stakeholder Engagement and Reforms Advocacy

The coordination and integration of the activities of BITC and the various stakeholders involved in the investment attraction and facilitation process received special emphasis during the year under review.

BITC hosted its second Investor Consultative Forum 2017 on 27th February, 2017 under the theme of “Strengthening the Business Enabling Environment in Pursuit of Sustainable Economic Growth and Job Creation”.

The objective of the forum was to facilitate a public-private dialogue that would evaluate the

challenges that impede the ease of doing business in Botswana; and propose regulatory reforms that will enhance the country's competitiveness as an investment destination. Subsequent to the event, a summarised report of key challenges and reform recommendations was prepared and shared with the Ministry of Investment, Trade & Industry (MITI) as part of BITC's Advocacy Agenda, in order to enable the Ministry to present the key issues and recommendations to the Government.

Furthermore, twenty six (26) stakeholder engagements were conducted during the period under review. The main objective and emphasis of these engagements was based on a desire to maintain effective partnerships, meaningfully advocate for investors and address investor queries/ challenges, that otherwise act as obstacles on their operations.

Among the key stakeholders met include Land Boards across the country, Regional Immigrants Selection Boards (RISBs) across the country, District Councils, various ministries and departments and chambers of commerce such as Business Botswana. Additionally, the engagements were also focused on disseminating information about BITC's mandate, promoting investment facilitation collaboration between stakeholders and advocating for regulatory reforms that would improve the business environment in Botswana.

As part of stakeholder engagements, BITC furthermore signed Memoranda of Understanding (MoUs) with the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) and the India-Botswana Business Chamber (IBBC).

# 50

The MoUs will strengthen the collaborative process between BITC and the organisations, in order to efficiently assist in facilitating investment.

## Property and Land Facilitation

The provision of readily available factory space and serviced land on a rented or outright sale basis is widely practiced by Investment Promotion Agencies (IPAs) across the world as part of locations offering to attract investment projects.

BITC continually strives to provide qualifying investors with suitable factory warehouses and land for investment projects in various parts of the country.

During the year under review, as well as during the past few years, the provision of suitable factory space to investment projects in the pipeline has been constrained by lack of capacity in BITC's property portfolio and in the broader private market.

The lack of suitable industrial warehouses, especially for medium to large projects, necessarily requires BITC to explore ways of expanding its industrial warehouse portfolio, which will enable potential investors to have ready access to warehouses on competitive rental, purchase and rental with option to buy terms. As at year end, there were four investment projects worth P52 million, with the potential to create 355 jobs that were on the waiting list for facilitation of industrial warehouse space in various parts of the country.

Only six (6) projects were allocated warehouses within the BITC property portfolio during the year under review.

A total of 28 of companies with projected investments of P1.14 billion and the creation of 1765 jobs were on the waiting list for allocation of serviced industrial land as at 31 March 2017.

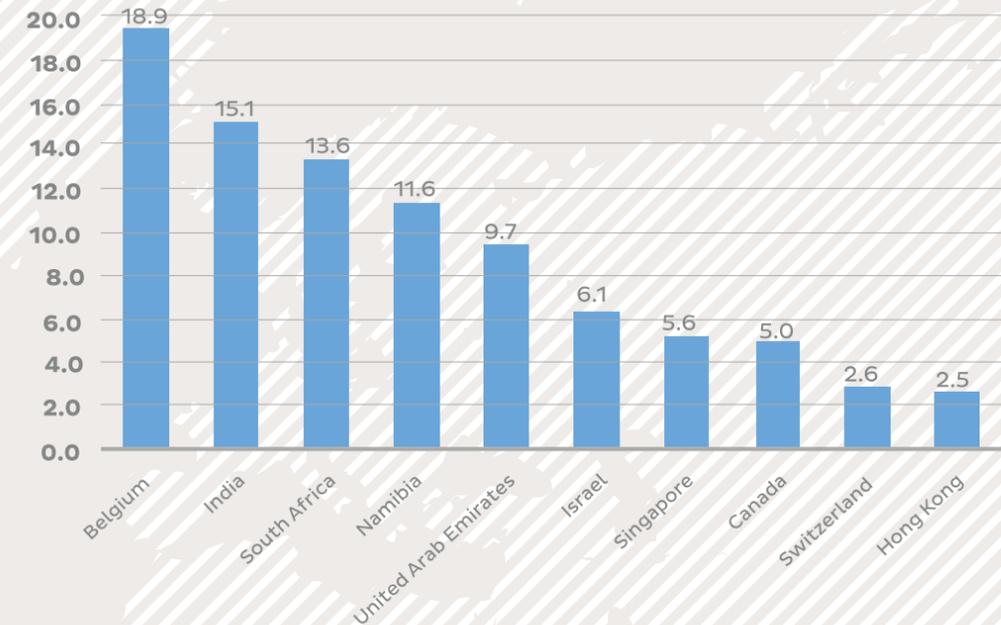
During the financial year under review, BITC offered industrial land to eight (8) companies; most of the land offered being within the BITC Land Bank in Pilane Industrial, Kgatleng District.



# DEVELOPING AND PROMOTING BOTSWANA PRODUCTS FOR EXPORT

## ANNUAL NATIONAL ACCOUNTS SUMMARY (2016)

Export by Major Trading Partner (%)



SOURCE: BITC BASED ON NATIONAL STATISTICS (2016)

GDP IS P 170 billion

GDP Per capita is P 76,446.4

Real GDP growth rate is 4.3 %

Inflation rate Av (2.8%)

Total Imports is P 66.84 billion

Total Exports is P 80.3 billion

SOURCE: BITC BASED ON NATIONAL STATISTICS (2016)

The Business Unit of Export Development and Promotion posted impressive results during the year under review, with export revenue totaling P2.23 billion against an annual target of P2.22 billion, while 6 new products were added to the existing pool of BITC-assisted products being exported to markets in the region and beyond.

A breakdown of the export sales over the four quarters for the year were as below;

Quarter	Export Value (Million)	Targets (Million)
Q1	564.7	522.7
Q2	627.1	522.7
Q3	625.2	522.7
Q4	415.7	522.7
<b>TOTAL</b>	<b>2, 232.7</b>	<b>2, 090.8</b>

In terms of markets, performance for BITC-assisted companies was in the following order;

Market	Export Value
Zambia	90,958,450.77
Angola	21,539,999.18
Zimbabwe	75,391,799.01
DRC	14,598,113.56
Malawi	26,444,884.94
Mozambique	534,970.55
South Africa	1,636,858,050.39
Namibia	55,970,414.28
USA	74,303.64
Hong Kong	24,755,106.36
European Union	324,463,938.39

BITC's core work-stream channels to achieve these set targets and help grow exports in the country are as follows;

- Continued participation in international trade platforms in order to enhance export sales of local products and services into external markets, especially those in the immediate sub-region (Export Promotion)
- The nurturing of export awareness and culture among local manufacturers in order to enhance their skills knowledge of export dynamics and marketing plans to penetrate

external markets (Export Development)

- The continued assistance of traders with all trade related processes and procedures in order to improve the ease of doing cross-border trade in Botswana (Botswana Trade Portal)
- And finally, the staging of BITC's annual flagship exhibition, Global Expo Botswana (GEB) to create opportunities for trade and strategic synergies between local and international companies

Product Performance Exportable products in this financial year were dense soda ash, coarse salt, light soda ash and chemical salt, which were sold to markets in South Africa, Zambia, Zimbabwe, Malawi, DRC and Namibia.

The sale of beef into the European Union, South Africa and Angola continued to grow. Pipes and tanks were also exported into South Africa.

Towels were exported into South Africa, Zimbabwe and Namibia; and electrical cables into the Namibian market.

Automobile batteries were also exported into Zambia, following a trade mission held in Lusaka where a distribution centre was established. Tobacco extracts continued to sell into the Asia, Hong Kong region. Rerolled Steel (fencing droppers, standards, flat bars & round bars) made significant sales into the RSA market, while significant export sales of arts & crafts and canvas bags into the USA were realized during the year.

**Export Promotion: Creating a platform to External Markets**

The Department undertook several promotional activities during the year, with the aim to continue making inroads into external markets for locally manufactured products.

Among these platforms, was the participation in international trade events and/or exhibitions, regional business-to-business meetings and contact promotion missions.

These were the Zimbabwe International Trade Fair (ZITF) held in Bulawayo, the Southern African International Trade Exhibition (SAITEX) held in South Africa, the FACIM Trade Show held in Maputo, the Swaziland International Trade Fair (SITF) held in Mbabane, as well as the TICAD meeting in Nairobi and a Contact Promotion Mission in Zambia.

From these trade missions, an automobile distribution center was established in Zambia, beef supply into Mozambique was resuscitated while cellular phones were also supplied into Mozambique.

**New Products**

During the year under review, six (6) new products were exported to markets in the region against a

target of nine (9) for the year. The products were as follows;

- forma packs (Namibia)
- aluminum windows and designs (RSA)
- latex male condoms (RSA)
- vinyl floor tiles (RSA)
- food cans (RSA)
- Cellular phones (Mozambique)

**Capacity Building: The Export Development Programme**

During 2016/17 financial year under review, a total of 23 companies underwent export readiness capacity building: 10 companies were assisted with development of export marketing plans while 8 companies underwent quality management and productivity improvement training, and 3 were assisted by SES of Germany to improve factory productivity and marketing capabilities.

The SES experts also assisted management and manufacturing staff within these companies to enhance understanding of designing market-driven products.

In an effort to develop the Export Culture in Botswana, three training programs (Export Awareness, Introduction to Exporting and Planning for Exports) have been developed.

The first 2 courses, Export Awareness and Introduction to Exporting, were piloted during Global Expo Botswana 2016 and more than 100 participants took part in the piloted sessions. The last course which is Planning for Exports was completed in February 2017. A training of trainers course was completed in February 2017 in an effort to build a pool of trainers for export capacity building.

During this financial year, BITC in collaboration with the Local Enterprise Authority (LEA) organised Export Awareness workshops in Gaborone (2), Francistown and Maun.

The workshops targeted companies which have never exported before and are considering exporting as an expansion strategy. The workshops attracted a total of fifty (50) companies.

BITC in collaboration with BEMA held its first Exporters Roundtable held in July 2016. The Roundtable brought together private sector and government officials for a three and half hour exporter roundtable, to deliberate on the topic: 'Harnessing Domestic Market Opportunities to Enhance Export Capabilities of Local Enterprises'. The export community raised a number of concerns affecting them such as the non-tariff barriers that are faced in South Africa, lack of export incentives in Botswana, the insufficient protection to local businesses that is offered by the EDD, lack of support to local companies by foreign retail groups, work permit challenges for critical skills required in factories, delays at BURS in acquisition of certificates of origin; and logistics challenges that affect competitiveness.

An Action Plan was produced following the discussions and BITC and BEMA have been undertaking follow-ups on the recommendations.

In line with its market development strategic objective, BITC is continuing to engage with Botswana Vaccine Institute (BVI) and Botswana Ash to facilitate for export activities within the African market.

The assistance and interventions for these companies are aimed at broadening their export market base to accelerate the market and product diversification.

**Access to Trade Information; the Botswana Trade Portal**

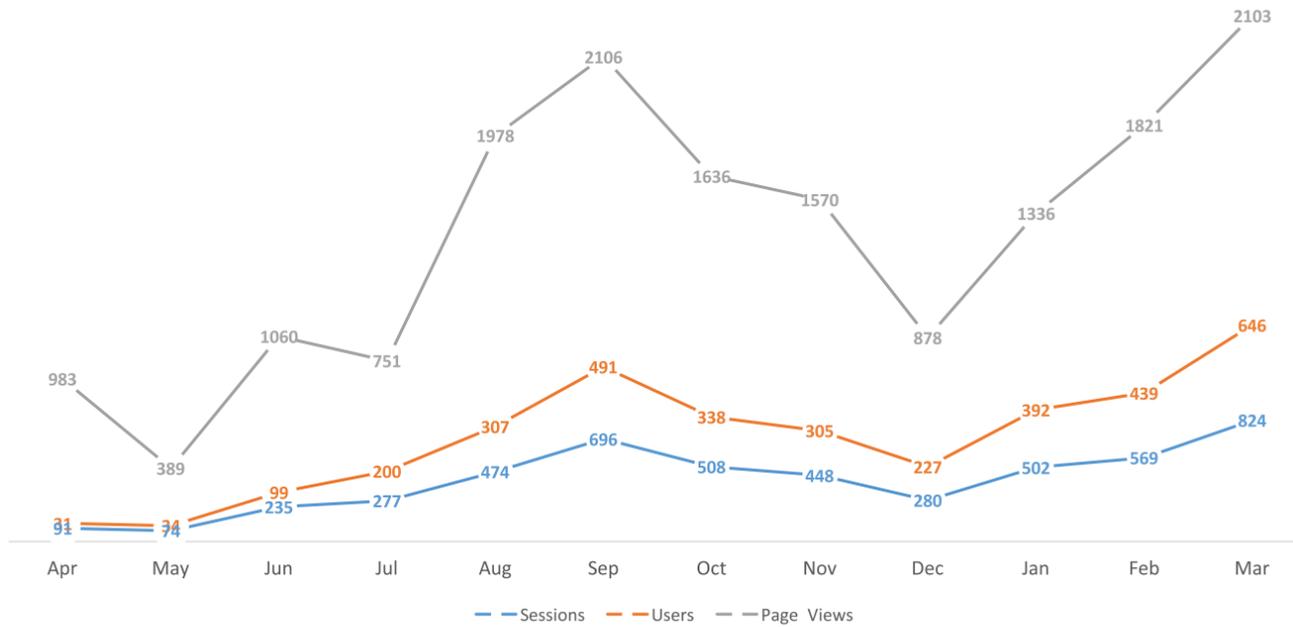
Following the launch of the Botswana Trade Portal in January 2016, BITC concentrated on increasing general user activity for the trade facilitation tool in Botswana and globally.

To this end, daily traffic in the Trade Portal continued to grow during the year under review, with page views totalling 16,611 as at March 2017, and individual users of the online trade platform totalling 3,295 from of 116 countries for the year alone.

Throughout the twelve months under review, the highest number of page views was reached in September at 2,106 while the lowest was in May at 389. Users maintained a more or less steady monthly rise, from 31 in April

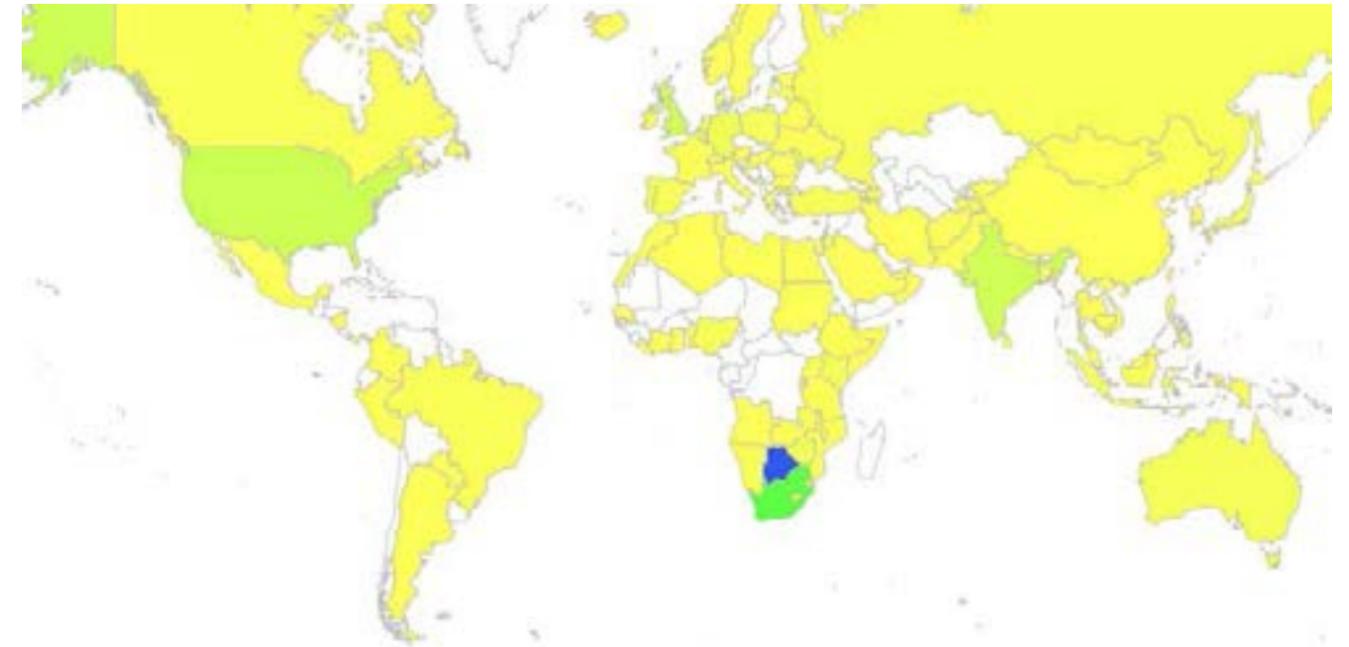
2016 to 646 in March 2017 alone. Overall, December experienced low figures as a direct result of low business activity during the Christmas holidays.

TRADE PORTAL UTILIZATION



In terms of country usage across the world, Botswana came tops at 3,098, followed by South Africa at 516, then the United States (173), India (159), United Kingdom (144), Germany (62), Zimbabwe (49), Netherlands (48), Kenya (34) and Australia (28) in that order.

Global usage map of Botswana Trade Portal



**OF THESE, 66% WERE ONCE-OFF NEW USERS OF THE TRADE PORTAL, WHILE 34% WERE RETURN USERS - WHICH UNDERLINES THE GROWTH IN CONFIDENCE THAT TRADERS FROM ACCROSS THE WORLD ARE BEGINNING TO HAVE IN THE BOTSWANA TRADE PORTAL.**

**Enquiries into the Botswana Trade Portal**

During the period under review, a total of 65 enquiries were logged into the Trade Portal by traders from across 14 countries in the world. These enquiries ranged from general questions on doing cross-border trade with Botswana, to questions on procedures and processes to export and import products into Botswana.

The countries from which these trade enquiries came from were Botswana at 32, South Africa 11, Nigeria 5, New Zealand 5, Lesotho 2, United Arab Emirates 2, United Kingdom 2, Qatar 1, Brazil 1, Pakistan 1, Zimbabwe 1, Canada 1, Belgium 1 and Hong Kong 1. All enquiries were responded to after consultation with the relevant trade regulatory bodies.

Select enquiries logged into the Botswana Trade Portal

	Country	Enquiry	Response	Response time
<b>Asia &amp; Middle East</b>				
1	Hong Kong	Procedure to acquire import/export permit for donkey skin to supply Hong Kong	Client engaged and furnished with procedure for acquiring Botswana health certificate to assist in import permit issuance in Hong Kong	Within 3 days, with further engagement thereafter
2	United Arab Emirates	Interested in establishing a manufacturing facility in Botswana	Client assisted through BITC One-Stop-Shop	Within 3 days
3	Qatar	Procedure for importation of motor vehicles for personal use	Client sent import procedure	Within 3 days
<b>Europe</b>				
1	Belgium	Request for shipping procedure for general telecom and informatics equipment (router, HDVC, switch, modem, Satellite equipment)	Client engaged, informed that procedures will be forwarded when import products are identified, not generalized	Within 3 days
2	United Kingdom	Suppliers from Botswana for used cooking oil or non-edible vegetable oils	Client e-mail contact details of Botswana supplier for non-edible oil	Within 3 days
		Procedures for export of smelted metal ingots to RSA, India and Europe.	Client engaged and procedures for export of ferrous and non-ferrous metals sent	Within 3 days

	Country	Enquiry	Response	Response time
<b>Africa</b>				
1	South Africa	Requirements for transiting explosives (non-military grade) through Botswana	Client sent procedures for Transit Permit, of HS Code 3602 for explosives as well as propellants for fireworks	Within 3 days, with further engagements thereafter
		Enquiry on requirements to pay import levy as well as tariffs for petroleum products	Client emailed all import procedures for petroleum products, as well procedures for payment of levy as outlined under HS Code 27101202 of the Trade Portal measures and procedures	
2	Botswana			
		General processes and procedures for import and export of flowers, honey, hides, donkey meat, soap lotion, canned met, as well as commodity classifications for various products	All processes and enquiries sent out, and client taught to search those on their own	All within 3 days
<b>North &amp; South America</b>				
1	Canada	Clarity on customs bill received for duty-free goods exported to Botswana	Clients emailed procedures	Within 3 days
2	Brazil	Import procedures for tiles and leather products	Clients emailed procedures	Within 3 days

**Outreach Activities**

A number of outreach activities in collaboration with the Corporate Communications Department were carried out throughout the country in the period under review, with a view to create awareness about usage of the Trade Portal and the benefits therein. Activities were carried out in Kasane, Ghanzi, Jwaneng, Gaborone, Lobatse, Selebi Phikwe, Palapye, Francistown and South Africa. Over and above that, other promotional activities also included radio live-reads, local and regional newspaper adverts, as well as online advertisements.



**Global Expo Botswana; A platform for Trade and Strategic Partnership**

The 11th Global Expo Botswana (GEB 2016) was held from 23-26 November 2016, under the theme “Exploring Opportunities for Economic Growth” at Botswana Conference & Exhibition Centre, Fairgrounds, Gaborone.

The GEB 2016 was officially opened by the Governor of Bank of Botswana, Mr Moses Pelaelo.

**Exhibitors' profile**

There were 212 Exhibitors from 17 countries, including Botswana. Countries that took part in GEB 2016 exhibition were as follows:

1. Botswana
2. India
3. Dubai
4. South Africa
5. South Korea
6. Zambia
7. Kenya
8. Namibia

9. Japan
10. Germany
11. Swaziland
12. Portugal
13. Zimbabwe
14. Zambia
15. Swaziland
16. Brazil
17. Mozambique

**Visitors' profiles**

GEB received a total of 3233 visitors in 2016

Total Registrations

**3233**

Total Males

**1827**

Total Females

**1405**

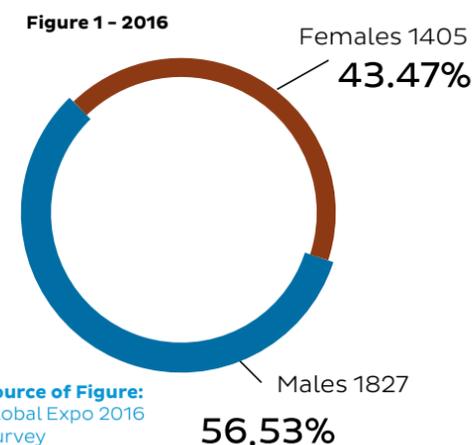


**Official totals**

About 502 guests came in on Day 1, followed by 992 on Day 2. Day 3 recorded the highest walk-ins with 1433 guests. Day 4 had the lowest walk-ins with 306 guests.

**Demographic characterisation of the GEB 2016 attendees in terms of gender**

Figure 1 below shows that a high total of 1827 males were recorded; against a total of 1405 females. Males made up 56.53% while Females was only 43.47% during the four days of the Expo.



Source of Figure: Global Expo 2016 Survey

**GEB 2016 visitors by country of origin**

Botswana <b>2988</b> 1673 Male 1315 Female	South Africa <b>48</b> 34 Male 14 Female	Zimbabwe <b>20</b> 16 Male 4 Female	Malawi <b>8</b> 4 Male 4 Female	Zambia <b>6</b> 6 Male 0 Female	Mozambique <b>5</b> 3 Male 2 Female
Indonesia <b>3</b> 0 Male 3 Female	Kenya <b>2</b> 0 Male 2 Female	Tanzania <b>2</b> 2 Male 0 Female	UK <b>2</b> 2 Male 0 Female	Lesotho <b>2</b> 1 Male 1 Female	Germany <b>2</b> 2 Male 0 Female
Spain <b>2</b> 1 Male 1 Female	Malaysia <b>1</b> 1 Male 0 Female	Mexico <b>1</b> 1 Male 0 Female	Nigeria <b>1</b> 1 Male 0 Female	Pakistan <b>1</b> 0 Male 1 Female	Brazil <b>1</b> 0 Male 1 Female
Uganda <b>1</b> 1 Male 0 Female	Korea <b>1</b> 1 Male 0 Female	USA <b>1</b> 1 Male 0 Female	Swaziland <b>1</b> 1 Male 0 Female	France <b>1</b> 1 Male 0 Female	

**Evaluation of the exhibition**

Out of 144 exhibitors interviewed, 47 exhibitors at GEB 2016 came with the intention of targeting a business value of P187,725,620.00.

- 40 had already negotiated or placed orders at the value of P4,973,573.00 at the time of the survey during the Expo.
- 72 exhibitors estimated that by the end of the Expo they would have spent a total of P2,122,552.00 in Botswana.

**Business Matchmaking**

The Business Matchmaking Programme is an initiative run by Global Expo Botswana to manage and create targeted one-on-one meetings between exhibitors and visitors in order to avail an opportunity for them to discuss business prospects based on their outlined areas of interest.

The initiative, as practiced globally in other trade fairs, is not new to Global Expo Botswana - having been part of the Expo since its commencement in 2006 as ‘buyer-seller meetings’. In 2016, GEB engaged a South African company called Outsmart Marketing to facilitate the matchmaking exercise.

**Investment & Trade Conference**

The GEB 2016 conference took place on 24th November 2016. The Conference was a great success, as it attracted well over 500 delegates from various parts of the world; with majority of the delegates coming from Botswana. The Conference featured two main sessions and four break-away sessions of about one and half hours each.

These sessions were headlined by some high-level international speakers, with the support of industry experts from both the public and private sectors

from Botswana, who covered various topics in Export-led Foreign Direct Investment, Entrepreneurship, Automotive Components Manufacturing, Agri-business, Financial & Business Services and Information & Communication Technologies.

## BRANDING BOTSWANA

**The 2016/17 Brand Botswana initiatives were intended to address issues raised by the 2013 NBI Report which highlights that Botswana remains a largely unknown country, placing it at number 48 out of 50 surveyed countries.**

Increased global awareness of Botswana therefore remains key to Brand Botswana's deliverables. Nationally the 2015 Brand Awareness and Investors Perception Survey revealed that Batswana are aware of the nation brand and have an affinity towards it, but don't understand its relevance and the role that they can play as individuals.

Brand Botswana's 2015/16 initiatives were therefore aimed at addressing the above issues.

### Strategic Partnerships

During the 2016/17 financial year, Brand Botswana continued to collaborate with strategic partners to increase awareness, understanding and uptake of Brand Botswana. These partners, amongst others include the Botswana Unified Revenue Services and the Ministry of Nationality, Immigration and Gender Affairs, which Brand Botswana continues to engage to highlight their role in how Botswana is perceived through the service they provide. 22 capacity building workshops were held reaching 680 people.

Further to this, Brand Botswana's other partners include the Botswana Innovation Hub, Ministry of International Affairs and Cooperation, International Working Group on Women in Sport, the University of Botswana and Ladies Circle Botswana to mention a few.

A critical Memorandum of Understanding was signed with the Botswana National Sports Commission to ensure that Brand Botswana and the BNSC elevate sports and Batswana athletes in a bid to further brand and galvanise the nation.

The MOU provides Brand Botswana with access to Botswana athletes across all the BNSC registered sporting codes and enables Brand Botswana to engage with them through capacity building workshops, to assist with media presentation and personal branding initiatives.

**Marketing Initiatives**

**International Portfolio**

Brand Botswana embarked on an international campaign on DSTV, across Sky News, BBC World and SuperSport channels for a period of six months. This was coupled with placement of the “Botswana Story” across in-flight magazines on Air Botswana, Kenya Airways, South African Airways and Ethiopian Airways. In an effort to reach a wider audience, Brand Botswana also partnered with Botswana Missions abroad to execute some international activations around the Golden Jubilee celebrations, as well as targeted Investment Seminars which were hosted in the United Kingdom and India. The ITB Berlin Botswana’s participation was yet another flagship initiative that Brand Botswana embarked on in partnership with Botswana Tourism Organisation and other stakeholders, to grow global awareness of Botswana.

**National Portfolio**

Key local initiatives include the continued roll out of the “For Me, For Botswana” Campaign that sought to educate Batswana on their role in the Nation Brand program.

The campaign continues to run on Yarona FM, Gabz FM and Duma FM. This campaign drives brand awareness, but also provides an opportunity for Brand Botswana to engage with the ordinary Motswana who is making a difference in their various communities. Brand Botswana continues to provide support for local companies as a way of increasing Pride Mark usage and uptake. For the second year running, Brand Botswana has hosted local companies to showcase their “Made In Botswana” products and services at the Global Expo Botswana, providing them with a platform for exposure at no cost to them,

as well as the opportunity for B2B interactions. The Botswana Pavilion hosted unique companies and products, such as:

- Setso - Canned Serobe
- Ditec Mobile
- Just Ginger
- InaLebe
- LithoFlex and others

**Media Engagement & Sponsorships**

During the period under review, Brand Botswana participated in and sponsored various events to drive brand awareness and ensure engagement with various audiences. Brand Botswana sponsored Vincent Crosbie, the first ever Motswana to participate at the Dakar Rally, providing Botswana with brand visibility throughout the entire race. Other events included the Fresh Thinking Series – a platform focusing on thought leadership to inspire new pathways; be it in business, science, innovation, development and other social arenas. There was also the Buy Botswana Thought Leadership conference, which highlighted the need for both government and the private sector to partner in elevating Botswana products. The Nation Brand and Investment Seminar which was held in partnership, with the Southern African Chamber of Commerce (SANEC) in the Netherlands, further provided an opportunity for international media exposure. In recognition of the BOT50 celebrations, Brand Botswana participated through the float parade and also hosted the premiere of “A United Kingdom Movie” in South Africa for potential investors. Brand Botswana also partnered with the Crete to Cape Vintage Air Rally to host pilots flying from Crete, Greece to Cape Town with various stopovers in Africa. Stopovers were made in both

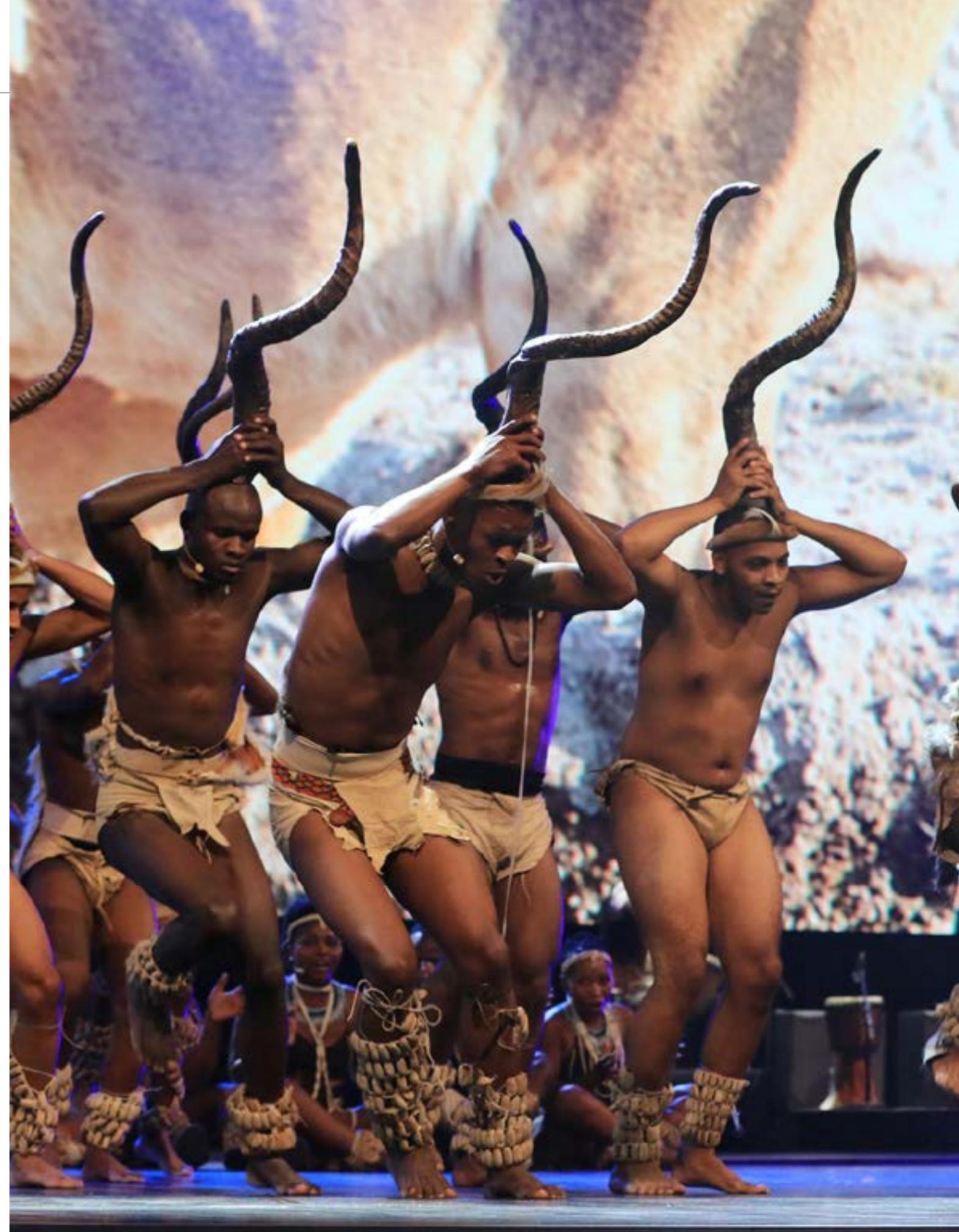
Tuli Block and Gaborone. Media Engagement formed a critical part of the 2015/16 financial year, with Brand Botswana hosting international media from South Africa, Kenya and the United Kingdom at the 2016 Global Expo Botswana to experience Botswana’s premier business to business exposition and other facets of Botswana. Local Media was also engaged through various media forums throughout the year which allowed Brand Botswana to build and nurture relationships with various media houses. Brand Botswana’s social media presence marked a significant aspect of the growth of the brand. Continued growth speaks to increased engagement with various audiences across Facebook, Instagram, YouTube and Twitter. Facebook numbers increased from 9868 to 17478, signalling significant organic growth of the Facebook page.

**National Committee Representation**

Brand Botswana is represented in a number of committees to play an advisory role and ensure the correct representation of the Nation Brand. The committees that Brand Botswana participated in are:

- President’s Day National Organising Committee
- BOT50 Board
- Service Excellence Framework spearheaded by the Botswana National Productivity Centre
- The International Working Group on Women in Sport
- Botswana Border Improvement Committee

Serving on national committees provides Brand Botswana an opportunity to enhance alignment of national events and projects to the National Brand Strategy by ensuring that the branding principles are upheld.



# CORPORATE COMMUNICATION

## Media Engagement

### Press Conference

The Botswana Investment & Trade Centre held a combined Media Tour and Press Conference in July, 2016. At the press conference hosted by the Chief Executive of BITC, Letsebe Sejoe, a presentation was given on the BITC's performance for the year 2015 / 2016, initiatives for a more focused and targeted investment promotion, as well as highlights of investment corporate communication opportunities. Also shared were insights into programmes and projects under the areas of Export Development & Promotion; in particular, the Botswana Trade Portal, Botswana Export Development Programme and Global Expo Botswana.

### Media Tour

The Media Tour began at the Gabs Bedding factory in Phakalane, with a press conference held at the company's showroom; allowing the media the opportunity to appreciate some of the products locally made by the BITC-assisted manufacturing company at close

range. Companies visited during the media tour included;

No.	Name of Company	Location	Nature of Business / Product Line
1	Gabs Bedding	Phakalane	Base Sets, Mattresses (Inner Spring, Layered Foam & Foam), Lounge Suite products, Sponge products, Leather and Canvas Bags.
2	Babic Holdings	Tlokweng	Stationery & Office Supplies
3	Lithoflex	BITC Factory Shells - Nkoyaphiri	Printing ink
4	Alpha Access Botswana	G - West Industrial	Latex male condoms, latex products



**BITC Open Day**

Botswana Investment & Trade Centre held its inaugural Open Day in September 2016 at the parking lot of the organisation's Exponential Building, CBD headquarters.

This initiative was motivated by the need to continuously improve on BITC's brand awareness, as well as build relationships with potential and existing clientele. This day was dedicated to members of the public and the business community to interact with BITC in an informal setting, and learn about BITC products and services. The platform also allowed for networking and feedback for BITC to better appreciate the experiences, challenges and successes on the ground and find opportunities for service improvement. As part of showcasing BITC services, the Open Day featured a mini-exhibition where BITC, alongside some BITC-assisted companies had an opportunity to exhibit

products and services to the public.

**BITC Outreach Campaign**

In the financial year 2016/17, BITC held its Annual Outreach Campaign at various locations around the country. Targeted areas included; Lobatse, Palapye, Francistown, Kasane, Molepolole, Maun, Tsabong and Ghanzi. The campaign aims to bridge the knowledge gap in the various services offered by BITC to local businesses / investors and the public.

This year's campaign targeted specific stakeholders to either tap into the information resource they had or foster a mutual working relationship. The campaign focused on engaging the business community, local authorities and stakeholders through a joint Customer Service Open Day. Some of the key stakeholders involved were the Local Enterprise Authority (LEA) and Citizen Entrepreneurial

Development Agency (CEDA). These sister organisations collaborated with BITC on the delivery of this initiative for mutual benefit.

The objectives of this Annual Campaign are to:

- Inform Batswana about the BITC mandate,
- Sell the various services offered by BITC and the benefits of registering with BITC,
- Sell the business opportunities researched and promoted by BITC to Batswana,
- Engage with local manufacturers on export market opportunities and export development services offered by BITC, and
- Engage with local authorities and stakeholders that support business / investment.



Additional activities which ran concurrent to the Customer Service Open Day included aftercare or company visits, stakeholder meetings and a business seminar on the campaign locations.

**BITC's Humane Face - CSI Efforts**

The Botswana Investment and Trade Centre (BITC) employees donated 100 uniform hampers to students at Setlhomu Memorial Primary School in Otse village, in the Central District. BITC handed over the donations at a ceremony hosted by the school in January 2017.

The event was themed, "Invest in A Child's Life and Make a Difference." The donated hampers included shoes, pants for boys, shirts, skirts for girls, belts, socks and ties. The students who received hampers were also among the 600 students who received hampers, comprising a meal plate, fruits, juice and snack. Setlhomu Memorial Primary School came as a recommendation from the

District Social Worker who informed the BITC team that there are children in dire need who do not receive any assistance through the government Destitute Program.

The BITC team thus took the decision to donate sets of uniform to the less privileged students in the school, as it would be of great value to the learners to help lighten the burden of buying uniforms by their parents.

This charitable endeavour was embarked upon as a means of safeguarding the future of the children as espoused in the country's Vision 2036, under the pillar of Human and Social Development, specifically on Children's Wellbeing.

The goodwill effort will help in the children's mental growth and development, and assist greatly in the enhancement of their learning.

In another CSI initiative, BITC continued to provide support to its adopted school, Ikageng Junior Secondary, through availing resources to support the

school. BITC provided a motivational speech at the school's Prize Giving Ceremony.

**The Business Kraal Television Show**

BITC sponsored a magazine television show, dubbed *The Business Kraal* which was aired on Botswana Television (BTV) in May 2016. This 13-episode show was shot during the last quarter of this financial year (2015 / 16).

It was an exclusive pre-recorded show which ran for 30 minutes, profiling existing business opportunities and drawing expert opinion from local experts based on subjects in various sectors.

The show was designed to create awareness, educate and promote the services offered by BITC, and further promote trade and investment opportunities that are available for Batswana to take advantage of within Botswana's various sectors of the economy. The topics which were covered included; Key Sector Opportunities, (Why Botswana?), Value Propositions, Local

# 70

Economic Development (District Opportunities), Special Economic Zones, and Export Market Opportunities for Zambia, Angola, Zimbabwe and Namibia etc.

This show came at an opportune time, when the country's economic environment calls for enterprising activities and provides ample support to locals and their businesses. The objectives of the Business Kraal Magazine Show were:

- To educate Batswana about untapped business opportunities that exist in the country,
- To encourage citizen participation in economic development and diversification,
- To provide information on the available services offered by BITC to the local business community,
- To provide guidance on sources of information to explore opportunities.

The show was shot at the BITC Head Office and prior to its airing, promotional adverts were aired on the national television station, BTV to generate interest within the target audience to ensure high viewership.

## Annual MITI Parastatal Games

The Botswana Investment & Trade Centre brainchild, the Annual MITI Parastatal Games continue to gain popularity year after year. The games were held in June, 2016 at the Bank of Botswana grounds, and are an important feature in the Ministry of Investment, Trade and Industry parastatals' annual calendars. The host for this year was Copyright Society

of Botswana (COSBOTS), which won a toss at the 2015 games to determine the new host.

The inaugural games were held in 2014 and were hosted by BITC, with LEA hosting it the following year. Sister parastatals which participated in these games were; BITC, Competition Authority, BDC, LEA, CEDA and BOBS, along with the host, COSBOTS.

The games continue to grow as employees of these parastatals continually foster good working relations, especially in preparation for these games.

As these parastatals have a complimentary mandate with BITC, the games continue to facilitate a conducive environment for staff to know each other and deliver service more effectively and efficiently.

The games played were Football, Netball, Volleyball, Athletics and a Tug of War.

The overall winner of the 2016 tournament was LEA in 1st position, followed by CEDA and COSBOTS in 2nd and 3rd respectively.

## Participation at the BOT50 Float Procession

The Botswana Investment & Trade Centre, as part of the build up towards Botswana's 50 years Independence Celebrations took part in the commemoration of the "50 Days Countdown" dubbed, #50 for 50 which was officially launched by His Excellency the President of the Republic of Botswana, Lieutenant General Dr. Seretse Khama Ian Khama in August, 2016. The event was held at the University of Botswana (UB) Stadium.

On September 30, BITC was also very visible in the independence

float procession as part of the Botswana Golden Jubilee celebrations. The procession started from four different points around Gaborone and converged at the National Stadium.

The float showcased the services offered by BITC and depicted the impact BITC has made in the economy as part of Botswana's achievements in the 50 years of growth and prosperity.





## TOWARDS SERVICE EXCELLENCE

**BITC and its leadership is committed to achieving high and globally acceptable customer service standards.**

As an IPA, customer service in its all-inclusive context, is a critical factor in determining the competitiveness of BITC to attract FDI to Botswana. Customer Service is hence placed high on the BITC agenda by design, as enshrined in our corporate strategy, where we seek to improve customer responsiveness. Our corporate values are also not devoid of the meaning of customer service to the Organisation. The Government has also moved ahead in rallying all its Ministries, together with their parastatals, behind changing the landscape of service across the country. It is therefore befitting that as an organisation tasked with management of the Nation Brand, we subscribe to high standards of

service to lead the nation towards adopting the customer service culture so that we achieve our purpose as a country to attract investment, tourism and other benefits.

BITC continues to make significant progress in reinventing its approach towards customer service. During this financial year, BITC embarked on a project to develop the BITC Customer Service Policy, Processes, Procedures as well as Customer Satisfaction Indices and Sub-Indices. The project is part of implementing the BITC Customer Service Strategy, and its purpose is to guide the delivery of service across the Organisation according to documented policy, processes, procedures and standards against which customer satisfaction will be measured.

The customer service indices and sub-indices developed through this project will allow for measurement of our impact on all areas of our service touchpoints. The Organisation continues to assess customer satisfaction

through daily dipstick surveys. For this financial year, the Organisation performed at an average of 87.8% against the set target of 85%, which indicates that the initiatives put in place are contributing significantly to improving the service culture across the Organisation.

The image features the national flag of the Republic of the Congo, which consists of three horizontal stripes of red, green, and blue, separated by thin white borders. The flag is shown waving on a flagpole against a background of a blue sky with light clouds and a blurred building with windows. A semi-transparent grey rectangular box is overlaid on the left side of the image, containing the text 'ANNUAL FINANCIAL STATEMENTS' in a bold, black, sans-serif font.

**ANNUAL FINANCIAL  
STATEMENTS**

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

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The following schedules do not form part of the Consolidated Annual Financial Statements and are presented solely for information

<b>116</b>	Detailed consolidated income statement and notes
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## GENERAL INFORMATION

Domicile, legal form and principal business activity:

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

### Registered address:

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

### Directors:

Mr Victor Senye	Chairman
Ms Belinda Mosweu	
Mr Terence Dambe	
Ms Macie Keneilwe Molebatsi	
Mr Christopher Roy Garland	
Ms Ellen Richard-Madisa	
Ms Peggy O Serame	
Ms Palesa Semele	
Mr Meshack Tshekedi	Chief Executive (Acting)
Mr Letsebe Sejoe	Chief Executive (Resigned : 28.02.2017)

### Postal address:

Private Bag 00445  
Gaborone

### Auditors:

PricewaterhouseCoopers  
Gaborone

### Bankers:

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

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS for the year ended 31 March 2017

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 and in the manner required by the Botswana Investment and Trade Centre Act, 2011.

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

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

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

The annual consolidated financial statements on pages 82 to 115 and supplementary information on pages 116 to 119 were authorised for issue by the Board of Directors on 20 September 2017 and are signed on its behalf by:



Director



Director



### INDEPENDENT AUDITOR'S REPORT

#### TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### *Our opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Botswana Investment and Trade Centre (the "Centre"/"BITC") and its subsidiary (together the "Group") as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

##### **What we have audited**

BITC's consolidated financial statements set out on pages 5 to 36 which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in funds for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

##### *Basis for opinion*

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

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

##### **Independence**

We are independent of the Group in accordance with the Botswana Institute of Chartered Accountants code of ethics (BICA Code) and the ethical requirements that are relevant to our audit of financial statement in Botswana. We have fulfilled our other ethical requirements in accordance with these requirement and the BICA Code. The BICA Code is consistent with the International Ethics Standards Boards for Accountants Code of Ethics for Professional Accountants (Parts A and B).

##### *Other information*

The directors are responsible for the other information. The other information comprise the General Information, Statement of Responsibility by the Board of Directors, Detailed Consolidated Income Statement and Notes to the Detailed Consolidated Income Statement, which we obtained prior to the date of this auditor's report, and other sections of the BITC 2017 Annual Report, which are expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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



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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the consolidated financial statements**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

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

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

  
Individual practising member: Kosala Wijesena  
Membership number: 20000140

Gaborone  
28 SEP 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2017

	Note	2017 P	2016 P
Revenue	5	116,194,327	127,841,970
Other income / (expenses)	7	1,105,709	(331,625)
Investment property fair value adjustment	12	(29,314,072)	7,400,000
Administrative expenses	8	(110,077,363)	(119,851,028)
Operating (deficit) / surplus		(22,091,399)	15,059,317
Net finance income	10	1,306,564	1,330,367
<b>(Deficit) / surplus for the year</b>		<b>(20,784,835)</b>	16,389,684
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(20,784,835)</b>	16,389,684

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2017

	Note	2017 P	2016 P
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	14,000,321	10,037,419
Investment properties	12	235,085,928	269,700,000
Intangible assets	14	13,935	140,137
Deferred lease income assets		1,251,808	-
		<b>250,351,992</b>	279,877,556
<b>Current assets</b>			
Trade and other receivables	15	4,673,404	6,480,178
Deferred lease income assets		662,264	-
Cash and cash equivalents	16	98,314,447	63,005,697
		<b>103,650,115</b>	69,485,875
<b>Total assets</b>		<b>354,002,107</b>	349,363,431
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
General fund		163,839,196	184,624,031
<b>Total funds</b>		<b>163,839,196</b>	184,624,031
<b>Non-current liabilities</b>			
Capital grants	17	137,140,678	137,323,348
Deferred lease liability		993,974	-
		<b>138,134,652</b>	137,323,348
<b>Current liabilities</b>			
Trade and other payables	18	52,028,259	27,416,052
		<b>52,028,259</b>	27,416,052
<b>Total liabilities</b>		<b>190,162,911</b>	164,739,400
<b>Total funds and liabilities</b>		<b>354,002,107</b>	349,363,431

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS**  
for the year ended 31 March 2017

	General Fund P	Total P
Balance at 1 April 2015	168,234,347	168,234,347
Surplus for the year	16,389,684	16,389,684
<b>Balance at 31 March 2016</b>	<b>184,624,031</b>	<b>184,624,031</b>
Balance at 1 April 2016	184,624,031	184,624,031
Deficit for the year	(20,784,835)	(20,784,835)
<b>Balance at 31 March 2017</b>	<b>163,839,196</b>	<b>163,839,196</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2017

	Note	2017 P	2016 P
<b>Cash generated from operations</b>	<b>19</b>	<b>12,045,665</b>	8,117,444
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(3,191,730)	(2,058,986)
Proceeds from sale of property, plant and equipment		586,464	39,546
Interest income received		2,128,033	1,886,285
<b>Net cash used in investing activities</b>		<b>(477,233)</b>	(133,155)
<b>Cash flows from financing activities</b>			
Government capital grants received	17	3,191,730	2,058,986
<b>Net cash generated from financing activities</b>		<b>3,191,730</b>	2,058,986
<b>Net change in cash and cash equivalents</b>		<b>14,760,162</b>	10,043,275
Cash and cash equivalents at beginning of year		54,339,088	44,851,731
Exchange losses on cash and cash equivalents		(821,469)	(555,918)
<b>Cash and cash equivalents at end of year</b>	<b>16</b>	<b>68,277,781</b>	54,339,088

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**1 General information**

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

**2 Summary of significant accounting policies**

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

**2.1 Basis of preparation**

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

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

**Basis of consolidation**

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

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

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

Transaction between the subsidiary and BITC are eliminated.

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

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

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre’s accounting periods beginning on or after 1 April 2016. These have been adopted by the Centre during the year.

- Amendments to IAS 1, ‘Presentation of financial statements’ disclosure initiative – In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies (Effective 1 January 2016).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

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

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre. These have not been early adopted by the Centre.

Standard	Description	Effective date
IAS 7	Cash flow statements	1 January 2017
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments (2009 & 2010), Financial liabilities, Derecognition of financial instruments, Financial assets, General hedge accounting	1 January 2018
IAS 40	Investment property	1 January 2018
IFRS 16	Leases	1 January 2019

**2.2 Foreign currency translation**

**2.2.1 Functional and presentation currency**

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

**2.2.2 Transactions and balances**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**2.3 Property, plant and equipment**

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

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

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

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

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

**2.4 Capital work-in progress**

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

**2.5 Investment properties**

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

**2.5 Investment properties (continued)**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

**2.6 Intangible assets**

**Computer software**

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

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

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

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

**2.7 Impairment of non-financial assets**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

2 Summary of significant accounting policies (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

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.

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 finance 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

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.

*(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.

2.8.4 Impairment of financial assets

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.4 Impairment of financial assets

*(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, 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. 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 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).

See note 12 for disclosures of the investment property that are measured at fair value through profit or loss.

2.10 Trade receivables

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

**2.10 Trade receivables (continued)**

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

**2.11 Cash and cash equivalents**

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

**2.12 Trade payables**

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

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

**2.13 Employee benefits**

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

**2.14 Provisions**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

**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.

**a) 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.

**b) Rental income**

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

**c) 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 if the Centre they are directors of the Centre. Related party transactions are disclosed in Note 23 to the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

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

#### 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.

##### (a) Market risk

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

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

At 31 March 2017, 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 9,449 (2016: P 17,598) 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 2017, 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 34,504 (2016: P 17,480) 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 2017, if the currency had weakened / strengthened by 1% against the Indian Rupee with all other variables held constant, surplus for the year would have been P 6,844 (2016: P 6,504) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

##### (ii) Other price risk

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

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

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

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

At 31 March 2017, 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 983,064 (2016: P 632,022) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

3 Financial risk management (continued)

(b) Credit risk

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

(c) Liquidity risk

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

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

	Less than 1 year P
<b>At 31 March 2017</b>	
Trade and other payables	49 815 083*
<b>At 31 March 2016</b>	
Trade and other payables	25 202 876*

\* 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 CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	2017 P	2016 P
<b>5 Revenue</b>		
Government grants (Note 6)	94,365,950	108,550,071
Global Expo income	1,416,765	1,181,079
Rental income	17,037,212	13,499,543
Amortisation of Government capital grant (Note 17)	3,374,400	4,611,277
	<b>116,194,327</b>	<b>127,841,970</b>
<b>6 Government grants</b>		
Grant income received for the year	97,557,680	110,609,057
Less : capital expenditure for the year (Note 17)	(3,191,730)	(2,058,986)
	<b>94,365,950</b>	<b>108,550,071</b>
<b>7 Other (expenses) /income</b>		
Profit / (Loss) on disposal of property plant and equipment	373,733	(547,549)
Sundry income	731,976	215,924
	<b>1,105,709</b>	<b>(331,625)</b>
<b>8 Expenses by nature</b>		
Aftercare expenses	9,707	10,761
Auditor's remuneration	297,697	282,213
Branding expenses	6,457,597	5,688,459
Provision for doubtful debts	112,211	634,812
Staff costs (Note 9)	52,362,408	56,777,273
Export promotion expenses	2,488,933	2,538,420
Depreciation and amortisation expenses	4,442,299	4,400,643
Global Expo expenses	8,846,249	7,060,862
Investment promotion expenses	2,521,527	4,816,783
Professional and legal fee	2,635,462	4,258,089
Public relations expenses	4,265,386	5,591,030
Rent expense	9,069,950	8,269,474
Research expenses	698,644	1,396,374
Seminar and conferences	562,746	1,245,127
Telecommunication and utilities	3,380,097	4,686,300
Special Economic Zones expenses	-	2,194,697
Computer expenses	3,841,823	32,372
Property maintenance expenses	1,586,886	1,267,578
Transport, travel and subsistence	2,147,595	2,999,089
Other expenses	4,350,146	5,700,672
	<b>110,077,363</b>	<b>119,851,028</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	2017 P	2016 P
<b>9 Staff costs</b>		
Salaries and allowances	42,631,467	45,286,663
Social security costs	1,429,050	1,189,337
Gratuity	6,930,450	7,717,957
Staff training and other staff related expenses	1,371,441	2,583,316
	<b>52,362,408</b>	<b>56,777,273</b>
<b>10 Net finance income</b>		
<b>Finance income</b>		
Interest income	2,128,033	1,886,285
<b>Finance costs</b>		
Exchange losses	(821,469)	(555,918)
Net finance income	<b>1,306,564</b>	<b>1,330,367</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	Land & Buildings	Leasehold Improvements	Office Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Totals
<b>11 Property, plant and equipment</b>							
<b>Year ended 31 March 2016</b>							
Net book amount at beginning of year	3,799,653	3,661,212	387,495	1,418,428	1,748,928	1,720,517	12,736,233
Additions	-	347,848	197,253	485,968	55,898	972,019	2,058,986
Cost of disposal	-	-	(43,887)	(868,748)	(60,597)	(650,000)	(1,623,232)
Depreciation on disposal	-	-	36,338	870,168	48,381	81,250	1,036,137
Depreciation	(85,819)	(1,501,163)	(223,119)	(917,309)	(590,484)	(852,811)	(4,170,705)
<b>Net book amount at end of year</b>	<b>3,713,834</b>	<b>2,507,897</b>	<b>354,080</b>	<b>988,507</b>	<b>1,202,126</b>	<b>1,270,975</b>	<b>10,037,419</b>
<b>As at 31 March 2016</b>							
Cost	4,052,143	6,572,017	860,661	3,323,607	2,934,599	3,086,242	20,829,269
Accumulated depreciation	(338,309)	(4,064,120)	(506,581)	(2,335,100)	(1,732,473)	(1,815,267)	(10,791,850)
<b>Net book amount</b>	<b>3,713,834</b>	<b>2,507,897</b>	<b>354,080</b>	<b>988,507</b>	<b>1,202,126</b>	<b>1,270,975</b>	<b>10,037,419</b>
<b>Year ended 31 March 2017</b>							
Net book amount at beginning of year	3,713,834	2,507,897	354,080	988,507	1,202,126	1,270,975	10,037,419
Additions	609,166	-	4,672	1,287,175	253,156	1,037,561	3,191,730
Transfer from Investment property	5,300,000	-	-	-	-	-	5,300,000
Cost of disposal	-	-	-	(14,583)	(48,667)	(700,000)	(763,250)
Depreciation on disposal	-	-	-	14,583	54,686	481,250	550,520
Depreciation	(213,501)	(1,684,241)	(151,479)	(930,249)	(609,318)	(727,309)	(4,316,097)
<b>Net book amount at end of year</b>	<b>9,409,499</b>	<b>823,656</b>	<b>207,273</b>	<b>1,345,433</b>	<b>851,983</b>	<b>1,362,477</b>	<b>14,000,321</b>
<b>As at 31 March 2017</b>							
Cost	9,961,309	6,572,017	865,333	4,596,199	3,139,087	3,423,803	28,557,749
Accumulated depreciation	(551,810)	(5,748,361)	(658,060)	(3,250,766)	(2,287,105)	(2,061,326)	(14,557,427)
<b>Net book amount</b>	<b>9,409,499</b>	<b>823,656</b>	<b>207,273</b>	<b>1,345,433</b>	<b>851,983</b>	<b>1,362,477</b>	<b>14,000,321</b>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

12 Investment properties

Year ended 31 March 2016

Balance at beginning of year	262,300,000	262,300,000
Fair value gain	7,400,000	7,400,000
<b>Balance at end of year</b>	<b>269,700,000</b>	<b>269,700,000</b>

Year ended 31 March 2017

Balance at beginning of year	269,700,000	269,700,000
Transfer to property, plant and equipment (Note 11)	(5,300,000)	(5,300,000)
Fair value losses	(27,400,000)	(27,400,000)
Rental Straight line adjustment	(1,914,072)	(1,914,072)
<b>Balance at end of year</b>	<b>235,085,928</b>	<b>235,085,928</b>

Balance at end of year

At fair value	237,000,000	237,000,000
Rental Straight line adjustment	(1,914,072)	(1,914,072)
	<b>235,085,928</b>	<b>235,085,928</b>

Year ended 31 March 2017

Fair value losses	(27,400,000)	(27,400,000)
Rental Straightlining adjustment	(1,914,072)	(1,914,072)
	<b>29,314,072</b>	<b>29,314,072</b>

The Centre's investment properties were revalued on 31 March 2017 by an independent professionally qualified valuer, CRIBS (Pty) Ltd trading as Apex Properties. Valuations were based on current market prices in an active market.

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

	2017 P	2016 P
Rental income	17,037,212	13,499,543
<b>Direct costs</b>		
Rates	232,711	405,431
Property maintenance	484,664	809,014
	<b>717,375</b>	1,214,445
<b>Indirect costs</b>		
Insurance	151,526	154,136

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

12 Investment properties (continued)

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.

Class of property	Market value	Valuation technique	Key Unobservable Inputs
<b>Level 3</b>			
<b>Investment property</b>			
Factory shells	211,000,000	Income Approach	P 23.75 – 33.25 rent per sq.m per month
Office building	26,000,000	Income Approach	P 85.50 rent per sq.m per month
<b>at 31 March 2017</b>	<b>237,000,000</b>		

13 Investment in subsidiaries

Comprising	% holding	Investment in shares
<b>31 March 2017</b>		
<b>Botswana Export Development and Investment Authority</b>	<b>100%</b>	-
31 March 2016		
Botswana Export Development and Investment Authority	100%	-

Nature of the company

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	2017 P	2016 P
<b>14 Intangible assets</b>		
Net book amount at beginning of year	140,137	370,075
Additions	-	-
Amortisation charge	(126,202)	(229,938)
<b>Net book amount at end of year</b>	<b>13,935</b>	<b>140,137</b>
Cost	3,139,210	3,139,210
Accumulated amortisation	(3,125,275)	(2,999,073)
<b>Net book amount</b>	<b>13,935</b>	<b>140,137</b>
Intangible assets consist of computer software.		
<b>15 Trade and other receivables</b>		
Trade receivables	1,812,395	2,102,468
Less: Provision for impairment of trade receivables	(1,342,363)	(1,230,152)
	<b>470,032</b>	<b>872,316</b>
Prepayments and security deposits	3,394,156	3,029,436
Interest receivable	73,198	36,392
Other debtors	2,657,069	4,247,737
Provision for TDS- India	(1,921,051)	(1,705,703)
	<b>4,203,372</b>	<b>5,607,862</b>
	<b>4,673,404</b>	<b>6,480,178</b>

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.

As of 31 March 2017, trade receivables of P 76 061 (2016: P 459,977) were fully performing.

As at 31 March 2017, trade receivable P 393 971 (2016: P 412,339) were past due but not impaired. These relates to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:

	2017 P	2016 P
Up to 3 months	332,342	349,861
More than 3 months	61,629	62,478
	<b>393,971</b>	<b>412,339</b>

As at 31 March 2017, trade receivables amounting to P 1,342,363 (2016: P 1,230,152) were impaired and provided for. The amount of the provision reflecting impairment as at 31 March 2017 was P 1,342,363 (2016: P 1,230,152). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	2017 P	2016 P
<b>15 Trade and other receivables (continued)</b>		
The movement in provision for bad and doubtful debt can be analysed as follows:		
Balance at beginning of year	1,230,152	595,340
Provision for the year (note 8)	112,211	634,812
Balance at end of year	<b>1,342,363</b>	<b>1,230,152</b>
The aging of this impaired receivables as follows:		
Up to 90 days	213,620	145,640
More than 90 days	1,128,743	1,084,512
	<b>1,342,363</b>	<b>1,230,152</b>
Amounts charged to the allowance account are generally written off, when there is no expectation of recovery. Asset classes other than trade receivables and other receivables do not contain impaired assets.		
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.		
<b>16 Cash and cash equivalents</b>		
Short-term deposits	95,932,058	58,779,534
Cash at bank	2,374,342	4,216,686
Cash on hand	8,047	9,477
Fair value gain	<b>98,314,447</b>	<b>63,005,697</b>

As at 31 March 2017, cash and bank balances included restricted cash amount of P30, 036, 666 (2016: P8,666,609). This comprises of cash deposited at Standard Chartered Bank Botswana Limited in respect of net fund balance held by BITC on behalf of Special Economic Zones Authority. (Note 18.2)

Cash and cash equivalent includes P4,153,122 (2016: P2,422,338) attributable to countries where exchange controls or other legal restrictions apply (India and South Africa). Nevertheless, if the group complies with relevant requirements, such liquid funds are at its disposal within a reasonable period of time.

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

	2017 P	2016 P
Bank balances	68,269,734	54,329,611
Cash on hand	8,047	9,477
	<b>68,277,781</b>	<b>54,339,088</b>

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

	2017 P	2016 P
UK Pounds	946,004	1,759,819
South African Rands	3,462,231	1,765,480
Indian Rupees	690,891	656,858
	<b>5,099,126</b>	<b>4,182,157</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	2017 P	2016 P
<b>17 Government capital grants</b>		
Balance at beginning of year	137,323,348	139,875,639
Grant received during the year (Note 6)	3,191,730	2,058,986
Amortisation during the year (Note 5)	(3,374,400)	(4,611,277)
Balance at end of year	137,140,678	137,323,348

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

**18 Trade and other payables**

Staff accruals	11,446,690	10,181,084
Trade payables	1,102,713	811,631
Accrued expenses	3,141,470	2,578,039
Other payables	4,087,544	2,965,513
Payroll taxes payable	2,213,176	2,213,176
Payable to Special Economic Zone Authority	30,036,666	8,666,609
	52,028,259	27,416,052

**18.1 Payroll taxes payable**

Payroll taxes payable refers to estimated Pay As You Earn (PAYE), Skill Development levy and Unemployment Insurance Fund liability payable to South African Revenue Services (SARS) from Centre's South African Regional Office. These amounts refers to underpayment of employee taxes for the years of assessment 2010 to 2016 and have been disclosed to SARS on a voluntary basis.

Movement in provision balance during the year is as follows;

Balance at the beginning and end of the year	2,213,176	2,213,176
----------------------------------------------	-----------	-----------

Details relating to potential penalties and interest related to above are disclosed in note 24 - Contingent liabilities.

**18.2 Payable to Special Economic Zone Authority**

Balance at beginning	8,666,609	-
Government grants received during the year	34,038,290	8,666,609
Expenses incurred during the year	12,668,233	-
Balance at end of the year	30,036,666	8,666,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

	Note	2017 P	2016 P
<b>19 Cash flow from operation activities</b>			
Operating deficit for the year		(22,091,399)	15,059,317
<b>Adjustments for:</b>			
Depreciation	11	4,316,097	4,170,705
Investment property fair value adjustment	12	29,314,072	(7,400,000)
Rental straightlining adjustment		(1,914,072)	-
Deferred lease liability adjustment during the year		993,974	-
Amortisation of intangible assets	13	126,202	229,938
(Profit) Loss on disposal of plant and equipment	7	(373,733)	547,549
Amortisation of capital grant	17	(3,374,400)	(4,611,277)
<b>Changes in working capital</b>			
Decrease in Trade and other receivables		1,806,774	(1,997,846)
Increase in Trade and other payables		3,242,150	2,119,058
<b>Net cash generated from operations</b>		12,045,665	8,117,444

**20 Commitments**

**(i) Financial commitments**

**Operating lease commitments - where the Centre is the lessor**

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

Not later than 1 year	13,111,258	14,138,418
Later than one year but not later than 5 years	11,428,576	-
	24,539,834	14,138,418

**Operating lease commitments - where the Centre is the lessee**

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

Not later than 1 year	7,774,046	6,798,170
Later than 1 year and less than 5 years	4,980,010	3,597,922
	12,754,056	10,396,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

20 Commitments (continued)

(ii) Capital commitments

There were no capital expenditure contracted for at the reporting date but not yet incurred.

21 Financial instruments by category

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

	2017 P	2016 P
<b>Loans and receivables:</b>		
<b>Assets as per statement of financial position</b>		
Trade and other receivables excluding prepayments	1,279,248	3,450,742
Cash and cash equivalents	98,314,447	63,005,697
	<b>99,593,695</b>	<b>66,456,439</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	49,815,083	25,202,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017

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:

	2017 P	2016 P
<b>Trade receivables</b>		
Group 2	76,061	459,977
Total fully performing trade receivables	<b>76,061</b>	<b>459,977</b>
<b>Cash at bank and short-term bank deposits</b>		
Group 2 - Existing customers with no defaults in the past		
First National Bank of Botswana Limited	11,177,083	5,620,144
Barclays Bank PLC - United Kingdom	943,093	1,756,062
Standard Chartered Bank Botswana Limited	33,408,808	18,845,430
Standard Chartered Bank - India	-	143,449
Bank Gaborone Limited	15,094,521	5,149,336
First National Bank of South Africa Limited	56,005	169,460
Stanbic Bank Botswana Limited	283,840	283,686
Stanlib Investment Management Services (Proprietary)	36,653,128	30,515,685
Bank of India	689,922	512,968
	<b>98,306,400</b>	<b>62,996,220</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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

The Centre only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Centre has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana Limited, Barclays Bank PLC, Bank Gaborone and Bank of India. 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).

STANLIB Investment Management Services (Pty) Ltd is a joint venture between Stanbic Botswana and Stanlib 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).

Bank of India is a nationalised bank in India. The bank has overseas presence in over 22 foreign countries spread over 5 continents.

**23 Related party transactions**

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

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

	2017 P	2016 P
Grant income received for the year	97,557,680	110,609,057
Less : capital expenditure for the year (Note 17)	(3,191,730)	(2,058,986)
	<b>94,365,950</b>	108,550,071

**(b) Payable to government owned entities**

Special Economic Zones Authority	<b>30,036,666</b>	8,666,609
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**(c) 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 on the next page;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**23 Related party transactions (continued)**

**(c) Key management compensation**

Key management - basic salary  
Key management - allowances  
Key management - gratuity and leave pay  
Management - total  
Payments made to directors

	2017 P	2016 P
Key management - basic salary	<b>4,628,040</b>	3,683,832
Key management - allowances	<b>3,427,003</b>	2,515,914
Key management - gratuity and leave pay	<b>218,886</b>	1,571,550
Management - total	<b>8,273,928</b>	7,771,296
Payments made to directors	<b>107,100</b>	98,125
	<b>8,381,028</b>	7,869,421

**24 Contingent liabilities**

The Centre has made a voluntary disclosure on employee tax underpayment in respect of BITC's South African Regional Office for years of assessment 2010 to 2016. A provision has been made in the financial statements in respect of the estimated tax exposure (Refer Note 18). The current tax position also exposes BITC to potential penalties, interests and/or criminal charges. However, in terms of the section 226 and chapter 16 of Tax Administration Act No 28 of 2011, the Commissioner can grant relief and waive such financial and other sanctions. BITC, through its tax consultants has made a request to the Commissioner to exercise his authority under the section 226 and chapter 16 of Tax Administration Act No 28 of 2011, to grant relief.

The outcome of the submissions made to SARS were released subsequent to the year end.

Thus the total amount of P 2,213,176 was paid after the year end. There were no other contingent liabilities at the reporting date.

**25 Events after reporting date**

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

**26 Prior year omission of disclosures**

In the past, financial statements of BITC was prepared amalgamating all its branches. However, during the year management has discovered that the branch in South Africa had been registered as a company not having a share capital under the South African Companies Act of 1973 and as a result should be considered as a subsidiary and BITC should prepare consolidated financial statements. As BITC has always presented financial statements incorporating all the branches, it has presented financial statements as consolidated financial statements. However, following disclosures were omitted in the prior years.

- Identification of financial statements as consolidated financial statements
- Policy on basis of consolidation
- Composition of the group

The above are considered prior error and in accordance with IAS 8: Changes in accounting policies, estimates and errors, have been duly treated by providing omitted disclosures in the financial statements. (refer note 2.1 and 13)

Since, there is no impact to amounts presented in the financial statements no restatement is deemed required.

DETAILED CONSOLIDATED INCOME STATEMENT  
for the year ended 31 March 2017

Schedule	2017 P	2016 P
<b>REVENUE</b>		
Government grants	94,365,950	108,550,071
Amortisation of Government capital grant	3,374,400	4,611,277
Global Expo income	1,416,765	1,181,079
Rental income	17,037,212	13,499,543
<b>Total revenue</b>	<b>116,194,327</b>	<b>127,841,970</b>
<b>EXPENDITURE</b>		
Investment promotion expenses	1 2,521,527	4,816,783
Export promotion expenses	2 2,488,933	2,538,420
Aftercare expenses	9,707	10,761
Public relations expenses	3 4,265,386	5,591,030
Branding expenses	6,457,597	5,688,459
Research expenses	4 698,644	1,396,374
Special Economic Zones expenses	-	2,194,697
Staff costs	5 52,362,408	56,777,273
Global Expo expenses	8,846,249	7,060,862
Administrative expenses	6 27,984,613	29,375,726
Depreciation	4,316,097	4,170,705
Amortisation of intangible assets	126,202	229,938
<b>Total expenditure</b>	<b>110,077,363</b>	<b>119,851,028</b>
<b>Other income / (expenses)</b>	<b>1,105,709</b>	<b>(331,625)</b>
Investment property fair value adjustment	(29,314,072)	7,400,000
<b>Operating (deficit) / surplus for the year</b>	<b>(22,091,399)</b>	<b>15,059,317</b>

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 79 to 81.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT  
for the year ended 31 March 2017

	2017 P	2016 P
<b>1 Investment promotion expenses</b>		
Management fees	10,161	235,694
Inward promotion mission	355,724	159,539
External missions	2,155,642	4,421,550
	<b>2,521,527</b>	<b>4,816,783</b>
<b>2 Export promotion expenses</b>		
Export development	836,174	436,019
Export promotion	1,652,759	2,102,401
	<b>2,488,933</b>	<b>2,538,420</b>
<b>3 Public relation expenses</b>		
Gifts and donations	264,197	297,501
Corporate social responsibility	708,186	647,706
Promotional material	651,028	480,454
Exhibitions	-	567,117
Branding	1,192,196	1,129,878
Advertising	717,882	1,550,679
Publications	731,897	917,695
	<b>4,265,386</b>	<b>5,591,030</b>
<b>4 Research expenses</b>		
Feasibility studies	-	550,829
Market intelligence	698,644	845,545
	<b>698,644</b>	<b>1,396,374</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 79 to 81.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT  
for the year ended 31 March 2017

	2017 P	2016 P
<b>5 Staff costs</b>		
Car allowance	2,527,703	2,653,225
Cell phone allowance	228,979	462,771
Entertainment allowance	320,889	351,421
Executive allowance	1,932	4,253
Foreign service allowance	1,307,548	1,266,773
Gratuity	6,930,450	7,717,957
Leave pay	1,093,378	1,183,704
Medical aid	1,429,050	1,189,337
Overtime allowance	66,304	55,858
Recreational expenses	85,073	148,816
Staff welfare and recreation	679,262	856,504
Salaries and wages	33,049,695	35,027,740
Utility allowance	393,765	429,599
Housing allowance	2,429,523	2,700,654
Education allowance	54,576	-
Training	978,199	2,353,972
Staff movements	392,840	145,345
Recruitment expenses	341,950	156,589
SDL/UIF Coy Contribution	51,292	72,755
	<b>52,362,408</b>	<b>56,777,273</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 79 to 81.

NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT  
for the year ended 31 March 2017

	2017 P	2016 P
<b>6 Administrative expenses</b>		P
Auditors' remuneration	297,697	282,213
Provision for bad debts - trade debtors - TDS receivables	112,210	634,812
	<b>215,348</b>	293,365
Bank charges	124,047	301,727
Board activities	125,218	109,754
Car rental	16,881	45,419
Computer expenses	3,841,823	32,372
Directors' fees	107,100	62,204
Entertainment	142,967	288,498
Insurance	645,884	496,203
Motor vehicle running expenses	300,406	249,108
Office equipment lease	450,922	821,116
Office expenses	432,110	725,234
Stationery	383,806	363,048
Professional, consultancy and legal fees	2,635,462	4,258,089
Property maintenance	1,586,886	1,267,578
Rates	248,971	408,949
Rent	9,069,950	8,269,474
Security expenses	1,001,102	1,020,757
Seminars and conferences	562,746	1,245,127
Subscriptions	155,385	515,290
Transport, travel and subsistence	2,147,595	2,999,089
Telecommunications	1,606,058	3,982,868
Utilities	1,774,039	703,432
	<b>27,984,613</b>	<b>29,375,726</b>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 79 to 81.



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THAN BEFORE**

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