PRODUCTIVITY THROUGH PERSEVERANCE

ANNUAL REPORT 2019-2020

BOTSWANA NATIONAL PRODUCTIVITY CENTRE

BNPC STRATEGIC FOUNDATIONS AND QUALITY POLICY

VISION

A productive and competitive nation

MISSION

Driver in transforming Botswana's work culture

SLOGAN

Together, we transform Botswana

VALUES	BEHAVIOURS
COLLABORATIVE	To cooperate, work together, use individual skills and provide feedback in order to achieve common goal.
RESULT ORIENTED	Obligation to act transparently, accept responsibility and answer/ account for achievements and non-accomplishments of expected results in order to effectively deliver to the expectations of our customers.
INNOVATIVE	Translate/convert new business ideas into useful products and services to derive greater value as well as apply best practices to satisfy the needs and expectation of our stakeholders.
COMPASSIONATE	Feeling or showing concern and compassion for others, having or showing sympathy.
INTEGRITY	Adherence to highest ethical standards and continuous promotion of principles and values consistent with good behaviours in dealing with all stakeholders and customers and inspire trust.

QUALITY POLICY STATEMENT

We commit to providing impactful transformational services in productivity and quality improvement to meet expectations of all interested parties. This will be achieved by setting objectives against which the Centre will measure, manage and communicate progress, and continually improve the Quality management system to ensure compliance with all applicable requirements.

BNPC COPYRIGHT POLICY STATEMENT

BOTSWANA NATIONAL PRODUCTIVITY CENTRE

Together, we transform Botswana

BOTSWANA Qualifications Authority

ISO 9001:2015 BUREAU VERITAS Certification

UKAS 0008

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"The BNPC strives to remain relevant, and has a solid action aligned to responding to the country's socio-economic challenges"

Board Chairperson's Report

Mr Nelson Letshwene | **Board Chairperson**

As we reflect on our 27-year history, there are many achievements for the Centre to be proud of and celebrate. We have overcome many challenges, encountered and climbed countless barriers and seized many opportunities.

On behalf of the Board of Directors, it gives me great honour and pleasure to present to you the Botswana National Productivity Centre ("BNPC" or "the Centre") Annual Report for the year ended. This report comes twenty-seven (27) years after the coming into existence of BNPC. The 27-year milestone gives us an opportune moment to pause, reflect on the journey behind us and march on, towards the 30-year milestone, in 2023.

It is a great moment to look ahead at the many challenges the country must still overcome and how BNPC has made and still strives to make an impactful difference in the various sectors of the economy and, most importantly, in the lives of the many Batswana, through advocating for enhanced national productivity and eventual creation of jobs.

As we reflect on our 27-year history, there are many achievements for the Centre to be proud of and celebrate. We have overcome many challenges, encountered and climbed countless barriers and seized many opportunities. The current Board inherited a very challenged organisation, with no substantive Chief Executive Officer. Whilst some of the Board Members have retired from the Board, what is required for the new Board to take the Centre into the future, is for it to be given the resources it requires to thrive and transform the nation's productivity and competitiveness landscape; ultimately improving the livelihoods of the people, as a way of discharging its mandate.

National Productivity and Competitiveness

Productivity and competitiveness continue to be a major challenge facing Botswana. Over the years, Botswana's performance, according to the World Economic Forum's (WEF) Global Competitiveness Reports (GCR) has been fluctuating, with marginal improvements being noted in some sectors. Botswana's performance has been average, scoring 54.5 and 55.5 in 2018 and 2019 respectively. This is way below the global competitiveness "frontier" of 100 (the aggregate ideal across all factors of competitiveness). The country's performance is generally average with the key strengths being Macroeconomic Stability (100 in 2018 and 2019), Labour Market (61 and 60, in 2018 and 2019 respectively) and Financial Systems (60 in 2018 and 2019). Major challenges remain around Market Size (39 in 2018 and 2019), Innovation (31 in 2018 and 2019) and ICT Adoption (42 and 46 in 2018 and 2019).

It is evident that our country is performing way below what is necessary to attain the high-income economy status envisioned and in particular, a productive and globally competitive nation.

Our Financial Performance Challenged

The Centre recorded a deficit of P439 883.00 for the year ended 31st March, 2020 resulting in decreased accumulated surplus from P15.03 million at the beginning of the year to P14.59 million. The decline in financial position is mainly attributable to low performance in self-liquidating interventions as a result of low uptake of our products and services as well as human capital constraints, due to the ongoing restructuring process.

> **We are committed to addressing the issues of national productivity and competitiveness; and positively contribute to the national economic growth. "**
>
> Nelson Letshwene | **Board Chairman**

The National Vision 2036 and Economic Landscape

As we mark the 27-Year milestone, we note and welcome the political changes in our country ushered in during 2019, following the national general elections of October 2019 and the Government and National Vision 2036 priorities proclaimed by His Excellency, President Mokgweetsi Eric Masisi, in his various addresses to the nation. Transitioning Botswana from an upper middle income to a high income economy; Employment Creation; Creation of an Export Led, Knowledge based Economy; Youth Empowerment; Leveraging ICT as a key enabler and contributor to economic growth and employment creation etc. These national priorities shall surely generate the much needed enthusiasm and optimism towards placing Botswana on a positive trajectory towards the achievement of the 2036 vision of a productive high-income economy that is globally competitive.

Challenges facing Botswana include high and increasing unemployment, especially youth unemployment and low economic growth and low contributions of various sectors of the economy. In February 2020, when delivering his maiden budget speech, the Minister of Finance and Economic Development, Honourable Thapelo Matsheka highlighted the following:

- Unemployment rate for the period of July to September 2020 was 20.7%;
- Continued uncertainty in the world economy having an adverse implication on the domestic economy. Global economic growth about 2.9% in 2019 from 3.6% in 2018, the lowest since 2009;
- Domestic economy recording positive growth rate of 3.6% in 2019 and 4.4 % in 2020. Faster growth in the service sector;
- Inflation was within the Bank of Botswana target range of 3-6%;
- Concern about performance of State Owned Enterprises (SOEs) or parastatals. Currently there are 60 of them and proposed subvention to these entities amounted to P4.9 billion.
- A Cabinet subcommittee set up to interrogate efficient use of resources deployed to SOEs to ensure value-for-money. There is need to revisit mandate of these organisations and align them with the national transformation agenda. Furthermore, there is need to interrogate relevance of some of these SOEs and their financial sustainability.

The BNPC strives to remain relevant, and has a solid action aligned to responding to the above stated socio-economic challenges facing the country. We are committed to addressing the issues of national productivity and competitiveness; and positively contribute to the national economic growth.

> **"The virus is not only claiming human lives; it is putting the entire economic system of globalisation to the most severe stress test yet encountered."**

The Novel COVID-19 Pandemic has Compounded Our Economic Challenges

The novel Covid-19 coronavirus pandemic, striking during the last quarter of FY-2019/20, has come to clearly demonstrate the vulnerability of our globally interconnected economies. The entire global economy has virtually fallen prey to effects of the pandemic. While the containment and isolation measures taken by governments around the world have painful consequences for the economy and for our everyday lives, they are a necessary evil to save lives. The virus is not only claiming human lives; it is putting the entire economic system of globalisation to the most severe stress test yet encountered.

Prudence, resilience, innovation and risk management will help us steer through the crisis. We at BNPC have developed a work from home (or indeed anywhere) strategy, which we will be adopting at the Centre, to help decongest the office. We will be offering the programme to Government departments and the various sectors of the economy, to help them sustain their operations in the midst of the pandemic.

Transforming BNPC into an Apex National Productivity Organisation – The Journey Ahead

The Centre was established with the overall objective of "promoting increased productivity, improving standards of management and labour-management relations, and generally stimulating productivity consciousness in Botswana." BNPC remains committed to delivering on this legislative mandate, as outlined in the BNPC Act (1993).

The Centre's five-year strategic plan covering 2018 to 2023, is currently in its second year. The strategy is centred on delivering productivity and national improvement initiatives, primarily through targeted training and consultancy interventions. The strategy, has a "Driver in transforming Botswana's work culture", as the Centre's mission and a vision of "A Productive and Competitive Nation".

The Centre's funding subsidies, from the Government (Subversions) continue to decline on a yearly basis, rendering it difficult to deliver on the Centre's strategic mission and vision. Whilst the Centre is a going concern, in the short term, it faces a growing challenge, as an organisation, due to the lack of adequate funding, in the medium to long term.

A substantive Executive Director, was appointed in May, 2019.

The Ministry, a key stakeholder in the Centre's operating environment, has recently drafted a National Productivity Improvement Blueprint, which is currently under review by the Centre.

Whilst the Centre's mandate, as per the BNPC Act, is primarily focused on improvement of labour management relations; productivity consciousness and improvement, the national development agenda dictates a need for the Centre to also focus on the following:

- the need to lead and champion improvement of the national productivity and global competitiveness rankings;
- the need to contribute towards the national ease of doing business reform;
- the need to deliver positively, impactful, productivity, improvement products and services solutions, across all sectors of the economy;
- the need to embrace and be at the forefront of driving and leveraging the Fourth Industrial Revolution (4IR) to drive the Centre's and Nation's productivity and competitive indicators;
- the need to bring back the glory days and reposition BNPC as the number-one centre of excellence on matters of work ethic and productivity.

It is against this backdrop that the Centre is undertaking a comprehensive review of its operating environment; stakeholder analysis and needs and the current strategy towards the development of a most relevant and focused transformational strategy; ensuring improved productivity; competitiveness and stakeholder value across all sectors of the economy. This we shall achieve by 2023, when the Centre turns 30.

This, we believe, is a major step towards revitalising the Centre. However, it is necessary and urgent for the Government to resource BNPC adequately, so it achieves its mandate in accordance with the BNPC Act.

Furthermore, our interventions to lead a productivity driven growth and development agenda are motivated by our desire to improve the overall productivity and competitiveness of our economy. It is also critical for BNPC to instil an equally missing urgency of appreciating the importance of productivity in every sector of the economy.

It is time for change and impact.

We Aim to be a Good Corporate Citizen

Corporate citizenship refers to a company's responsibilities toward society. Corporate citizenship is growing increasingly important as both individual and institutional investors begin to seek out companies that have socially responsible orientations such as their Environmental, Social, and Governance (the Sustainability ESG's) practices. Given this development, the business world must become more involved in society and make its voice heard; not only as the voice of economic reason, but increasingly also that of social reason. It is against this background, that the Board approved a Corporate Social Investment policy, during the financial year, to guide the Centre in its quest to becoming a socially responsible organisation.

The Centre's corporate social investment programme shall be rolled out from the upcoming financial year 2020/21.

Words of appreciation

I would like to extend my gratitude to our management team, staff, and strategic partners for their commitment and contribution towards BNPC. Further, I would like to show my appreciation for my fellow directors for providing guidance amidst the tough operating environment. Last but not least, I would like to extend my gratitude to our shareholder, the Minister of Employment, Labour Productivity and Skills Development, and the Ministry for their support.

We will continue to work hard in building a more impactful BNPC for our customers, while enhancing our shareholders' value.

Mr Nelson Letshwene
Board Chairperson

“promoting increased productivity, improving standards of management and labour-management relations, and generally stimulating productivity consciousness in Botswana.”

Executive Director's Report

Christopher M. Diswai | **Executive Director**

As part of its core mandate of improving national Labour-Management Relations (LMR), the Centre continued to enrol companies on its LMR and Smart-Work Ethics programmes. The enrolled companies, mainly SMMEs, were assisted with the implementation of the recommended solutions towards improving their internal labour-management relations and employee work-ethic.

Introduction

It is indeed an honour and a privilege to present the 2019/20 Annual Report for the Botswana National Productivity Centre (BNPC). The Report provides a summary of the Centre's operations, including achievements and challenges encountered during the reporting period.

March 31st marks almost one year since my ascendance to the position of BNPC Executive Director. It has indeed been an exciting and challenging journey of learning and discovery.

The 2019/20 BNPC Annual Report is published consistent with the requirements of Section – 17 (1) of the Botswana National Productivity Centre's Act (1993). The report provides a summary of the Centre's operations, audited financial statements and the external auditor's report for the financial year ending 31st March, 2020.

National Productivity and Competitiveness

Over the years, Botswana's performance, according to the World Economic Forum's (WEF) Global Competitiveness Reports (GCR) has been fluctuating. The country's quality score has been ranging between 4.0 and 4.3 (out of 7) from 2013 to 2018. The competitiveness position was 74th in 2013 and in 2014 before improving slightly to 71st in 2015. A marginal improvement in the position was registered in 2016 and 2017 where the positions were 64th and 63rd respectively.

Since the introduction of the new methodology, called the Global Competitiveness Index 4.0 (GCI4.0), necessitated by the gathering pace of the Fourth Industrial Revolution, Botswana's performance has been rated as average, scoring 54.5 and 55.5 (out of 100) in 2018/19 and 2019/20 respectively. The country's performance is generally average with the key strengths being macroeconomic stability, labour market and financial systems. Major challenges remain around market size, innovation and information communications technology.

BNPC recognizes and acknowledges the urgent need for conception and development of a National Productivity Improvement Blueprint of 31st May 2020 Final Draft, by the Ministry of Employment, Labour Productivity and Skills Development (MELSD). The Centre has endorsed and supported the position of the MELSD on the national competitiveness and productivity issues and challenges stated in the document. These continue to compromise the country's global competitiveness. Against this backdrop, the Centre has provided feedback and input into the development of the position paper, and shall be further following through its submissions via a position paper, on the Final Draft version, during September/October, 2020.

Delivering On Our Strategy

The period under review marks the second year of implementation of the BNPC Strategy 2018 – 2023, which was developed in alignment to the national Vision-2036, the National Development Plan (NDP-11) and the United Nations' Sustainable Development Goals. The strategy has three

> **"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort."**
>
> **Paul J. Meyer (Success Motivation Institute, Inc.)**

Strategic Themes, viz. (1) Enterprise Productivity – The strategic interventions under this theme were also meant to address declining competitiveness of local firms, and thus making them competitive in global export markets, consistent with the Vision 2036 objective of an export-led economy; (2) Labour Productivity - This theme aims to ensure that there are focused strategic objectives and initiatives towards improving national labour productivity and (3) Sustainable Capacity Building – This strategic theme aims to ensure the Centre is well resourced and capacitated to deliver on this task.

The financial year 2019-2020 was characterised by a number of activities which saw the Centre continuing to make strides in areas of research undertakings, strategic collaboration and partnerships. The proposed organisational structure was approved by the Board for implementation. On the negative side, some projects did not commence as envisaged due to budgetary and other capacity challenges.

The Centre's overall performance for the financial year 2019-2020 averaged 71%, measured against attainment of the Centre's strategic objectives and initiatives during the reporting period. This marks a 3% decline compared with the 2018-2019 baseline, which was 74%. The overall performance per perspective is summarised below.

Customer Perspective: 89% compared to 86% in the last financial year.

- Financial Perspective: 74% compared to 100% in the last financial year.
- Process Excellence: 65% compared to 72% in the last financial year.
- Growth and Development (Human Capital): remains at 21% for the current and last financial year.

Capacity building interventions are by and large delivered through individual and organisational consultancy and capacity building programmes, across the various sectors of the economy. This, it is envisaged, shall capacitate both the organisation and individuals to improve their operational efficiency and competitiveness, thus positively impacting their operations and bottom lines. There has been a significant decline in the uptake of the Centre's training and consultancy interventions, due to heightened competition and limited consulting opportunities in the market. The onset of Covid-19 during the fourth quarter meant that some of the targeted activities due in the fourth quarter had to be compromised.

The Centre experienced challenges with the delivery of some of the productivity improvement initiatives and flagship projects such as the Business Turnaround Solutions and Kaizen programmes. Most organisations targeted for enrolment in these programmes, invariably, failed to meet the set criteria, making it difficult to progress the programme

beyond assessment stage. The Centre is in the process of reviewing the curriculum, packaging and delivery of these programmes, with a view to ensuring they are aptly tailored for the targeted market. An E-Learning platform is also being procured to facilitate remote learning and webinar options.

As part of its core mandate of improving national Labour Management Relations (LMR), the Centre continued to enrol companies on its LMR and Smart Work Ethics programmes. The enrolled companies, mainly SMMEs, were assisted with the implementation of the recommended solutions towards improving their internal labour management relations and employee work ethic.

Research and Development

The Centre conducts productivity and competitiveness related research to generate evidence based data that can be used at different levels of the economy to inform decision making. The Centre carried out a countrywide research on Work Ethics in 2018, the findings of which pointed to, generally, poor labour relations and work ethic and poor leadership in the local workplace. The report recommended, among others, that the Centre should intensify awareness campaigns on work ethic, undertake to improve leadership quality as well as develop and implement employee engagement strategies. The findings and recommendations of the report, which have been shared with the Ministry, shall be used as input to guide and develop interventions for labour productivity improvement, ultimately leading to improvements in scores and rankings in the Global Competitiveness Report. An implementation plan is being developed in collaboration with the Ministry. In relation to this, further research has been undertaken into happiness in the workplace, to guide staff engagement challenges which directly affect labour productivity. The LMR and Smart Work Ethic programmes, referenced above, are interventions towards improving workplace culture, leadership and employee performance culture.

There is no one single touch point solution that can address the seemingly poor work ethic challenges facing the country. To that end, the Centre is working on an action plan to address the problem, by initially focusing internally on BNPC and a few select high-impact institutions to showcase a positive impact. The proposed solution, of which the implementation has been hampered by budgetary constraints,aims at impacting employee culture, as a basis for influencing performance.

"There is no one single touch-point solution that can address the seemingly poor work-ethic challenges facing the country. To that end, the Centre is working on an action plan to address the problem, by initially focusing internally on BNPC and a few select high-impact institutions to showcase a positive impact. ."

The Centre completed three publications viz; Productivity Insights, Productivity Statistics and Competitiveness Dashboard. Productivity and Quality Magazine has been delayed, due to resource availability during COVID-19 lockdowns, and is due for release in the third quarter of 2020/21. The publications present statistics on the national productivity and competitiveness landscape.

As the local partner institute of WEF, BNPC undertook the 2019-2020 annual data collection, for the WEF Global Competitiveness Reports, and disseminated the information produced by WEF through the various reports. The disseminations took the form of targeted stakeholder forums and media briefings. The Global Competitiveness Report was also presented to the National Doing Business Council, with a recommended action plan shared with the forum, and yet to be deliberated upon.

The Centre has undertaken a review of the Government's Integrated Support Programme for Arable Agriculture Development's (ISPAAD) performance through a trend analysis of productivity in the agricultural sector. Through the ISPAAD programme, introduced in 2008 to address challenges facing arable farmers, it was envisaged that the performance of the arable sub-sector would greatly improve through fencing of fields, establishing Agricultural Service Centres as well as assisting arable farmers to acquire requisite inputs and draught power to undertake tillage operations. The Centre has collaborated with the Ministry of Agriculture and Food Security, and carried out an intensive evaluation exercise on the performance of the ISPAAD programme. This collaboration will make it easy for the two parties to easily access, analyse and verify data as well as better understand processes involved in the arable production sector. The investigation report, with recommendations, is being finalised.

Human Capital Management

During the period under review, the Centre's performance under the Human Capital strategic perspective remained very low and stagnant, at 21%, as was the case at the end of the 2018/19 financial year. This is attributable to a number of factors, that include, low levels of employee engagements and morale (32.3%); restructuring fatigue caused by the protracted restructuring exercise and associated uncertainties; lack of requisite competencies commensurate with job function requirements; prolonged acting appointments, with double hatting in some instances and an outdated, ineffective, performance management system. Uncompetitive and unattractive rewards and remuneration underpins the poor human capital environment prevalent within the Centre.

Human capital management (HCM), according to Gartner, is a "set of practices related to people resource management," specifically in the categories of workforce acquisition, management and optimization. Whilst HCM is applicable to all organisations, it is especially important for companies with knowledge workers, where the business' most critical asset is its people. BNPC is a knowledge based (learning, research and consultancy) organisation. People are the Centre's most invaluable resource. To this end, the Centre undertook an employee engagement assessment survey to better appreciate the various issues and challenges facing the Centre's key resource, its people. Whilst the results turned out a rather poor employee environment (32.3%), there is a great opportunity to turnaround and make BNPC an employer of choice, where workers are

happy, prepared, highly productive and ready to tackle job challenges as they come their way. In response to the low levels of employee engagement, the Centre has developed an action plan for improvement.

Corporate Governance and Anti-Corruption

In an endeavour to promote accountability and ethical behaviour, the Centre has engaged the Directorate on Corruption and Economic Crime (DCEC) to assist develop an anti-corruption framework for BNPC. The DCEC shared its project methodology, which the Centre has adopted as a guide to develop its framework. As a prelude to the process, DCEC is to sensitise management and all staff to obtain buy-in on the envisaged exercise and the importance of avoiding being involved in corruption practices as well as the necessary steps that ought to be followed in the event of its occurrence. The framework shall be underpinned by an Anti Corruption Policy, for the Centre. The Policy is undergoing due approval processes and shall come to life during the financial year 2020/21.

Financial Performance

The Audited Financial Statement for the year ended 31st March 2020 reflect a decline of 3% as overall accumulated surplus recorded for the period under review is P14.59m, as compared to P15.03m recorded in the previous reporting period. The decline in financial position is mainly attributable to low performance in self liquidating interventions as a result of the significantly low uptake of our products and services, as well as lack of requisite human resources due to the ongoing restructuring process.

The year end current ratio is 1:2.35; indicating that, in the short term the Centre has the ability to meet its financial obligations as they fall due.

The overall Operating Income declined by 38%, from P5.98m, in the previous reporting period, to P3.72m in the current reporting period. This decline is attributable, mainly to fewer revenue generating activities.

Overall funding continues to become a challenge for the Centre as it still heavily relies on the government grant to finance its developmental and operational activities. During the year under review, 82% of expenditure was financed through Government grant, with only 18% from internally generated revenues.

The grant, whilst highly appreciated, has proven to be insufficient as it constrains the Centre's ability to undertake key strategic and transformational initiatives, as well as competitively remunerate employees.

Challenges Facing The Centre

The greatest challenge facing the Centre is financial viability and sustainability. The government subventions towards supporting the Centre's operations, have been fluctuating and declining over the past few years and currently stands at almost 2009/10 figures, in absolute terms. The Centre's internally generated revenues have similarly been declining. The situation is further aggravated by the COVID-19 pandemic induced economic meltdown,

which has resulted in further reductions in the government's funding for the Centre.

BNPC's current funding model does not allow the organisation to adequately achieve its national mandate of leading and inspiring a competitive and productive Botswana. The organisation is also under resourced in terms of human capital and the lack of requisite resources hinders the Centre's ability to make a meaningful and desirable impact nationwide. The Centre is currently in the process of reviewing its Strategy and Business Model, to ensure it has capacity to generate sufficient revenues and reserves to ensure financial viability and scale to meet the requirement of its mandate, of driving and leading national productivity and competitiveness.

As with the previous year, the External Auditors have returned a modified opinion, with respect to the audited financial accounts of the Centre, consistent with previous year. The qualified opinion is premised on the uncertain nature of the Centre's tenancy status in respect of the property and buildings it occupies.

Looking Ahead

It has been an extremely challenging time for BNPC in the recent past. Our activities and productivity improvement solution offerings and interventions have not been as impactful as had been anticipated. Whilst the Centre's mandate, per the BNPC Act, is primarily focused on the improvement of productivity, labour-management relations, levels of management and stimulation of productivity consciousness throughout the economy; the national transformation and development agenda and the context within which the Centre operates continues to change, and therefore, the need to adapt and remain relevant need not be over emphasized. There is an urgent need for the Centre to be agile, respond to emerging trends and adapt new ways of doing business, including embracing the fourth industrial revolution and moving into the digital age.

The success of an organisation lies in its ability to plan and execute the plans. For the 2020/21 financial year, the following shall be our main focus, priorities and plans:

- Bring back the glory days and reposition BNPC as an Apex Organisation and National Productivity and Competitiveness Centre of Excellence, to effectively respond to and address the national development agenda, economic recovery and sustainability challenges facing the Centre. We will deliver more positive and impactful productivity improvement solutions across all sectors of the economy.
- The Mid-term Review of our 2018-2023 Strategic Plan presents us with a great opportunity to realign and set the Centre on a transformation course. A formulation of a revised transformational strategy is most paramount and will be the highlight of our delivery in the coming financial year.
- More focus on the financial viability and sustainability of the Centre and other sustainability issues relating to organisational identity, services and programmes, as well as cutting edge technology and innovation. We will adopt new ways of doing things and taking advantage of challenges and opportunities brought about by the advent of the Covid-19 pandemic.
- We live in the digital information age, and it is indeed a technology-powered world. The Fourth Industrial Revolution (4IR) is here. We need to go all out, to leverage and embrace technology, in our future endeavours. It will better connect us and help us see, express, and share information in effective and efficient ways. The advent of the COVID-19 pandemic, has meant we need to do this with a much heightened sense of urgency. It will enable us to engage both internally and with our customers and the nation in more meaningful and effective ways. Technology shall be at the centre of our operations, going forward. We are well poised and positioned to make an impact towards making this country competitive on a global scale.
- We will focus on improving our people environment given the disturbing picture portrayed in the recently completed engagement survey. A relentless focus on delivering on our internal performance improvement and productivity mandate; being ready and prepared to challenge ourselves and take bold decisions, we will retain our position as the nation's productivity champion.

> **"A relentless focus on delivering on our internal performance improvement and productivity mandate; being ready and prepared to challenge ourselves and take bold decisions, we will retain our position as the nation's productivity champion."**

To survive and succeed, we shall have to enhance our capabilities and resources as well as our value proposition to cover productivity improvement in areas of national priority. It is pivotal for us to rethink; review and design how our employees, workplace and technology will fit together in order to address the changing customer expectation. The organisational restructuring shall underpin our strategic delivery during the 2020/21 financial year.

Acknowledgements and Appreciation

I would like to take this opportunity to extend my gratitude and appreciation, to the Board of the Botswana National Productivity Centre, for their leadership, guidance and support. I would also like to thank the Honourable Minister of Employment, Labour Productivity and Skills Development, Mr. Mpho Balopi, for the continued funding and support.

My gratitude also goes to the management and staff of BNPC for their perseverance and ensuring that the Centre continues to make meaningful impact in promoting and enhancing national productivity and global competitiveness.

Christopher M. Diswai
Executive Director

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BNPC LEADERSHIP

BOARD OF DIRECTORS

	Qualification Profile	Work Experience
 **MR NELSON LETSHWENE** Board Of Directors Chairperson	Bachelor of Commerce (Honours)-Business Management & Personal Economic (University of South Africa) Bachelor of Commerce - Accounting and Business Economics (University of The Witwatersrand) Intermediate Certificate in Business Studies (Insurance Institute of Southern Africa) Certificate of Proficiency (COP) (University of Witwatersrand)	Managing Director of Moedi Learning Technologies, a company with services including but not limited to Business Development, Product Development and Personal Finance, Training and Facilitation. Mr Letshwene is also an author and a writer. He has published four (4) personal finance books and also writes columns on local media on personal finance.
 **MR NORMAN T. MOLEELE** Deputy Chairperson and Chairperson of the Board Strategy Committee	MSc Strategic Management (University of Derby (UK)) Post Graduate Diploma (Law) (University of Namibia) Post Graduate Diploma in Business Administration (Milpark Business School/Thames Valley University – London (UK))	He is the Chief Executive Officer at Business Botswana. His responsibilities include; driving the overall strategy, risk and management of Business Botswana focusing on private Sector growth and Social development, research policy and advocacy, establishing international partnerships and contribution to the country's accelerated economic growth agenda.
 **MR CHRISTOPHER MMUSI DISWAI** Executive Director	Bachelor of Engineering (Bangalore University, India) Diploma in Management (Henly Management College, UK) Masters in Business Administration (Henly Management College, UK) Advanced Management & Leadership Programme (Oxford University, UK) Certificate in Strategy Management (Germany)	He is responsible, among others, to lead, direct and provide overall strategic direction to the Centre. Christopher has over 26 years' of experience, primarily in ICT sector. He is highly experienced in Strategic Planning and Management, Programme and Project Management, Business Transformation, Change Management and Operations and Risk Management. He previously worked for Camusat Botswana, Lacell in Burundi and Orange Botswana in various sections. He also previously worked as a General Manager for Strategy for Botswana Telecommunications Corporation (BTC). At BTC, he also held dual roles of General Manager Strategy and Chief Operations Officer, responsible for, amongst other duties, Operations and Risk Management.

	Qualification Profile	Work Experience
 **MS MAIPELO P. MOTSHWANE** Chairperson of the Board Audit, Finance and Risk Committee	Bachelor of Commerce -Accounting and Audit (University of Botswana) Chartered Institute of Management Accountants (CIMA) Associate Chartered Management Accountant (ACMA) Associate Charted Public Accountant (ACPA) (BIA) Associate Charted Accountant (ACA) Chartered Global Management Accountant CGMA)	An independent member of the Board who is an Accountant by profession. Before her retirement, she worked for Air Botswana and Debswana Pension Fund. She also previously held other positions at the Debswana Diamond Company including Finance Manager Business Partnerships, Finance Manager Projects and Group Managemnet Accountant.
 **MR MOLEFI KEAJA** Chairperson of Board Procurement and Asset Disposal Committee	MSC –Development Economics (London School of Economics) BA Economics and Demography (University of Botswana)	Mr Keaja is the Deputy Director at the Directorate of Public Service Management (DPSM). His key responsibilities at DPSM includes; Assisting Director on Human Resource Policy Formulation, Public Service Training Policy Human Resource Information System and Human Resource Management Reforms. Mr Keaja started his career in the Public Service as an Assistant Economist in 1988 in the Ministry of Local Government and Rural Development. He rose through the ranks to Principal Economist, Deputy Town Clerk and Council Secretary. He was appointed Deputy Permanent Secretary (Governance) in the Ministry of Local Government and Rural Development in 2009 and Permanent Secretary, Ministry of Local Government and Rural Development from 2015 to 2017.
 **MR KEEPER MORGAN** Member of the Board Audit Finance and Risk Committee	Masters in Business Administration (University of Botswana) Masters in Digital Electronics (University Wales College of Cardiff (U.K.)) Bachelor of Engineering - Electrical and Electronics Birla Institute of Technology – India	He is Director Commercial Enterprises at Botswana Bureau of Standards (BOBS). His responsibilities include; planning, coordinating, initiating and managing the formulation of policies and strategies. Prior to ascending to his current post, he held several other posts at the BOBS including: Acting Director of Quality Assurance and Manager-Laboratory Services (Industrial Metrology)

	Qualification Profile	Work Experience
 **DR MOREETSI THOBEGA** Member of the Board Audit, Finance and Risk Committee	PhD. (Agricultural Education and Studies) (Iowa State University of Science and Technology, USA) Masters in Agricultural Education and Studies (Iowa State University of Science and Technology) Bachelor of Science – Agriculture (Botswana College of Agriculture/ University of Botswana) Post Graduate Diploma in Education (University of Botswana)	He is Director, Research and Policy Development at Botswana Examinations Council (BEC). His responsibilities include guiding and directing research programmes that inform BEC practice and policy decisions. Dr Thobega's past immediate employer was the then Botswana College of Agriculture (1997 -2010) where his post was Senior Lecturer.
 **MS GRACE SIAMISANG** Chairperson of the Board Human Resources Committee	Master of Arts -Human Resources Management (Hawaii Pacific University, Hawaii, U.S.A) Bachelor of Arts - Public Administration and Accounting (University of Botswana)	She is Manager, Human Resources Services at Botswana Unified Revenue Services (BURS). Prior to joining BURS, Mrs Siamisang worked at Directorate of Public Service Management (DPSM), where she was, among others, responsible for initiating and facilitating formulation of terms and conditions of the employment for the Public Service relating to compensation and benefits.
 **DR BATLANG C. SEREMA** Member of the Board Human Resources Committee and Strategy Committee	Ph. D Information and Policy Making (University of London, UK) Masters in Information Analysis - Corporate Strategy and Business & Government Information (Robert Gordon University, Scotland) BA History & Environmental Science (University of Botswana)	A Senior Lecturer at the University of Botswana (UB), whose responsibilities include lecturing and supervising Masters and PhD students, as well as contributing to the development and maintenance of a strong research programme in Information Systems. His previous employers include Botswana Democratic Party as the Executive Secretary, National Assembly as the Senior Research Officer and later Principal Information and Public Relations Officer.

EXECUTIVE COMMITTEE (EXCOM)

MR CHRISTOPHER MMUSI DISWAI
Executive Director

MR DAVID- GEORGE MOLOI
Human Resources Manager

MR MOTABASEYO LESOKOLA
Internal Audit Manager

DR. PHUMZILE MAGAGULA - THOBOKWE
Information and Research Services Manager

MS KOBOTSAMPA MDLULI
Acting Enterprise Support Programme Manager

MR BERNARD MAPHANGELA
Acting Public Service Programme Manager

MS TSWELELO KEBATLILE
Board Secretary

"Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them."

Paul Hawken

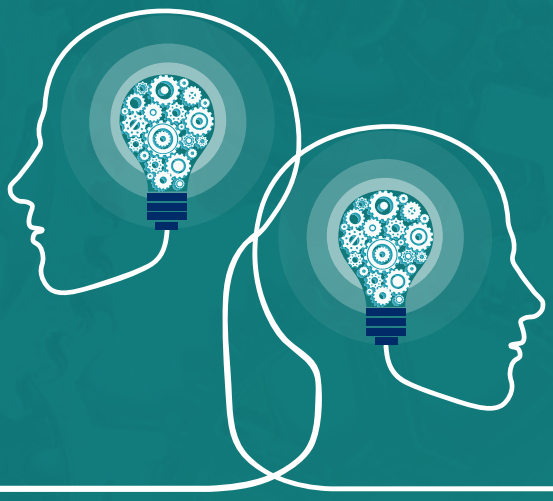
MR TEEDZANI MAJAULE
Productivity and Quality Manager

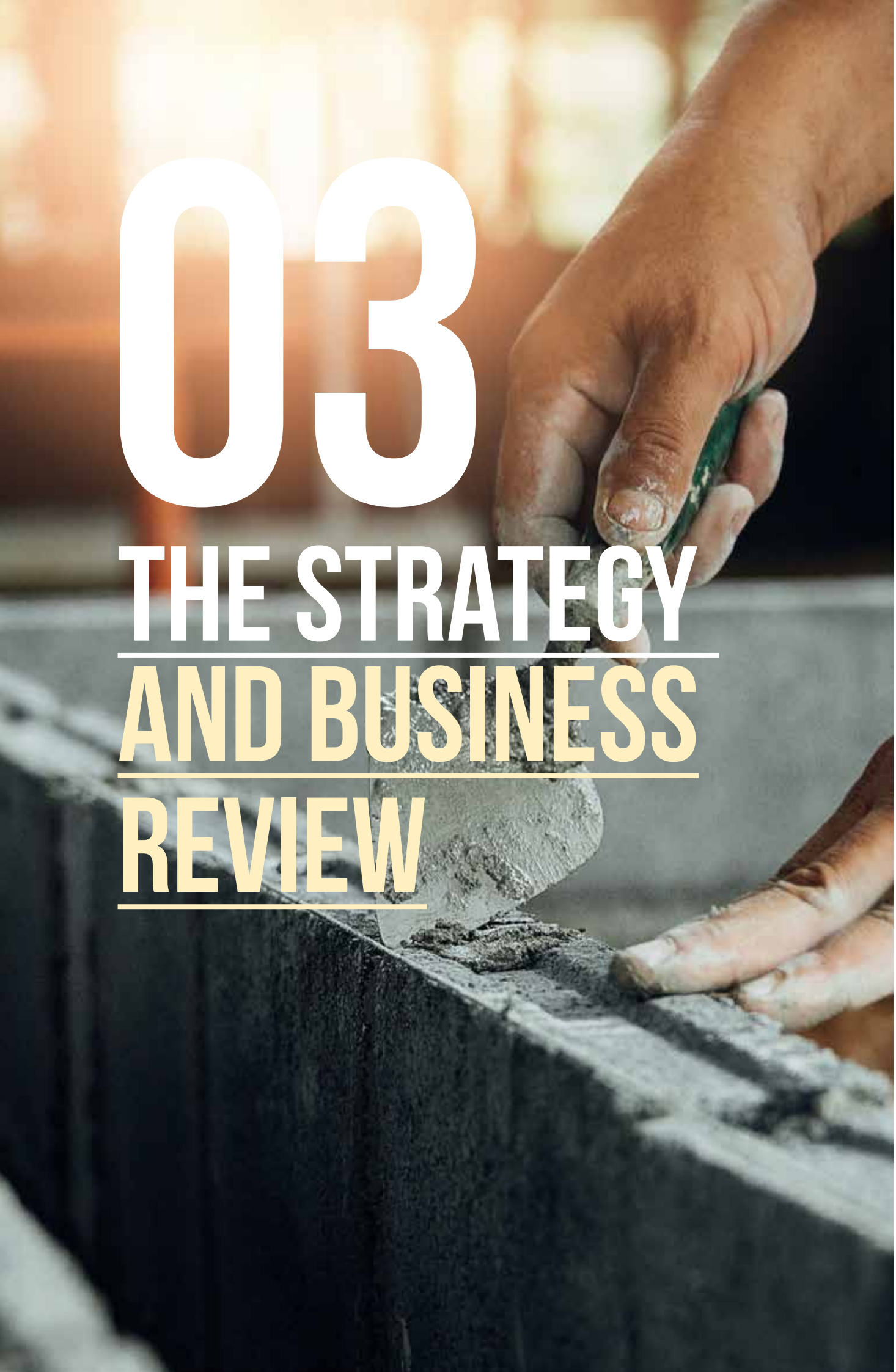
MS MATLHO JENNIFER KGOSI
Acting General Manager

MR MAEMO LOUIS THOKWANE
Finance Manager

MR DAVID GAONE MOSWEU
Acting Corporate Services Manager

MR TSHENOLO MAPITSE
Francistown Regional Office Manager





03

THE STRATEGY AND BUSINESS REVIEW

BNPC – The Story

Batswana have always demonstrated an understanding and appreciation of the central role played by team work and productivity in delivering results. Indeed, in the Setswana language, there are many idioms that emphasise the centrality of teamwork and productivity in a Motswana's life.

Such idioms, which speak to Tswana societal values, relate to hard work, team work and collaboration, vision, strategy, results, etc. All of which point to a results oriented culture. Examples of these include:

"Ga gona kgomo ya boroko"

"Setshwarwa ke ntsha-pedi ga se thata"

"Mokoduwe go tsoswa o o itekang"

"Moroto wa esi ga o ele"

Botswana rose from one of the least developed countries in the world, at Independence in 1966, to an upper middle-income economy, by the 2000's. This remarkable four decades of high economic growth was diamond-led, coupled with sound macroeconomic policies and good governance. Indeed, the country was dubbed the fastest developing country at the time.

The Country's economy, at annual growth rate averaging over 10%, was rated the highest growing economy in the world; outperforming the Southeast Asian Tiger economies of Singapore, Hong Kong, South Korea and Taiwan. Post the 2000s, real GDP growth has slowed significantly averaging around 5% over the past few years.

During the late 1980's and early 1990's, both business and the Government began to notice worrying economic trends. Productivity trends at the time although anecdotal, indicated a slowed pace. Government projects were being completed late if at all, and over budget; and National Development Plans (NDP's) were not delivered to expectations. The issues were becoming a subject of intense debate at the National Business Conference of 1988. As a result of these and other discussions, recommendations were made to form a National Productivity Centre.

The Botswana's economic growth heavily depended, as is to date, on the mining sector. The government's intention was, and still is, that more growth should come from the non-mining private sector, which is also employment intensive and can therefore meaningfully contribute towards the country having decent work, for its citizenry. The Government therefore decided to promote and increase productivity across all sectors of the economy.

Establishing a National Productivity Centre

The Botswana National Productivity Centre (BNPC) was founded in 1993 through an Act of Parliament. The Centre became operational in 1994 with the support of a Technical Cooperation Program with the government of Singapore. It was supported by the twinning arrangement with Singapore's National Productivity Board (NPB), the current Standards, Productivity and Innovation Board (SPRING), for the first ten formative years.

The Mandate

BNPC was established with an overall objective of enhancing the national levels of productivity

consciousness, as an advocacy function, and to enable individuals and organisations, through training and consulting, to be productive. This is expected to enable both Botswana as a country, and her institutions to be globally competitive. The key delivery objects of the Centre:

- Stimulate and generate productivity consciousness in Botswana.
- Promote increased productivity in all sectors of the economy.
- Improve and develop standards of management in all aspects and at all levels of the economy value chain.
- Promote and foster good Labour-Management relations and implementation of productivity programmes.
- Foster equitable productivity gain sharing between management, workers and consumers.
- To establish strategic partnerships between the Centre and other global productivity institutions.
- Introduce and institutionalise sound management practices

The BNPC mandate therefore, is to lead the improvement of productivity in all sectors of the economy. The Centre was established as a parastatal with a tripartite board comprised of representatives from Government, Employers' Organisations and Workers' Organisations together with a few stakeholders. The Centre operates from two locations, the Head Office in Gaborone, and a Regional Office in Francistown.

The Formative Years

The Centre's first ever strategic plan was developed in February, 1995 and spun the period 1995 to 1999. This followed an extensive consultative process to define BNPC's strategic position, started in May, 1994. The Centre's strategic focus, during the plan period, was to ultimately "bring about significant improvements in the quality of life and standard of living of Batswana through the adoption of productivity and quality practises in all sectors of the economy". Creating and raising national productivity awareness, was a good starting point.

By 2003, productivity awareness had risen to 42% from 17% in 1997. This was on the backdrop of a massive national productivity campaign dubbed **5B**. During the period, BNPC became synonymous with the **5B's**. *Botho, Botlhaga, Bofefo, Botswerere and, Bonatla* . Whilst direct translation of Tswana often leads to loss of intended meaning, above is a summary of typical characteristics or competencies referenced by the 5Bs.

The campaign, carried through the national radio (*Radio Botswana*) and print media (*Daily News and Kutlwano*) was designed to increase levels of awareness on the importance and benefits of productivity. This very successful campaign, remains the hallmark of BNPC's early achievements. This period was fully supported by the Productivity Standards Board of Singapore.

Focus was also on improving productivity in central government. The Centre partnered with government to champion and institutionalise a Government wide Performance Management System (PMS). This created a culture of planning and accountability for results within Government. The PMS was to later be widely adopted by the private sector as best practice.

Through partnership with the Singapore Productivity Standards Board, the Centre successfully implemented a project in the private sector targeting Small and Medium Enterprises (SME's) called Model Companies. The objective of the project was to improve production processes and profitability of the SME's, while also capacitating BNPC staff.

The Centre also started publishing a series of national productivity indicators called *Botswana Productivity Statistics* and a Journal, *Productivity Insights*. The publications are meant to create awareness of productivity trends, inform policy making and support private sector development. The maiden edition of the *Botswana Productivity Statistics* reports was published in 2005. The Centre continues to publish these series.

Other productivity improvement initiatives included targeted training and consulting in the public and private sectors in the areas of Management Development, Supervisory Development, Industrial Engineering, Quality Management Systems; and Customer Service.

The Middle Ages

The era witnessed growth in scope of operations and maturity of the Centre. However, the period also marked the end of several technical cooperation programmes, particularly with Singapore, as well as a gradual decline in Government funding.

Achievements in this period included the rise in productivity awareness from 42% in 2003, to 89% in 2007. Other flagship initiatives included implementation of Performance Management Systems (PMS) in Local Authorities; Production Improvement Projects in the private sector with the support of strategic partners such as Swedish International Development Agency (SIDA), SINTEF and Japan Productivity Centre (JPC).

This era also saw the birth of the partnership between BNPC and the World Economic Forum (WEF). The Centre has been a partner institute of WEF since 2007. The partnership entails annual data collection, by BNPC, through an Executive Opinion Survey (EOS) and dissemination of information produced by WEF through several Competitiveness Reports, including the following:

- The Global Competitiveness Report
- The Travel and Tourism Report
- The Global Information Technology Report
- The Enabling Trade Report Launch and
- The Global Gender Gap Report

The BNPC, through the insights from the various reports, advises policy makers and conducts further research on emerging issues from the WEF reports. The objective of the partnership was spurred by the desire to not only improve the nation's productivity but also to improve its global competitiveness.

Maturity, Productivity Trends and Highlights

With the WEF partnership and regular publication of productivity reports, BNPC was able to start tracking national productivity key indicators, as well as assess Botswana's global competitiveness, with a view to identifying benchmarks and areas for improvements.

Botswana's productivity growth rates have been fluctuating since 1998, as measured by the Multi Factor Productivity (MFP), the Labour Productivity and the Capital Productivity indicators **(Figure 03-01)**. Due to unavailability of data, the 2019 indicators are yet to be calculated. However, productivity growth rates in 2018 was 0.26%, -0.22% and 2.83% for MFP, Capital Productivity and Labour Productivity, respectively. Generally, Botswana seems to be performing better in terms of labour efficiency in comparison to capital efficiency. Labour Productivity realized mostly positive growth rates since 2002, with the exception being in 2004, 2009 and 2015. On the other hand, Capital Productivity recorded mostly negative growths in the same period with the strongest negative growth being in 2009.

Irrespective of the erratic fluctuations in the indicators, closer observations reveal that on average productivity growth, between 1998 and 2018, has been mainly negative with very minor improvements, as evidenced by the MPF linear trend line shown in **Figure 03-01**. From this, it can be concluded that Botswana's productivity growth rate, like that of the international scene, has not shown tangible improvements over time. The international slowdown and stagnation in MFP growth rates has been attributed to, amongst other things, the fact that newer innovations are less effective in comparison to previous technological revolutions. Other potential explanations for the productivity slowdown, which may be relevant to Botswana, are mismatch of skills and declining real returns to skilled labour.

Table 03-01 provides a breakdown of the annual average sectoral productivity growth rates between 2014 and 2018. Given the lack of capital stock data, MFP and Capital Productivity are not calculated for all sectors. **Table 03-01** shows that Labour Productivity for all sectors grew by an annual average of 2.32% between 2014 and 2018. While the average annual growth rate of Capital Productivity and MFP in the same period was -2.56% and -1.55%, respectively. All sectors realized an annual average positive growth rate in Labour Productivity between 2014 and 2018. The large annual average growth of 18.1% in Labour Productivity for the water and electricity sector can be attributed to the fact that prior to 2014 this sector experienced serious constraints that challenged its ability to operate at full capacity. These constraints included drastic droughts, failures in the north south water carrier and constant breakdowns at the Morupule power plant. Massive recovery has only occurred in the past five years hence the large figure in the growth rate for this sector.

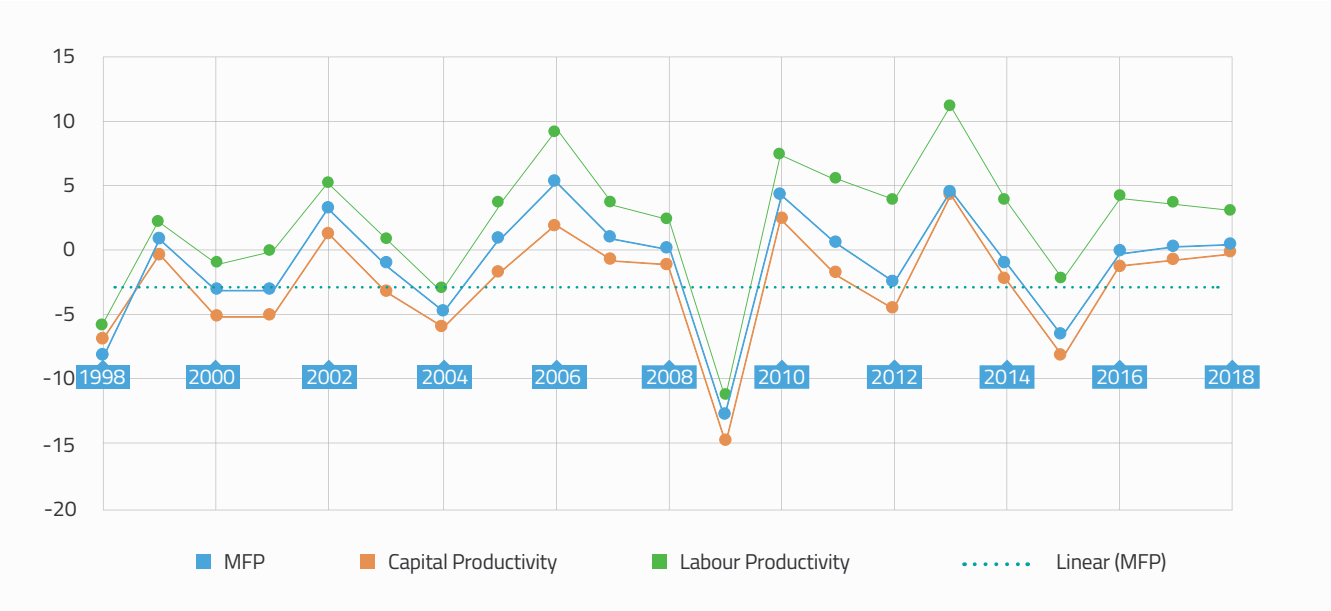


Figure 03-01: Botswana's Productivity Growth (1998 – 2018)

Source: BNPC Productivity Statistics Report 2019

Sectors	Labour Productivity	Unit Labour Cost	Capital Productivity	MFP
All sectors	2.32	-0.03	-2.65	-1.55
Agriculture	0.70	5.16	-	-
Mining	3.40	3.78	-6.14	-5.97
Manufacturing	1.72	5.67	-	-
Water and Electricity	18.01	4.42	20.56	5.51
Construction	4.51	1.26	-	-
Trade, Hotels andRestaurants	4.85	-3.91	-	-
Transport and Communication	5.03	-4.19	-	-
Finance and Business Service	2.44	-0.78	-	-
General Government	2.62	-0.29	0.07	2.79
Social and Personal Services	2.27	-3.47	-	-

Table 03-01: Average Sectoral Productivity Growth rates (2014-2018)

Source: BNPC Productivity Statistics Report 2019

Between 2014 and 2018, the manufacturing sector had the highest annual average unit labour cost growth rate of 5.67%. This sector recorded an annual average growth rate of 1.72% in labour productivity. Unfortunately, this was one of the lowest annual average sectoral Labour Productivity growth rates in this period. It is possible that the low Labour Productivity improvements in this sector can be attributed to poor innovation and technology adoption.

Table 03-02 compares Botswana's TFP growth rates with that of its Sub-Saharan peers (Mauritius, Rwanda, Namibia and South Africa). Since 2014 to 2017, Botswana and all the other countries, except Mauritius, have been experiencing declining TFP growth rates. Mauritius on the other hand registered positive growth rates during the same period. **Table 03-03** showcases Botswana's Labour Productivity trends from 2001 to 2013.

Various other productivity and competitiveness statistics and trend graphs are represented in the tables, figures and graphs below.

	2011	2012	2013	2014	2015	2016	2017
Botswana	-2.11	-3.60	4.02	-1.40	-7.26	-0.86	-1.38
Mauritius	1.08	0.21	-0.24	-0.08	0.28	1.71	1.84
Namibia	-1.09	-3.94	0.13	-2.47	-1.23	-1.56	-4.09
Rwanda	1.74	2.03	-3.19	0.40	1.74	-0.45	-0.35
South Africa	-2.19	-0.79	-1.29	-1.22	-2.76	-1.12	-1.55

Table 03-02: Selected Sub-Saharan Countries Total Factor Productivity Growth Rates

Source: BNPC Productivity statistics; calculations based on Penn World Tables 9.1 (2019)

	Data Indices			Productivity Indices		Productivity Growth	
Year	VA Index	Employment Index	Cash Earnings Index	Labour Productivity Index	Unit Labour Cost Index	Output per Worker	Unit Labour Cost
2001	81,16	94,54	79,29	85,84	97,70		
2002	85,39	94,99	78,44	89,90	91,86	4,06	-5,84
2003	93,51	97,32	80,67	96,09	86,27	6,19	-5,59
2004	97,42	101,70	90,08	95,80	92,46	-0,29	6,19
2005	99,42	108,59	94,45	91,56	95	-4,24	2,54
2006	100	100	100	100	100	8,44	5
2007	101,38	102,33	101,79	99,08	100,40	-0,92	0,40
2008	101,38	105,99	93,42	96,08	91,74	-3,00	-8,66
2009	106,52	111,21	91,98	95,78	86,35	-0,29	-5,39
2010	110,19	145,03	95,98	75,98	87,11	-19,81	0,75
2011	117,82	156,59	101,93	75,24	86,52	-0,74	-0,59
2012	126,45	154,10	113,12	82,06	89,47	6,82	2,95
2013	130,03	153,37	117,91	84,78	90,68	2,73	1,22
				Average Growth Rates		-0,09	-05,59

Table 03-03: Labour Productivity Indicators

Source: BNPC Productivity Statistics Report 2019

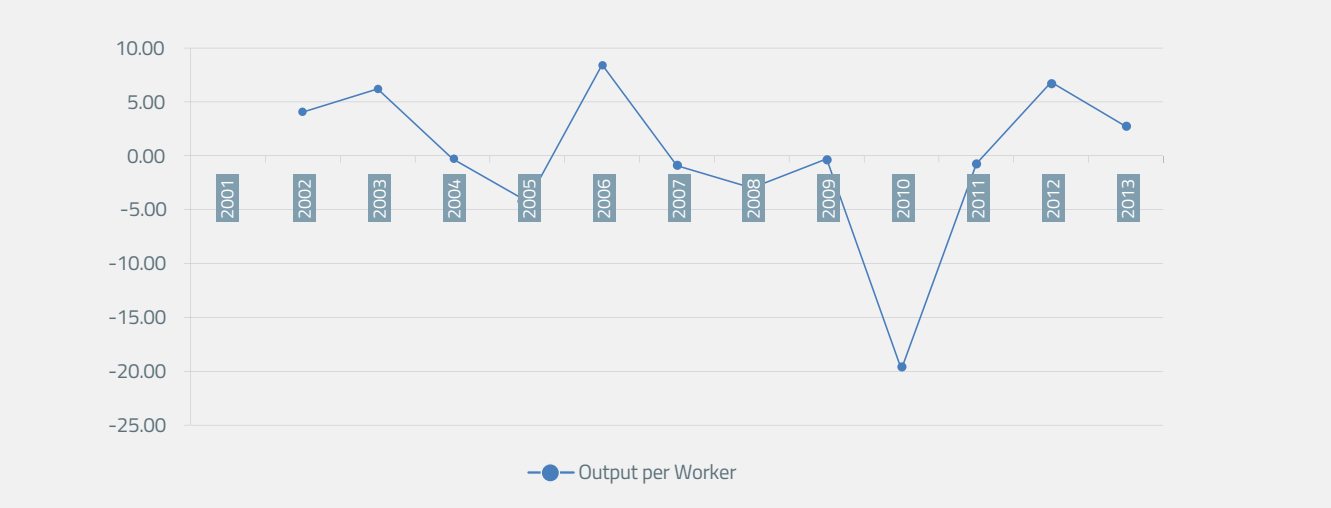


Figure 03-02: Output Per Worker trends from 2001 to 2013

Source: Botswana Productivity Statistics Report 2015

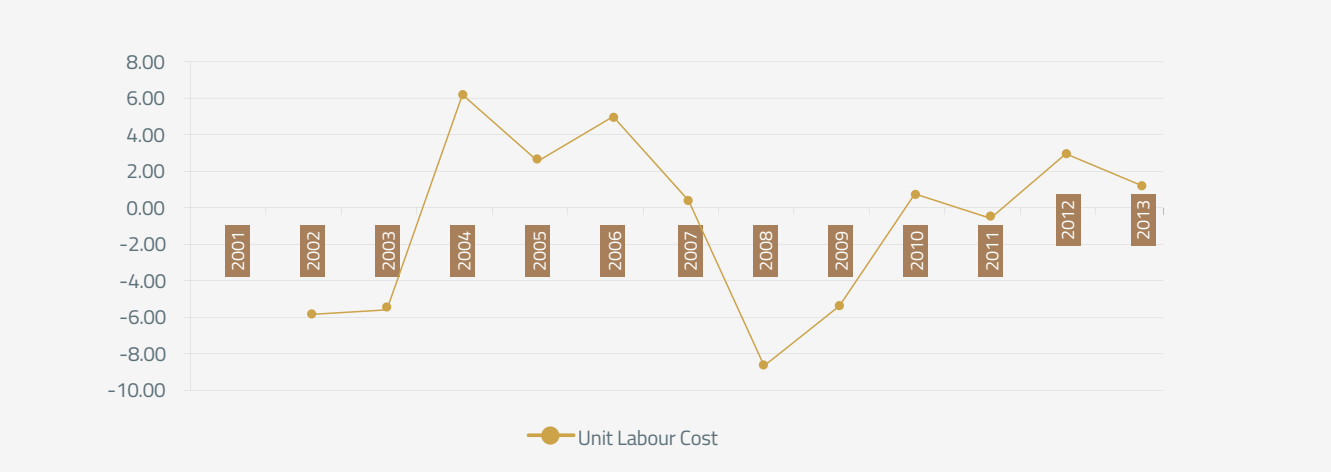


Figure 03-03: Unit Labour Cost trends from 2001 to 2013

Source: Botswana Productivity Statistics Report 2015

Table 03-04 provides total factor productivity (TFP) growth rates for Botswana between 2014 and 2017, as provided by Penn World . The data shows that the annual TFP growth rate for Botswana had been positive but below one (1) percent in the periods presented in the Table. The country's TFP has been declining between 2014 and 2017.

	TFP (%)
2014	0.98877
2015	0.91698
2016	0.90911
2017	0.89654

Table 03-04: Botswana's Total Factor Productivity Growth

Source: Penn World Tables 9:1

However, the decline of Botswana's TFP growth rates was consistent with the slowdown in global productivity growth, commonly referred to as the productivity paradox. The slowdown and stagnation in TFP has been attributed to, amongst other things, the fact that newer innovations are less effective in comparison to previous technological revolutions, which profoundly changed production and consumption. Other potential explanations for the productivity slowdown were mismatch of skills, declining returns to skilled labour and the slowdown in international trade *(Goldin et. al. (2018).*

Figure 03-04: Botswana's Global Competitiveness Trends

In 2008, Botswana was ranked 56th out of 134 assessed countries. By 2014, Botswana was ranked 74th out of 148 countries, a decline in competitiveness rankings.

Our strategy and operations review

The BNPC Strategy 2018 – 2023, was developed in alignment to the national Vision-2036, the National Development Plan (NDP-11) and the United Nations' Sustainable Development Goals. The strategy has the following Strategic Themes, for an easy management and execution:

Enterprise Productivity – Through this strategic theme, the Centre sought to help address the nation's concerns regarding the decline in Total Factor Productivity; Poor Work Ethic and the continuous decline in rankings on the WEF's Global Competitiveness Index and the World Bank's Doing Business Reports. The strategic interventions under this theme were also meant to address declining competitiveness of local firms, and thus make them competitiveness on the global export markets, consistent with the Vision 2036 objective of an export led economy.

Labour Productivity - Overall labour productivity based on Output per Worker and Unit Labour Cost had been growing at a diminishing rate, especially in construction, trade, communications and personal and social services (Botswana National Productivity Centre, 2015). This theme aims to ensure there are focused strategic objectives and initiatives towards improving national labour productivity.

Sustainable Capacity Building – In order to deliver on its mandate of promoting improvement in national productivity and competitiveness, BNPC has to be well positioned and capacitated internally. This strategic theme aims to ensure the Centre is well resourced and capacitated to deliver on this task.

The Strategic Themes are depicted pictorially below, **Figure 03-05.**

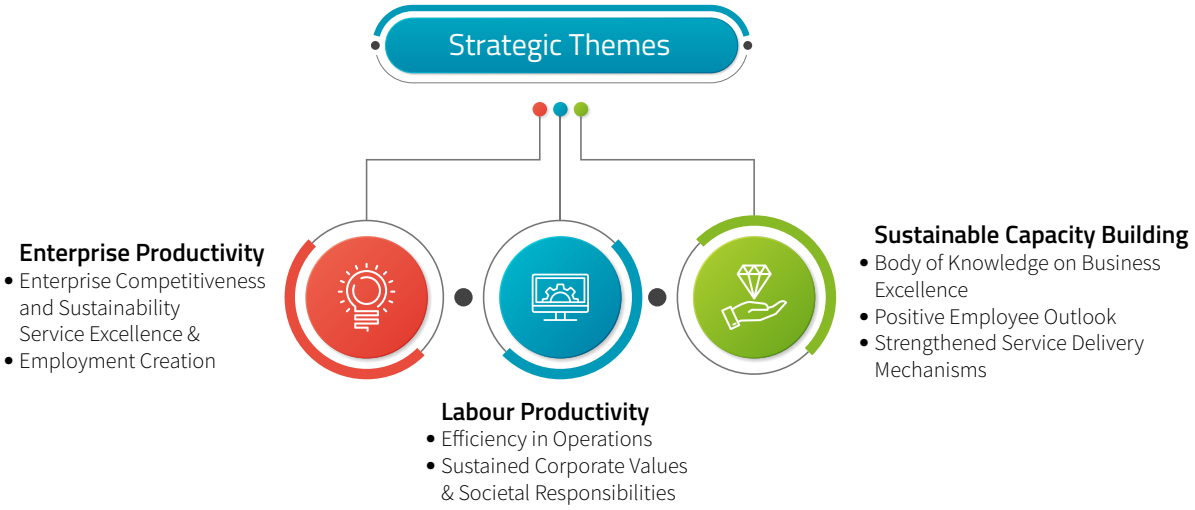


Figure 03-05: Strategic Themes 2018-2023

Our Operations Review

The report highlights the Centre's performance against strategic objectives and associated initiatives as set out in the Centre's Strategic Plan (2018-2023). The financial year 2019-2020 was characterised by a number of activities which saw the Centre making significant improvements in national productivity improvement advocacy campaigns; research undertakings; and the approval of the proposed organisational restructuring by the Board. However, some projects did not commence as envisaged due to resource constraints.

Performance Highlights

Figure 03-06 shows the BNPC strategic objectives and associated imperatives, upon which the Centre's operations are centred.

Mission: "Driver in transforming Botswana's work culture"
Vision: "A productive and competitive nation"

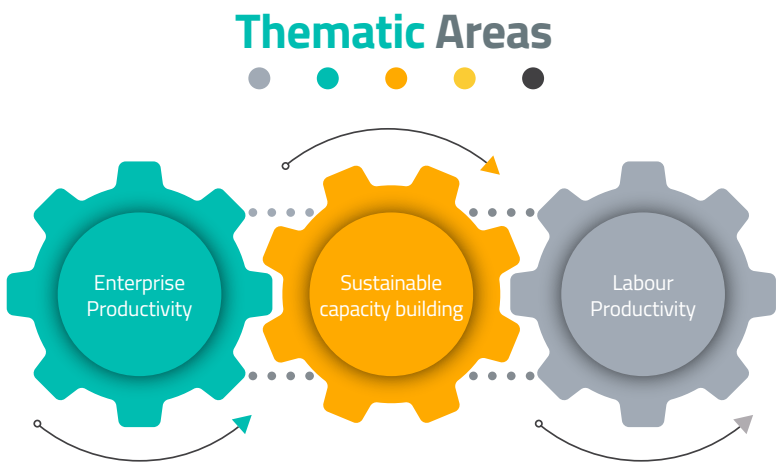


Figure 03-06: BNPC Strategic Foundations, Themes and Objectives

The Centre's strategic focus is the need to maximise client organisation's operational efficiency and effectiveness in Enterprise Productivity, Labour Productivity, Labour-Management Relations and sustainable capacity building through continued training and consulting interventions. There has been a significant decline in the uptake of the Centre's consultancy interventions, due to heightened competition and limited consulting opportunities in the market. The onset of Covid-19 during the fourth quarter meant that some of the targeted activities due in the fourth quarter had to be compromised.

Figure 03-07 shows the proportion of strategy achievement against the set target, on a quarterly basis.

Capacity Building and Consultancy Work for Competitiveness

Capacity building interventions are by and large delivered through individual and organisational consultancy and capacity building programmes, across the various sectors of the economy. This, it is envisaged, shall capacitate both the organisations and individuals to improve their operational efficiency and competitiveness, positively impacting their operations and bottom lines.

Figure 03-08 highlights the number of participants trained throughout the financial year. During the same period, twenty-six organisations were enrolled **(see Figure 03-09).** Organisational programmes were mainly for in-house training, as opposed to consultancy work. Participants were trained in the following programmes:

- Kaizen
- Industrial Housekeeping
- Labour-Management Relations
- Smart Work Ethic
- Project Management
- Effective Customer Service
- Introduction to Supervision
- Balanced Scorecard
- Supervisory Development Programme

The Centre experienced challenges with the delivery of the productivity improvement initiatives and flagship projects such as the business Turnaround Solutions and Kaizen programmes. Most organisations targeted for enrolment in these programmes, invariably, failed to meet the criteria, making it difficult to progress the programme beyond assessment stage. BNPC is reviewing the packaging and delivery of these programmes, with a view to ensuring they are aptly tailored for the targeted market.

Productivity Culture, Work Ethic and Labour Relations

The Centre enrolled twenty companies on the Labour-Management Relations (LMR) programme. Sixteen of the enrolled companies were able to implement the recommended solutions. Four are yet to implement recommendations (see **Figure 03-10**).

The Centre also reached out to 132 participants for the LMR and Work Ethics training. **Figure 03-10** and **Figure 03-11** shows the extent of capacity building on LMR and Smart Work Ethics at both organisational and individual levels.

The Labour-Management Relations and Smart Work Ethics programmes are continuously being reviewed, to ensure that it meets customer needs and consequently attracts the intended beneficiaries. This shall include post-delivery impact assessment for both individuals and the organisation.

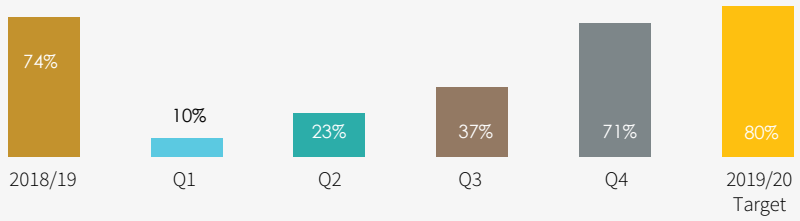


Figure 03-07: Cumulative Annual Performance

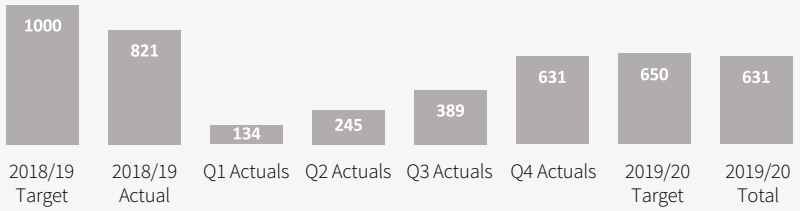


Figure 03-08: Number of Participants Trained

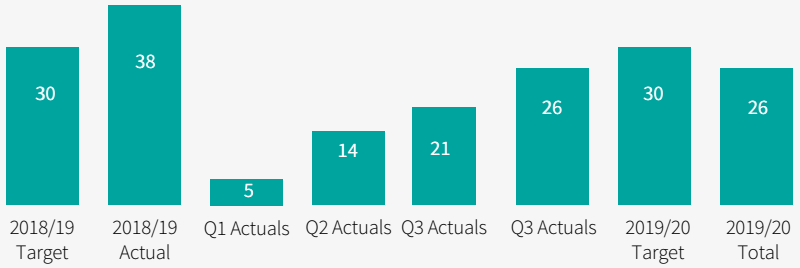


Figure 03-09: Number of Organisations Enrolled

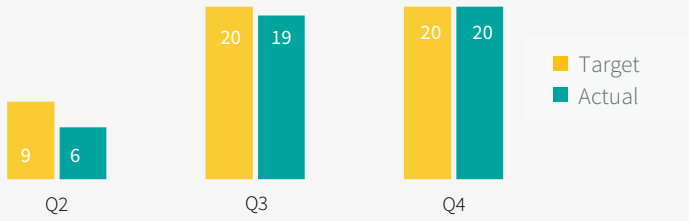


Figure 03-10: LMR - Organisations Targeted for Interventions

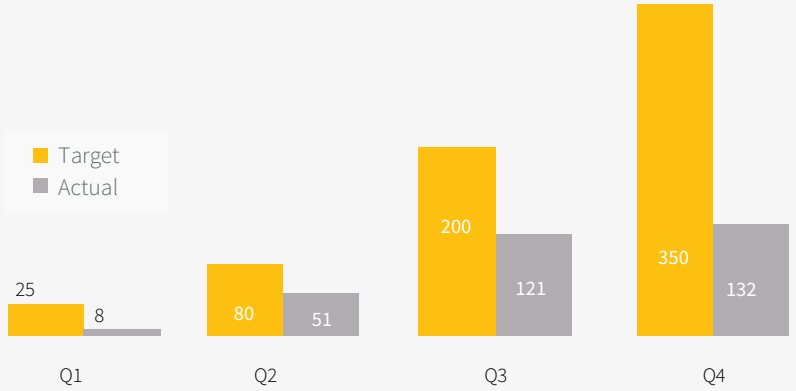


Figure 03-11: Capacity Building on LMR and Smart Work Ethics

Advocacy and Marketing Campaigns

The Advocacy and Marketing strategic objectives seeks to build and amplify a BNPC brand of shared collaborations, understanding with stakeholders through coordinated actions to create enhanced awareness on productivity, functional partnerships and improved customer satisfaction levels. During the period under review, the customer satisfaction measure shows an increase by 3% from the previous year, as shown in **Figure 03-12**.

Feedback collected from various segments of the public and different modes of interaction such as post awareness, fairs and exhibitions, training and other interventions shows an increase and improvement trend, from 37% in 2018/19 to 50%, 2019/20.

Figure 03-12: Customer Satisfaction

Stakeholder outreach activities to create awareness on productivity and work ethics included use of online campaigns, digital and print media advertising, weekly serialised articles, as well as television programmes. The Centre recorded digital testimonies from a diverse base of consulting clients have been uploaded and are available on the BNPC *YouTube Channel,* for on-line viewing demand. The Centre also visited schools to conduct staff awareness campaigns on work ethics. Other interventions include assisting sixteen manufacturing and agro-based companies to develop Work Ethic policies and improvement initiatives.

Research and Development

The Centre conducts productivity and competitiveness related research to generate evidence-based data that can be used at different levels of the economy to inform decision making. The Centre carried out research on Work Ethics in 2018, the findings of which pointed to, generally, poor labour relations and work ethic and poor leadership in the workplace. The report recommended, among others, that the Centre should intensify awareness campaigns on work ethic, undertake to improve leadership quality as well as develop and implement employee engagement strategies.

The Centre also finalised three publications vis; Productivity Insights, Productivity Statistics and Competitiveness Dashboard. Productivity and Quality Magazine has been delayed, and is due for release in Quarter-3 of 2020-2021.

As the local partner institute of WEF, BNPC undertook the 2019-2020 annual data collection, for the WEF Global Competitiveness Reports, through the Executive Opinion Survey (EOS) and disseminated the information produced by WEF through the various reports.

The Centre has undertaken a review of the Government's Integrated Support Programme for Arable Agriculture Development (ISPAAD) performance through a trend analysis of productivity in the agricultural sector.

Through the ISPAAD programme, introduced in 2008 to address challenges facing arable farmers, it was envisaged that the performance of the arable sub-sector would greatly improve through fencing of fields, establishing Agricultural Service Centres as well as assisting arable farmers to acquire requisite inputs and draught power to undertake tillage operations.

The preliminary findings showed a slight improvement in the use of land, productivity and production of grains in this particular sector, during the period 2008-12, and a slight regression beyond the cited period, thus necessitating further investigation.

In view of the foregoing, the Centre has collaborated with the Ministry of Agriculture and Food Security, to carry out an intensive evaluation exercise on the performance of the ISPAAD programme. This collaboration will make it easy for the two parties to easily access, analyse and verify data as well as better understand processes involved in the arable production sector.

Corporate Governance

This objective focuses on compliance, building relationships between the Centre's Management, The Board, Shareholders and other Stakeholders. The following key interventions were achieved during the Financial Year;

- Board Members Corporate Governance Refresher Training - December 2019
- Board Performance Appraisal - March 2020
- Anti-Corruption Risk Assessment Training - March 2020

Details of the BNPC Corporate Governance environment are provided in the Corporate Governance Chapter of the Annual Report.

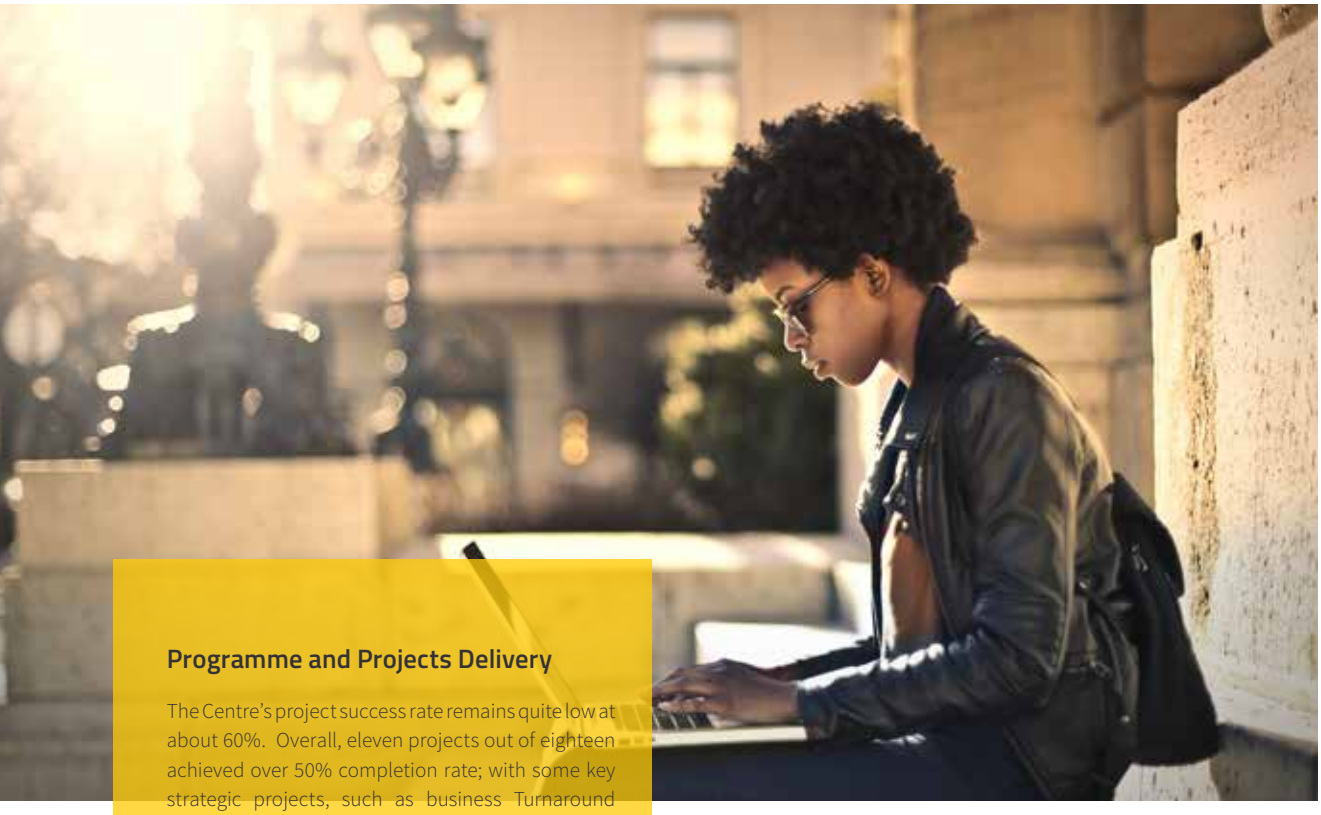
Human Capital Development

As part of the organisations human capital development, and consistent with the Sustainable Capacity Building strategic objective, fifteen employees were enrolled on both Management Development Programme (eleven) and Senior Management Development Programme (four). All employees successfully completed by March 2020.

The Board, in March, 2020, approved a proposed new organisational structure, to best deliver on the Centre's mandate; emerging global and national productivity and competitiveness issues as well as strategic vision of the Centre. Transition to the new organisational structure is dependent on the conclusion of various associated policies and availability of budget.

The current organisational structure was implemented in 2008/9. The structure is now outdated and is not consistent with modern organisational trends and not well positioned to transform BNPC into a world class; agile productivity centre of excellence along the lines of Malaysia, Singapore and Japan, which were instrumental in the formation and initial shaping of the BNPC construct.

The proposed new organisational structure aims to embrace the above highlighted needs and future requirements, which were not apparent, back in 1993, at BNPC's formation.



Programme and Projects Delivery

The Centre's project success rate remains quite low at about 60%. Overall, eleven projects out of eighteen achieved over 50% completion rate; with some key strategic projects, such as business Turnaround Solutions, Monitoring and Evaluation, Productivity Academy Review, ICT Strategy and the HR Enterprise Resource Planning (ERP) system implementation, less than 50% completion rate.

Project management remains a key challenge, and as such, impacted negatively efforts geared towards successful strategy execution. The establishment of the Office of Strategy Management (OSM), to be responsible for overseeing strategy and project management, shall go a long way in improving programme and project execution rates within the Centre. The office is targeted for establishment during the 2020-2021 financial year.

Strategic Partnerships

In March, 2020 the Centre signed a Memorandum of Understanding with the University of Botswana (UB) to formalise, expand and strengthen the already exiting working relations, in areas of research, training and resource exchange. The collaboration is expected to help the two institutions work together in promoting training, mutual access to resources, human capital and services as well as mutual exchange of scientific knowledge, publications and information.

In this partnership, the two institutions are expected not only to work together to promote research and productivity in the country but also to collaborate in productivity and good work ethics matters, capacity building for export readiness as well as contributing towards building a knowledge-based economy as a collective.

Collaboration with Associations and SMMEs

The Centre collaborated with the Taxi and Buses Association during the period under review. A select group of one hundred and twenty-six (126) taxi and bus operators and owners were taken through a training programme on Customer Service and Work Ethic. The Associations have reported marked differences in the behaviour of those that were taken through the training programme. Both Associations are willing to engage further with the BNPC in this training for the rest of their constituents, particularly in major tourist areas of Francistown, Maun and Ghantsi. The Centre is exploring funding opportunities to expand this programme country-wide.

Going forward, the programme shall be extended to other SMMEs, such as barbers, to inculcate a culture and discipline of efficiency in customer service; work-ethics as well as book keeping, at the same time promoting competitiveness and business continuity and sustainability.

Covid-19 Pandemic Response

Upon the pronouncement by the Vice President on the 26th March that all returning citizens and non-citizens were to be quarantined, the Centre was designated a Quarantine Site and closed for normal operations on the 27th March 2020. Following the declaration of a "State of Public Emergency" (SOE), effecting on the 2nd April 2020, the Centre was later used to accommodate members of the Botswana Defence Force on Covid-19 assignment.

In view of readiness and preparedness to combat the pandemic, the Centre set up an Internal **BNPC Covid-19 Response Team**. The mandate of the team is to coordinate all related activities, including putting in place readiness measures for the Centre to return to operation as well as ensuring that all established protocols and regulations are adhered to. The team also ensures that there is continuous communication between Management and Employees on emerging trends regarding the pandemic and consequences thereof.

As part of the Centre's response to the new Covid-19 induced normal, the Centre has instituted a *Work From Home* (or Anywhere) programme. The programme is being offered to various institutions, both Government and Private, with a view to assisting them set up structures to effectively and efficiently manage employees working from home during Covid-19 Lockdowns or where there are any operational requirements for employees to work away from the office, such as to decongest the office.

01. Vision 2036

Pillar: Sustainable Economic Development (high levels of productivity and productive and competitive workforce)

02. National Development Plan 11

Focus Sectors: Tourism, Financial Services, Agriculture, Mining, Diamond Beneficiation

03. HE's Roadmap

Competitivenes and sustainable development through economic diversification, employment creation and poverty eradication

04. Ministry of Employment, Labour Productivity, and Skills Development

Focus Areas: Improve Enterprise Productivity throughout the economy. Facilitate building a productive culture in Botswana

05. BNPC Strategic Plan (2017/8-2022/3)

Focus Areas: Enterprise Productivity, Labour Productivity & Sustainable Capacity Building for the Tourism, Financial Services, Agricultural, Mining and Diamond beneficiation sectors

Figure 03-13: Strategic Alignment to National Instruments.

PERFORMANCE HIGHLIGHTS FOR 2019

The Centre's overall strategic performance for the financial year 2019-2020 averaged 71%, measured against attainment of the Centre's strategic objectives and initiatives during the reporting period. This marks a 3% decline compared with the 2018-2019 baseline, which was 74%. The overall performance per perspective is summarised below.

Customer Perspective:

89% compared to 86% in the last financial year.

Financial Perspective:

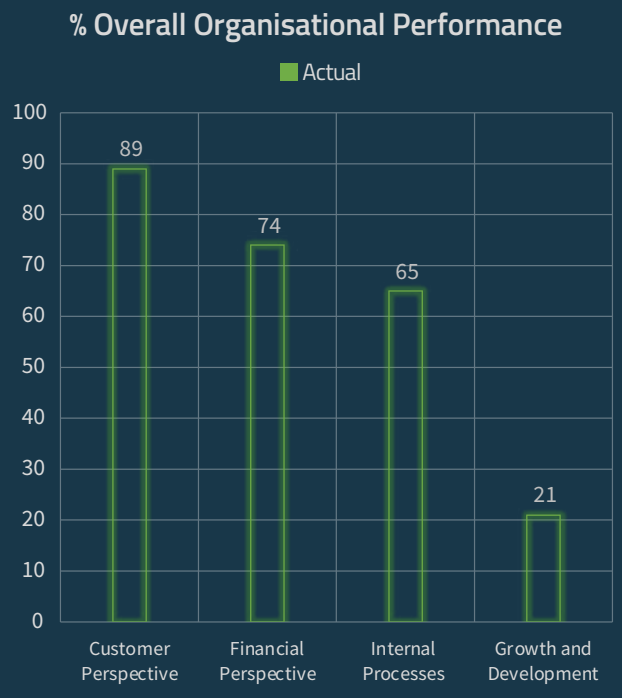
74% compared to 100% in the last financial year.

Process Excellence:

65% compared to 72% in the last financial year.

Growth and Development (Human Capital):

remains at 21% for the current and last financial year.



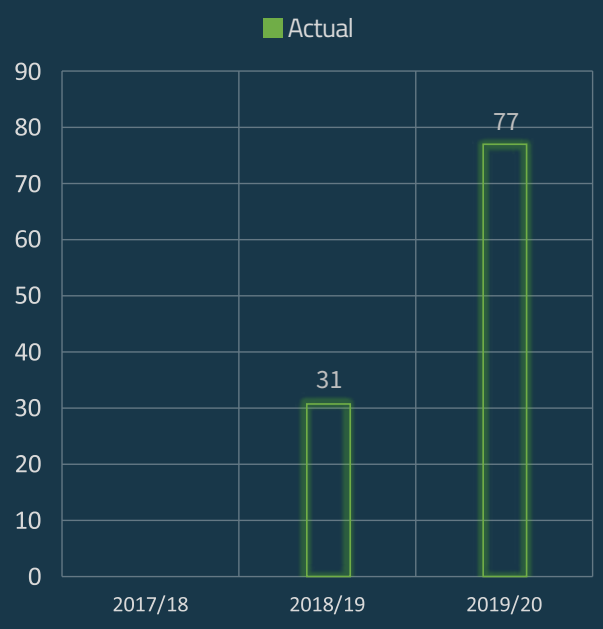
77%

GROWTH IN SUCCESSFUL EXECUTION OF INTERVENTIONS AT ORGANISATIONAL LEVEL (EFFECTIVENESS) IN 2019

Figure 03-14: Botswana's Performance in 2019

Source: WEF, Global Competitiveness Report 2019

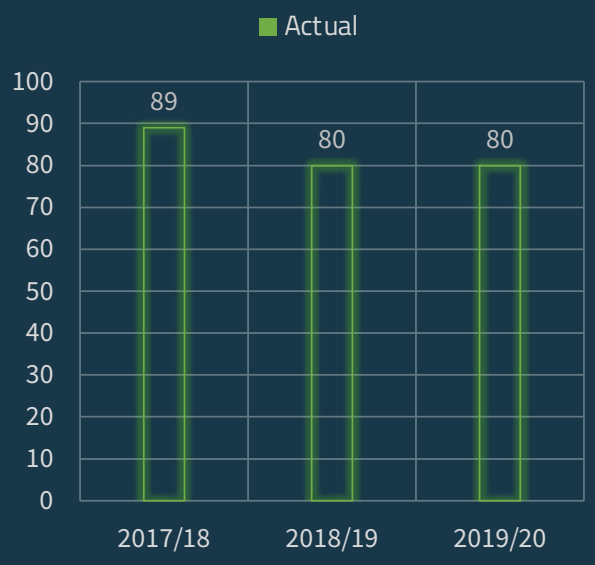
% Successful Execution of Interventions at Organisational Level (Effectiveness)

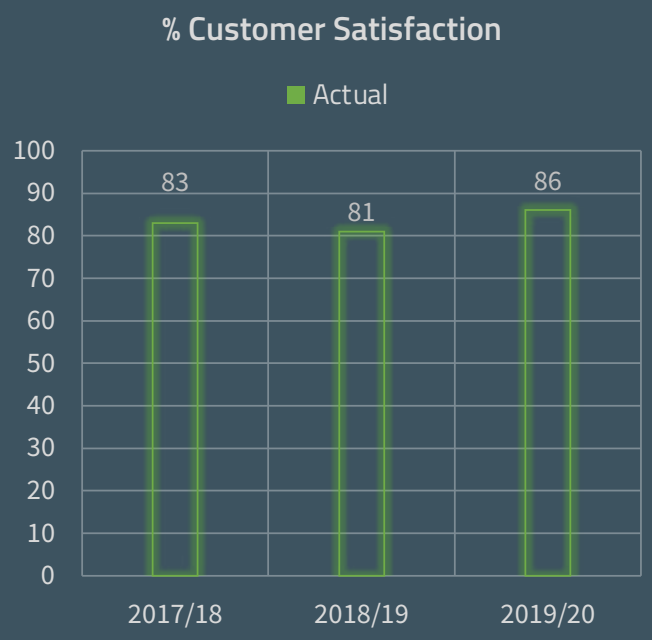


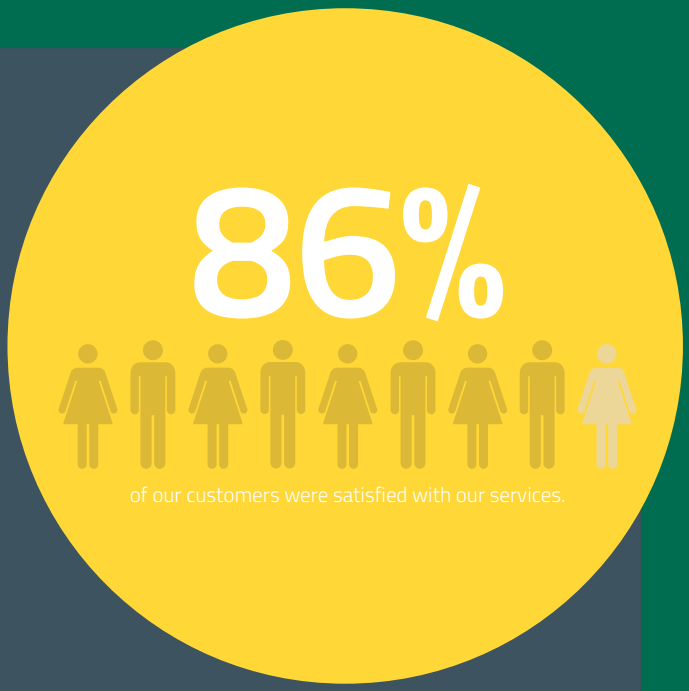
The centre offers various productivity consulting such as Kaizen and turnaround initiatives to capacitate organisations and individuals to improve their operational efficiency and competitiveness, thus positively impacting their operations and bottom lines.

The enrolled companies, mainly SMMEs, were assisted with the implementation of the recommended solutions towards improving their internal labour-management relations and employee work-ethic

% of Organisations practicing LMR (value alignment, suggestion schemes, industrial harmony and/or innovation)



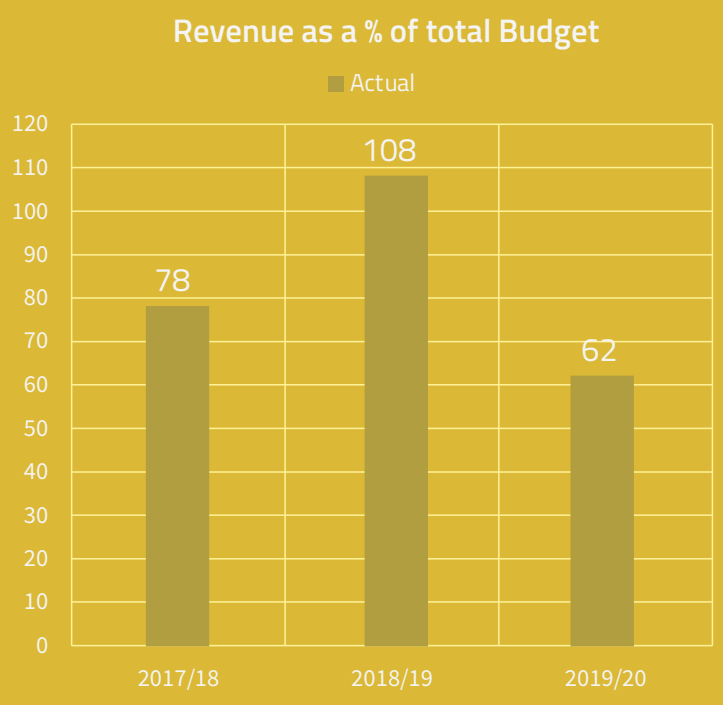




2019

saw a significant decline in Revenue as a percentage of the total Budget

Overall funding continues to become a challenge for the Centre as it still heavily relies on the government grant to finance its developmental and operational activities. During the year under review, 82% of expenditure was financed through Government grant, with only 18% from internally generated revenues.



04

ENVIRONMENTAL AND SOCIAL PERFORMANCE

(VISION 2036, SDGS, SHEQ)

BNPC and The National Vision

The national Vision 2036: Achieving Prosperity for All, is a national transformation agenda, that defines the goals and aspirations of Batswana. Underpinned by the envisaged transition of Botswana from an upper middle income to a high-income economy, this shall be achieved through:

- Employment creation
- Transitioning Botswana into an exported, knowledge-based economy
- A focus on youth empowerment
- Leveraging ICT as a key enabler and contributor to economic growth and employment creation, amongst other priorities

These national priorities shall place Botswana on a positive trajectory towards the achievement of the 2036 vision of a productive high-income economy that is globally competitive.

Improving the levels of national productivity and innovation is the most efficient way to realising inclusive and sustainable economic growth. The result should translate into a strong performance in the overall productivity and competitiveness of both the government and the private sector.

BNPC's past strategic planning process was informed by a number of factors, among others; alignment with the Vision 2016 Pillar of a "Prosperous, Productive and Innovation Nation" and addressing challenges such as poor work ethics, which has continuously been cited as the most problematic factors for doing business in Botswana. With the advent of the Sustainable Development Goals (SDGs), Vision 2036 and the National Development Plan (NDP) 11, there is need for the BNPC to realign its operations with national priorities. More importantly, Vision 2036 emphasises the need to sustain, transform and drive the country into a common destiny through high levels of productivity, knowledge based economy and competitive workforce.

The Botswana National Productivity Centre fully embraces and supports the national transformation journey and is fully cognisant of the critical role it must play in driving the national productivity agenda - a key ingredient for the nation to achieve its vision aspirations. The Centre shall, during FY 2020/21, review its strategy and business model to ensure it is well poised to support the government transformation programme, as a truly apex productivity centre, fully supporting and leading productivity enhancement initiatives, across all sectors of the economy.

BNPC and the Sustainable Development Goals

Transforming our world: UN 2030 Agenda for Sustainable Development

The 17 Sustainable Development Goals (SDGs) enshrined in the United Nations (UN) 2030 Agenda for Sustainable Development, adopted by the 193 Member States in 2015, represent a new global development compact. Encompassing three core dimensions - Economic, Social and Environmental development - the Agenda has become the centre of a renewed development framework for countries of the world, including Botswana, to meet the changing development priorities and development gaps that the Millennium Development Goals (MDG) were unable to close.

2020 marks the start of the Decade of Action to deliver on the SDGs; a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere by 2030. For many companies, including BNPC, aligning with SDGs is the next big way to make a positive impact as an organisation.

The recent rise in global commitments and initiatives for sustainable development now requires companies to run the SDG assessment for their business and develop a response strategy. According to a KPMG study on SDG reporting in 2018, 84% of top global companies have identified the SDGs that are most relevant to their business. SDGs are also becoming increasingly important to investors; they represent material Environmental, Social and Governance (the Sustainability ESGs) perspectives that investors take into account as part of their fiduciary duty.

As a responsible good corporate citizen, BNPC has identified those SDGs that are most relevant to the Centre's business operations. Being a National Productivity Centre, it is inevitable that progress gained in any one specific area of the SDGs (Economic, Social or Environmental dimensions), would generate both synergies and trade offs in another area.

Figure 04-01: The Sustainable Development Goals

Where is BNPC Making a Difference?
Our Contribution to the UN Sustainable Development Goals

SDG 2: END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

The fundamental human need is food; hence food security is a national priority for all countries. The complexity of delivering enough food to a national population and to the whole world's population, highlights why food security is important for all.

BNPC collaborated with the Ministry of Agriculture and Food Security to conduct an evaluation of the Integrated Support Program of Arable Agriculture Development (ISPAAD). Since the inception of the program, the main objective was to establish the impact of ISPAAD on grain production and productivity in Botswana. The results will be used to further strengthen national policies on agriculture and food security.

SDG 3: ENSURE HEALTHY LIVES and PROMOTE WELL-BEING FOR ALL AT ALL AGES

The health of the population is one of any nation's greatest assets. Good health improves people's wellbeing, their productive capacity and their ability to participate in society.

BNPC believes that a healthy employee will be more productive and active for long periods. Thus, BNPC provides health facilities such as, gym, clinic and playing grounds for its employees. The Centre further provides voluntary basic vital signs checks to staff and customers visiting its facilities. The services provided include: Blood Sugar Levels, Blood Pressure, Body Mass Index, Heart Rate, Spatial Oxygenation, Temperature and Weight.

SDG 4: ENSURE INCLUSIVE and EQUITABLE QUALITY EDUCATION and PROMOTE LIFELONG LEARNING OPPORTUNITIES

Future developments are inseparable from talents and culture. There are currently more than 265 million children out of school worldwide, which greatly hinders social and economic development. Only when the need for the required skills is satisfied can we promote the fair development of the whole society.

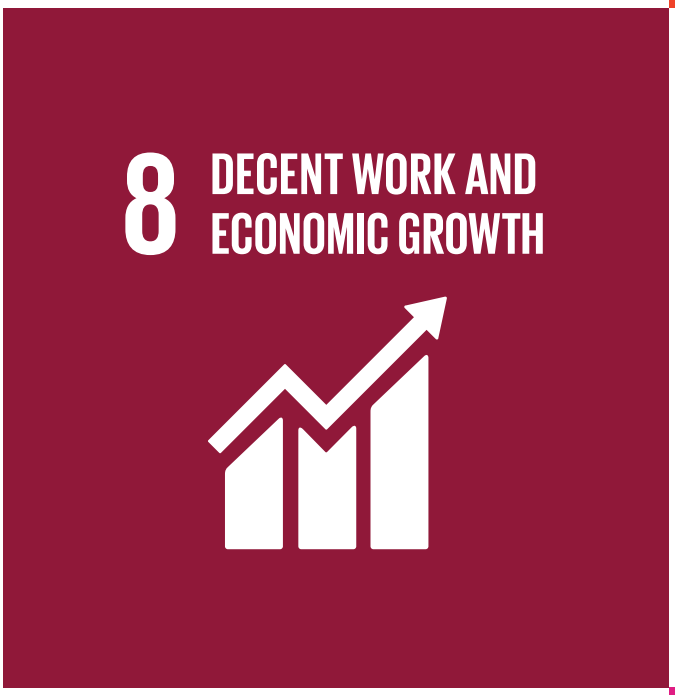
BNPC's training Programmes are designed to be innovative and to make an impact. We believe that training should provide participants with the capability and the motivation to make real improvements in workplace performance, for both the individual and employer. Performance improvement only occurs as a result of change.

At BNPC, we believe that along with the responsibility to provide training, is the responsibility to help create the environment to turn ideas into actions through the application of new knowledge in the workplace.

SDG 5: ACHIEVE GENDER EQUALITY and EMPOWER ALL WOMEN and GIRLS

The UN Sustainable Development Agenda shows that the number of girls enrolled in schools has increased significantly compared to 2000; an indicator of a global shift towards gender equality in schools.

Consistent with national legislation and policies and in support of the SDG-5, BNPC promotes equal opportunities and quality education for all.



SDG 8: PROMOTE SUSTAINED, INCLUSIVE and SUSTAINABLE ECONOMIC GROWTH, FULL and PRODUCTIVE EMPLOYMENT and DECENT WORK FOR ALL

Over half of the world's population still lives on the equivalent of about US$2 a day. Job creation stands as an opportunity, not only to generate decent work opportunities, but also to provide more robust, inclusive and poverty reducing growth.

BNPC conducted a national Work Ethic Investigation, in 2018, to address the perceived poor work ethic in the national labour force; which has been listed as one of the most problematic factors hindering the ease of doing business in Botswana, over the years. The study provides information and recommendations that serve as important inputs in the development of interventions towards improving productivity of the local labour market.

SDG 10: REDUCE INEQUALITY WITHIN and AMONG COUNTRIES

Inequality has become one of the most complex and vexing challenges in the global economy. Inequality of opportunity, gender inequality and inequality of income and wealth are all present in our societies.

BNPC as an equal opportunity employer and service provider offers unique perspectives, through its products and services to enrich views that help resist any temptation towards inequality.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16: PROMOTE PEACEFUL and INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL and BUILD EFFECTIVE, ACCOUNTABLE and INCLUSIVE INSTITUTIONS AT ALL LEVELS

It has been shown that business thrives in peaceful environments where good governance, effective business practices and the rule of law prevails.

BNPC is dedicated to maintaining a values based organisation with a culture of good governance and ethical conduct, where culture supports the effective functioning of core systems and processes. Against this background, BNPC has institutionalised risk management and adherence to the rule of law. The Centre has partnered with the Directorate on Corruption and Economic Crime to develop a robust Anti Corruption Framework. Procurement is also aligned to the tenants espoused in the Government's Policy on Citizen Empowerment, the Economic Diversification Drive and Youth Empowerment Programmes.

SDG 17: STRENGTHEN THE MEANS OF IMPLEMENTATION and REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

United Nations member states have identified a number of critical areas that can help in achieving SDGs. These areas include resource mobilization, technology, capacity building, trade, policy and institutional coherence, multi stakeholder partnerships, data, monitoring and accountability.

BNPC have entered into collaboration and cooperation agreements with a number of key institutions, both locally and internationally, to contribute towards the development of coherent policies that will help in providing, enabling a conducive environment in Botswana. BNPC lead a sub-committee of the National Doing Business Committee that advise the country on productivity and competitiveness matters.

17 PARTNERSHIPS FOR THE GOALS

Transforming our world: UN 2030 Agenda for Sustainable Development

At BNPC we believe "Safety, Health, Environment and Quality" is a core value of our business. As we continue to try and transform our business to provide more impactful productivity and competitiveness solutions to our customers across the country, it is important that we continue to maintain exemplary standards of SHEQ management and performance to ensure all our current and future employees, their families and others, that may be affected by our work activities will be protected from risks.

BNPC is committed to the well-being and protection of human life, environment, assets as well as delivery of quality services. The Centre has thus integrated SHEQ management requirements into all our activities. This ensures the consideration of economic development, environmental quality and social equity to continually improve performance and achieve stakeholder requirements. These tenants are espoused in the BNPC SHEQ Program.

The outbreak of the COVID-19 pandemic has brought some new challenges to the Centre's operational activities. The advent of the Novel Covid-19 has meant the Centre has had to quickly adapt and respond to the consequential emergent risks, posed by the pandemic, to the Centre's sustainability and business continuity. Unbudgeted Health and Safety interventions, in response to the Pandemic, meant a disruption to the already approved budget. We have ensured uncompromised adherence to the legislative requirements to compliance with requisite Covid-19 Health Protocols, as they evolve with increased knowledge of the virus.

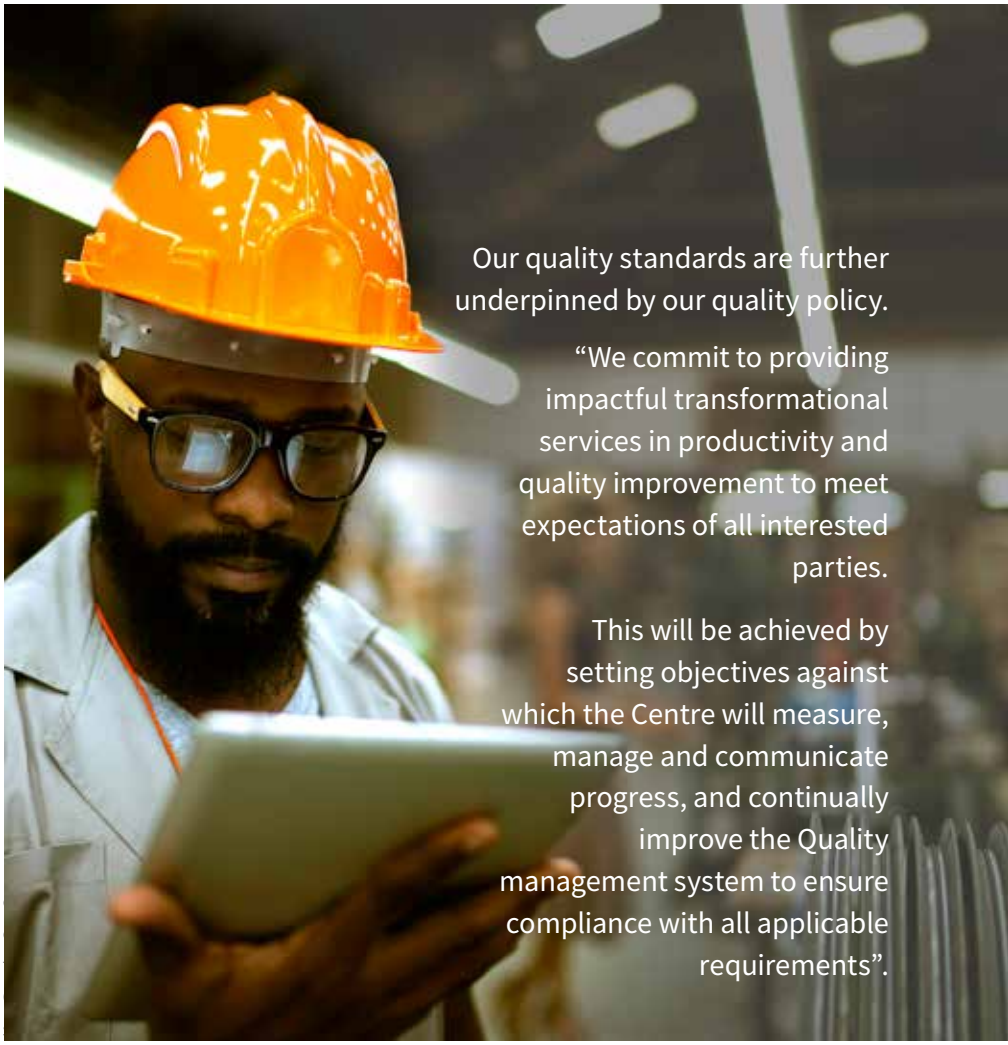
Objectives of Our SHEQ Program

- Improvement of occupational health and safety by managing and controlling health hazards in the workplace.
- To promote and ensure a healthy and safe workplace for both our staff, visitors and customers.
- To enhance employee SHEQ awareness; ensuring our employees can readily identify and manage risks and continuously improve quality of services to customers, both internal and external.
- To maintain high level of quality services that meets and exceed customer requirements and expectations.

Our Quality Policy

BNPC is an ISO 9001:2015 Certified Organisation. The certification is key in assuring Centre undergoes periodic audits against the requirements of the standard, by an independent body to check the conformance to the standard.

BNPC is an ISO 9001:2015 Certified Organisation



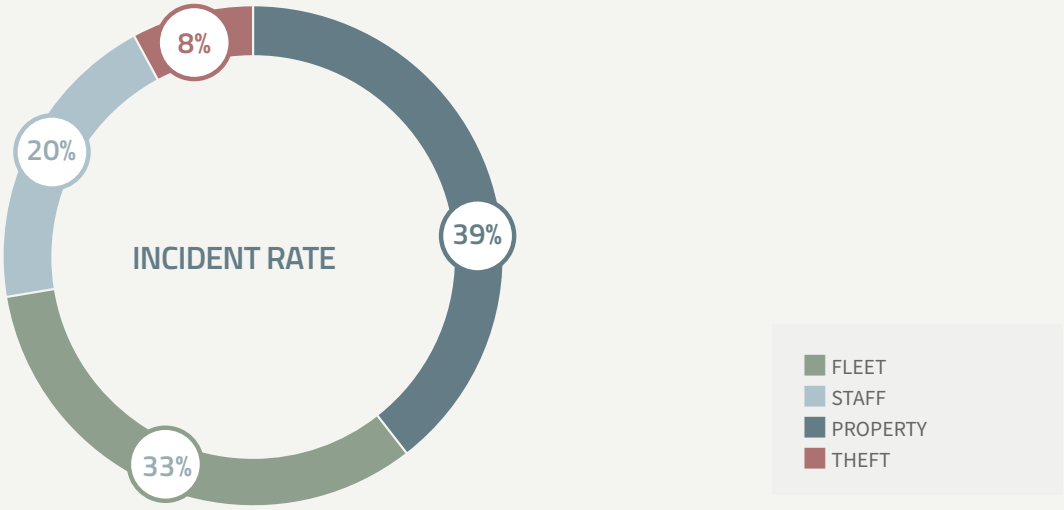


Figure 04-02: Incident Rate During FY – 2019/20

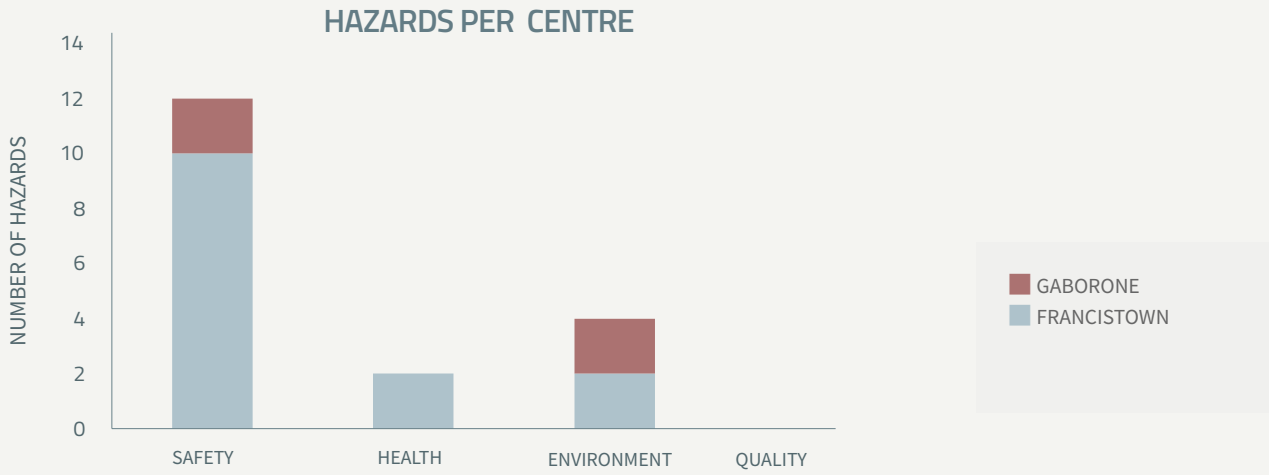


Figure 04-03: Hazards Identified by Operations Area for FY – 2019/20

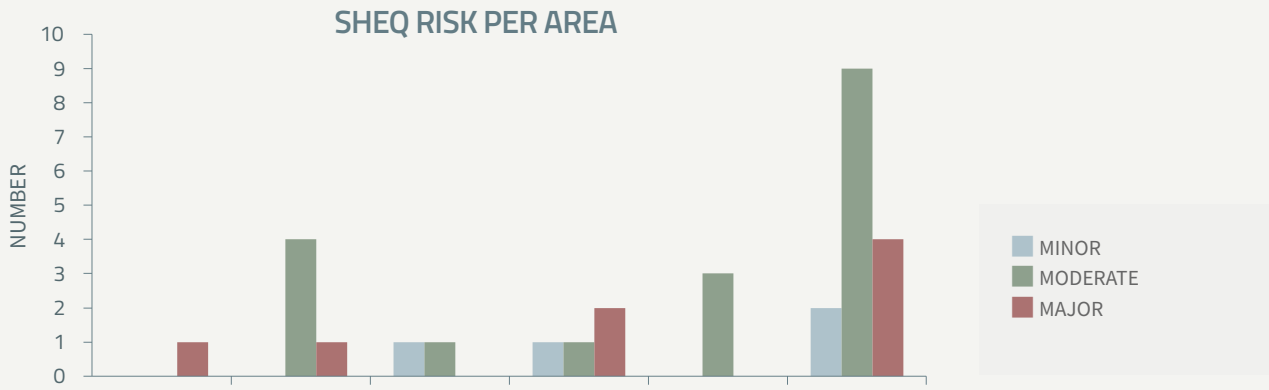


Figure 04-04: Sheq Risk Per Area and Classification – 2019/20

Inspections

The Lift and Boiler plant are inspected annually as per the factories Act of 1973. A new lift installation, replacing the old obsolete one, project was completed during the period. This further ensured BNPC remained compliant with the Botswana Qualifications Authority requirements, for providing aided access to upper level floors, for those with physical disabilities.

Health and Wellness

As part of our SHEQ programme and in our continued endeavour to promote health and wellness to its staff, the Centre provides voluntary basic vital sign checks to staff and clients during working hours. The services provided includes; Blood Sugar Levels, Blood Pressure, Body-Mass Index, Heart Rate, Spatial Oxygenation, Temperature and Weight.

In addition, there is a staff gym operating five (5) days during the week to promote physical health and wellness. On an annual basis, the Centre hosts a team building and wellness day for staff, of which the objective is to energise staff through team building activities and promote health and wellness by bringing different health and wellness industry players closer to the employees. Other activities of the day includes financial planning, counselling and motivational talks.

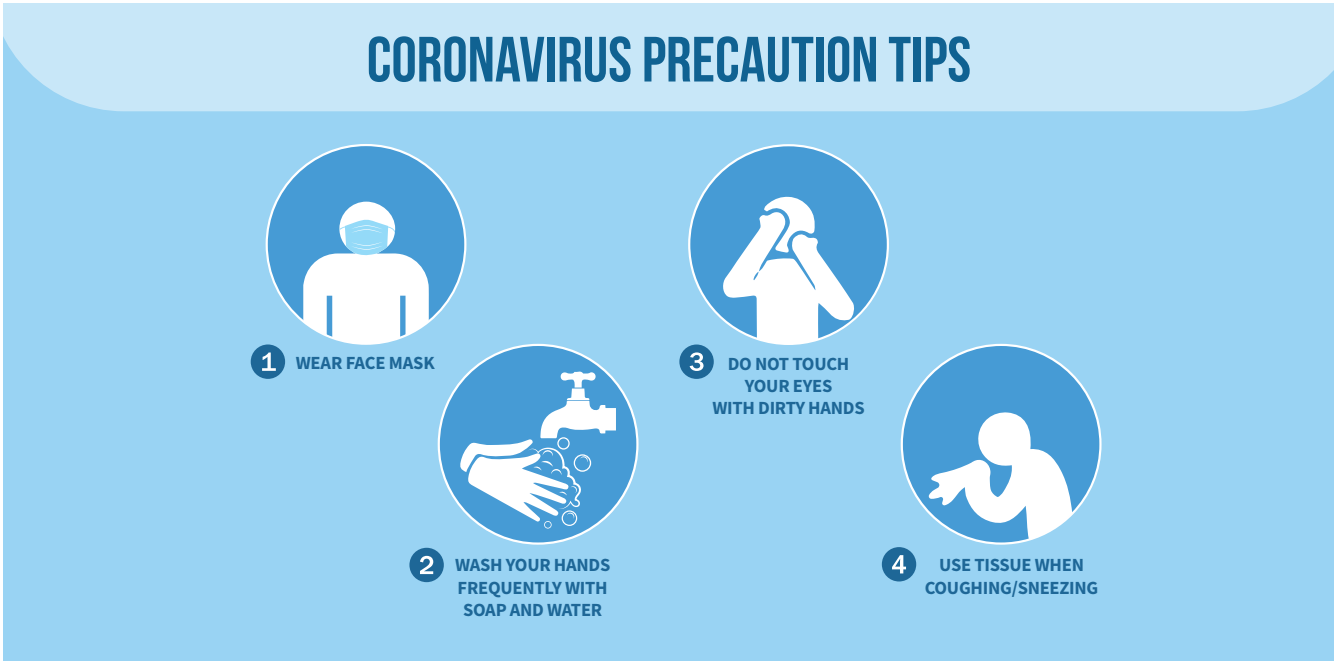
Response to the COVID-19 Pandemic

Upon pronouncement by the His Honour the Vice President, Mr. Slumber Tsogwane, on the 26th March 2020, that all returning citizens and non-citizens were to be quarantined, the Centre was a designated Quarantine Site and closed for normal operations (requiring physical contact) on the 27th March 2020. The Centre was later used to accommodate members of the Botswana Defence Force on COVID-19 assignment during the state of public emergency lockdown period. The above services, in response to the national callout for help, were consistent with the Centre's corporate social responsibility commitments.

In readiness and preparedness to combat the pandemic, the Centre has set up an Internal COVID-19 Response Team comprising eight (8) employees, with the mandate to coordinate all COVID-19 related activities, as they emerge. The Team is tasked with ensuring that all necessary measures are put in place in readiness to minimise staff and other stakeholders' exposure to the COVID-19 virus and also for the Centre to maintain uninterrupted operation. The Committee also ensured that upon returning to operation, from COVID-19 lockdowns, all requisite protocols and regulations were adhered to and that there is continuous communication with Management and Employees on emerging trends regarding the pandemic.

The Centre has undertaken the following, towards ensuring a smooth return to operations, with heightened levels of health and safety:

- Fumigation and disinfection of respective premises
- General Clean-up of facilities
- Installation of Sanitiser dispensers, at various strategic high traffic areas
- Provision of Sanitisers to employees
- Enforcement of extreme social distancing
- Establishment of an Isolation/Sick Bay Room
- Procurement and distribution of Face Masks
- Purchase of Gun Thermometers for Daily Registration



05

CORPORATE GOVERNANCE REPORT

"The man who moves a mountain begins by carrying away small stones."

Confucious

1. Statement of Commitment

Corporate governance is the system of rules, practices, and processes by which an organisation is directed and controlled and provides a framework for attaining an organisation's objectives.

BNPC subscribes to principles of Good Corporate Governance and Ethical standards.

The BNPC Board, as the principal custodian of the Centre's corporate governance, is responsible for ensuring that the Centre adopts good principles of corporate governance. To that extent, the Board has adopted the King Code of Corporate Governance III and ensures the Centre substantially applies the principles of the Code in its day-to-day operations.

2. Establishment of the Board

Section 4 (1) of the Botswana National Productivity Centre Act of 1993 establishes the Board which is mandated with governing the Centre.

3. Composition of the Board

The BNPC Act provides that the Board shall be comprised of the Chairperson, the Executive Director and not less than ten (10) or more than thriteen (13) other members. The membership of the Board is thus twelve (12) to fifteen (15) Directors with the quorum standing at eight (8). During the 2019-2020 financial year, the Board was comprised of nine (9) Board Members, inclusive of the Chairperson and Executive Director; with four (4) vacancies.

The BNPC Board is constituted by the tripartite, comprising representatives from government, employers and workers' organisations and the business sector.

4. Board Appointments and Resignations

During the period under review there were no appointments nor resignations from the Board.

5. Role of the Board

The Board is accountable for the governance and performance of the Centre. It is responsible for setting the strategic direction; mission and vision of the organisation. It is also responsible for approving key policies and ensuring that the Centre meets stakeholder needs and for the management of corporate risks.

6. Board Charter

The Board Charter regulates the parameters within which the Board operates whilst also ensuring the application of the principles of good corporate governance in all dealings by, in respect of and on behalf of the Centre.

The Charter defines the role of the Board, clarifies their fiduciary responsibilities and composition. The Board's principal duties include;

> "Governance and leadership are the yin and yang of successful organisations."
>
> **Mark Goyder**

a. Formulation and implementation of the Centre's Strategy;

b. Monitoring and evaluation of organisational performance;

c. Identification and management of key risks;

d. Ensuring compliance with statutes, regulations, business and ethical standards as well as principles of good corporate governance;

e. Ensuring that there is in place a sound system of management and controls;

f. Looking out for the welfare and appropriate staffing.

The Charter is reviewed every three (3) years to ensure its adaptation to recent changes in law and corporate governance while also ensuring responsiveness to emerging issues.

7. Board Member's Skills and Diversity Matrix

The Centre has a Board made up of highly skilled and qualified directors from diverse backgrounds, qualifications, experience, functional expertise, and personal skills and qualities. This allows for infusion of diverse perspectives in decision making.

Board Independence levels

The BNPC Board has 3 types of Directors;

Independent Non-Executive Directors, are not involved in the day to day operations of the Centre and are not representatives of the shareholder. They hold no interest, position, association or relationship which may be seen to be likely to unduly influence or cause bias to their decision making, on the basis of their association with the shareholder.

Non-Executive Directors, although not involved in the day- to-day operations of the Centre, they are directors who are representatives of the Shareholder or any of the tripartite parties constituting the Board; in this case the parent Worker representatives; Business representatives; and the Shareholder (Government) representatives.

Executive Director is in the Chief Executive Officer of BNPC and is a full-time salaried employment of the Centre and is responsible for the day-to-day management and running of the Centre. The Executive Director is accountable to the Board. Currently the Board has two(2) Independent Members, six(6) Non-Executive Members and one(1) Executive Director.

Tenure

The summary of the director's tenure is as shown in the infographic below;

Board Diversity

An analysis of the Board Diversity on the basis of Gender and Age is as shown in the infographic below.

Board Committees

In the course and scope of discharging their duties, the Board is empowered to delegate part of its duties to Board Committees, for effective execution of its mandate. The delegation of some of the Board's functions to these committees does not translate into relinquishment of the Board's accountability.

The Board has set up the following Board committees;

a) Audit, Finance and Risk Committee

b) Strategy Committee

c) Human Resources Committee

d) Procurement and Asset Disposal Committee

The Board committees are regulated through Board approved charters. They regularly report to the Board. Save for the Audit, Finance and Risk Committee which is chaired by an Independent Non-Executive Director, the other committees are chaired by Non-Executive Directors.

Board of Directors

- Audit, Finance and Risk Committee
- Strategy Committee
- Human Resources Committee
- Procurement and Asset Disposal Committee

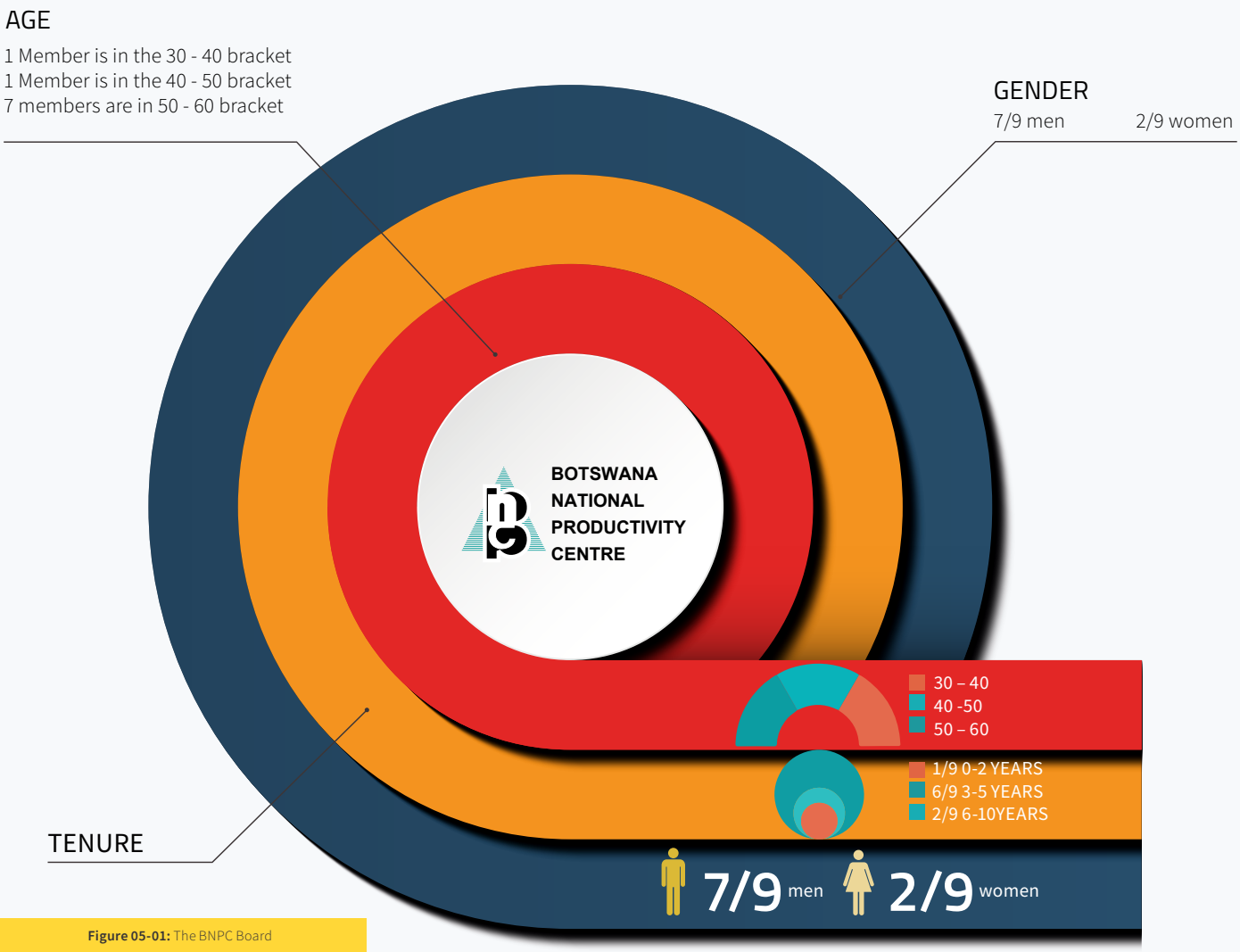


Figure 05-01: The BNPC Board

Board Committees

Audit, Finance and Risk Committee

Members

- Mrs Maipelo P Motshwane (Chairperson)
- Mr Keeper Morgan
- Dr Moreetsi Thobega
- Mr Christopher Diswai

Mandate of the Committee

The Audit, Finance and Risk Committee provides the Board with objective advice and assurance regarding the effective operation of the system of internal control; compliance with the relevant legislative requirements and management of risk. The committee also ensures that the management of accounts and annual financial statements provide adequate assurance that the financial disclosures made by management portray the true picture of the Centre's financial standing, as well as the results of operations and long term commitments.

Strategy Committee

Members

- Mr Norman Moleele (Chairperson)
- Dr Batlang C. Serema
- Mr Christopher Diswai

Mandate of the Committee

The Strategy Committee considers the Centre's operational strategy, together with its related supporting policies and initiatives, before recommending them to the Board for approval.

Human Resources Committee

Members

- Mrs Grace Siamisang (Chairperson)
- Dr Batlang C. Serema
- Mr Thusang Butale
- Mr Molefi Keaja
- Mr Christopher Diswai

Mandate of the Committee

The Human Resources Committee's function is to consider and recommend human resources strategy and supporting policies, as well as recommend appointment of executive management to the Board.

Procurement and Asset Disposal Committee

Members

- Mr Molefi Keaja (Chairperson)
- Mr Moreetsi Thobega
- Mr Christopher Diswai

Mandate of the Committee

The Procurement and Asset Disposal Committee is responsible for considering procurement policies together with its supporting procedures and guidelines; adjudicate tenders and dispose-off unserviceable items within defined limits.

Board Meetings

The Board meets every quarter to ensure that the duties of the committees are carried out effectively and diligently.

SUMMARY OF BOARD AND SUBCOMMITTEE MEETINGS HELD DURING 2019/20

NAME	Board Of Directors		Audit, Finance And Risk Committee		Strategy Committee		Human Resources Committee		Procurement and Asset Disposal Committee	
	MEMBER	ATTENDANCE	MEMBER	ATTENDANCE	MEMBER	ATTENDANCE	MEMBER	ATTENDANCE	MEMBER	ATTENDANCE
Mr Nelson Letshwene	√	4/4								
Mr Norman Moleele	√	4/4			√	3/3				
Mrs Maipelo Motshwane	√	3/4	√	3/3						
Mr Keeper Morgan	√	4/4	√	3/3						
Dr Moreetsi Thobega	√	3/4	√	3/3					√	2/3
Mr Molefi Keaja	√	4/4					√	1/3		2/3
Dr Batlang Serema	√	4/4			√	3/3	√	3/3		
Mrs Grace Siamisang	√	2/4					√	3/3		
Mr Teedzani Majaule	√	2/4							√	1/3
Mr Christopher Diswai	√	3/4	√	3/3	√	3/3	√	3/3	√	1/3
Mr Thusang Butale							√	3/3		

Mr Teedzani Majaule – was the Acting Executive Director from 1 November 2018 to 30 April 2019
Mr Thusang Butale - was appointed as an Expert Member to the Human Resources Committee.

BNPC AND COMPLIANCE WITH THE KING-III CODE FOR GOOD CORPORATE GOVERNANCE

BNPC's King III Compliance Checklist

KING III		
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The Board should provide effective leadership based on an ethical foundation.	In accordance with the BNPC's Board Charter, the Board is the guardian of the values and ethics of the Centre. The BNPC Board leads with integrity, and is committed to creating an environment which cultivates ethical standards. Members inter alia, declare potential and actual conflicts of interest at every meeting and do not conduct any business with the Centre.
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	During the year 2019-2020, the Board approved the Corporate Social Investment Policy which will guide the Centre in its corporate responsibility agenda. The Policy is being operationalized.
1.3	The Board should ensure that the company's ethics are managed effectively.	The Centre has a Code of Conduct and a number of ethics related policies. The Code enforces ethical business practices and is designed to assist employees make ethical decisions. The Code and policies are an essential part of the employee induction programme and are incorporated in employment contracts. Over and above this, the Centre is committed to ensuring that its business is in accordance with applicable national laws, rules and regulations. The Centre is also in the process of developing an Ethics Management Framework which will be supported by periodic ethics assessments in order to monitor adherence to the adopted organisation's ethical standards.
Chapter 2: Boards and Directors		
2.1	The Board should act as the focal point for and custodian of corporate governance.	BNPC is led by a Board which governs and has effective control of the organisation. The Board is committed to and endorses the highest standards of corporate governance. Although the Centre has delegated some of its functions to sub-committees, for purposes of maintain effective control, the Board meets on a quarterly basis, and remains the accountable authority.

Chapter 2: Boards and Directors		
2.2.	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board monitors performance against the Strategy through the Strategy Committee, which Committee is responsible for among others; ensuring that the Centre's Strategy and Business Plans are not encumbered by risks that have not been thoroughly examined and planned for by Management. This is done by overseeing the management of identified risks affecting strategy implementation, and continuously monitoring their mitigation. The Board is also responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The Centre's risk management process considers a plethora of risks including strategic and operational risk encompassing performance and sustainability.
2.3	The Board should provide effective leadership based on an ethical foundation.	The Board is committed to highest standards of integrity. Its operations are regulated through a Charter. The Centre has a board approved Code of Conduct.
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	The Centre is committed to managing the social, environmental and economic effects of its operations responsibly and in line with public expectations. One of the values entrenched in the Corporate Strategy is "Compassion". Against this background, the Centre has developed the Corporate Social Investment (CSI) Policy which guides the Centre's CSI agenda.
2.5	The Board should ensure that the company's ethics are managed effectively.	The Board, through the Audit, Finance and Risk Committee, provides oversight and ensures that the Centre conducts its business in a transparent and ethical manner. The Code of Conduct promotes ethical conduct within the Centre.
2.6	The Board should ensure that the company has an effective and independent audit committee.	The Board committee responsible for audit comprises of one independent non-executive director, two non-executive directors and one executive director.
2.7	The Board should be responsible for the governance of risk.	Risk Management is embedded in key decision making processes. Those processes have incorporated in them strategy, governance, compliance and performance. Risk Management is a standing agenda item in Board deliberations.
2.8	The Board should be responsible for information technology (IT) governance.	The Centre has developed an ICT Strategy. The Audit, Finance and Risk Committee oversees the implementation of the ICT framework, policies and cybersecurity. Internal and external auditors perform regular ICT audits and significant findings reported to the Audit, Finance and Risk Committee. ICT findings and observations reports are regularly reviewed at Board meetings.
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Board through the office of the Board Secretary and Executive Director, is responsible for ensuring the Centre's compliance with applicable laws, regulations, codes of best practice as well as voluntary codes. The Centre's compliance standards are captured in various policies. With a view to optimize and standardize compliance, the Centre is in the process of developing a Compliance Programme. This will go a long way in ensuring that compliance becomes an integral part of the business and that systematic periodic reviews are undertaken so as to measure the effectiveness of the Programme.
Chapter 2: Boards and Directors		
2.10	The Board should ensure that there is an effective risk-based internal audit.	The Centre's Internal Audit Function conducts its audits in accordance with best practice risk based methodologies. The function reports directly to the Audit, Finance and Risk Committee.
2.11	The Board should appreciate that stakeholders` perceptions affect the company's reputation.	The Board recognizes that effective stakeholder management is critical to the success of the Centre. With the current strategy, the Centre has identified and categorised its stakeholders according to their level and nature of influence on the Centre, the impact the Centre has on them and the level to which the Centre would like to collaborate, involve or consult with them. The Centre has invested in understanding their needs and views.

Chapter 2: Boards and Directors		
2.12	The Board should ensure the integrity of the company's integrated report.	Each year and in line with good corporate governance, the Centre reports on the Financial Statements and issues of Corporate Governance.
2.13	The Board should report on the effectiveness of the company's system of internal controls.	The Board is accountable for risk management and internal controls. The Board through the Audit, Finance and Risk Committee ensures and monitors the effectiveness of internal controls.
2.14	The Board and its directors should act in the best interests of the company.	The Board acknowledges its fiduciary role and is required to act at all times in the best interest of the Centre. Declaration of Interest Register is maintained at all Committee and Board meetings.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	Going Concern Reviews are conducted annually as part of the external audit process.
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the Board.	The Chairman is an Independent Non – Executive Director, appointed consistent with the requirements of the BNPC Act. The CEO is not the Chairman of the Board.
2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority.	The Minister appointed the CEO who took over office effective 2nd May 2019, following a recommendation from the Board. The CEO is given delegated authority for effective and efficient operation of the Centre.
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The Board has one Executive Director in line with the BNPC Act. Only two of the Directors are independent Non-Executive Directors; being the Board Chairperson and Chairperson to the Audit, Finance and Risk Committee.
2.19	Directors should be appointed through a formal process.	The BNPC Act sets out the appointment process which process is driven by the Minister.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	New appointees to the Board are familiarized with the business of the Centre through a customized induction programme.
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary.	The Centre has a qualified Board Secretary.
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	During the year under review, the Board undertook Board Appraisals which process was led by an independent service provider. The Board and Committees were assessed. As part of the development process, going forward, the individual Board members will be assessed in their individual capacity.

Chapter 2: Boards and Directors		
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	During the year under review, the Board undertook Board Appraisals which process was led by an independent service provider. The Board and Committees were assessed. As part of the development process, going forward, the individual Board members will be assessed in their individual capacity.
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The Board has delegated certain functions without abdicating its own responsibilities to the following committees: i) Audit, Finance and Risk Committee; ii) Strategy Committee; iii) Human Resources Committee; and iv) Procurement and Asset Disposal Committee.
2.24	A governance framework should be agreed between the group and its subsidiary Boards.	This is not applicable to the Centre.
2.25	Companies should remunerate directors and executives fairly and responsibly.	Directors are paid a sitting allowance in line with the directive of the Ministry while employee remuneration is guided by a Board approved Salary Structure.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of the directors is consolidated under related party disclosures.
2.27	Shareholders should approve the company's remuneration policy.	The Board approves the Centre's rewards and remuneration policies, consistent with the Government's (Shareholder) guidelines and directives. The Centre is currently reviewing its Rewards and Remuneration Policy; which shall be subject to due governance and approval process.
CHAPTER 3 : Audit Committee		
3.1	The Board should ensure that the company has an effective and independent Audit Committee.	The Centre has an effective Audit, Finance and Risk Committee the Committee Chairperson being an Independent Non-Executive Director.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	The 4 Members of the Audit, Finance and Risk Committee are all suitably skilled and experienced directors. Only one of the directors however, is an Independent Non-Executive Director.
3.3	The Audit Committee should be chaired by an independent non-executive director.	The Chairman of the Committee is an Independent Non-Executive Director.
3.4	The Audit Committee should oversee integrated reporting.	The Centre is in the process of institutionalising Integrated Reporting. The Committee oversees the Centre's integrated reporting so as to safeguard the integrity of reporting. The Audit Committee also oversees Corporate Governance and Financial Reports including the Annual Financial Statements.

CHAPTER 3 : Audit Committee		
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The Committee oversees assurance activities to ensure that they are constructed in a coordinated manner. The Centre utilizes various lines of assurance approaches; Management oversees assurance, Internal and External Auditors undertakes audits in line with Board approved risk-based plans.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The Centre's finance function is managed by qualified and experienced accountants. Recruitment of the head of finance is subject to the audit committee's endorsement.
3.7	The Audit Committee should be responsible for overseeing of internal audit.	BNPC's Internal Audit function reports directly to the Board Audit, Finance and Risk Committee. The committee reviews and approves internal audit plans. It oversees the function's quality assurance reviews, interrogates Internal Audit reports and assesses the effectiveness of the function against professional and ethical standards applicable to the internal audit practice.
3.8	The Audit Committee should be an integral component of the risk management process.	The committee oversees Audit, Finance and Risk Management.
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The committee recommends to the Board the appointment of the Centre's external auditors. The committee also oversees the audit process.
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties.	The committee formally reports to the Board at least every quarter.
Chapter 4: The Governance of Risk		
4.1	The Board should be responsible for the governance of risk.	The Board, through the Board Audit, Finance and Risk Committee is responsible for overseeing the Centre's risk management programme. It has the ultimate accountability for the control and management of organisational risks.
4.2	The Board should determine the levels of risk tolerance.	The Board, through the Audit, Finance and Risk Committee sets levels of risk tolerance and risk appetite for the Centre.
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.	The Audit, Finance and Risk Committee has delegated authority to oversee risk management.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The Board has delegated the day-to-day responsibility for management of risk to management, through the Executive Director.
4.5	The Board should ensure that risk assessments are performed on a continual basis.	The Audit, Finance and Risk Committee actively monitors the Centre's risks; which is assessed and managed on a continual basis by management.
4.6	The Board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	All risks are identified and monitored in line with the Risk Management Process. The Centre maintains a risk register (Risk Log) of the corporate risks.

Chapter 4: The Governance of Risk		
4.7	The Board should ensure that management considers and implements appropriate risk responses.	The Audit, Finance and Risk Committee peruses Risk Reports indicating identified risks and ensures that management closes findings.
4.8	The Board should ensure continual risk monitoring by management.	At least on a quarterly basis, the Board reviews management's progress on the Corporate Risk Log.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	The Audit, Finance and Risk Committee provides the Board with assurance on the effectiveness of the risk management process by constantly reviewing the results thereof, and reporting to the Board.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	A Combined Assurance Model exercise is undertaken annually and the results shared with the Board.
Chapter 5: The Governance of Information Technology		
5.1	The Board should be responsible for information technology (IT) governance.	The Board understands the importance, relevance and inherent risks in ICT. The Audit, Finance and Risk Committee oversees ICT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	The Finance Manager oversees the ICT Function. He sits in at all strategic structures of the Centre.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	The daily management and operations of the ICT function is delegated to Management.
5.4	The Board should monitor and evaluate significant IT investments and expenditure	Management, on a regular basis, updates the Board on the Centre's ICT activities including for ICT investments and expenditure.
5.5	IT should form an integral part of the company's risk management.	This is done on an on-going basis.
5.6	The Board should ensure that information assets are managed effectively.	Information is kept on an off-site disaster recovery facility, with regular backups.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	The ICT function oversight, has been delegated, by the Board to the Board Audit, Finance and Risk Committee.
Chapter 6: Compliance with Laws, Codes, Rules and Standards		
6.1	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Audit, Finance and Risk Committee together with the Board Secretary review the adequacy and effectiveness of the Centre's procedures to ensure compliance with legal and regulatory responsibilities. The Board Secretary serves as the Centre's advisor on legal and regulatory matters. Compliance systems and processes are in place to mitigate failure to comply with laws, rules, codes and standards. The Centre is in the process of developing a Compliance Framework which aspires to ensure that controls are standardized across the organisation. There is a Legal Register in place.

Chapter 6: Compliance with Laws, Codes, Rules and Standards		
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	All Directors are inducted and appraised on various applicable, rules, codes, standards and company policies and strategies, upon their being appointed. The Board, through the office of the Board Secretary, are regularly appraised on latest trends and principles of good corporate governance and trained on the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process.	Compliance is an identified significant risk and addressed as part of the risk management process.
6.4	The Board should delegate to Management the implementation of an effective compliance framework and processes.	The Centre is in the process of developing a Compliance Framework which aspires to ensure that compliance controls are standardized across the organisation.
Chapter 7: Internal Audit		
7.1	The Board should ensure that there is an effective risk-based internal audit.	The Centre's internal audit is performed using a risk based approach. The internal audit reports and progress on findings thereof on a regular basis.
7.2	Internal audit should follow a risk-based approach to its plan.	A risk-based approach is followed.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	A written assessment of the effectiveness of the Centre's system of internal control and risk management is provided to the Board, through the Audit, Finance and Risk Committee, on an annual basis.
7.4	The audit committee should be responsible for overseeing internal audit.	The Audit, Finance and Risk Committee is responsible for overseeing the Internal Audit. The Centre shall conduct an independent quality review during the currency of the 2020-21 financial year.
7.5	Internal audit should be strategically positioned to achieve its objectives.	The Centre's Internal Audit function is strategically positioned; reporting directly to the Board through the Board Audit, Finance and Risk Committee and to the Executive Director for daily operations.
Chapter 8: Governing Stakeholder Relations		
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation.	The Centre dedicates time and effort to developing and maintaining positive relationships with its significant stakeholders. The Centre is in the process of developing a Stakeholder Engagement framework, to further strengthen stakeholder relations.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Management is responsible for managing and maintaining stakeholder relationships.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The Board has responsibility for ensuring that transparent engagement ensues with stakeholders.
8.4	Companies should ensure the equitable treatment of shareholders.	BNPC has a single shareholder, in Botswana Government. Relationship with the shareholder is managed through a shareholder compact, which is reviewed and updated on a regular basis.

Chapter 8: Governing Stakeholder Relations		
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The Centre has a comprehensive stakeholder engagement process.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	The Board ensures that disputes are resolved effectively and expeditiously, with currently no pending disputes before the Board or Management.
Chapter 9: Integrated Reporting and Disclosures		
9.1	The Board should ensure the integrity of the company's integrated report.	On an annual basis and in the Annual Report the Board reports on the Financial and Corporate Governance performance of the Centre. The Centre is moving towards enhancing communication about how its strategy, governance, performance and future prospects are envisioned to create improved shareholder value over the short, medium and long term, in its annual reporting.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Having not previously adopted integrated reporting in its annual reporting, the Centre is now moving towards full integrated reporting, which shall include for disclosure on the organisation's environmental and social performance, as part of the sustainability reporting and disclosures. This report is the first step towards adoption of best practice integrated reporting.
9.3	Sustainability reporting and disclosure should be independently assured.	Currently, the Centre has not adopted integrated reporting. Going forward, once fully institutionalised, the sustainability reporting shall be subject to independent assurance.

Risk Management

Effective risk management is fundamental and essential to the achievement of the Centre's strategic objectives. BNPC has adopted a systematic and disciplined approach, providing clear responsibility and accountability structures, for effective management of risk.

The Board is responsible for determining the Centre's risk profile and risk appetite, which constitutes the tolerance levels for key risks. The Board, through delegated authority to the Board Audit, Finance and Risk Committee, oversees the Centre's risk management framework, reviews the organisation's existing key risks and potential risks and their respective mitigation strategies for effectiveness. The Audit, Finance and Risk Committee holds quarterly meetings to review the management of these risks and effectiveness of associated mitigation strategies and controls.

Board Audit, Finance and Risk Committee

The Board Audit, Finance and Risk Committee Charter was reviewed in 2018, to incorporate aspects of risk oversight which were hitherto not clearly spelt out in the Charter. The charter also sets out the responsibilities of the members. The committee assists the Board in providing oversight for risk management strategy and framework; ensuring that the Centre's risk management framework is effective; determining the Centre's risk appetite, levels of risk tolerance and exploitation of opportunity risks and delegating to management the responsibility to design, implement and monitor the risk management plan.

BNPC Risk Assessment

Risk assessment is the identification and analysis of existing and emerging risks to form a basis for determining how risks are managed in terms of likelihood and impact. The Centre uses both top down and bottom up approaches to ensure a holistic risk management process. **Figure 05-02** captures this relationship.

The bottom up is supported by cross functional facilitation of risk identification and assessment with line managers to identify and prioritise risks while the top down approach reviews and assesses whether risks are comprehensively identified and prioritized, and properly addressed by management to achieve the Centre's objectives. The Centre maintains a corporate risk register which is updated on a regular basis, with quarterly oversight assurances by the Audit, Finance and Risk Committee of the Board.

BNPC Risk Management Process

The BNPC Risk Management Process uses risk indicators and flags to monitor the top-10 priority (High Impact) risks. The setting of risk indicators aligns with the risk tolerance, representing the risk magnitude the Centre is willing to accept in achieving its strategic objectives. A strategic Balance Scorecard approach is used for monitoring of performance of measures meant to address identified risks. The Balance Scorecard and risk management are used together, to allow the Centre to monitor indicators for risk and performance management, against the Corporate Strategy.

At its quarterly meetings, the Board Audit Finance and Risk Committee reviews and discusses the risk management progress of each of the identified top 10 priority risks and any changes of the Centre's business environment. The Balanced Scorecard on the other hand, is updated on a monthly basis to

> "The BNPC Risk Management Process uses risk indicators and flags to monitor the top-10 priority (High Impact) risks. The setting of risk indicators aligns with the risk tolerance, representing the risk magnitude the Centre is willing to accept in achieving its strategic objectives."

monitor strategic key performance indicators, so that underperforming activities draw management's attention. Risks owners are required to take mitigating actions to address these risks. If there are any risk indicators highlighted by red flags, responsible risk owners are required to re-assess the existing remedial action plans and propose new ones, where necessary.

The BNPC Internal Audit function is an integral part of the Centre's risk management governance structures, and serves to provide assurance on the effectiveness of the Centre's risk management process and controls. It carries out continuous assessment of the risk management process and risk responses by risk owners and also facilitates reporting of significant risks, material changes and the associated mitigating actions to Board Audit Finance and Risk Committee; so as to continuously enhance accountability and quality of the process. This is depicted below, **Figure05-03.**

Management of Key Risks

The ever changing operating environment which the Centre operates in demands continuous assessment of risk aligned to the strategic imperatives of the organisation. Successful management of existing and emerging risks is critical to the long term success of the Centre and to the achievement of our strategic objectives.

The Centre uses an integrated approach to risk management, which is aligned to international best practice frameworks. This integrated approach is defined in the BNPC Risk Management Policy, which is approved by the Board. The Policy articulates and guides the Centre's approach to managing risk.

Figure 05-04 depicts key strategic risks the Centre encountered during the financial year 2019-2020. These are issues which could materially impact achievement of the Centre's strategy. The figure also provides details on the status of initiatives aimed at addressing the risks identified, as at the end of the financial year.

The advent of the Novel COVID-19 Corona Virus pandemic, towards the tail end of the financial year, has meant the Centre has had to quickly adapt and respond to the consequential emergent risks posed by the pandemic to the future sustainability and business continuity of the Centre.

Internal Audit Function

Internal Audit provides independent assurance on the effectiveness of the Centre's risk management and internal control systems. A Risk-based audit approach is used to ensure that higher risk activities are prioritised in the audit plan. Audits are conducted in a manner that conforms to the Centre's audit charter and internal auditing standards. Internal audit is independent of both business management and of the activities it reviews; and has all necessary access to management and information to fulfil its role, consistent with the requirements of the King-III Code of corporate governance, which has been adopted by the Centre.

The Board Audit, Finance and Risk Committee oversees Internal Audit's activities and regularly reviews Internal Audit's performance. The Committee approves the annual audit plans and receives reports from Internal Audit concerning the effectiveness of internal controls and risk management. The Board Audit, Finance and Risk Committee approves the appointment of the Head of Internal Audit. The Head of Internal Audit reports functionally to the Board and administratively to the Executive Director.

Upcoming activities for the Centre's Internal Audit function for the financial year 2020-2021 shall be highlighted by the following:

- Risk assessment for the Centre, in view of the current ongoing organisational restructuring projects; Review and development the new corporate strategy; The Novel COVID-19 pandemic impact on the Centre's operations; Other emerging risks in the Centre operating and business environment.
- Establishment of a Management Risk Management Committee as part of the risk governance to oversee the Centre's risk management process.
- Separation of the role of Internal Audit and Risk Management.
- Independent Quality Assurance review of the Internal Audit function.

BNPC RISK MANAGEMENT

FRAMEWORK

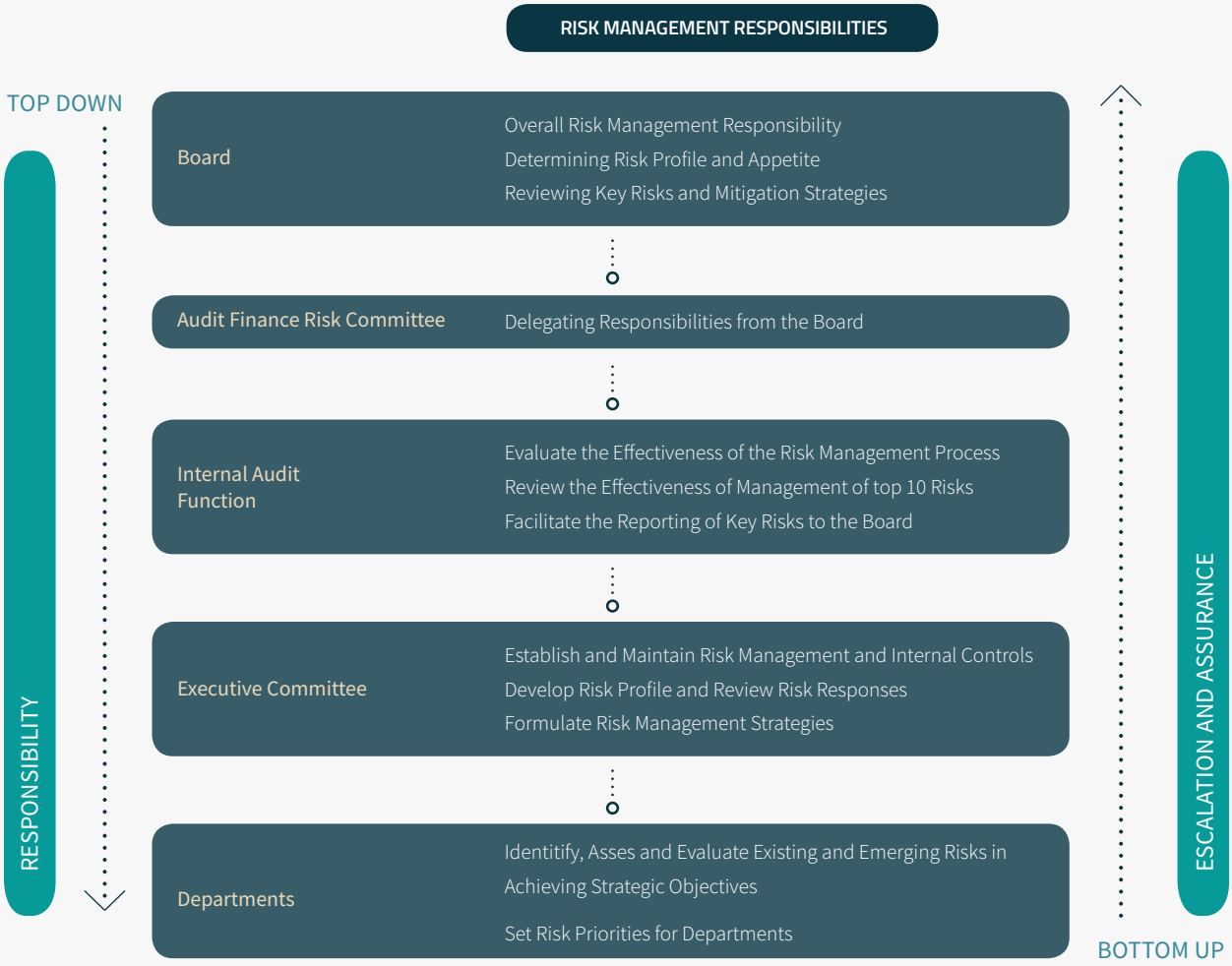


Figure 05-02: BNPC Risk Management Framework

BNPC RISK MANAGEMENT PROCESS

Figure 05-03: BNPC Risk Management Process

BNPC KEY STRATEGIC RISK

KEY RISKS

- Capacity constraints
- Declining government grant
- Poor Human Resources
- Employee health and safety

RISK DESCRIPTION

- Inadequate capacity in solutions design/ lack of skills to design new solutions targetting contemporary issues
- Failure to sustain operations due to declining government grant. Loss of business due to the pandemic.
- Poor Human Resources environment (low employee engagement levels and issues)
- Uncertain employee health and safety arising from Covid 19 pandemic

MITIGATION ACTION

- Strategic Partnerships for joint development and delivery, outsource solutions design, solutions development capacity building
- Review of BNPC strategy and alignment with the Ministry Blue Print -Refocus and Prioritise Initiatives to ensure sustainability during ands post COVID-19 Pandemic
- Administer an Employee Engagement Survey to Establish Engagement Levels and Surrounding issues
- Enforce precautionary measures; Adherence to health protocols by the Centre

KEY RISKS

- High staff turnover rate
- Uncompetitive rewards and remuneration
- Staff competencies
- Non-compliance with corporate governance requirement
- Product accreditation

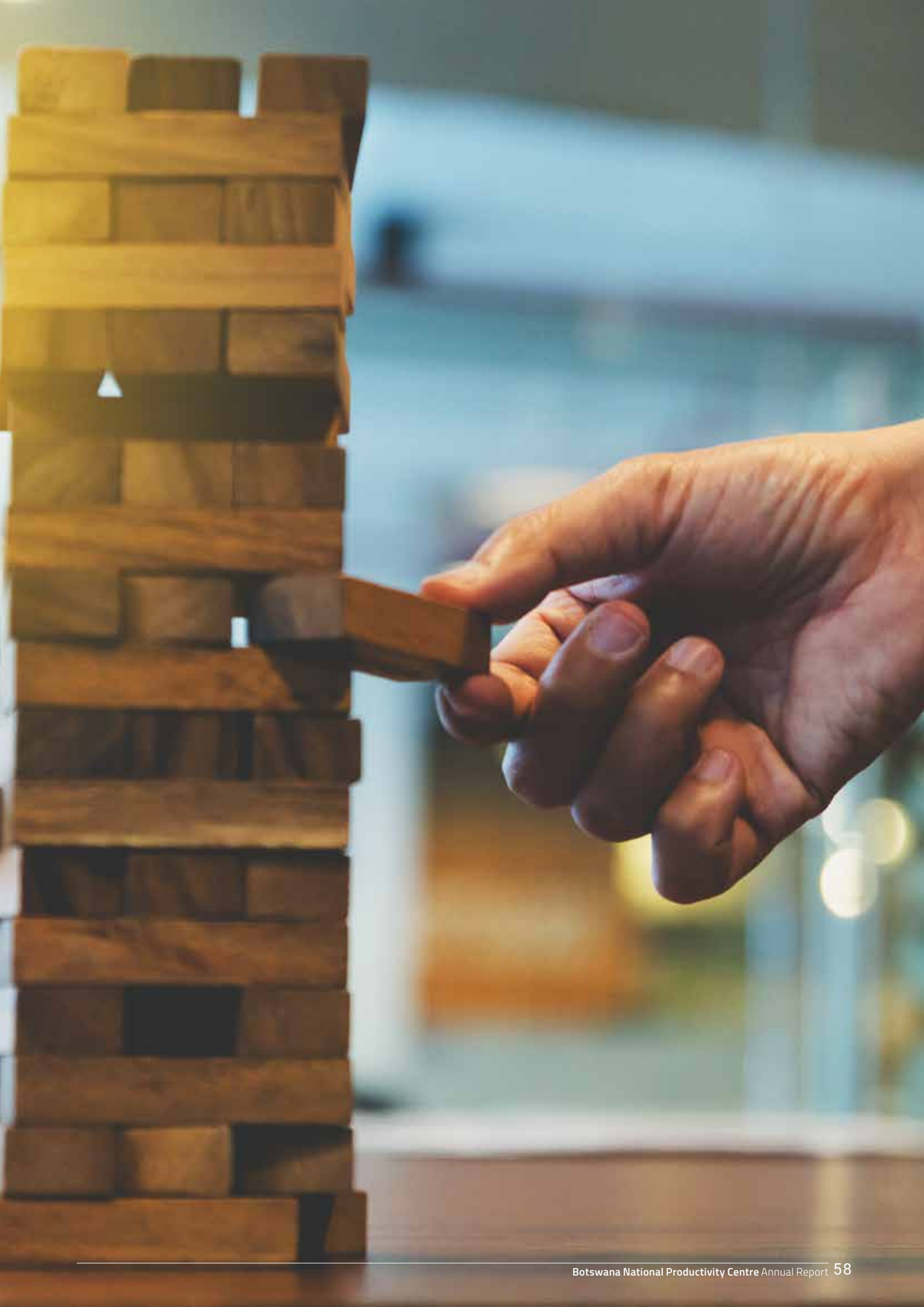
RISK DESCRIPTION

- Protracted Covid 19 pandemic may result in possible loss of jobs by employees
- Inability to attract skilled and competent resources
- Lack of core competencies to Drive the BNPC mandate, Vision and Strategy
- Insufficient Board quorum
- Inability to accredit product with BQA

MITIGATION ACTION

- Development of an HR Strategy to guide the implementing HR practices that align the people with BNPC Company's goals to allow the business to be more productive and profitable
- Review and Develop a Remuneration (Pay and Rewards) structure and policy
- Competency Profiling of Employees to support migration to new structure; Identify skills gap and have targeted training and development plans
- Board appointments completed during the year albeit for one year tenure
- Accreditation of the products has been secured with BQA. The Centre remains in good standing with BQA

Figure 05-04: BNPC Key Strategic Risks 2019-20



06

FINANCIAL PERFORMANCE AND REVIEW

OVERVIEW

The Annual Statutory Audit of BNPC Financial Statements for the year ended 31st March, 2020 was performed by Deloitte and Touche.

The Auditors issued a qualified report based on lack of sufficient and appropriate evidence which confirms that the Centre has legal title and rights to its office property. The auditors confirmed that, save for the effects of the matter described on the unresolved property tenancy matter, the Centre's Financial Statements gave a true and fair view of the Centre's financial position. They further highlighted that the financial performance and cash flows for the period were kept or recorded in accordance with International Financial Reporting Standards.

The Centre recorded a deficit of P439, 883 for the year ended 31st March, 2020 resulting in decreased accumulated surplus from P15.03 million at the beginning of the year to P14.59 million. The decline in financial position is mainly attributable to low performance in self-liquidating interventions as a result of low uptake of our products and services as well as human capital limitations, due to the ongoing restructuring process.

The year end current ratio was 1:2.35; indicating that, in the short term, the Centre has capacity to meet its financial obligations as they fall due.

Property, Plant and Equipment (PPE) accounted for a substantial amount of P57.62m, and the bulk of this growth was attributed to the re-evaluation of the residential and office properties.

Revenue

As depicted in **Figure 06-01** Government support in terms of subvention grant declined quite significantly, by 16% in 2019/20. The decline in revenue was also experienced in internally generated funds, particularly the Course Fees (31%); Consultancy (57%) and Accommodation Rental (57%) revenue streams.

Interest income declined by 10% from P781, 341 to P697 011; mainly attributable short-term investment undertakings with Botswana Investment Fund Managers (BIFM) money market funds.

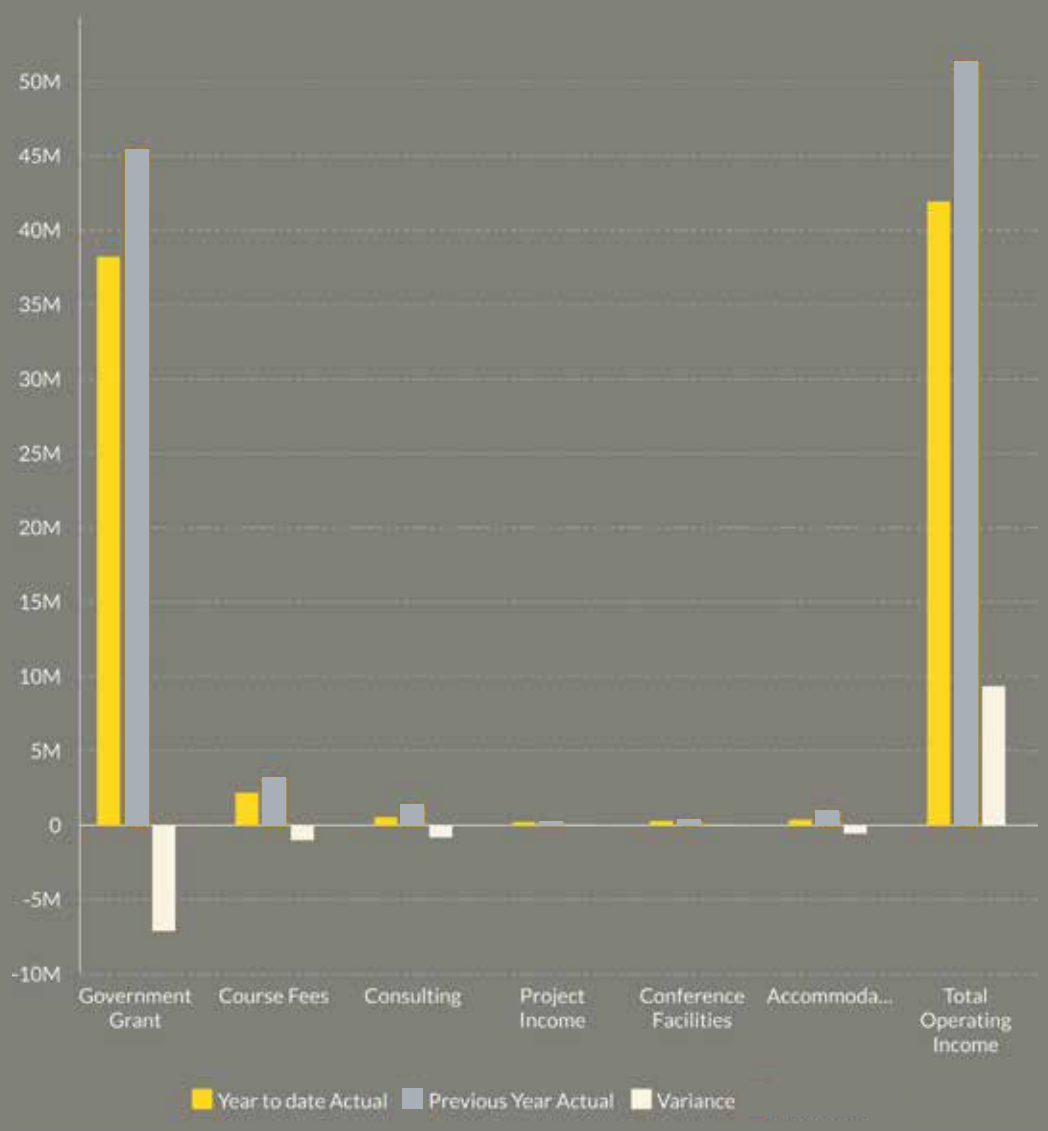


Figure 06-01: Revenues – 2019/20

The redeployment of resources to non-income generation productivity enhancement interventions, such as Turnaround Project, Customer Service for the Taxi operators, Labour-Management (impact assessment and security companies) and Work Ethic studies, contributed to this performance as consultants had shifted their focus to delivering these assignments and with less focus on income generating business.

Costs

81% of Expenditure was financed through Government Grant;

69% of Expenses was attributed to salary costs of which 15% were payments to Executive Management and 54% to other staff members;

Utilities expenses increased by 11% mainly due to increase in water and electricity tariffs.

Cash Flow

Cash and Cash equivalent at the beginning of the year reflected P25.55m and closed the year at P23.03m. The significant amount of cash coming from the Government grant and collections from debtors. The substantial amount of cash inflows was used to acquire PPEs, pay staff costs, suppliers and other administrative expenses. An amount of P16.89m was invested in the unit trust account (Money Markets) with BIFM to generate more interest income.

Product Performance & Market Segmentation

Figure 06-02 shows the Centre's product performance, as a percentage contribution to revenue and **Figure 06-03** shows market Segmentation.

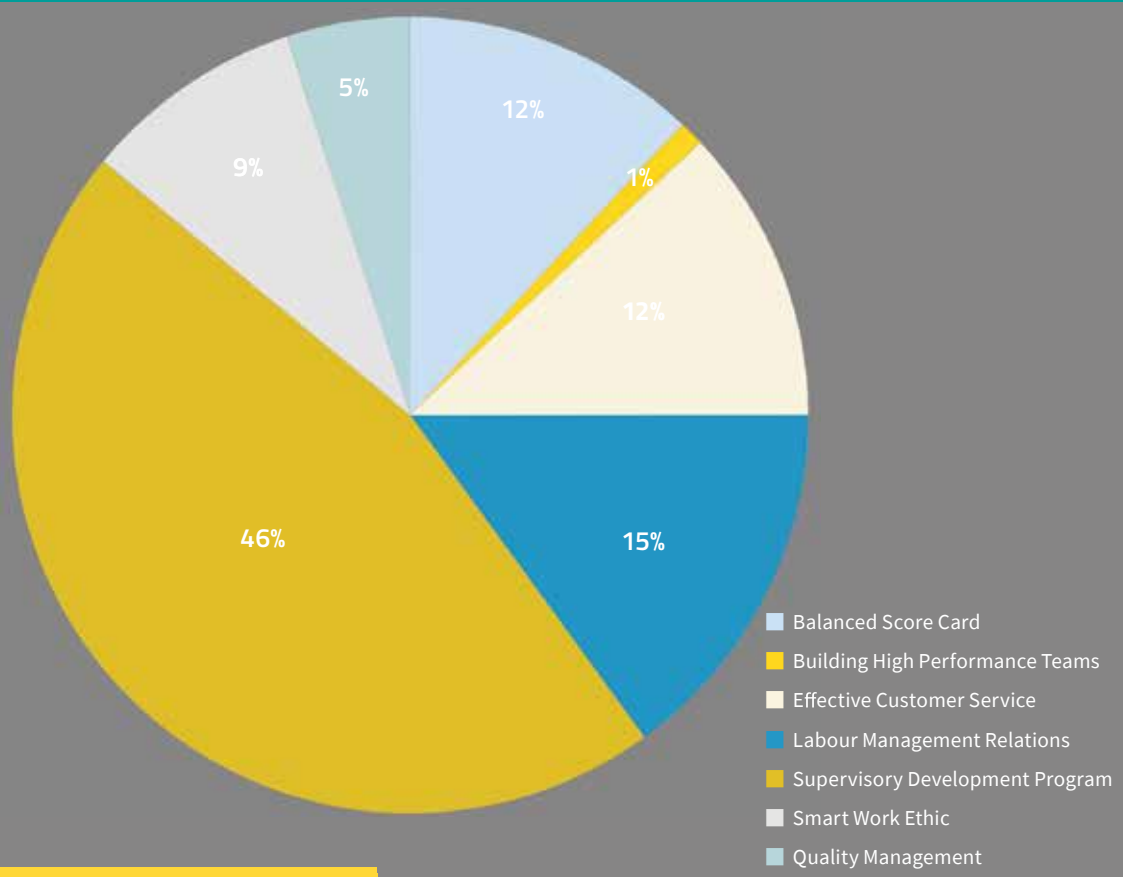


Figure 06-02: Product and Program Performance

Supervisory Development Programme continued to be the Centre's cash cow at 46% of the Course fees income followed by Labour-Management Relations and Effective Customer Service, at 15% and 12% respectively.

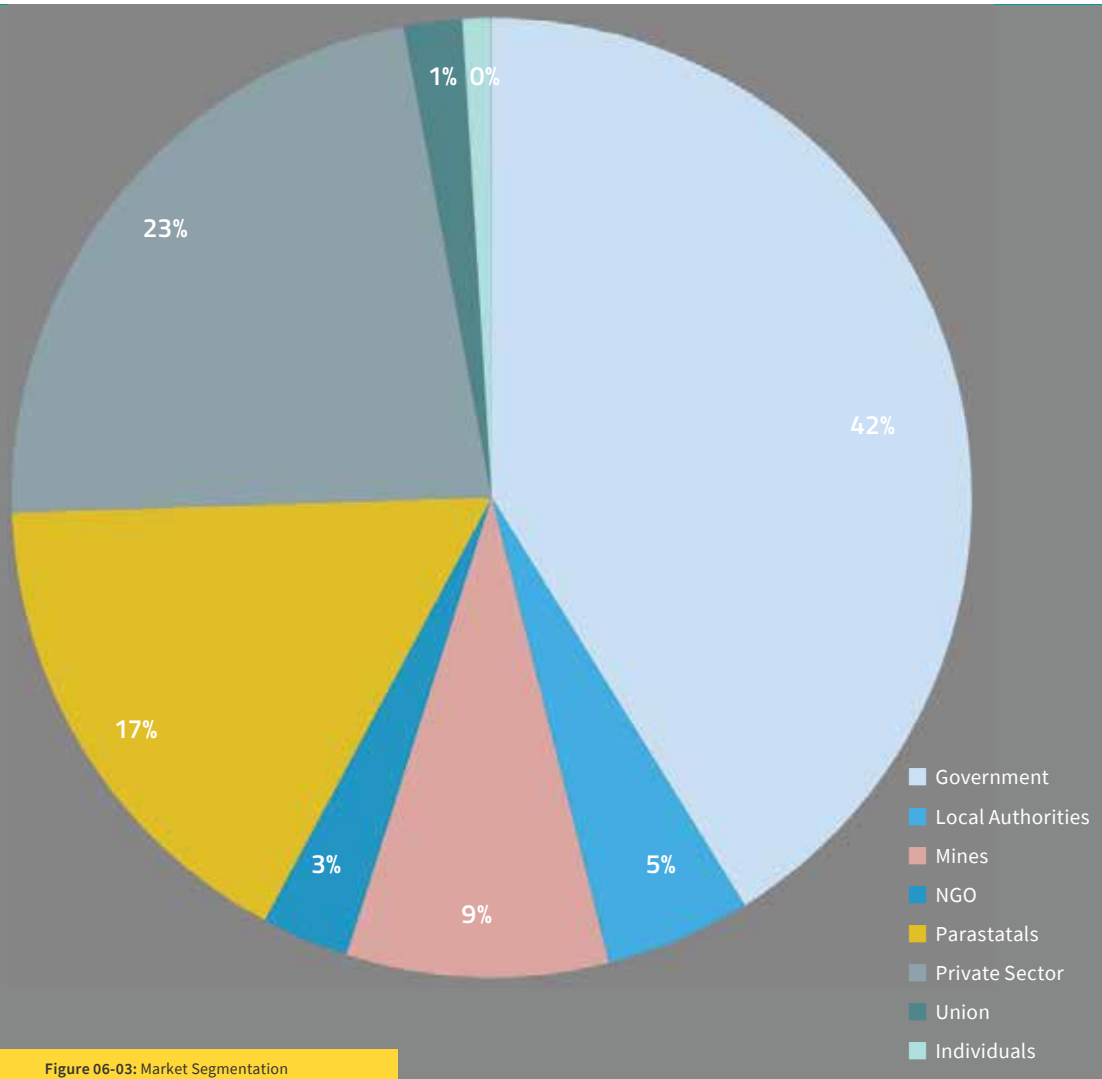


Figure 06-03: Market Segmentation

Furthermore, 42% of Course fees revenue was generated from the Government departments followed by Private Sector and Parastatal organisations at 23% and 17% respectively. Government continues to be the major consumer of the Centre's products and services.

Summary Performance and Looking Ahead

Overall funding continued to be a challenge for the Centre as it still heavily relies on the Government Grant to finance its developmental and operational activities. During the year under review, 82% of expenditure was financed through a Government grant, with only 18% from internally generated revenues.

The grant, whilst highly appreciated, has proven to be insufficient as it constraints the Centre's ability to undertake key strategic and transformational initiatives, as well as competitively remunerating employees. This is exacerbated by the continued annual decline in funding, to almost 2009/10 level, in absolute terms.

The internally generated income also continues to decline in tandem with the Government's subvention, posing a threat to the Centre's future sustainability, should the downward trajectory not turn around. It is important that the Centre is adequately funded to transform into a stable organization, whereby it is able to sufficiently supplement the subventions from the Government.

The graph below depicts the trends that has persisted over the last five years.

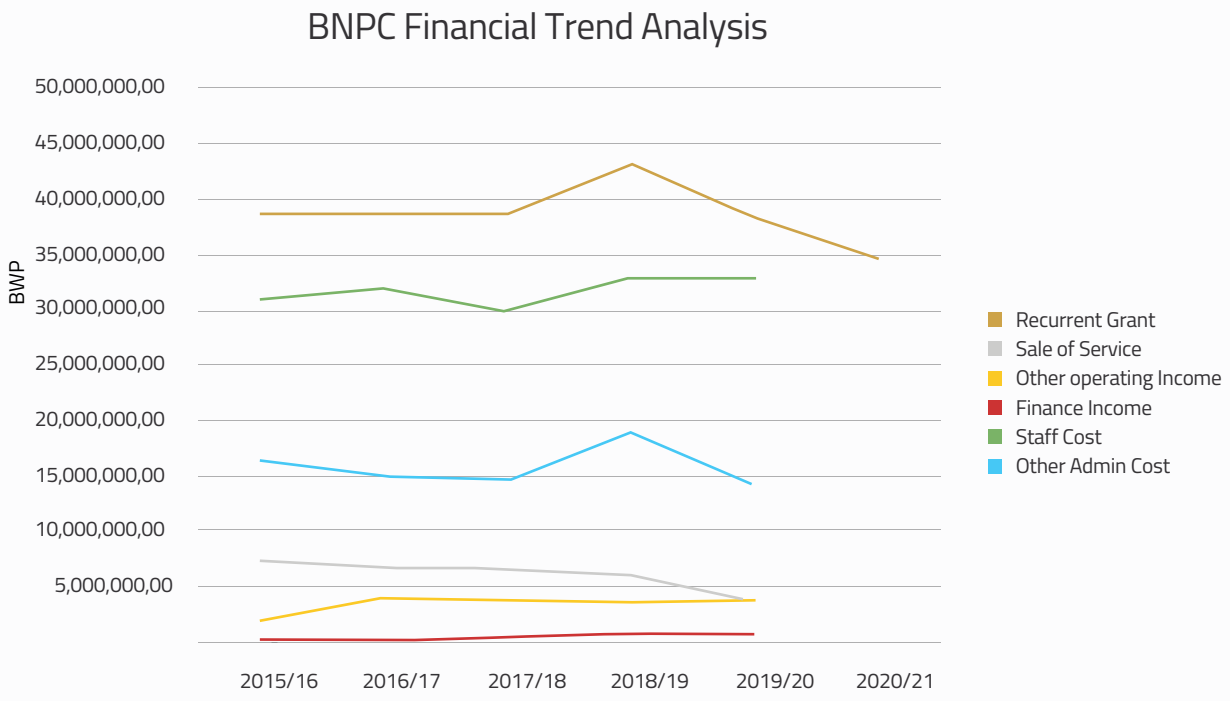


Figure 06-04: Financial Trend Analysis

Looking ahead, as we embark on a transformation journey for the Centre, and from the above financial performance, the Centre shall take the following issues into consideration;

a. That the Centre still relies heavily on Government Grant to finance operating and administrative activities;

b. The significant decline in internally generated income;

c. Cash "savings" due to delayed and undelivered programmes and projects.

The ongoing Strategy review, shall amongst other things, address the following observations and initiatives, towards ensuring BNPC's continued sustainability and operational success:

- Improved marketing; Diversifying the Centre's customer base and products to reduce over reliance on a few customers;
- Align our products to market needs i.e. offer solution driven productivity interventions;
- Develop new delivery channels; Virtual platforms such as E-Learning Service, Webinar, YouTube etc.;
- Project funding through strategic partnership;
- Develop and implement cost optimisation plans;
- Enhanced working capital management
- Improving project management (including monitoring and evaluation) to ensure timely implementation of budgeted projects.

ANNUAL FINANCIAL STATEMENTS

BUSINESS OPERATION

Promoting increased productivity, improving standards of management and labour management relations and generally stimulating productivity consciousness in Botswana. The Botswana National Productivity Centre ("Centre") is a parastatal organisation which has been legislated under Botswana National Productivity Centre Act 1993 and domiciled in Botswana.

REGISTERED ADDRESS

Plot 21222/21254

Giraffe Road

Gaborone

AUDITORS

Deloitte and Touche

BOARD SECRETARY

Ms Tswelelo Kebatlile

BANKERS

Standard Chartered Bank Botswana Limited

Stanbic Bank Botswana Limited

BOARD OF DIRECTORS

Non- Executive Directors

Mr Nelson Letshwene	-	Board Chairperson
Mr Norman Moleele	-	Deputy Chairperson
Mr Jacob Momene	-	Appointed on 01 April 2020
Mr Boniface Tsheko	-	Appointed on 01 April 2020
Dr Tinaye Mmusi	-	Appointed on 01 April 2020
Mr Molefi Keaja	-	End of tenure on 31 March 2020
Dr Batlang Comma Serema	-	End of tenure on 31 March 2020
Dr Moreetsi Thobega		
Ms Grace Siamisang		
Mr Keeper Morgan		
Ms Maipelo Motshwane		

Executive Director

Mr Christopher M Diswai

Directors' Responsibility Statement and Approval of the Financial Statements

Directors' responsibility statement for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements of Botswana National Productivity Centre ("BNPC"), comprising the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in reserves and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Botswana National Productivity Centre Act, 1993, to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Centre as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the financial statements and their report is presented on page 4 and 5.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana National Productivity Centre Act, 1993, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Centre and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Centre and all employees are required to maintain the highest ethical standards in ensuring the Centre's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Centre is on identifying, assessing, managing and monitoring all known forms of risk across the Centre. While operating risk cannot be fully eliminated, the Centre endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have made an assessment of the Centre's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Directors' approval of the financial statements

The financial statements set out on pages 6 to 32, which have been prepared on the going concern basis, were approved by the board of directors on 06 October 2020 and are signed on its behalf by:

Director

Director

PO Box 778
Gaborone
Botswana

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Assurance & Advisory Services
Chartered Accountants
Deloitte House
Plot 64518
Fairgrounds
Gaborone
Botswana

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA NATIONAL PRODUCTIVITY CENTRE PURSUANT TO SECTION 16(3) OF THE NATIONAL PRODUCTIVITY CENTRE ACT, 1993

Qualified Opinion

We have audited the financial statements of Botswana National Productivity Centre, set out on pages 6 to 32 which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, financial statements give a true and fair view of the financial position of the Centre as at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our audit opinion.

Basis for Qualified Opinion

We were unable to obtain sufficient and appropriate audit evidence which confirms that the entity has legal title and rights to a property recognised on the statement of financial position as at 31 March 2020 with a carrying amount of P52 300 000 (2019: P50 384 528). The depreciation charge relating to the property in the statement of profit or loss and other comprehensive income is P1 568 800 (2019: P1 915 472). As indicated in Note 17, the entity is in the process of obtaining title and ownership of the land and buildings and this is management's basis for recognition of the property on the statement of financial position. Currently the title of the land and buildings is in favour of the Government of Botswana. The entity occupies the land and buildings on a free rental lease arrangement.

Report on Other Legal and Regulatory Requirements

Pursuant to section 16(3) of the Botswana National Productivity Centre Act, Financial Reporting Act, 2010 we report on the following:

- We have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Centre have been properly kept;
- The Centre has complied with all the financial provisions of the Act with which it is the duty of the Centre to comply with; and
- The statement of accounts prepared by the Centre was prepared on a basis consistent with that of the preceding year and represents a true and fair view of the transactions and financial affairs of the Centre.

Other Information

The Directors are responsible for the other information. The other information comprises the Annual Report, Detailed Income Statement, Directors' Responsibility Statement and Approval of the Financial Statements. The other information and detailed income statement do not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 regards.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA NATIONAL PRODUCTIVITY CENTRE PURSUANT TO SECTION 16(3) OF THE NATIONAL PRODUCTIVITY CENTRE ACT, 1993 (CONTINUED)

Responsibilities of the Directors

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

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

The Directors are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Centre's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Deloitte & Touche

Deloitte & Touche
Certified Auditors
Practicing Member: C V Ramatlapeng (CAP 008 2020)

Gaborone
9 October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2020

	Notes	2020	2019
		P	P
Revenue			
Grant income	1	38 286 655	45 401 521
Sale of services	1	3 721 241	5 979 573
		42 007 896	51 381 094
Other operating income			
Other income	1	483 983	724 274
Capital grants transferred to income on disposal of assets	11.1	368 631	4 582
Amortisation of capital grants	11.1	2 976 124	2 755 062
		3 828 738	3 483 918
Administrative expenses	1	(46 884 855)	(51 742 569)
Operating (deficit)/surplus	1	(1 048 221)	3 122 443
Finance income	3	697 011	781 341
Finance cost	16	(88 673)	-
(Deficit)/surplus before income tax expense		(439 883)	3 903 784
Income tax expense	5	-	-
(Deficit)/surplus for the year		(439 883)	3 903 784
Other comprehensive income			
Gain on revaluation of properties	7	-	7 580 385
Total comprehensive (loss)/income for the year		(439 883)	11 484 169

STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Notes	2020	2019
ASSETS		P	P
Non-current assets			
Property, plant and equipment	7	56 641 122	58 947 991
Right of use assets	16	974 426	-
		57 615 548	58 947 991
Current assets			
Inventories	8	351 939	256 337
Trade and other receivables	9	1 475 945	2 226 708
Cash and cash equivalents	10	23 025 680	25 550 259
		24 853 564	28 033 304
Total assets		82 469 112	86 981 295
FUNDS AND LIABILITIES			
Reserves			
Revaluation reserve	12	11 289 093	11 289 093
Accumulated surplus		14 589 576	15 029 459
		25 878 669	26 318 552
Non-Current liabilities			
Lease liabilities	16	619 766	-
Capital grants	11	45 403 242	48 747 997
		46 023 008	48 747 997
Current liabilities			
Trade and other payables	13	8 512 407	11 398 914
Projects grants	15	1 671 097	515 832
Lease liabilities	16	383 931	-
		10 567 435	11 914 746
Total funds and liabilities		82 469 112	86 981 295

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2020

	Notes	Revaluation reserve	Accumulated surplus	Total funds
		P	P	P
For the year ended 31 March 2019				
Balance at 1 April 2018		3 708 708	11 278 399	14 987 107
Transitional adjustment	9	-	(152 724)	(152 724)
Total comprehensive income		7 580 385	3 903 784	11 484 169
Balance at 31 March 2019		11 289 093	15 029 459	26 318 552
For the year ended 31 March 2020				
Balance at 1 April 2019		11 289 093	15 029 459	26 318 552
Total comprehensive loss		-	(439 883)	(439 883)
Balance at 31 March 2020		11 289 093	14 589 576	25 878 669

STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	Notes	2020	2019
		P	P
Cash flows from operating activities			
Operating (deficit)/surplus		(1 048 221)	3 122 443
Adjustment for non-cash items:			
Depreciation of property, plant and equipment and right of use assets	7	3 460 040	2 973 133
Amortisation of capital grants	11.1	(2 976 124)	(2 755 062)
Profit on disposal of property, plant and equipment		63 434	(27 909)
Capital grants transferred to income on disposal of assets	11.1	(368 631)	(4 582)
		(869 502)	3 308 023
Changes in working capital			
(Increase)/decrease in inventories		(95 602)	46 176
Decrease in trade and other receivables		750 763	1 516 457
(Decrease)/increase in trade and other payables		(2 886 507)	2 648 124
(Increase)/decrease in projects grants		1 155 265	(2 484 481)
Net cash (used in)/generated from operating activities		(1 945 583)	5 034 299
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(1 132 032)	(1 093 099)
Proceeds from disposal of property, plant and equipment		305 197	32 491
Interest received	3	697 380	783 690
Net cash used in investing activities		(129 455)	(276 918)
Cash flows from financing activities			
Capital grant received during the year	11.2	-	169 023
Payments of principal portion of lease liabilities	16	(360 499)	-
Interest on lease liabilities	16	(88 673)	-
Net cash (used in)/generated from financing activities		(449 172)	169 023
Net (decrease)/increase in cash and cash equivalents		(2 524 210)	4 926 404
Cash and cash equivalents at beginning of year		25 550 259	20 626 204
Effect of foreign exchange rate changes	3	(369)	(2 349)
Cash and cash equivalents at end of year	10	23 025 680	25 550 259

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

31 March 2020

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis except for the revaluation of properties and incorporate the following principal accounting policies which have been consistently followed in all material respects, and comply with operative International Financial Reporting Standards.

ADOPTION OF NEW AND REVISED STANDARDS

At the date of approval of these financial statements, the following standards relevant to the Centre's operations were in issue but not yet effective.

New/Revised International Financial Reporting Standards	Effective Date - Annual periods beginning on/after
IFRS 17 Insurance Contracts	1 January 2022
IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2022

It is unlikely that this standard will have material impact on the Centre's financial results.

The Centre has adopted IFRS 16 Leases as issued by the IASB in January 2016 with a transition date of 1 April 2019, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. A number of other new standards are also effective from 1 April 2019 but they do not have a material effect on the Centre's financial statements.

The Centre applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Previously, the Centre determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Centre now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Centre elected to apply the transition practical expedient to not reassess whether contract is, or contains, a lease at 01 April 2019. Instead the Centre applied IFRS 16 only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

As a lessee

As a lessee, the Centre leases property for office accommodation in Francistown. The Centre previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Centre. Under IFRS 16, the Centre recognises right-of-use assets and lease liabilities for this lease – i.e. the lease is on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Centre allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under IAS 17

Previously, the Centre classified property leases as operating lease under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Centre's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Centre's incremental borrowing rate at the date of initial application.

The Centre has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Centre used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Centre:

excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and

used hindsight when determining the lease term.

As a lessor

The Centre leases out its residential property and restaurant facility. The Centre has classified these leases as operating leases. The Centre is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Impact on transition

On transition to IFRS 16, the Centre recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	P
Right-of-use assets	1 364 196
Lease liabilities	(1 364 196)
Retained earnings	-

	IAS 17 Carrying Amount 31/3/2019 P	Remeasurements P	IFRS 16 Carrying Amount 01/04/2019 P
Right of use assets	-	1 364 196	1 364 196
Lease liabilities	-	(1 364 196)	(1 364 196)
TOTAL	-	-	-

When measuring lease liabilities for leases that were classified as operating leases, the Centre discounted lease payments using its incremental borrowing rate of 6.5% at 1 April 2019.

	01/04/2019 P
Operating lease commitments at 31 March 2019 as disclosed under IAS 17 in the Centre's consolidated financial statements	224 585
Extension options reasonably certain to be exercised	1 347 515
	1 572 100
Discounted lease liabilities recognised at 1 April 2019	(1 364 196)

The below notes sets out the significant accounting policies adopted in the preparation of the financial statements.

FINANCIAL ASSETS AND LIABILITIES

Measurement methods

Amortised cost and effective interest rate

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

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

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

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and recognised on an accrual basis.

Initial recognition and measurement

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

At initial recognition, the Centre measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Initial recognition and measurement (continued)

b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

Debt and equity instruments are classified as either financial assets, financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Centre's equity comprises accumulated funds.

The Centre classifies its financial assets at amortised cost. The classification requirements for debt instruments measured at amortised cost are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

i. the Centre's business model for managing the asset; and

ii. the cash flow characteristics of the asset.

Based on these factors, the Centre classifies its debt instruments at amortised cost.

Business model

The business model reflects how the Centre manages the assets in order to generate cash flows. That is, whether the Centre's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value.

Factors considered by the Centre in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Centre assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Centre considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of operation. Trade receivables are recognised at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to cash and subject to insignificant risk of loss of value.

Cash and cash equivalents are measured at amortised cost.

Impairment of financial assets

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

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

Derecognition of financial assets

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

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

Financial Liabilities

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

Derecognition of financial liabilities

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

REVENUE

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Centre expects to receive in exchange for the services.

Nature of services and timing of revenue recognition

The Centre provides consulting and training services. In addition, the Centre provides facilities for rental purposes which are covered by IFRS 16.

Revenue is recognised over time or at a specific point in time depending on the nature of the performance obligations embedded in the contract. Revenue recognition follows a five step model framework listed below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Performance obligations are discharged either at a specific point in time or over time and therefore influence the timing and recognition of revenue. Revenue from the two product steams above are recognised at a specific point in time or over time depending on the nature of training or consulting work being rendered. The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled receivables also known as contract assets. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue also known as contract liability.

Sale of services

Revenue from sale of services such as consultancy, course fees, rental for accommodation and conference facilities is recognised as it accrues unless collectability is in doubt.

REVENUE (Continued)

Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Centre reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Rental income

Payments received under operating leases are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment except for building properties are included at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Buildings comprise mainly of office and residential properties. These properties are shown at fair value, based on periodic valuations by external independent valuers.

Residential properties are valued at least every three years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of residential properties is credited to other comprehensive income and shown as revaluation reserve in statement of changes in reserves. Decrease that offsets previous increases of the same assets are charged against fair value and other reserves; all other decreases are charged to the income statement. The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to the accumulated surplus account when the asset is derecognised.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged using straight-line method so as to write off the depreciable amount of the assets, except on work in progress, over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following methods and rates were used during the period to depreciate property, plant and equipment to estimated residual values:

Property, Plant and Equipment	Years
Buildings improvements	10 years
Plant and machinery	4-10 years
Furniture and fixtures	6 years
Motor vehicles	10-14 years
Office equipment	4 years
IT equipment	4 years
Building costs	25 years
Residential properties	50 years
Library books	4 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

IMPAIRMENT OF ASSETS

At each reporting date, the Centre reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Centre estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

As a minimum, management considers the existence of the following external and internal indicators at the end of each reporting period date which individually or collectively may indicate impairment on non-financial assets.

External sources of information

- An unexpected significant decline in market value of an asset.
- Significant changes with an adverse effect on the Centre have taken place during the period, or are expected to take place in the near future, in the extent to which an asset is used or is expected to be used.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Centre have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

INVENTORIES

Inventories consist of office consumables and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costing method.

GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the Centre.

Government grants comprise funds received from the Ministry of Employment, Labour, Productivity and Skills Development in respect of the recurrent expenditure of the entity. Funds received and used to acquire items of property, plant and equipment are deferred as capital grants and subsequently amortised into government grants over the useful lives of the related items of property, plant and equipment. The funds due from the Ministry of Employment, Labour, Productivity and Skills Development are recognised once the budget has been approved and confirmation of the approved grant is received by the Centre.

PROJECT GRANTS

Project grants relate to grants received from the Government of Botswana for specific projects. These are deferred and included in current liabilities. The related expenditure is netted off against the project grant funds received. Expenditure funded from the Centre's retained earnings that is not recoverable from the Government of Botswana is recognised in the statement of profit or loss.

FOREIGN CURRENCY TRANSLATION

Functional and Presentation Currency

Items included in the financial statements 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 the presentation currency.

Transactions and Balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within administration expenses.

EMPLOYEE BENEFITS

All employees of the Centre, other than contracted staff, are members of a defined contribution scheme to which the Centre contributes. Contributions to the scheme are expensed as and when incurred and included under staff costs in the statement of comprehensive income. A liability is recognised to the extent of any unpaid contributions to the fund managers.

The Centre pays gratuity to contracted staff in accordance with their respective contracts of employment.

RELATED PARTIES

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, the party:

i. controls, is controlled by, or is under common control with, the entity;

ii. has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arms length basis and accordingly included in the revenue and expenditure statement.

LEASING

The Centre has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Policy applicable from 1 April 2019

At inception of a contract, the Centre assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Centre uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Centre allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Centre recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Centre by the end of the lease term or the cost of the right-of-use asset reflects that the Centre will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Centre's incremental borrowing rate. Generally, the Centre uses its incremental borrowing rate as the discount rate.

The Centre determines its incremental borrowing rate by obtaining prevailing prime lending rate as set by Bank of Botswana at contract date, and where necessary makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Centre is reasonably certain to exercise, lease payments in an optional renewal period if the Centre is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Centre is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Centre's estimate of the amount expected to be payable under a residual value guarantee, if the

Centre changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

As a lessor

At inception, reassessment or on modification of a contract that contains a lease component, the Centre allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Centre acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Centre makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Centre considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Centre applies IFRS 15 to allocate the consideration in the contract.

The Centre applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Centre further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Centre recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Centre as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 April 2019

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, management has made judgements and estimates that affect the application of the Centre's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful Lives of plant and equipment and residual values

The Centre reviews the estimated useful lives of plant and equipment at the end of each annual reporting period.

Determination of the lease term

The Centre determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Measurement of the expected credit loss allowance for doubtful debts

The measurement of the expected credit loss allowance (ECL) for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

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

Revenue from contracts with customers

Contracts with customers often include promises to deliver multiple services. Determining whether such bundled services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another service and recognized as a combined unit of accounting may require significant judgment. In general, the Centre's professional services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization.

Valuation of property

The Centre recognises property at fair value, based on the periodic valuations by the external independent valuers

1 OPERATING SURPLUS

The following items have been (credited)/charged in arriving at the operating profit:

		2020	2019
Grant received		**P**	**P**
Government subvention		38 241 920	43 086 062
Project grants		44 735	2 315 459
		38 286 655	45 401 521
Sale of services			
Consulting		594 502	1 373 535
Course fees		2 190 652	3 190 895
Accommodation		413 079	950 121
Conference facilities		329 078	284 237
Project income		193 930	180 785
		3 721 241	5 979 573
Analysis of revenue			
By major product/service lines			
Consulting		594 502	1 373 535
Training		2 190 652	3 190 895
Provision of accommodation and conference facilities		742 157	1 234 358
Project income		193 930	180 785
Total		3 721 241	5 979 573
By timing of recognition			
Service transferred at a point in time		2 932 809	4 425 253
Service transferred over time		788 432	1 554 320
Total		3 721 241	5 979 573
Nature of balances	**Nature of performance obligation**		
Contract asset (Unbilled revenue)	Point in time	78 768	187 275
Contract asset (Unbilled revenue)	Over time	-	56 924
Contract liability (Deferred revenue)	Point in time	9 850	3 189
Other operating income			
Rental income		294 643	517 857
(Loss)/profit on disposal of property, plant and equipment		(63 434)	27 909
Other income		252 774	176 159
		483 983	721 925
Expenses by nature			
Auditors' remuneration	- Current year	167 500	180 516
	- Prior year	3 663	21 920
Board expenses		613 691	135 250
Depreciation		3 460 040	2 973 133
Hire of equipment		660 059	650 265
Impairment of receivables		268 309	237 629
Operating lease rentals		-	593 130
Remuneration paid to directors and key management		7 239 252	6 772 769
Repairs and maintenance		1 022 030	845 432
Staff cost (Note 2)		25 460 851	26 118 897
Project expenses		209 474	3 813 837
Insurance		626 146	573 772
Travel		739 444	569 464
Computer expenses		163 745	102 416
Utilities		948 813	854 768
Other expenses		5 301 838	7 299 371
Total cost of selling and administrative expenses		46 884 855	51 742 569

2 STAFF COSTS

	2020	2019
	P	P
Salaries and wages	22 246 828	22 821 945
Pension costs (Note 4)	1 525 248	1 254 950
Staff gratuity	1 688 775	2 042 002
	25 460 851	26 118 897

3 FINANCE INCOME

Interest income - Bank	697 380	783 690
Unrealised exchange gain/(loss) on cash and cash equivalents	(369)	(2 349)
	697 011	781 341

4 PENSION FUND

The Centre operates a defined contribution pension plan for its employees which provides for a pension based on the length of service. The plan is administered by Alexander Forbes (Botswana) Limited. Provision is made for gratuity for all contracted employees in terms of their respective employment contracts.

A defined contribution plan is a pension plan under which the Centre pays fixed contributions into a separate entity. The Centre has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits in the current and prior periods.

5 INCOME TAX

Botswana National Productivity Centre being an entity set up by the Government of Botswana, is exempt from tax under the provision of paragraph (ii) of Part I of the second schedule of the Income Tax Act 1995 as amended.

6 FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Centre's activities may expose it to a variety of financial risks such as market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and 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.

Foreign Currency Risk

As the Centre has no significant financial assets or liabilities denominated in foreign currencies, the Centre's income and operating cash flows are substantially independent of changes in foreign currency exchange rates.

Cash Flow and Fair Value Interest Rate Risk

The fluctuation in interest rates impacts on the value of short-term cash investments, giving rise to interest rate risk. Cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

Price Risk

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

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Centre. As at 31 March 2020, the Centre's maximum exposure to credit risk which will cause a financial loss to the Centre due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Centre has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. The Centre does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

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

IFRS 9: Impairment Provision Matrix as at 31 March 2020

Description	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Gross carrying amount (P)	470 020	362 055	101 620	873 112	1 806 807
Less: Collective expected loss rate (P)	16.280%	54.327%	89.386%	100.000%	68.472%
Loss allowance	(76 519)	(196 694)	(90 834)	(873 112)	(1 237 159)
Net carrying amount	393 501	165 361	10 786	-	569 648

IFRS 9: Impairment Provision Matrix as at 31 March 2019

Description	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Gross carrying amount	737 318	1 060 461	126 014	867 863	2 791 656
Amount not provided**	-	(10 665)	(43 170)	(412 311)	(466 146)
Less: Specific provision	-	(5 183)	(82 844)	(359 827)	(447 854)
Carrying net of specific provision	737 318	1 044 613	-	95 725	-
Less: Collective expected loss rate	11.350%	32.700%	0.000%	100.000%	13.800%
Loss allowance	(83 654)	(341 617)		(95 725)	(520 996)
Net carrying amount	653 664	702 996	-	-	(520 996)

**Amount not provided for relates to a receivable from a single debtor (Curry pot) due at reporting date which management believes is still collectible in full based on historical behaviour

Reconciliation of impairment loss for trade receivables	2020	2019
Description	P	P
At 1 April - calculated under IAS 39	968 850	578 497
Amounts restated through opening accumulated surplus	-	152 724
Opening loss allowance as at 1 April 2019- Under IFRS 9	968 850	731 221
Increase in receivables loss allowance during the period	268 309	237 629
As at 31 March	1 237 159	968 850
Other receivables:		
Balance at beginning of year	42 795	42 795
Balance at end of year	42,795	42,795

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 operations, management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Centre's cash and cash equivalents on the basis of expected cash flows. In addition, the Centre's liquidity management policy involves projecting cash flows required to meet major cash flow commitments and considering the level of liquid assets necessary to meet these obligations; monitoring balance sheet liquidity ratios against best financial practices and maintaining debt financing plans. The Centre's financial liabilities are short term in nature hence the maturity analysis of undiscounted cashflows has not been presented.

Capital Risk Management

The Centre is a Government organisation with the main object being promoting increased productivity, improving standards of management and labour management relations and generally stimulating productivity consciousness in Botswana. As such all operations of the Centre are funded by Government and therefore not subject to capital risk.

Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other payables resulting from normal business operations. The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Market risk sensitivity

The set of assumptions used for each of the risk factors hereunder are not forecasts, but merely "what if" scenarios and the likely impact on the current portfolio, based on selected changes in risk variables over a one year horizon.

The analysis below gives an indication of the risk sensitivities of the portfolio to various risk parameters. Assuming that the probability of the beneficial change in the risk variables are as likely to happen as an adverse change, both potential increase and decrease are shown for the indicated scenarios.

If interest rate yield had been 1% basis point higher/lower and all other variables held constant, the Centre's profit for the year ended 31 March 2020, would decrease/increase by P230 144 (2019: P255 084).

The Centre's exposure to foreign currency risk is analysed below:

All amounts in Botswana Pula

Financial instruments	BWP	ZAR	Total
As at 31 March 2020			
Trade and other receivables	840 134	-	840 134
Cash and cash equivalents	23 025 680	-	23 025 680
	23 865 814	-	23 865 814
Trade and other payables	1 197 646	-	1 197 646
As at 31 March 2019			
Trade and other receivables	2 093 426	-	2 093 426
Cash and cash equivalents	25 524 561	25 698	25 550 259
	27 617 987	25 698	27 643 685
Trade and other payables	3 983 423	-	3 983 423

Analysis of Financial Instruments

Financial instruments by category

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

Financial assets at amortised cost	2020	2019
Assets as per the statement of financial position	**P**	**P**
Trade and other receivables	840 134	2 093 426
Cash and cash equivalents	23 025 680	25 550 259
	23 865 814	27 643 685
Other financial liabilities at amortised cost		
Liabilities as per the statement of financial position		
Trade and other payables	1 197 646	3 983 423

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 March 2020

7 PROPERTY, PLANT AND EQUIPMENT	Cost/Valuation P	2020 Accumulated Depreciation P	Carrying Value P	Cost/Valuation P	2019 Accumulated Depreciation P	Carrying Value P
Building	52 300 000	(1 915 472)	50 384 528	52 300 000	-	52 300 000
Building Improvements	46 056	(1 382)	44 674	-	-	-
Plant & Machinery	2 622 510	(2 083 098)	539 412	2 473 251	(1 868 116)	605 135
Furniture & Fittings	2 949 949	(2 397 665)	552 284	2 885 687	(2 219 343)	666 344
Motor Vehicles	2 243 896	(749 926)	1 493 970	2 383 379	(1 047 633)	1 335 746
Office Equipment	2 979 992	(2 731 357)	248 635	2 887 555	(2 581 880)	305 675
IT Equipment	2 236 842	(1 700 866)	535 976	2 215 104	(1 414 829)	800 275
Residential Property	2 895 000	(94 146)	2 800 854	2 895 000	-	2 895 000
Library Books	1 599 394	(1 558 605)	40 789	1 570 914	(1 531 098)	39 816
Total	69 873 639	(13 232 517)	56 641 122	69 610 890	(10 662 899)	58 947 991

Reconciliation of property, plant and equipment - 2020	Opening carrying amount P	Additions P	Revaluation P	Disposal/Scrapped P	Depreciation P	Closing Carrying Value P
Building	52 300 000	-	-	-	(1 915 472)	50 384 528
Building Improvements	-	46 056	-	-	(1 382)	44 674
Plant & Machinery	605 135	149 258	-	-	(214 981)	539 412
Furniture & Fittings	666 344	64 262	-	-	(178 322)	552 284
Motor Vehicles	1 335 746	717 204	-	(357 042)	(201 938)	1 493 970
Office Equipment	305 674	92 437	-	-	(149 476)	248 635
IT Equipment	800 276	34 335		(11 589)	(287 046)	535 976
Residential Property	2 895 000	-	-	-	(94 146)	2 800 854
Library Books	39 816	28 480	-	-	(27 507)	40 789
	58 947 991	1 132 032	-	(368 631)	(3 070 270)	56 641 122
Reconciliation of property, plant and equipment - 2019						
Building	46 082 400	–	7 786 400	-	(1 568 800)	52 300 000
Building Improvements	769 156	146 123	(652 459)	-	(262 820)	-
Plant & Machinery	673 742	127 160	-	-	(195 767)	605 135
Furniture & Fittings	681 405	155 932	-	-	(170 993)	666 344
Motor Vehicles	1 505 849	-	-	-	(170 103)	1 335 746
Office Equipment	387 825	114 295	-	-	(196 446)	305 674
IT Equipment	556 359	535 963	-	(4 582)	(287 464)	800 276
Residential Property	2 533 656	-	446 444	-	(85 100)	2 895 000
Library Books	61 830	13 626	-	-	(35 640)	39 816
	53 252 222	1 093 099	7 580 385	(4 582)	(2 973 133)	58 947 991

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Centre revalued office buildings on 31 May 2019 for the year ended 31 March 2019. The valuation was performed by Ribbery Proprietary Limited, an independent valuer. The fair value of the property was determined based on the depreciated replacement cost basis due to limited or no comparable evidence reflecting recent transaction prices of similar transactions. The valuation as at 31 March 2019 amounted to P52 300 000, and the resulting surplus of P7 133 941 was recognised in other comprehensive income with a corresponding credit to the revaluation reserve.

Residential properties included under staff housing were revalued on 29 March 2019 for the year ended 31 March 2019 by Kwena Property Services Proprietary Limited, an independent valuer. Residential properties were valued at P2 895 000 based on open market value. The resulting surplus of P446 444 was recognised in other comprehensive income and credited to the revaluation reserve within statement of changes in funds.

The fair value measurement for both properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Cost information of the office building is unavailable for comparative disclosures of what its carrying amount would have been, had it been carried at cost. Refer to Note 17 for further detail.

Had the residential properties been carried at cost without any revaluation adjustment, the respective carrying amount would be as follows:

	2020	2019
	P	P
Cost	795 729	795 729
Accumulated depreciation	(795 729)	(795 729)
	-	-

8 INVENTORIES

Stores and consumables (at cost)	351 939	256 337
Opening balance of inventory	256 337	302 513
Add: Purchases	467 310	369 089
	723 647	671 602
Less: Inventory (write-downs)/write-ups	(24 683)	(1 790)
Less: Closing balance of inventory	(351 939)	(256 337)
Inventories recognised as an expense during the year	347 025	413 475

9 TRADE AND OTHER RECEIVABLES

Trade receivables	1 806 807	2 791 657
Less: provision for impairment	(1 237 159)	(968 850)
	569	1 822
Deposits and prepayments	635	133
Other receivables	313	313
Less: provision for impairment	(42 795)	(42 795)
	1 475 945	2 226 708

Reconciliation of impairment loss for trade and other receivables

Trade receivables		
At 1 April - calculated under IAS 39	968 850	578 497
Amount adjusted to the opening accumulated surplus	-	152 724
Opening loss allowance as at 1 April 2019- Under IFRS 9	**968 850**	**731 221**
Increase in receivables loss allowance during the period	268 309	237 629
As at 31 March	**1 237 159**	**968 850**
Other receivables:		
Balance at beginning of year	42 795	42 795
Balance at end of year	42 795	42 795

The Centre has credit terms of 30 days (2019: 30 days) after which amounts are considered to be past due. The carrying amounts of trade and other receivables are a reasonable approximation of their fair values as at the end of the reporting period

The recognition and release of provision for impairment of trade and other receivables have been included in administrative expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

10 CASH AND CASH EQUIVALENTS

	2020	2019
	P	P
Bank balances	1 422 834	4 128 109
Cash on hand	1 304	1 127
Short term deposits	16 888 640	16 693 306
Gratuity Investment Account	4 556 138	4 571 659
Gratuity Trust Account	156 764	156 058
	23 025 680	25 550 259

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprises the following:

Cash at bank	23 024 376	25 549 132
Cash on hand	1 304	1 127
	23 025 680	25 550 259

11 CAPITAL GRANTS

Capital grants (Note 11.1)	44 783 190	48 127 945
Unutilised capital grants (Note 11.2)	620 052	620 052
	45 403 242	48 747 997

11.1 Capital grants

The Centre receives grants from Government based on the budget requirements approved by the Board. These funds are not refundable by the Centre to the Government.

Capital grants at beginning of year	48 127 945	50 718 566
Amortisation of capital grants	(2 976 124)	(2 755 062)
Transfer from unutilised capital grants (acquisitions)	-	169 023
Transfer to income on disposed property, plant and equipment	(368 631)	(4 582)
Capital grants at end of year	44 783 190	48 127 945

11.2 Unutilised capital grants

Unutilised capital grants represent the amounts not fully utilised during the year and carried forward for utilisation in future periods. These are segregated from the capital grants to monitor the unutilised portion and match utilisation with the assets acquired.

Unutilised capital grants at beginning of year	620 052	620 052
Transfer to capital grants	-	(169 023)
Received during the year	-	169 023
Unutilised capital grants at end of year	620 052	620 052

12 REVALUATION RESERVE

Balance at beginning of the period	11 289 093	3 708 708
Gain on revaluation of properties	-	7 580 385
Balance at end of year	11 289 093	11 289 093

The revaluation reserve arises as a result of revaluation of properties to reflect the current market value. There are no restrictions on the utilisation of the revaluation reserve.

13 TRADE AND OTHER PAYABLES

Trade payables	118 709	959 094
Other accounts payable	1 078 937	3 024 329
Provisions (Note 13.1)	7 314 761	7 415 491
	8 512 407	11 398 914

The carrying amounts of trade and other payables are a reasonable approximation of their fair values as at the end of the reporting period. The average credit period on purchases of goods and services is 30 days (2019:30 days). No interest is charged on trade payables for the first 60 days from the date of the invoice. Thereafter interest may be charged per month on the outstanding balance by some suppliers. The Centre has put measures in place to ensure that all payables are paid with the credit time frame.

13 TRADE AND OTHER PAYABLES (Continued)

Payroll Accruals	Leave pay	Gratuity	Total
	P	P	P
Balance at the beginning of year	2 723 811	4 691 680	7 415 491
Provisions for the year	1 127 700	2 765 561	3 893 261
Payments made during the year	(881 229)	(3 112 762)	(3 993 991)
Balance at end of year	2 970 282	4 344 479	7 314 761

Gratuity

Certain employees receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated liability towards such employees up to the reporting date.

Leave pay

Paid absences are accounted for on an accrual basis over the period in which employees have provided services.

14 RELATED PARTY TRANSACTIONS

The Centre's related parties constitute the parent ministry and the department where the Centre reports being the Ministry of Employment, Labour, Productivity and Skills Development.

The Centre has a related party relationship with its directors and executive officers as well as entities that are controlled by those directors and executive officers.

During the year the Centre has entered into the following transactions with its related parties:	2020	2019
	P	P
Sale of Services to Ministry of Employment, Labour Productivity and Skills Development	**152 463**	**70 625**
Recurrent Grant received from Ministry of Employment Labour Productivity and Skills Development	38 241 920	43 086 062
Project grants received from Ministry of Employment Labour Productivity and Skills Development	1 200 000	-
Remuneration paid to key management	6 092 566	5 643 395
Pension costs for key management personnel	69 900	69 580
Gratuity costs for key management personnel	1 076 786	1 059 794
Board sitting fees paid to board members	94 760	92 349
The following are balance due to related parties:		
Provision for employee benefits for key management personnel	2 397 646	1 602 870

15 PROJECT GRANTS

	Balance at beginning of year	Funds received	Transfer in(out)	Expenditure	Balance at end of year
Year ended 31 March 2020	P	P	P	P	P
Maintenance Project	219 501	-	-	-	219 501
Botswana Quality Workforce Project	6 545	-		-	6 545
Work Ethic Project	237 920	-	-	(44 735)	193 185
ICT Project	51 866	1 200 000	-	-	1 251 866
	515 832	1 200 000	-	(44 735)	1 671 097
Year ended 31 March 2019					
Maintenance Project	219 501	-	-	-	219 501
Botswana Quality Workforce Project	6 545	-		-	6 545
Work Ethic Project	1 837 620	-	-	(1 599 700)	237 920
ICT Project	936 647		(169 022)	(715 759)	51 866
Total	3 000 313	-	(169 022)	(2 315 459)	515 832

The projects grants amounts arise as a result of on going funded project by the Government of Botswana.

16 LEASES

The Centre as a lessee (IFRS 16)

The Centre leases an office property in Francistown. Leases are negotiable for an average term of three years and rentals are fixed for an average of one year with an escalation clause at prevailing inflation rate per annum from the first day of each lease year, or as otherwise may be negotiated.

Right-of-use assets relates to leased property and is presented separately.

	2019
Right of use assets	P
Balance at 1 April 2019	1 364 196
Depreciation charge for the year	(389 770)
Balance at 31 March 2020	974 426
Lease liabilities	
Balance at 1 April 2019	1 364 196
Payments of principal portion of lease liabilities	(360 499)
As at 31 March 2020	1 003 697
Maturity analysis - contractual undiscounted cash flows	
Not later than 1 year	449 172
Between two and five years	673 758
Total undiscounted lease liabilities at 31 March 2020	1 122 930
Discounted lease liabilities	
Current	383 931
Non-current	619 766
Total discounted lease liabilities at 31 March 2020	1 003 697
Interest on lease liabilities	(88 673)

Operating leases under IAS 17

Operating lease payments represent rentals payable by the Centre for certain of its office properties. Leases are negotiable for an average term of three years and rentals are fixed for an average of one year with 10% escalation clause.

The future aggregate minimum lease payments under non-cancellable operating lease commitments are as follows:

	2019
	P
Not later than 1 year	224 585
Between two and five years	-
	224 585
Payments recognised as an expense	593 130

The Centre as a lessor

Operating lease relates to the restaurant facility within the Centre's Complex in Gaborone leased out on a 3 year term with a 10% escalation per annum and the residential property leased out on a 2 year term with no escalation for the duration of the contract. The tenants do not have an option to purchase the leased assets at the expiry of the lease periods.

	2020	2019
Lease income received	P	P
Contractual revenue	294 643	437 500
Straight line lease rental adjustment	-	80 357
	294 643	517 857
The future aggregate minimum lease income under non-cancellable operating lease arrangements are as follows:		
Not later than 1 year	88 393	29 464
Between two and five years	36 830	-
	125 223	29 464

17 GOVERNMENT LAND AND BUILDING

The Centre has since inception been using land and buildings provided by the Government of Botswana for administrative purposes. The ownership and title have not yet been transferred to the Centre. The Centre is in the process of obtaining title and ownership of the property. The Government of Botswana currently holds the legal title of the building.

18 CONTINGENCIES

In the prior year a case was lodged with the Court of Appeal against the Centre by one of its former employees in respect of salary payments. The matter has been closed in favour of the Centre after the reporting date however as at 31 March 2020 the matter was still pending before the Court of Appeal and the estimated possible settlement, amounts to P85 000,00.

19 EVENTS AFTER REPORTING PERIOD

The COVID-19 pandemic has spread rapidly in 2020, with a significant number of cases in the world including in Botswana. On 31 March 2020, the Parliament of Botswana declared a six months State of Emergency to swiftly deal with Covid 19 impact in the country. Some of the measures taken by the government to contain the virus have affected economic activity and the Centre's business in various ways:

The reduction of economic activity and requirement to close our offices during lockdowns has resulted in a decline in revenue generation activities. This was further aggravated by the acute curtailment of spending on consultancy and training interventions, by the Centre's customers as everyone has gone into cost containment mode.

- Due to emerging resource needs arising from the Government's COVID 19 response, the Centre's grant for the financial year 2020/21 was reduced by five percent (5%) from P36 329 820 to P34 513 329. However at this stage, there is no indication from our parent Ministry; Ministry of Employment, Labour, Productivity and Skills Development that the Government will cease to fund the Centre, which would affect our going concern status.
- The pandemic had also led to budget rationalisation to cater new emerging issues, this necessitated utilisation of our accumulated surplus.

19 EVENTS AFTER REPORTING PERIOD (CONTINUED)

As at the reporting period, the impact of Covid-19 on the Centre's business and results has not been significant as the pandemic is a post year end event. The Centre has however taken a number of measures to monitor and mitigate the effects of COVID-19 and ensure business continuity such as the engagement of independent consultants to review and develop our Corporate Strategy in an effort to reposition ourselves, undertake review of policies and regulations and ICT environment in order to facilitate the adoption of remote working and virtual delivery of our product and services.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Centre might experience negative results in the coming financial year. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted with certainty.

The Centre will continually monitor and assess implications for its business as the uncertainty evolve and follow the various government policies and advice and, in parallel, strive to continue operations in the best and safest way possible without jeopardising the health of its people.

Based on the circumstances described above, the financial statements have been prepared on the assumption that the entity is a going concern. There were no further events that occurred after the reporting date that require disclosure or adjustment to the financial statement.

BOTSWANA NATIONAL PRODUCTIVITY CENTRE
DETAILED INCOME STATEMENT
for the year ended 31 March 2020

Annexure I

	Notes	2020	2019
		P	P
Revenue			
Grant received	1	38 286 655	45 401 521
Sale of services	1	3 721 241	5 979 573
Other operating income			
Rental income		294 643	517 857
(Loss)/Profit on disposal of property, plant and equipment		(63 434)	27 909
Other income		252 774	178 508
		483 983	724 274
Capital grants transferred to income on disposal of assets		368 631	4 582
Amortisation of capital grants		2 976 124	2 755 062
Administrative Expenses			
Advertising		229 447	-
Auditors' Remuneration		171 163	202 436
Bank Charges		29 835	35 729
Board Expenses		613 691	135 250
Cleaning		236 045	244 385
Computer Expenses		163 745	102 416
Consulting Fees		186 606	440 119
Depreciation		3 460 040	2 973 133
General Expenses		361 952	531 804
Hire of Equipment		660 059	650 265
Impairment of Receivables		268 309	237 629
Insurance		626 146	573 772
Legal Expenses		92 538	109 295
Operating Lease Rentals		-	593 130
Participants Catering		461 750	328 733
Petrol and Oil		184 352	199 798
Postage Costs		21 128	20 978
Printing and Stationery		306 594	387 762
Project Expenses		209 474	3 813 837
Promotions		795 974	1 097 488
Recruitment Expenses		72 342	180 312
Remuneration paid to Directors and key Management		7 239 252	6 772 769
Repairs and Maintenance		1 022 030	845 432
Security Costs		178 523	205 618
Staff Costs		25 460 851	26 118 897
Staff Welfare		106 945	110 734
Subscriptions		1 113 585	1 271 440
Telephone and Fax		300 119	302 419
Training - Staff		624 103	1 832 757
Travel		739 444	569 464
Utilities		948 813	854 768
		46 884 855	51 742 569
Operating (Deficit)/Surplus		(1 048 221)	3 122 443

"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort."

BOTSWANA NATIONAL PRODUCTIVITY CENTRE

BOTSWANA Qualifications Authority

ISO 9001:2015 BUREAU VERITAS Certification

UKAS 0008

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NATIONAL
PRODUCTIVITY
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Together, we transform Botswana