

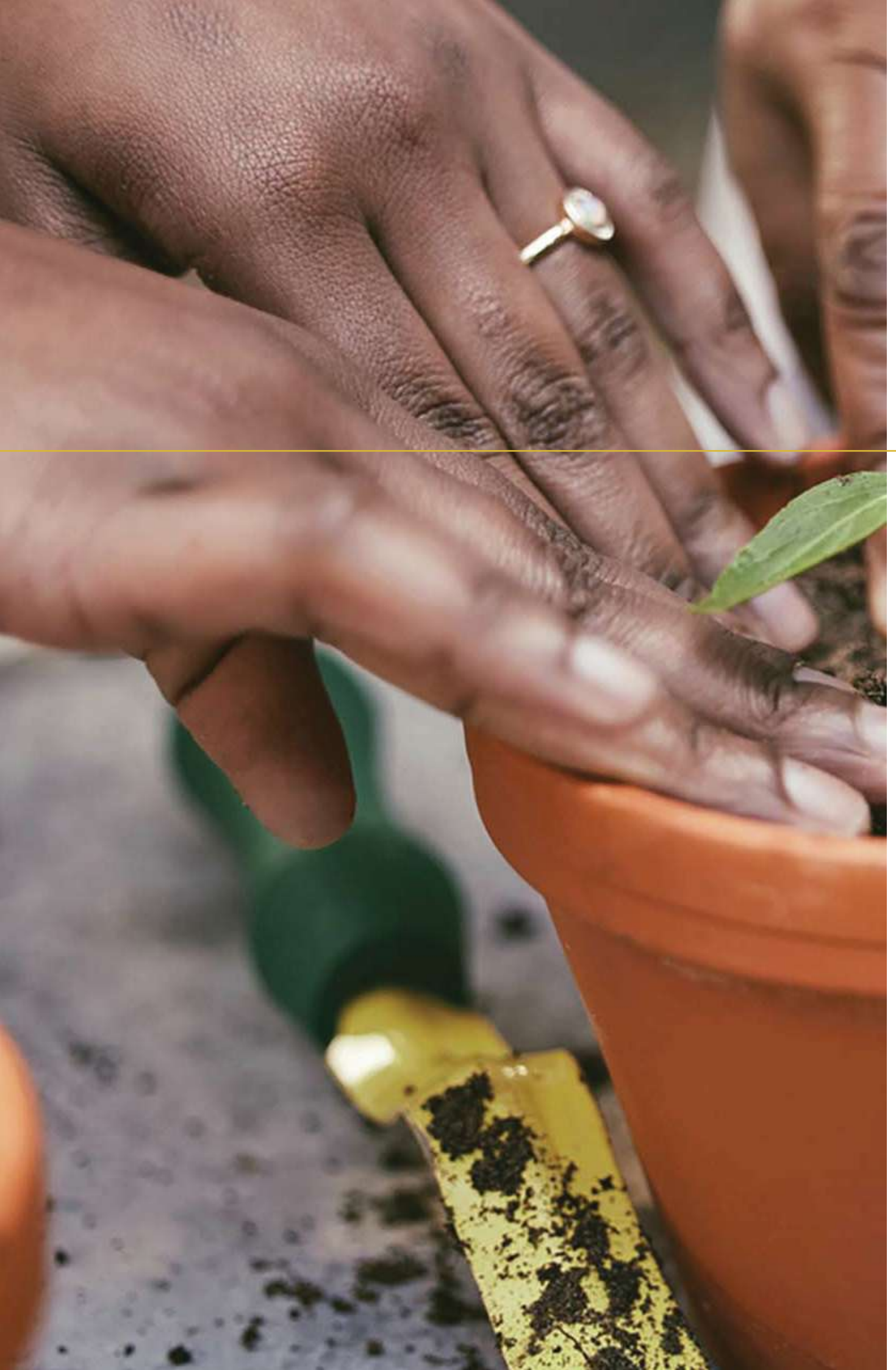
# 2021/22



BOTSWANA  
NATIONAL  
PRODUCTIVITY  
CENTRE

## ANNUAL REPORT







Scan Me

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# BNPC STRATEGIC FOUNDATIONS AND QUALITY POLICY

## VISION

### **Leader in driving national productivity.**

BNPC will lead in transforming the current productivity landscape in Botswana across different sectors, enterprises, and community groups. The leadership will be demonstrated by coordinating key stakeholders in order to co-create and deliver value-adding national productivity improvement initiatives for Botswana.

## MISSION

### **We provide innovative and high impact solutions that enhance national productivity and competitiveness.**

BNPC will continuously scan the environment in pursuit of productivity improvement opportunities that create a strategic playground for innovation. The goal is for Botswana to serve as a benchmark for national productivity improvement and BNPC to provide similar solutions globally.

## STRATEGIC INTENT

### **To drive productivity in national prioritised sectors through Innovation, Technology, and Indigenous Knowledge by 2023.**

By 2023, BNPC is committed to have improved national productivity across all sectors with particular focus on national prioritised sectors – Mining, Agriculture, Tourism, Diamond Beneficiation and Financial Services. The Centre will conduct extensive research and application of indigenous knowledge to yield innovative solutions that address prevailing productivity and competitiveness challenges.

## SLOGAN

*Together, we transform Botswana*

## VALUES

- Collaboration** > We continuously exhibit teamwork and build each other up as we create value for Botswana. This goes beyond the confines of the Centre; we extend the same to all our stakeholders and partners as we form part of the national economic transformation value chain.
- Innovation** > At BNPC, every challenge is an opportunity to create human centred solutions through the use of indigenous knowledge and technology. We embrace our rich Botswana culture and intend to leverage and infuse its uniqueness into all that we do – creating that distinct BNPC mark.
- Passion** > We are zealous about creating value for Botswana, as we deliver our mission with pride and purpose. We passionately inspire and equip others to constantly strive towards meaningful economic and societal contribution.
- Agility** > We thrive under pressure and in uncomfortable circumstances with agility. We create opportunities where there appears to be none and remain resilient in the process.
- Integrity** > Our posture is rooted in doing what is right at all times. Each member of our team reflects resolute integrity by displaying transparency and accountability in all engagements.

## 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 of ISO 9001:2015.





# 01

## BNPC Overview

### BNPC OVERVIEW

The Botswana National Productivity Centre (BNPC/The Centre) is a parastatal organisation established through an Act of Parliament in 1993. The statutory mandate of the Centre is to enhance the national level 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.

### OUR MANDATE

- 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.
- Promote good labour management relations.
- Foster equitable productivity gain sharing between management, workers, and consumers.
- Establish links between the Centre and other productivity institutions, both in Africa and elsewhere.
- Assist organisations in identifying areas where there is a deficiency in skills or where performance can be improved and give advice on how to deal with these.

“

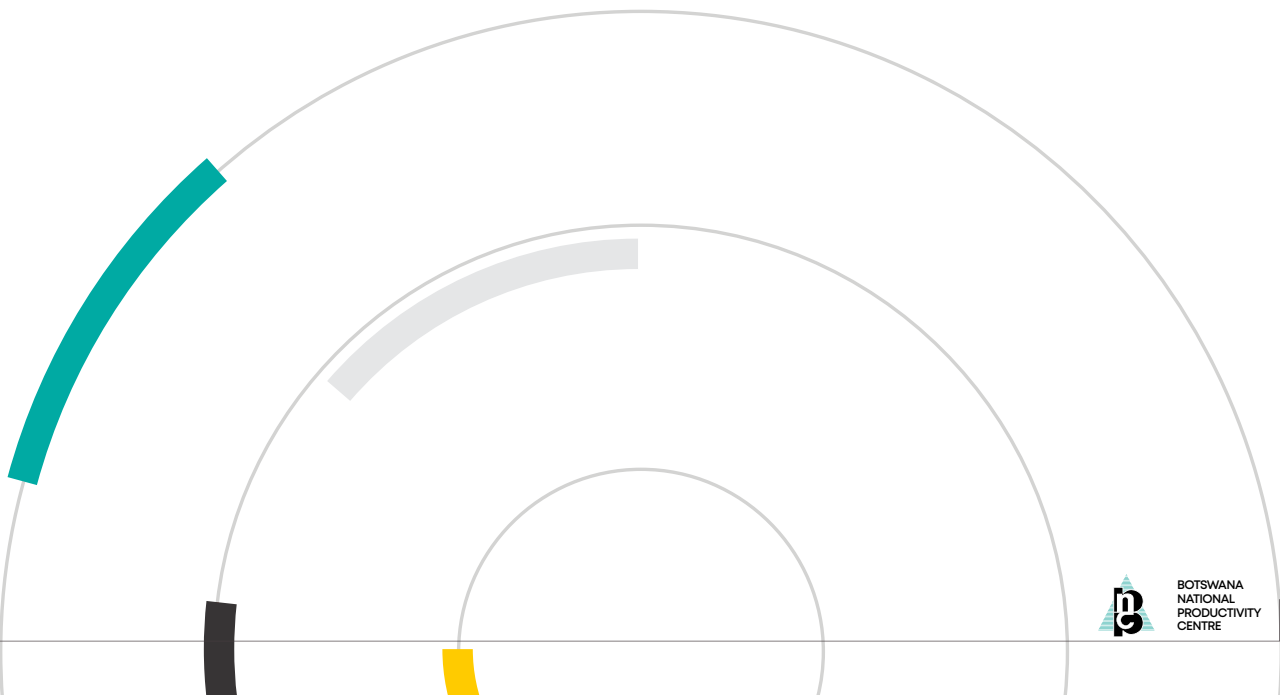
*Promoting increased productivity;  
Improving standards of management  
and labour-management relations;  
and generally stimulating productivity  
consciousness in Botswana.*

- BNPC Act 1993

”



The Centre has a tripartite Board, which comprises representatives of core stakeholders, which are government, employers, and workers' organisations.







# 02

## Chairperson's Statement



**PROFESSOR DOROTHY MPABANGA**  
Board Chairperson

## CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors, I am presenting to you the Botswana National Productivity Centre's Annual Report for the 2021/22 financial year that ended on the 31st of March 2022 (FY 2021/22).

### *Challenges faced by the Centre and Response thereof*

In the last few years, the Botswana National Productivity Centre has been experiencing multiple challenges including among others, financial constraints, and dwindling visibility, which threatened the Centre's delivery to mandate and long-term sustainability. In response to these challenges, the Centre during 2020/21 designed a bold and audacious Corporate Strategic Plan supported by a Transformational Agenda aimed at facilitating the Centre to re-emerge stronger and catapulting it towards achievement of its mandate.

### *Ushering in of the New Board of Directors*

During the year under review, BNPC welcomed a new Board of Directors appointed to serve on a two-year tenure

(1st April 2021 to 31st March 2023). The appointments came following a rigorous process undertaken by the Government to ensure that appointments are aligned to the needs of the Centre. The Board was duly inducted in May 2021 and undertook Corporate Governance Training in June 2021.

### *Reflections on the Issues and Challenges Facing the Centre*

Throughout the year, the new Board focused on repositioning the Centre as the Apex National Productivity and Competitiveness Centre of Excellence.

Among others, the Board developed the Road Map: and the 10 Point Agenda. This was done with a view to streamline and prioritise strategic objectives contained in the broader Corporate Strategy in alignment to available human and financial resources. This prioritisation exercise ensured that the Centre was intentional in its response to delivery bottlenecks whilst positioning BNPC to realise its strategic aspirations and implementation thereof.

The Centre infused the priority areas on its Corporate Plan. The Board has been monitoring the performance and the implementation of the infused plans, including achievement of results and outcomes of the Board's and the BNPC's priority areas.

### *Policies adopted to enhance BNPC's Performance and Service Delivery*

During the year, the Board approved some policies and strategic initiatives aimed at improving performance at the Centre. This included the approval of the Reward and Remuneration Philosophy, which would pave the way for the development of a Remuneration Policy for the Centre and its implementation plan. The Board also approved the Procurement Policy.

### *Alignment of the AAAs: National Productivity Enhancement Agenda: The Board's 10 Point Agenda and the BNPC's Transformational Agenda*

To develop a plan to revive the Centre's mandate and to further intervene, provide support and guidance to tackle the multiple challenges faced by the Centre, the Board held a very important plenary session with a view to align the national productivity enhancement agenda with the Board's 10 Point Agenda, the BNPC's strategic aspirations and the transformational agenda.

### *Engagement with the parent Ministry*

***The Board and the BNPC reached some milestones as they engaged with the Ministry of Employment, Labour Productivity and Skills Development to pursue issues affecting the Centre.***

These issues mainly centred on the BNPC's declining sources of revenue, impediments to implementation of the Corporate Strategy, and human resource management issues. The financial constraints facing the Centre were compounded by the restrictions

imposed due to COVID-19 pandemic, which affected revenue generation activities.

### *The Global Competitiveness Report*

The BNPC and the Board presented the Global Competitiveness Report to the Ministry of Employment, Labour Productivity and Skills Development, including policy recommendations and action plans for the Ministry and Government to consider developing to address gaps identified in the Competitiveness Report and implement initiatives that would enhance Botswana's productivity index and her ability to compete globally.

### *The External Audit Process*

The Board was particularly engaged in overseeing the 2021/22 external audit processes from the approval of the external audit to confirmation of the audited financial statements (AFS).

The Board's oversight over operations included the following.

- a. Human resourcing, restructuring, ageing workforce, staff welfare, and staff leave liability management plan.
- b. Risk Management.
- c. Financial performance as this culminated in the development of a vigorous Financial Stability Plan.
- d. Improvement of the BNPCs visibility and service delivery.
- e. Overseeing progress implementation of initiatives towards the closure of Botswana Accounting Oversight Authority (BAOA) findings with a view to improve the corporate governance environment.
- f. Overseeing adherence to the principles contained in the Shareholder Compact.

### *COVID-19 and the BNPC's Initiatives to enhance Productivity during the Pandemic*

Despite the pandemic, BNPC has designed a program named Organisational Behaviour, which will address challenges in harnessing of cultural ethos, low worker morale, performance management, employee engagement, discipline, and enforcement of codes of conduct, leadership quality and Human Resources policies, amongst other things.

### *Enhancing BNPC's Visibility and Service delivery during COVID-19*

To increase visibility, several planned activities were undertaken within limited existing funding. These activities include a synchronised mindset campaign to support the RESET Agenda on radio, print and social media including monthly Productivity in Your Corner Webinar series.

### *Working with Industry Towards Enhancing Botswana's Global Competitiveness*

With regards to national competitiveness, the 2021 IMD World Competitiveness Yearbook ranked Botswana 61st out of 64 middle and high-income countries, with a competitiveness index score of 38.8 out of 100. To address these concerns, the parent ministry in collaboration with BNPC is in the process of developing a National Productivity and Competitiveness Blueprint. The Blueprint is expected to provide a holistic approach to improving productivity and competitiveness across all sectors of the economy, as well as tackle the most problematic

areas such as poor work ethic.

### *Workforce Motivation for Sustained Economic Growth/Employment Creation*

BNPC recognises that strategic partnerships can offer a great deal of benefits such as the potential of high economic growth, increased revenues, leading to employment creation, market penetration and new product development. The purpose of this initiative is to ensure BNPC secures and leverages mutually beneficial and value adding strategic partnerships.

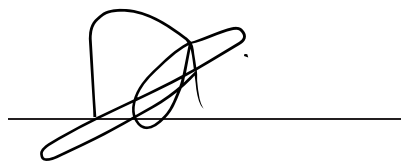
### *Acknowledgements and Appreciation*

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 extend my appreciation to my fellow directors for providing guidance amidst the tough operating environment. In closing, 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.

### **Professor Dorothy Mpabanga**

Board Chairperson



“ *We cannot continue doing the same thing and expect different results.* ”

- **Otto Prerez Molina**





# 03

## Executive Director's Statement



Mr Jacob Mmola  
Executive Director (Acting)

## EXECUTIVE DIRECTOR'S STATEMENT

I am honoured and privileged to present Botswana National Productivity Centre's (BNPC) 2021/22 annual report, which is consistent with the requirements of Section- 17 (1) of the Botswana National Productivity Centre Act of 1993. This 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 2022. It also highlights the Centre's operations, achievements and challenges encountered during the 2021/22 financial year. More importantly, it also provides a summary outlook for the future.

During the 2021/22, Botswana's economy was still heavily affected by the COVID-19 pandemic. BNPC was equally affected since most of the clients were either incapacitated financially or restriction of movements hindered the uptake of the Centre's products and services.

### *BNPC Transformation Journey*

In 2021, a new BNPC Board was appointed whose primary purpose was to provide oversight and guidance to Management while setting the strategic direction of the Centre. This was extremely important, given the effects of the Pandemic. This Annual report incorporates elements of BNPC's transformation plan adapted by the new Board outlining 10 critical points of focus Agenda. The 10 Point Agenda focused on delivery of the following key strategic focal areas:

1. Creating a clear BNPC transformational agenda.
2. Addressing the current funding challenges and ensuring long term Sustainability.

3. Effective stakeholder engagement.
4. Strengthening governance.
5. Inculcating regular and robust monitoring and evaluation mechanisms.
6. Establishing a strong performance management framework at organisational and Individual level.
7. Ensuring strategic alignment with national productivity aspirations (including His Excellency's Reset Agenda), competitiveness and digitalisation.
8. Align and implement a digitalisation model to support greater efficiency.
9. Defining key capabilities and competencies that make up an effective National Productivity Organisation (NPO).
10. Reviewing and properly aligning programmes that are positioned to assist BNPC in meeting its mandate.

These were incorporated to form part of the approved BNPC Transformation Strategy 2020 – 2023.



## *BNPC National Productivity and Competitiveness*

Botswana National Productivity Centre (BNPC) continued to partner with the World Economic Forum (WEF) to collect and collate data for the Global Competitiveness Report (GCR) and the Travel and Tourism Competitiveness Report. Despite these initiatives, the Global Competitiveness Report has not been released since 2019, given the challenges surrounding COVID-19 pandemic. The next GCR is expected in March 2023.

In 2020, BNPC went into partnership with the Institute of Management Development (IMD) to undertake an in-depth assessment of the local economy to fully appreciate Botswana's competitive landscape. This partnership resulted in Botswana being included in the following 2021 IMD competitiveness reports (i) World Competitiveness Yearbook, ii) World Digital Competitiveness Report and iii) World Talent Report. These reports provided information of Botswana's competitiveness performance and rankings which were extremely instrumental in the absence of the competitiveness rankings and scores provided by GCR.

The IMD World Competitiveness Yearbook assesses the extent to which a country can create and maintain an environment which sustains the competitiveness of domestic enterprises. The Yearbook ranked Botswana's competitiveness as 61st out of 64 middle- and high-income countries, with a competitiveness index score of 38.8 out of 100. Under this report Botswana's competitiveness weaknesses mainly emanated from (i) low international investment (both inward and outward), (ii) limited technology infrastructure and (iii) limited scientific infrastructure (comprising

mostly of research and development). The IMD 2021 World Talent Report ranked Botswana as 44th out of 64 economies with a talent competitiveness index score of 52.06 out of 100. While the IMD World Digital Competitiveness Report ranked Botswana as 63rd out of 64 countries with a digital competitiveness score of 33.0 out of 100. These scores and rankings show that Botswana's performance was less than satisfactory in comparison to her competitors.

The country's productivity performance was also less satisfactory. Unfortunately, productivity is at its all-time low given the COVID-19 Pandemic. Multifactor Productivity (MFP) growth was recorded at -8.27% in 2020 and -0.44% in 2021, while Labour Productivity growth was recorded at -6.95% in 2020 and -1.36% in 2021. To address the poor productivity and competitiveness indicators, BNPC hosted a National Competitiveness Stakeholder Webinar in August 2021. The Webinar brought together top government, business, and civil society officials to interrogate tangible, realistic, and practical solutions to Botswana's competitiveness challenges. Furthermore, the Centre also undertook research in areas of national productivity and competitiveness where Botswana depicted major weaknesses such as export promotion.

To address issues of mindset, change and poor work ethics, BNPC designed a programme named Organisational Behaviour which aims to address the following challenges: (i) harnessing of cultural ethos, (ii) low worker morale, (iii) performance management, (iv) employee engagement, (v) discipline and enhancement of codes of conduct, (vi) leadership quality and (vii) HR policies among other things. The programme is undergoing accreditation by the Human Resource Development Council (HRDC) and scheduled for piloting during the 2022/23 financial year.

## Looking Ahead

Financial viability and sustainability are the biggest challenges the Centre is currently facing. The impending merger with Botswana Public Service College (BPSC) has halted most of the major plans, among them the launch of the BNPC Transformation Strategy 2020 – 2023. The government subventions have been declining over the years, with a yearly decrease of 5%. The Centre's internally generated revenues have also been declining. This was further compounded by the COVID-19 pandemic and the economic meltdown, which led to the low uptake of BNPC products and services.

The goal of the BNPC's Strategy is to ultimately deliver value by contributing towards national productivity improvement and competitiveness, economic growth and improving the standards of living of Batswana. This is aligned to Vision 2036 which seeks to transform the country into a high-income economy.

The Board's 10 Point Agenda was used as a guide in crafting the 2022/23 Annual Performance Plan. Strengthening stakeholder engagement and coordination has been adopted as a way of addressing the current funding challenges and ensuring long term sustainability.

The United Nations Development Programme (UNDP) has committed to support capacity development through the Advanced Leadership and Mindset Change Programme targeting the management of the Ministry of Local Government and Rural Development and the local authorities.

BNPC has been engaged by the Ministry of Local Government and Rural Development to develop and deliver a training programme on Productivity, Work Ethics and Mind-set Change, including assessment of Ipelegeng Skills Development Component (ISDC) beneficiaries, monitoring and evaluation of the training plan.

“

*Every Sunset brings the hope of a new dawn*

- Ralph Waldo Emerson

”

The Kaizen programme did not gain much traction during 2021/22 financial year, however with the expected arrival of a Senior Volunteer from Japan International Cooperation Agency (JICA) in October 2022, (a specialist on Kaizen), this will form a major part of the Centre's deliverables during the FY 2022 – 2023. JICA is desirous of engaging the private sector. The uptake of some of the BNPC portfolio products, such as Supervisory Development, Service Quality, Smart Work Ethics, Balance Scorecard, Change Management and Team Building, is expected to improve post- Covid era.

## Acknowledgements and Appreciation

I would like to thank the Minister of Labour and Home Affairs, Honourable Anna Maria Mokgethi, for the continued funding and support. My gratitude also goes to the management and staff of BNPC for their continued dedication, perseverance, and delivery, despite the trying financial challenges that the Centre is undergoing. Your determination and resilience have taken the Centre thus far in “Repositioning BNPC as the APEX National Productivity and Competitiveness Centre – A New Dawn”.

**Mr Jacob Mmola**

Executive Director (Acting)









04

## Board Of Directors



**Professor Dorothy Mpabanga**

Board of Directors' Chairperson

She is an Associate Professor at the University of Botswana, Faculty of Social Sciences, Department of Political and Administrative Studies Lecturer (Undergraduate and Graduate level) (2017 to date). Professor Mpabanga has served as a Senior Lecturer (Undergraduate and Graduate level) (2009-2017) and as a Lecturer (Undergraduate and Graduate level) (1998-2009). She holds a Degree of Doctor of Philosophy; Human Resource Management from the University of Strathclyde, Scotland, United Kingdom, an M.A. in National Development and Project Planning and Appraisal, Post experience courses in Preparation and Appraisal of Agro-Based Industries, University of Bradford, England and a B.A. in Public Administration and Sociology. She has also been a part-time student in the Department of Economics and the Department of Urban Affairs and completed and passed three courses at the M.A. level in; Managerial Forecasting; Public Administration and Organizational Theory (September to December 1989): She attended undergraduate courses in Macro/ Microeconomics and Statistics for Business and Economics.



**Mr Norman T. Moleele**

Board of Directors Deputy  
Chairperson and Member of  
the Board Strategy Committee

He is the Chief Executive Officer at Business Botswana from 2018 to date. Mr Moleele has also served as Deputy Executive Director, Director, Regional Manager, Field Officer at BOCCIM and has also worked in the banking sector. As CEO 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. He holds an M.A. (Strategic Management) University of Derby, UK, Post-Graduate Diploma (Law) University of Namibia, and a Post Graduate Diploma (Business Administration) - Milpark Business School/Thames Valley University, London (UK).



## **Professor Agreement Jotia**

Chairperson of the Board Strategy Committee

He is the Acting Dean - School of Post Graduate Studies, University of Botswana (June 2019 to date). He has been a full Professor - University of Botswana, Department of Languages and Social Sciences (June 2019 to date) and previously served as Associate Professor - University of Botswana (2013-June 2019) and Senior Lecturer - University of Botswana (2008-2010).

In the past, Professor Jotia was a Visiting Assistant Professor - Department of Educational Studies, University of Central Florida, Orlando, Florida, USA (2007-2008). He was also Adjunct Assistant Professor Teaching, Graduate Assistant (Administration) at - Ohio University, Athens, OH, USA (2003-2004), Culture and Political Consultant - Ohio Valley International Council, Ohio University, USA (2004) Graduate Assistant - Centre for International Studies, Department of African Studies, Ohio University, USA (2003-2004), Instructor - Federal Hocking High School, History & English Department, Stewart, OH, USA (2003-2004), Research Assistant - Department of Linguistics, African Languages, Ohio University, USA (2003), Graduate Assistant - Department of African Studies, Ohio University, Athens, OH, USA (2002-2003), Teacher - Pitikwe Secondary School, Lobatse, Botswana (1996-2000), Teacher - National Service, Maiteko Secondary School, Mabutsane, Botswana (1992) and Temporary Teacher - Ramoja Secondary School, Ramokgwebana, Botswana (1991).

He holds a Ph.D. Educational Studies (Cultural Studies in Education) - Ohio University, Athens, Ohio, USA, M.A. in International Affairs (African Studies/Politics) - Ohio University, Athens, Ohio, USA and B.S. in Education (Adolescent-to-Young Adult Education) - Ohio University, Athens, Ohio, USA.

## **Mr Martin Onalenna Gabobake**

Chairperson of the Board Audit, Finance and Risk Committee and Member of the Board Human Resources Committee

He is on secondment to Botswana Public Employees Union (BOPEU) as Treasurer General (March 2022 until February 2023). He holds the position of Accountant 1, Ministry of Basic Education, South East Region, (November 2007 to date). He is a Retired Detective Sergeant, Criminal Investigation Department, Botswana Police Service, (July 1998 - October 2007), Constable, General Duties Department, Botswana Police Service (1992 - June 1998). He holds a B.A. in Accountancy - University of Botswana, AAT Diploma 3 in Accounting - BICA in Association with AAT, UK, Diploma in Accounting and Business Studies - University of Botswana, Diploma in Forensic Accounting Level 5 - Brentwood Open Learning College, UK. He is currently pursuing an MBA - Finance, UNICAF University.





### **Mr Madongo Direng**

Member of the Board Audit, Finance and Risk Committee

Mr Direng has oil industry management experience with specific focus on sales and marketing, transport and finance. He operates a successful dealership/franchise in the same industry. He produces petroleum branded products. He has interests in Property Development and farming. He previously served as Audit Assistant at Price Waterhouse Coopers (1987-1989) and Supply and Distribution Manager at BP Botswana (1989-2002). He holds a B.A. in Commerce Degree in Accounting.

### **Mr Molefi Keaja**

Member of the Board Audit, Finance and Risk Committee and Board Procurement and Asset Disposal Committee

He is the Permanent Secretary at the Ministry of Local Government and Rural Development. He previously occupied the position of Deputy Director at the Directorate of Public Service Management (DPSM). 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, Deputy Permanent Secretary (Governance) and Permanent Secretary. He holds an M.A. in Development Economics (London School of Economics) and B.A. in Economics and Demography (University of Botswana).



### **Mr Bonnie Golebaone Jim**

Member of the Board Strategy Committee

He is the Director - Productivity and Competitiveness, at the Ministry of Labour and Home Affairs (previously known as the Ministry of Employment and Skills Development (September 2017 to date). In prior years he served as Performance Improvement Coordinator - Ministry of Employment and Skills Development (2016-2017). Mr Jim also worked as Performance Improvement Coordinator - Ministry of Labour and Home Affairs (2014-2015) and Assistant Manager-Reforms - Ministry of Agriculture (2010-2013). He has a Post Graduate Certificate in Education - North West University, South Africa and a B.A. in Public Administration and Economics.







### **Johannes Phalaagae Slashing Tshukudu**

Chairperson of the Board Human Resources Committee and Member of the Board Strategy Committee

He is the Senior Lecturer I Setswana - Tlokweng College of Education (2009). Previously he was the Senior Setswana Lecturer II - Lobatse College of Education (2003), Student Development Fellow Setswana - Lobatse College of Education (1998-2002), Primary School Teacher - Goshwe Primary School, Tutume Sub-district, Primary School Teacher - Nyamambisi Primary School, Tutume Sub-district (1990-1992) and Primary School Teacher - Maitengwe Primary School (1986-1990).

He holds an M.A., B.A., (Hons), BED, PTC and a Diploma in the Bible Study. He has experience in lecturing and supervising student teachers, supervising their research projects during teaching practice, tutoring in Open and Distance Learning (ODL) and supervising research projects for ODL students. He has experience in coordinating languages club, musical bands and coaching netball clubs. He has presented papers on education, good governance in the trade union movement locally and in the SADC region.

### **Dr Tinaye Mmusi**

Chairperson of the Board Procurement and Asset Disposal Committee and Member of the Board Strategy Committee

Dr Mmusi is the Founder and CEO of Consortium of Leadership and Gender Experts (Pty) Ltd CLGE Gaborone Botswana from 2014 to date. She is also the Head, Graduate Studies at the Gaborone University College of Law and Professional Studies since 2015. Dr Mmusi is the Director of Partner Agency (Consortium of Leadership and Gender Experts) to MBJ Health and Travel PvT. Ltd - IndMedicare from 2020 to date. In 2010 to 2014, Dr Mmusi was with the United Nations Development Programme (UNDP), Gaborone Botswana as Health and Gender Specialist.

She holds a Ph.D. (Sociology) Atlantic International University, USA; Certificate International Community Health University of Oslo, Norway; M.A. from Wits University, South Africa; B.A. in Nursing Education University of Botswana.





### **Mr Samuel O. Rathedi**

Member of the Board Procurement and Asset Disposal Committee

He was the Deputy Director - Directorate of Public Service Management (September 2020 to April 2022). Mr Rathedi served as Secretary - Rural development Council, Ministry of local Government Rural Development (April 2020-September 2020), Coordinator - Remote Area Development Programme (RADP), Ministry of Local Government and Rural Development (May 2012-April 2020, Permanent Secretary - Ministry of Environment, Wildlife and Tourism (December 2008-2012), Secretary - Presidential Affairs and Public Administration, Office of the President (June-December 2008, Senior Private Secretary to the President - Presidential Affairs and Public Administration, Office of the President (March -June 2008), Outsourcing Strategy Consultant - Debswana Head Office (2007), Permanent Secretary - Ministry of Local Government (2003-2006), Administrative Secretary - Office of the President (1999-2003), Deputy Director (Recruitment and Personnel Administration) - Directorate of Public Service Management (DPSM), Deputy Permanent Secretary (Administration) - Office of the President (1997-1998), Director - Department of Local Government (1996-1997), Director - Wildlife and National Parks (1995-1996), District Commissioner (1991-1995), District Officer, Administration (1998-1991), Senior Assistant District Officer (1985-1988) and Assistant District Officer, Lands (1982-1985). He has an M.A. in Public Policy and Administration - University of Wisconsin-Madison, United States of America, and a B.A. in Public Administration and Political Science - University of Botswana and Swaziland.

### **Dr Kealeboga Nkebo Bojosi**

Chairperson-Board Human Resources Committee

(April 2021-December 2021)

Dr Bojosi is Head of Legal Company Secretary - Barclays Bank of Botswana (October 2012 to date). He was previously employed as Senior Associate – Maphakwane & Partners (September 2003) and Lecturer – University of Botswana (September 2003). He holds Diploma in Philosophy in International Law - University of Oxford, Qualified Lawyers Transfer Test - Oxford Institute of Legal Practice (Focus: The Regulation of Financial Services, The English legal system, English Property Law), LLM (Commercial Law Specialisation) modules included International Banking and Financial Law (covering the operation of the Financial Services Authority(FSA), regulation of International Finance, International Capital Markets and Bond Issues, Securitisations, International Term Loans and Syndications); Commercial Insurance and Intellectual Property 2:1 - University of Cambridge, LLM (International Human Rights and Democratisation in Africa - University of Pretoria and a LLB 2:1 - University of Botswana.





### **Mr Boniface Ojang Tsheko**

Chairperson of the Board Human Resources Committee  
(January 1st 2022-31st March 2022)

Mr Tsheko is the Lead Consultant at Tsa Mmerekhi Le Mohiri (Pty) Ltd a company specializing in among others Mediation, Arbitration, Development of Employment Conditions, Collective Bargaining and Human Capital Management. He was previously employed as the Deputy Director at the Ministry of Investment, Trade, and Industry Department for Co-operative Development. In that capacity, he was responsible for the overall Management of the department which includes implementation of the Cooperative Transformation Strategy; business advisory services to Cooperatives; Auditing and inspection of Cooperatives; Human Resources Management; building effective and strategic cooperative partnerships; resource optimization and mobilization; and provision of quality service. He also worked at the Directorate of Public Service Management (DPSM) as the Assistant Director I (July 2008 - July 2011). His role was overall planning, coordination and direction of the activities of the Employment Relations Business Unit, which included Implementation of the Public Service Act, 2008 among others.

He possesses a Certificate in Corporative Administration, Diploma in Business Management and Accounting, Diploma in Human Resources Management, Advanced Labour Law (SAQA Skills Level 8/9: Hons in Labour Law), a Postgraduate Diploma in Law (Conciliation and Arbitration) and currently pursuing an LLM in Labour Law.

# EXECUTIVE MANAGEMENT

“ *In the face of impending megatrends, Adaptability is a critical leadership skill.* ”



**Christopher Diswai**  
Executive Director



**Maemo Louis Thokwane**  
Finance Manager



**David George Moloi**  
Human Resources Manager



**Gaboipeelwe Motlhabane**  
Acting Manager, Enterprise  
Support Programme



**Teedzani Majaule**  
Acting General Manager and  
Productivity & Quality Manager



**Mbako Ramashaba**  
Acting Manager, Public  
Service Programme



**David Mosweu**  
Acting Manager,  
Corporate Services



**Tshenolo Mapitse**  
Regional Office Manager,  
Francistown



**Mmoni Kakanda**  
Acting Manager,  
Internal Audit



**Tswelelo Kebatlile**  
Board Secretary



**Matlho Jennifer Kgosi**  
Marketing Manager



**Dr Zelda Okatch**  
Information and Research  
Services Manager

# 05

## An Overview Of BNPC'S Corporate Strategy 2020 - 23

### 2020-2023: TRANSFORMATION STRATEGY

BNPC is currently operating based on a reviewed and prioritised Corporate Strategy. The purpose of the strategy review was to ensure that all BNPC strategic initiatives ultimately lead to improved national productivity and competitiveness in Botswana, as measured by Gross Domestic Product (GDP), Labour and Total Factor Productivity Growth.

This includes improved performance across all sectors of the economy, with a particular focus on national priority sectors namely – Mining, Agriculture, Tourism, Diamond Beneficiation and Financial Services, through leveraging technology, innovation, and indigenous knowledge.

The prioritisation was key to ensure that delivery is aligned to available human and financial resources.

The revised transformation strategy aims to guide and support the Centre as it re-positions itself to be the leader in driving the national productivity and competitiveness agenda, that is both socially and economically sustainable. BNPC is focused beyond productivity inputs and outputs to outcomes and impact – creating a productivity led economic growth.

### OUR ORGANISATIONAL TRANSFORMATION

As per the BNPC Act, the Centre's mandate is primarily focused on the improvement of

productivity, management-labour relations, levels of management and stimulation of productivity consciousness throughout the economy.

The national transformation and development agenda often shifts. The context within which the Centre operates also continues to change hence a need to adapt and remain relevant. This calls for the Centre to be agile, respond to emerging trends and adapt new ways of doing business, including embracing the Fourth Industrial Revolution (4IR) and moving into the digital age with a view to:

1. Lead and champion improvement of the national productivity and global competitiveness rankings.
2. Contribute towards the national ease of doing business reforms.
3. Deliver positively impactful productivity improvement products and services solutions, across all sectors of the economy; and
4. 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; thus, positively contribute to the national digital transformation agenda.
5. Influence Mindset Change to align with Botswana's goal to attain high income country status. This means developing capacity for entrepreneurship, eliminating inferiority complex, and implementing government and strategic reforms that put citizen's economic inclusion at the centre of economic development initiatives.

“

*The BNPC Transformation Strategy 2020-2023  
 “Repositioning BNPC as the APEX National  
 Productivity & Competitiveness Centre*

*- A New Dawn*

”

## INNOVATION



BNPC will instill productivity-oriented attributes and behaviors across all levels of society. In doing so, the Centre will gain a deep understanding of the needs of Batswana and use them to transform the national work ethic. The results will be felt at community, enterprise, and national levels.

## NATIONAL COMPETITIVENESS



Through transformational leadership, BNPC will continuously improve operational effectiveness and strive towards achieving sustainability through engaged and motivated employees and stakeholders. The Centre will position itself as a driver of national productivity.



BNPC will institute a human centered design approach to problem solving. This approach will ensure the delivery of targeted programmes founded on research, technology, and innovation. Furthermore, the Centre will infuse indigenous knowledge within the innovation process to deliver a unique value proposition to national productivity improvement.



## PRODUCTIVITY CULTURE



BNPC will ensure rigorous stakeholder coordination and engagement to ensure effective programme delivery across priority sectors of the economy. The Centre will instill transparency and accountability at all levels to ensure effective implementation of programmes as well as monitoring and evaluation initiatives that drive national productivity and competitiveness.



## ORGANISATIONAL EXCELLENCE



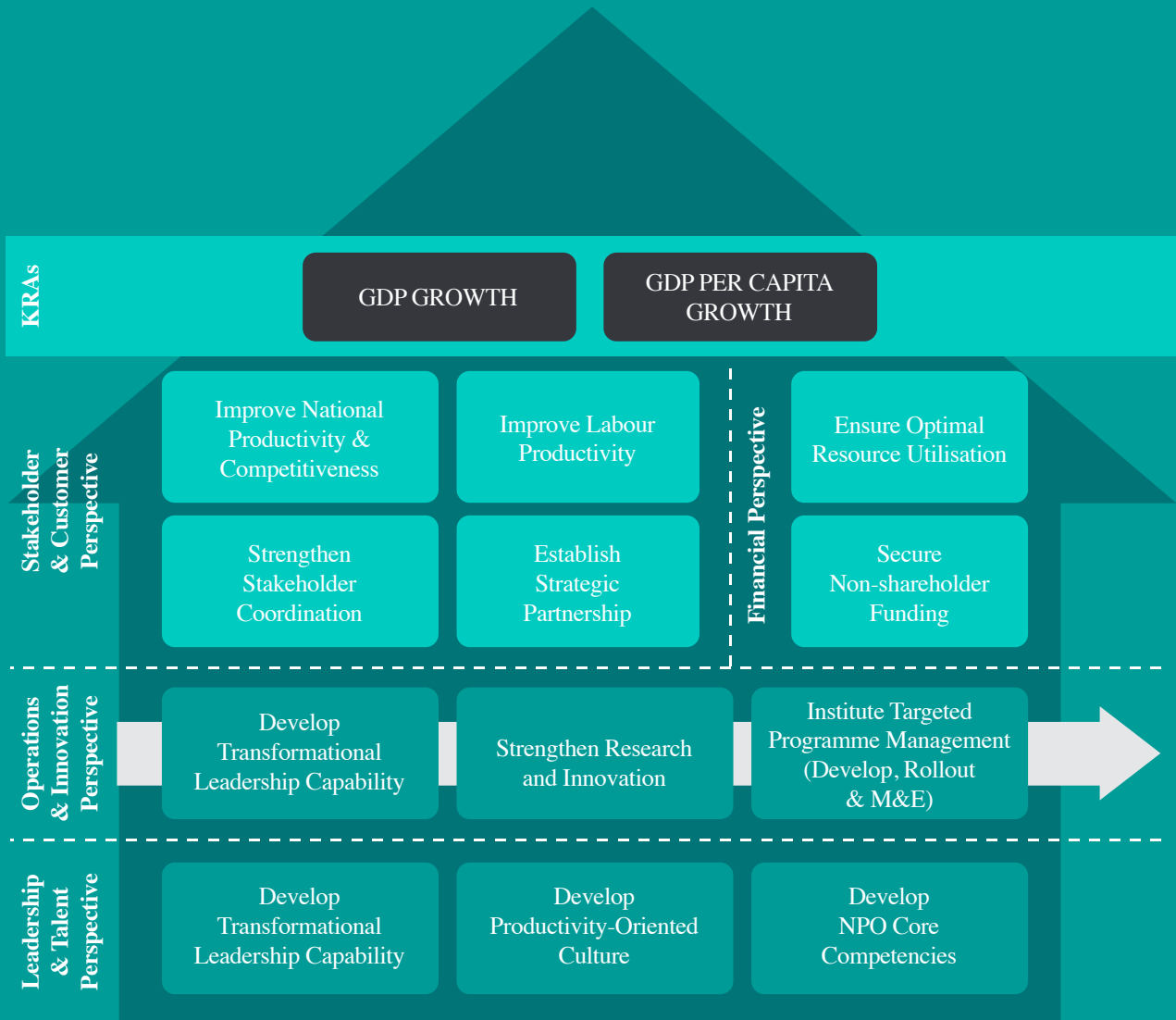
$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$   
 $2x + 4 dx = 3x^3 + x^2 + 4x + C$   
 $e^{x+iy} = e^x(\cos y + i \sin y)$

## THE STRATEGY

The goal of the BNPC transformation strategy is to ultimately deliver value by contributing towards national productivity improvement and competitiveness, economic growth, and

improvement of the standards of living of Batswana. This is aligned to Vision 2036 which seeks to transform the country into a high-income economy.

The BNPC Strategy Map is presented below.





## STRATEGIC OBJECTIVES DEFINITION

The strategic objectives are defined as below.

Perspective	Strategic Objective	Objective Definition
STAKEHOLDERS & CUSTOMER	IMPROVE NATIONAL PRODUCTIVITY & COMPETITIVENESS	The purpose of this objective is ensuring all BNPC strategic initiatives improve national productivity and competitiveness in Botswana. This will include improved performance across prioritised sectors – Manufacturing, Mining, Energy, Construction, Technology & Innovations, Agriculture, Creative Industry and Tourism (select focus).
	IMPROVE LABOUR PRODUCTIVITY	The purpose of this objective is to improve labour productivity in line with local and international labour regulations.
	STRENGTHEN STAKEHOLDER ENGAGEMENT & COORDINATION	This objective seeks to ensure that all stakeholders required to drive the BNPC agenda are aligned and play their role in improving national productivity as a collective. Furthermore, this will ensure improved stakeholder support and buy-in on the national productivity improvement agenda.
FINANCIAL	ESTABLISH STRATEGIC PARTNERSHIPS	BNPC recognises that strategic partnerships can offer a great deal of benefits to the Centre, such as the potential of high growth, increased revenues, market penetration, or new product development. The purpose of this objective is to ensure BNPC secures and leverages mutually beneficial and value adding strategic partnerships.
	SECURE NON-SHAREHOLDER FUNDING	This objective seeks to ensure continued delivery of the BNPC mandate by diversified sources of funding. The purpose of this objective is to reduce reliance on the shareholder as a single source of funding.
OPERATIONS AND INNOVATION	ENSURE OPTIMAL RESOURCE UTILIZATION	The purpose of this objective is to ensure that BNPC prudently manages its financial resources. This will be as a result of effective cost management initiatives.
	LEAD THE NATIONAL PRODUCTIVITY AGENDA	The purpose of this objective is to re-align the Centre's business model such that it is able to deliver its mandate across the differing impact levels – national, sectoral/organisational and community. In addition, this will enable BNPC the opportunity to clearly define its role and advocate for the renewal of its mandate to be reflective of an NPO.



Perspective	Strategic Objective	Objective Definition
OPERATIONS AND INNOVATION	STRENGTHEN RESEARCH AND INNOVATION	The purpose of this objective is to develop research and innovation capabilities required to position BNPC as solutionists to prevailing BNPC and national productivity challenges. Therefore, this objective will inform programme development and drive digitalization. Programmes under this objective shall leverage indigenous knowledge in seeking solutions to the BNPC and national productivity challenges.
	INSTITUTE TARGETED PROGRAMME MANAGEMENT	This objective seeks to ensure the development and rollout of informed and purposive national productivity programmes at different levels. The programmes will be delivered by either BNPC or identified partners/ stakeholders. Furthermore, their level of impact will be monitored and evaluated as part of effective programme management. Programme development will be anchored on research and innovation.
LEADERSHIP AND TALENT	DEVELOP A PRODUCTIVITY ORIENTED CULTURE	The purpose of this objective is to instil and maintain a productivity-oriented culture within the Centre as an NPO itself. This will be done by employing effective talent management practices and creating a conducive working environment that will enable engagement and performance improvement.
	DEVELOP TRANSFORMATIONAL LEADERSHIP CAPABILITY	The goal of the objective is to develop and continuously assess the requisite transformational leadership capabilities needed to drive the productivity-oriented culture and the national productivity agenda for Botswana as defined by the strategy.
	DEVELOP NPO CORE COMPETENCIES	As BNPC transforms into an NPO, the Centre intends to develop the requisite capabilities which include – research and innovation as well as national productivity master planning and implementation (programme development and implementation, stakeholder engagement and coordination as well as monitoring and evaluation).

# 06

## Operational and Performance Highlights

### IMPROVE LABOUR PRODUCTIVITY

*The purpose of this objective is to improve labour productivity in line with local and international labour regulations.*

#### MINDSET Change in the Workplace - The RESET Agenda

- BNPC has designed a program named Organisational Behaviour. The development and design of this program is mainly guided by the Work Ethics Investigation Study findings and recommendations, conducted by BNPC in 2018.
- The program will address the following challenges in harnessing cultural ethos, low worker morale, performance management, employee engagement, discipline and enforcement of codes of conduct, leadership quality and Human Resources policies, amongst other things.
- The Organisational Behaviour Program has been submitted to Human Resource Development Council (HRDC) for accreditation and will be piloted during 2022-2023.
- BNPC in partnership with UNDP commenced the development of a product on Leadership and Mindset Change, leveraging the latest thinking in this area. The programme is being developed through the assistance of specialist consultants (Public Administration International) sourced and sponsored by UNDP. The product will be rolled

out during 2022-2023, initially targeting the Youth, Women, and District Leadership in selected districts.

- As part of re-engineering the Ipelegeng programme, BNPC through the Ministry (started capacitating Ipelegeng participants with the Smart Work Ethics programme during the month of March 2022. Fifty-six (56) participants have been trained within the South East district. The rollout of the programme to other districts will commence during the year 2022-2023. These will include the following Districts: Kweneng, Central, Southern and Northwest Districts.

### STRENGTHEN STAKEHOLDER ENGAGEMENT AND COORDINATION

*This objective seeks to ensure that all stakeholders required to drive the BNPC agenda are aligned and play their role in improving national productivity as a collective. Furthermore, this will ensure improved stakeholder support and buy-in on the national productivity improvement agenda.*

#### To increase Visibility:

Several planned activities were undertaken within limited existing funding. These activities include a synchronised mindset campaign to support the RESET Agenda on radio, print and social media; a weekly radio program, mall intercepts in Gaborone and Francistown, a column in Mmegi, a feature every two

weeks on Daily News, a strip on cover page on Daily News two Wednesdays a month. Additional activities undertaken as part of planned activities include the monthly Productivity in your Corner Webinar series; weekly Radio Show on RB2, monthly advertisements in print media, features on television, centralised social media management, and dissemination of reports through publications, webinars, and conferences.

### Corporate and Social Investment

All planned engagements were undertaken in the Kweneng Region. RADS Centres in Mantshwabisi and Shadishadi benefitted from COVID-19 related equipment, bedding and furniture donated by the Centre. An MoU has been developed to support future initiatives which are centred around providing the Centre’s training and consulting services to the teachers and administrators in the Region to improve results as part of CSI.

### Customer Satisfaction

The Centre achieved a satisfaction rating for the year at 87%, up from 86% in the previous year. Trends in key areas:

- The number of respondents dropped by 20% from the previous year as customers migrated to online

platforms.

- Perceived competition (pricing and packaging) although fluctuating during the year, is currently at 85% which marks an improvement from 79% in the last year.
- BNPC meeting industry needs remains steady at 90%.
- Perceived impact on productivity fluctuating, bouncing back after declining in Quarter 2 from 80% to 90% by end of year;
- Knowledge and competencies of staff remains steady at 93%.

The only area below standard is the quality of food at 72%, dropping from 77% in the past year. This is impacting the overall in person experience of BNPC.

### ESTABLISH STRATEGIC PARTNERSHIPS

*BNPC recognises that strategic partnerships can offer a great deal of benefits to the Centre, such as the potential of high growth, increased revenues, market penetration, or new product development. The purpose of this objective is to ensure BNPC secures and leverages mutually beneficial and value adding strategic partnerships.*



# 87%

BNPC satisfaction rating

# 85%

Perceived competition  
(pricing and packaging)

# 90%

BNPC meeting  
industry needs

# 93%

Knowledge and  
competencies of staff

The Centre managed to establish a partnership in securing funding with UNDP and developing the Leadership & Mindset Programme in partnership with Public Administration International. This partnership contributed significantly to advance the Improve Labour Productivity Objective. Another partnership was established through the signing of a Memorandum of Understanding with the Government Implementation and Coordinating Organisation (GICO) and Vision 2036 Coordination Agency for implementation of the Botswana National Service Excellence Framework in Botswana.

### SECURE NON-SHAREHOLDER FUNDING

*This objective seeks to ensure continued delivery of the BNPC mandate by diversified sources of funding. The purpose of this objective is to reduce reliance on the shareholder as a single source of funding.*

The Centre has twelve (12) formal Memoranda of Understanding (MOUs) with key strategic partners. The benefits from these MOUs include but are not limited to availability of data for productivity statistics and competitiveness, improving the Centre's visibility and capacity

building. Only three (3) new MOUs were signed during the year under review. The financial achievement through MOUs has generated P1.5 million which was used in the development of the Advanced Leadership and Mindset Change programme.

### ENSURE OPTIMAL RESOURCE UTILISATION

*The purpose of this objective is to ensure that BNPC prudently manages its financial resources. This will be because of effective cost management initiatives.*

To ensure optimal resource utilisation, the Centre implemented a revenue generation plan to derive benefits from the facilities. This has resulted in generating P1.8 million through the rental money for hostels, cafeteria, and the Executive Director's house. The Centre has also opted to lease vehicles where possible to reduce expenditure on purchasing and maintenance of vehicles.

### LEAD THE NATIONAL PRODUCTIVITY AGENDA

*The purpose of this objective is to re-align the Centre's business model such that it can deliver its mandate across the differing impact levels –*

“

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

”

- Paul J. Meyer

*national, sectoral/ organisational and community. In addition, this will enable BNPC the opportunity to clearly define its role and advocate for the renewal of its mandate to be reflective of an NPO.*

The Centre focused on implementing programmes that are aligned to the RESET Agenda, Economic Recovery and Transformation Plan, National Development Plan 11, and Vision 2036 in its pursuit to lead the National Productivity Agenda. The Gaborone District Health management team, UNDP and Botswana Savings Bank are some of the partners that BNPC worked with under the year under review. There was also a media and Social Media mindset campaign in line with achievement of this objective.

### **BNPC’S RESEARCH AGENDA (2021/22 – 2023/24)**

For purposes of ensuring that undertaken research activities support the organisation’s mandate, the BNPC Research Agenda (2021/22 – 2023/24) was developed in the year 2021. It is fully aligned with the BNPC Strategy of 2021/22-2023/24, as well as to national objectives and priorities outlined in Vision

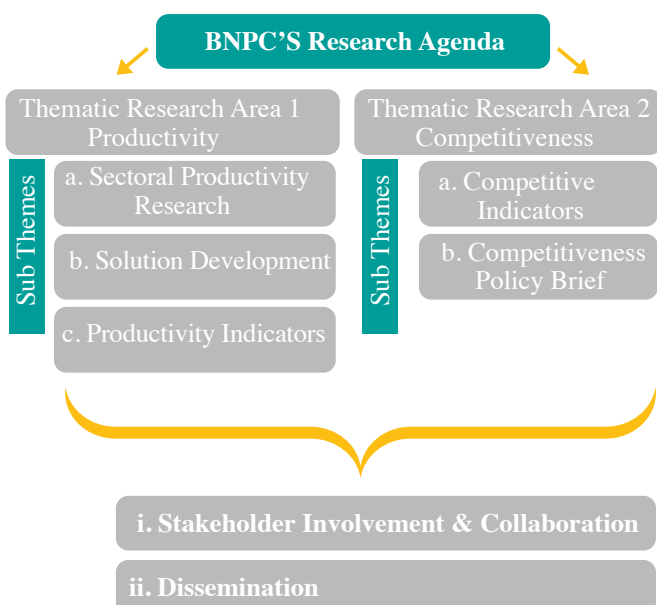


Figure 1: Overview of BNPC’s Research Agenda

2036, the National Development Plan (NDP) 11 and the Economic Recovery Transformation Plan (ERTP).

The objective is to improve productivity growth and competitiveness by delivering impactful solutions and bridging existing gaps using innovative technology and indigenous knowledge, amongst other things. Through the Research agenda BNPC seeks to produce, repackage, and disseminate knowledge that will result in the development of evidence-based policy and effective business solutions in productivity. The Research Agenda identifies two main thematic research areas, namely; productivity and competitiveness, as shown below in Figure 1. BNPC’s research efforts, within the suggested thematic areas, will always be directed towards issues that would have the greatest impact and yield outstanding results. Hence, the Agenda always prioritises the most instrumental national challenges and opportunities. One of the sub themes of the productivity thematic area is to undertake sectoral productivity research. The selected sectors for this undertaking are Manufacturing, Agriculture, and the public sector.

Both thematic areas call for the production of indicators. To this end, national and sectoral productivity indicators will be produced twice during the life span of the Agenda. To support the production of competitiveness indicators, the Centre will continue to partner with the World Economic Forum (WEF) and the Institute of Management Development (IMD). From the produced competitiveness indicators, BNPC will, on a yearly basis, identify areas of weaknesses for purposes of conducting in-depth research that will be produced as a policy brief.

The Research Agenda highly emphasises the importance of stakeholder engagement and the dissemination of research output. As such, throughout the various stages of the research, BNPC will extensively engage stakeholders and partners accordingly.



This is highly critical as it minimises the chances of relevant national concerns being neglected or overlooked. Information and findings of the conducted research will be conveyed through various forums such as webinars, workshops, and publications. To counter the problem of lack of financial resources, proposals will be prepared to solicit funds both locally and internationally.

### **BNPC'S 2021/22 RESEARCH ACTIVITIES**

Through its partnership with the World Economic forum (WEF), BNPC conducted the annual Executive Opinion Survey (EOS) in 2021. The survey captures the opinion of Botswana's businesses with regards to the national competitiveness landscape. The information obtained from this venture is used with hard statistical data, to derive the country's competitiveness indicators in the Global Competitiveness Report (GCR). Unfortunately, the WEF did not release the GCR competitiveness reports in 2021 due to challenges surrounding the COVID-19 pandemic.

The partnership between BNPC and the Institute for Management Development (IMD), forged in 2020, resulted in Botswana being included as a first timer in the IMD 2021 World Competitiveness Yearbook, the 2021 IMD World Talent Report and the 2021 IMD World Digital Competitiveness. The IMD reports provide an in-depth analysis of a country's competitiveness position and the extent to which it can foster an environment in which enterprises can generate sustainable value. Based on the results from the IMD 2021 World Competitiveness Yearbook, BNPC hosted a National Competitiveness Stakeholder Webinar in August 2021. The objective of the Webinar was to bring together government, business, and civil society leaders to interrogate tangible, realistic, and practical solutions to Botswana's competitiveness challenges.

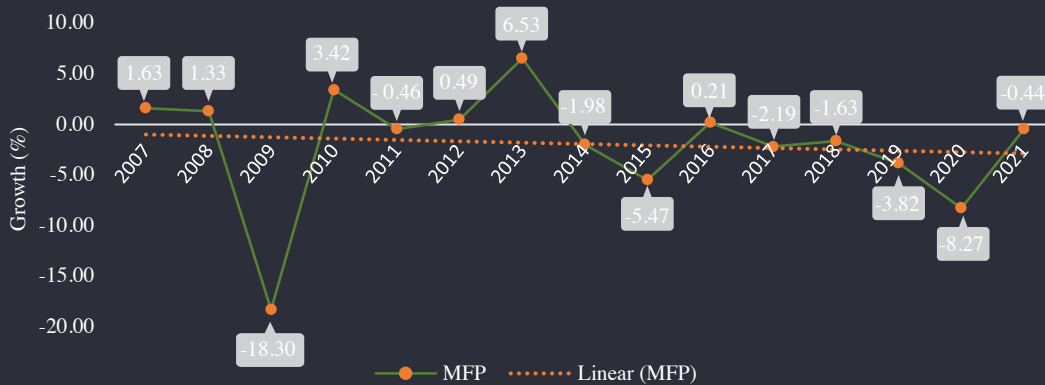
To promote the national competitiveness agenda, under the competitiveness thematic area of the BNPC's Research Agenda (2021/22-2023/24), research was undertaken to examine Botswana's Export Promotion Interventions.

# 2021/22 NATIONAL PRODUCTIVITY AND COMPETITIVENESS HIGHLIGHTS

## Productivity Highlights

Botswana’s Productivity growth, measured by the Multifactor Productivity (MFP) indicator, has been mostly negative since 2014, as shown in Figure 1. However, the lowest annual MFP growth since 2014 was -8.27% recorded in 2020. This resulted as the lockdowns and social distancing measures imposed to contain the COVID-19 pandemic triggered a severe recession affecting productivity. Though economic recovery is underway, Botswana’s productivity growth was still negative in 2021 and below the desired target set in the NDP 11 Midterm Review. Despite this, there was some minimal improvement in 2021 with MFP growth rate improving from -8.27% in 2020 to -0.44% in 2021. The somewhat brighter outlook can be attributed to the effective deployment of vaccines and as indicated, the subsequent economic recovery, amongst other things.

**Figure 1: Botswana’s Multifactor Productivity Growth**



Source: BNPC’s Calculations

As expected, both the labour and capital productivity growth rates were also negative in 2020 and 2021, as shown in Figure 2. Given the economic recovery experienced in 2021, labour productivity growth improved from -6.95% in 2020 to -1.36% in 2021. On the other hand, the capital productivity growth rate improved from -11.84% in 2020 to -1.69% in 2021. As shown in Figure 2, the year-to-year fluctuations in capital productivity growth mirrors that of labour productivity growth. This is because capital and labour are highly dependent on each other within the production process. It is also worth noting that like in the case of the MFP indicator, both capital and labour productivity growth are lower during the recession years of 2020, 2015 and 2009.





**61/64**

middle and high-income countries

**51.4 /100**

government efficiency factor

**38.8 / 100**

competitiveness index score

**31.7 /100**

economic performance factor

**23.8 /100**

business efficiency factor

**14.1 /100**

infrastructure factor

“

*We must pull together and work hard in ensuring that SADC succeeds in its agenda of development, economic cooperation and regional integration.*

”

- Festus Mogae

This area was selected as Vision 2036 indicates that Botswana will be a high-income nation by 2036, with an export-led economy anchored by diversified, inclusive, and sustainable development driven by high levels of productivity. Furthermore, the 2021 Institute of Management Development's (IMD) World Competitiveness Yearbook identified international trade and international investment as one of the major weaknesses the country faces in terms of national competitiveness. The research examined Botswana's export promotion interventions (policies, strategies, programs, and initiatives) in light of international best practice, with the objectives of making recommendations that will promote national competitiveness and the envisioned export-led growth. Recommendations from this research are to be disseminated in the form of a policy brief.

Under the productivity thematic research area identified in the Research Agenda (2021/22-2023/24), a sectoral productivity research focusing on the manufacturing sector was initiated in 2021. The objective of this research was to identify drivers, as well as uncover challenges and hindrances, of productivity in Botswana's manufacturing sector. Unfortunately, due to financial constraints a nationwide survey to obtain information from manufacturing companies on their productivity challenges could not be undertaken. Nonetheless, stakeholder consultations were conducted. The information from this process was used to complement and enrich the research undertaken in the competitiveness thematic area.



As indicated, the Research Agenda (2021/22-2023/24), stresses the importance of dissemination. In this regard, BNPC shared information on productivity, quality, and competitiveness in a couple of publications that were produced throughout the year. The details on the produced publications in 2021/22 are as follows.

1.

#### **Productivity and Quality (P&Q) Forum/Magazine.**

Two editions of this magazine were published during 2021/22 containing articles on productivity and quality information written by BNPC consultants from various departments.

2.

#### **National Productivity and Competitiveness Dashboard.**

The Dashboard is a publication that compiles and brings together all appropriate information on national productivity and competitiveness produced by BNPC and other relevant sources.

3.

#### **Newspaper Articles**

Six articles were published in the local newspapers during the year. The objective of these articles was mainly to share Botswana's performance and competitiveness position, following the release of the IMD Competitiveness Reports, in a user friendly and simplified manner for the appreciation of the public.

**Figure 2: Botswana's Capital and Labour Productivity Growths**

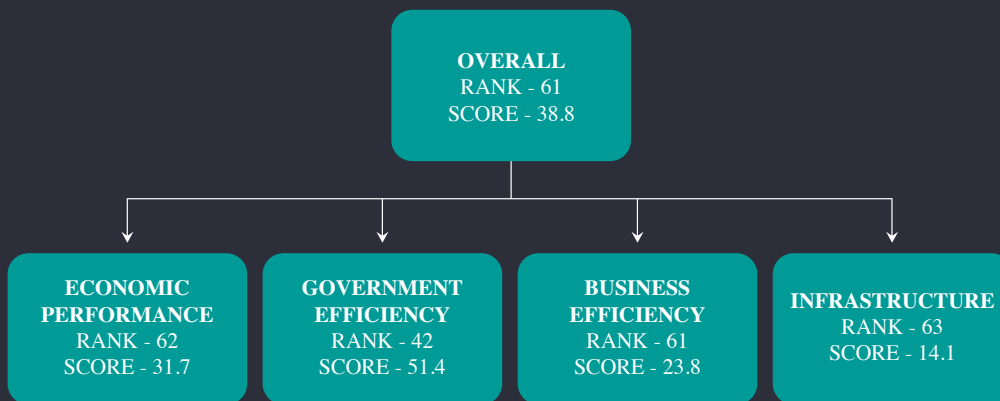


Source: BNPC's Calculations

### Competitiveness Highlights

With regards to national competitiveness, the 2021 IMD World Competitiveness Yearbook ranked Botswana 61st out of 64 middle- and high-income countries, with a competitiveness index score of 38.8 out of 100. The IMD World Competitiveness Yearbook assesses the extent to which a country can create and maintain an environment which sustains the competitiveness of domestic enterprises. The ranks and scores in the report are derived by examining factors considered critical in promoting a nation's overall competitiveness. These factors are economic performance, government efficiency, business efficiency, and infrastructure.

**Figure 3: Botswana's Competitiveness Rank and Score**



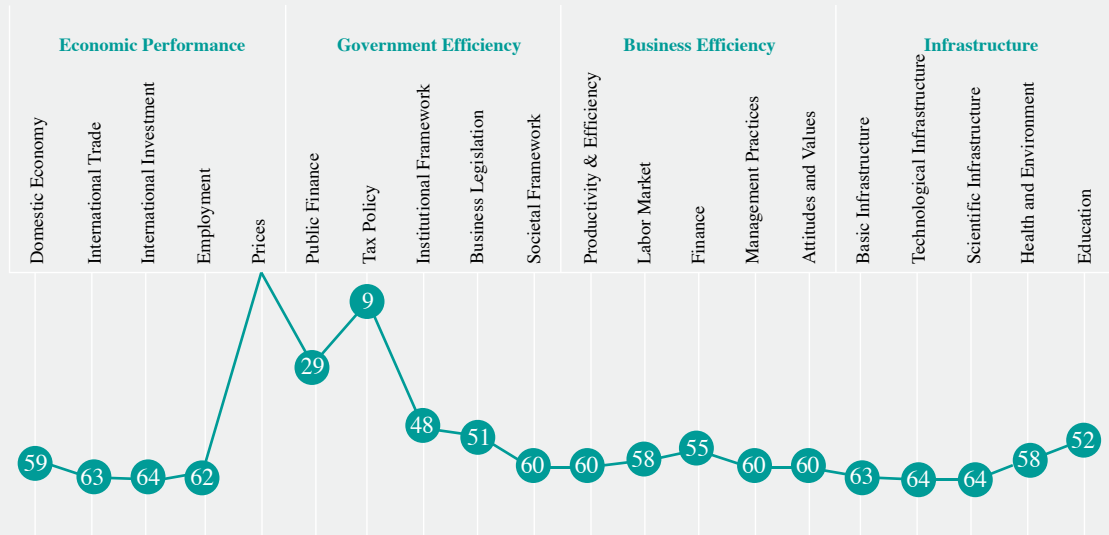
Source: IMD 2021 Competitiveness Yearbook

As shown in Figure 3, Botswana ranked 62nd with a score of 31.7 out of 100 in the economic performance factor, 42nd with a score of 51.4 out of 100 in the government efficiency factor, 61st with a score of 23.8 out of 100 in the business efficiency factor and 63rd with a score of 14.1 out of 100 in the infrastructure factor (see Figure 3). Undoubtedly, these results are less than satisfactory and, as such, measures to improve them need to be urgently adopted. This is particularly important as improving competitiveness is one of the fastest ways to escape the middle-income trap and spearhead the envisaged transformation into a high-income economy by 2036.



The IMD World Competitiveness Yearbook further breaks down the factors into sub factors, as provided in Figure 4. Botswana’s sub ranking strengths are prices (1st) under the economic efficiency factor and tax policy (9th) under the government efficiency factor. Economic performance assesses the effectiveness of a country’s macro-economic environment in promoting competitiveness. The Government Efficiency factor, on the other hand, assesses the extent to which governmental policies, regulations and legislations are conducive to competitiveness.

**Figure 4: Botswana’s Competitiveness Rank by Sub Factor**



Source: BNPC’s Calculations

The country’s worst sub factor performance was realised in international trade (63rd) and international investment (64th) under the economic performance factor. Performance was also poor regarding the sub factor rankings of the infrastructure factors such as basic infrastructure (63rd), technological infrastructure (64th) and scientific infrastructure (64th). This factor (infrastructure) assesses the extent to which tangible and intangible assets available in the economy can meet the needs of businesses. While the business efficiency factor measures how much the national environment supports the private sector to be creative, lucrative, and responsible. The worst performing sub factors under business efficiency were productivity and efficiency (60th), management practices (60th) and attitudes and values (60th).



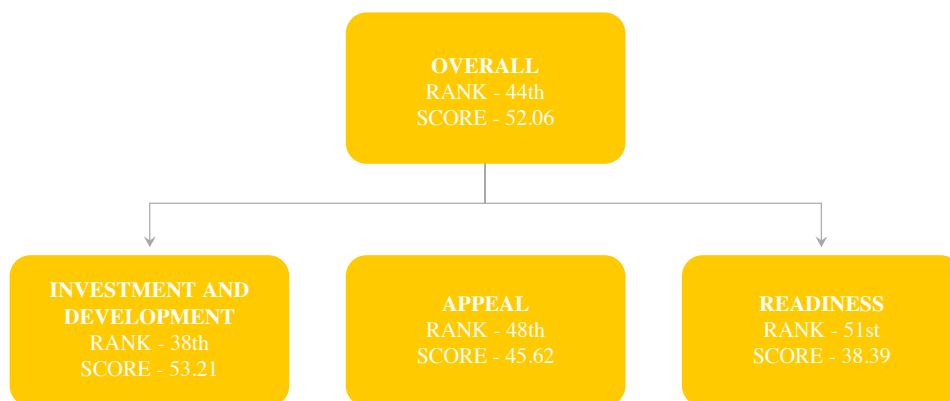
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*The Blueprint is expected to provide a holistic approach to improving productivity and competitiveness across all sectors of the economy, as well as tackle the most problematic areas such as poor work ethic.*

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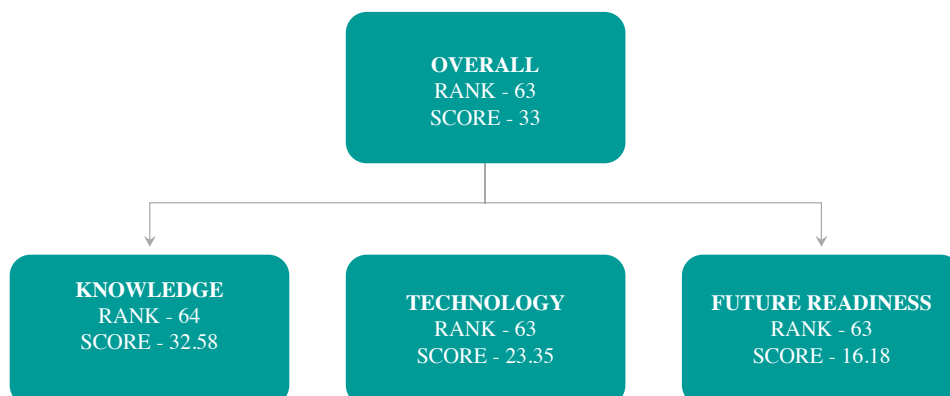
According to the IMD 2021 World Talent Report, the overall ranking for Botswana is 44th out of 64 economies with a talent competitiveness index score of 52.06 out of 100, as shown in Figure 4. The factors assessed under this report are (i) investment and development (that is, investment in and development of home-grown talent), (ii) appeal (a country's appeal to overseas talent) and (iii) readiness (the quality of skills and competencies available). The results showed that Botswana ranked better in the investment and development factor with a rank of 38th out of 64 economies and a score of 53.21 out of 100. The appeal factor ranked 48th with a score of 45.62 out of 100 whilst the readiness factor ranked 51st with a score of 38.39 out of 100.

**Figure 5: Botswana's Talent Competitiveness Rankings and Scores**



Source: IMD 2021 World Talent Competitiveness Report

**Figure 6: Botswana's Digital Competitiveness Rankings and Scores**



Source: IMD 2021 World Digital Competitiveness Report



**44/64**

Talent competitiveness  
index score

**38/64**

Investment and  
development factor

**48/64**

Appeal factor

**63/64**

Botswana's overall digital  
competitiveness

**64/100**

knowledge factor

**63/100**

technology factor

**63/100**

future-readiness factor

In terms of digital competitiveness, the IMD World Digital Competitiveness Report ranks Botswana's overall digital competitiveness as 63rd out of 64 countries with a digital competitiveness score of 33.0 out of 100, see Figure 6. Under the three factors assessed, the country ranked 64th with a score of 32.58 out of 100 with regards to the knowledge factor, 63rd in the technology factor with a score of 23.35 out of 100, and 63rd in the future-readiness factor with a score of 16.18 out of 100. Where the knowledge factor assesses the intangible infrastructure that supports the process of digital transformation by helping people find, comprehend, and learn new technology. While the future-readiness factor evaluates the degree of technology adoption by the government, business, and society at large. The technology factor, on the other hand, considers the broader framework in which the development of digital technologies is enabled.

Botswana seeks to be a high-income country by 2036 as stipulated by Vision 2036. One sure way to

achieve this goal is by attaining massive improvements in competitiveness and productivity. Unfortunately, as demonstrated, Botswana's productivity growth and competitiveness rankings are less than satisfactory. To address these concerns the Ministry of Labour and Home Affairs in collaboration with BNPC are in the process of developing a National Productivity and Competitiveness Blueprint. The Blueprint is expected to provide a holistic approach to improving productivity and competitiveness across all sectors of the economy, as well as tackle the most problematic areas such as poor work ethic. In addition, for purposes of dealing with the poor work ethic situation and to align to the mindset change priority of the reset Agenda, in the 2021/22 financial year BNPC developed a new program entitled Organisational Behaviour. The program is intended to promote mindset change at organisational level, as well as address challenges related to harnessing of cultural ethos, low worker morale, performance management, and employee engagement, amongst other things.



# 07 Environmental and Social Performance

The national Vision 2036's bold ambition is to transform Botswana from an upper middle income to a high-income economy. This noble ideal is underpinned by high levels of productivity and competitiveness.

Vision 2036 Pillar 1, Sustainable Economic Development emphasises the need to sustain, transform and drive the country into a high-income bracket through high levels of productivity, knowledge-based economy, productive and competitive workforce. Failure to address these factors effectively will undermine the country's ability to operate at its full potential and adversely impact on its ambition of accomplishing an upper income status in the foreseeable future.

The Botswana National Productivity Centre (BNPC) is cognisant of its role to drive national productivity across all sectors to enable the country to attain its aspirations.

Total Factor Productivity (TFP) growth has been identified as a key performance indicator in Vision 2036, under the competitive and productive thematic area. As such the BNPC has been duly assigned as the accountable agent for this measure. In view of this, the BNPC has undertaken to align to the Vision 2036 Pillar 1, Sustainable Economic Development, through its new strategy: "Re-positioning the BNPC as the APEX National

Productivity and Competitiveness Centre".

The BNPC's deliberate move to contribute towards national productivity improvement and productivity led economic growth is evidently outlined thereon. The BNPC aims to reposition itself to drive productivity and competitiveness agenda. The BNPC seeks to achieve this by providing relevant and accurate data on labour productivity and total factor productivity across all sectors. Furthermore, the BNPC intends to adopt strategies that address poor work ethic and mindset change in the labour force, which are a great concern for workforce productivity and economic growth.

To this end, during the year under review, the BNPC partnered with IMD to assess the country's competitiveness. The IMD assessment examined Botswana's capacity to create and maintain an environment which sustains the competitiveness of enterprises. The assessment also provided an opportunity to highlight key challenges associated with competitiveness in Botswana, key amongst them including undiversified exports, lower worker motivation, slow internet and unavailability of digital skills. The IMD competitiveness indicators provide information that would lead to evidenced based policy formulation. Such policies would lead to key consideration for the attainment of vision 2036.



# 08

## BNPC and The Sustainable Development Goals



“*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.*”

### 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.

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.

*SUSTAINABLE  
FUTURE*

## 2 ZERO HUNGER



### SDG 2: END HUNGER, ACHIEVE FOOD SECURITY & IMPROVED NUTRITION, SURE & 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.

## 3 GOOD HEALTH AND WELL-BEING



### SDG 3: ENSURE HEALTHY LIVES & 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. BNPC provides training and 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. During the year BNPC secured a comprehensive Wellness Programme for employees offering the following suite of services; Psychosocial Support (Counselling), Life Management Services, Critical Incident Debriefing, Managerial Consultancy, Online Wellbeing Portal – eCare, Organisational Transformation Psychosocial Support, Health and Wellness Seminars/Talks. To ensure alignment to the global way of doing work, BNPC intensified Work From Anywhere programme.



## 4 QUALITY EDUCATION



### SDG 4: ENSURE INCLUSIVE & EQUITABLE QUALITY EDUCATION & 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.

## 5 GENDER EQUALITY



### SDG 5: ACHIEVE GENDER EQUALITY & EMPOWER ALL WOMEN & 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.





## 8 DECENT WORK AND ECONOMIC GROWTH



**SDG 8: PROMOTE SUSTAINED, INCLUSIVE & SUSTAINABLE ECONOMIC GROWTH, FULL & PRODUCTIVE EMPLOYMENT & 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 assessment study, 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.

## 10 REDUCED INEQUALITIES



**SDG 10: REDUCE INEQUALITY WITHIN & 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 toward inequality.



**SDG 16: PROMOTE PEACEFUL & INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL & BUILD EFFECTIVE, ACCOUNTABLE & 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.

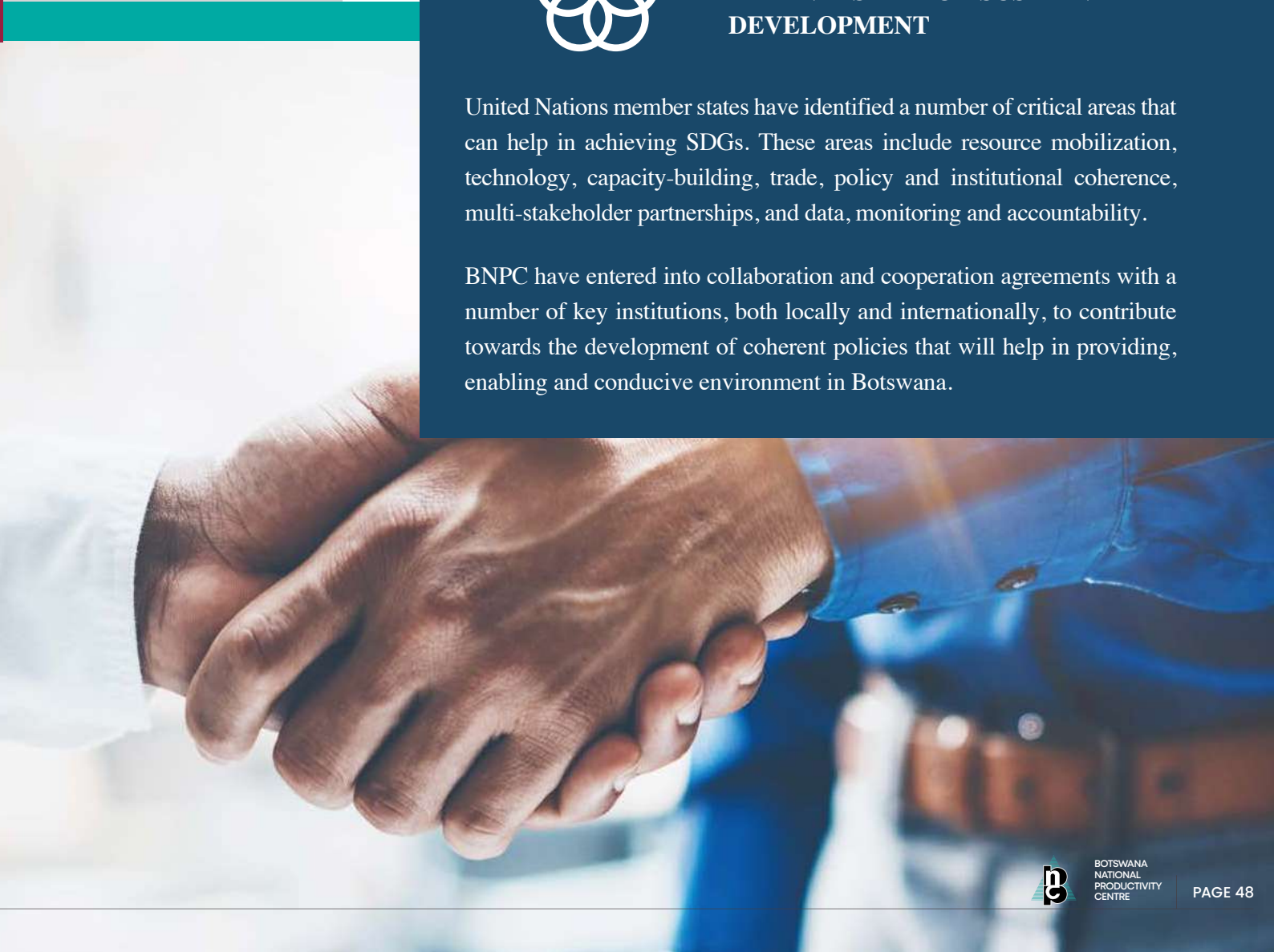
**17 PARTNERSHIPS FOR THE GOALS**



**SDG 17: STRENGTHEN THE MEANS OF IMPLEMENTATION & 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, and 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 and conducive environment in Botswana.



# 09

## Safety, Health And Environment

At BNPC we believe “Safety, Health, Environment and Quality” is a core value of our business. As we continue to 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.

Our employees are the organisation’s greatest asset. BNPC is committed to protecting their health, safety and wellness. We strive to achieve zero harm through collective responsibility, commitment and risk awareness. Our targeted health, safety and wellness strategies and programmes are in place to help us achieve this. Throughout the COVID-19 Pandemic, we continuously leveraged and enhanced our existing health and wellness programmes to protect our employees, suppliers and the communities.

### Objectives of the 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 a high level of quality services that meets and exceeds customer requirements and expectations.





## Our Quality Policy

BNPC is an ISO 9001:2015 Certified Organisation. The certification is key in assuring our customers, strategic partners and various other stakeholders of the level of quality service the Centre provides. It also affirms that the Centre is a well-run business which has requisite structures, is stable and ready for growth. The Centre undergoes periodic audits against the requirements of the standard, by an independent body to check the conformance to the standard.

Our quality standards are further underpinned by our quality policy.

*“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”.*

ISO 9001:2015

**BUREAU VERITAS**  
Certification



0008





# 10

## BNPC & Our Community (CSI)

## BNPC RESPONSE TO COVID-19 CRISIS THROUGH CORPORATE SOCIAL INVESTMENT (CSI)

BNPC endeavours to be a responsible corporate citizen dedicated to meeting the highest standards of ethics and professionalism in line with its core values in terms of which the Centre aspires for the following: Collaborative, Integrity, Result Oriented, Compassionate and Innovation.

The BNPC Corporate Social Investment Agenda is governed by two principles: Compliance and Proactiveness. Compliance refers to our company's commitment to legality and willingness to observe community values and the general code of corporate governance. The Centre also undertakes to be proactive in helping disadvantaged communities, thus contributing to the national agenda geared towards the reduction of poverty, enhancing productivity through implementation of Productivity & Quality solutions in selected sectoral groups and the protection of the natural environment.

The CSI policy was set with the objective to impact positively on issues affecting communities through undertaking sustainable initiatives for the benefit of

communities. The policy aims to establish and maintain enduring relationships with its stakeholders as a way of improving the image of the Centre and increasing its footprint. It defines activities and programmes which the Centre plans to undertake in conformity with its mandate. The CSI program aims to further explain the modalities of execution of the activities and programmes as well as provide clarity on the CSI Programme Performance Monitoring Process.

### BNPC RESPONSE

The current situation derived from the pandemic, in general terms, has made it clear that many companies' behaviours have been exemplary, namely adapting their Corporate Social Investment (CSI) policies and actions to current health, economic, and social needs.

Therefore, the crisis resulting from the Pandemic has caused a change in the way that corporations pursue their economic, social, and environmental objectives, giving greater importance to the role they must play in society. In this new scenario, firms need to adopt their CSI strategies to establish a business commitment to society and vulnerable groups, especially those closest to them, which is the local environment associated



with the country of origin of the firms or territories in which companies operate and have a greater presence.

Botswana National Productivity Centre (BNPC) developed a Corporate Social Investment Policy to guide its CSI implementation. A strong focus is on community needs in relation to productivity, which is the core of the Centre. Not only do we strive to meet community needs, but we are also intentional in providing sustainable services which impact the community positively in the long term.

In the 2021/22 financial year, the Centre signed a three-year Memorandum of Understanding(MOU) with the Kweneng Regional Education Office as part of their contribution to His Excellency the President of the Republic of Botswana, Dr Eric Keabetswe Masisi's Reset Agenda; the Centre pledged to deliver training and consulting for the educators in the region who serve underserved communities, often referred to as RADS, as well as provide for the needs of the students boarding in the educational facilities.

To fulfil the MOU, BNPC donated personal protective equipment and computers to Ngware and Diphuduhudu primary schools during the period under review as part of the Corporate Social Investment (CSI) agreement. Ngware Primary School has 274 pupils; (129 boys and 145 girls, 11 teachers, four temporary teachers). It has sufficient accommodation for teachers, but has shortage of student furniture, has no internet connection, and lacks textbooks. The school has been performing above average at just over 50% pass-rate, with indications that they can do better. The school is trying to improve its results by filling gaps through implementation of the performance improvement strategies. The main purpose of the CSI programme of

the Centre, is to deliver the CSI Policy within the scope of the new BNPC corporate strategy, whilst supporting communities to emerge from the COVID-19 crisis. BNPC not only donated sanitary pads, sanitizers, and masks but also computers and printers. This would go a long way in ensuring that the 21st century learners get creative and innovative skills needed in this era of digitization. The Centre also held the 'Smart work ethics' workshop for staff of Ngware Primary School.

Botswana National Productivity Centre (BNPC) also donated linen and bedding for Shadishadi and Mantshwabisi Primary Schools, as well as chairs for teachers as part of the company's initiative. The school with a total of 510 students, has not been performing well with COVID-19 further worsening the situation. The donation will come handy as the council was struggling to support the school. BNPC CSI committee strives to make a difference and enhance the performance of the students.

These interventions are expected;

- To demonstrate the Centre's corporate social investment behaviour that is concerned about stakeholders and their environment of operation.
- To demonstrate and live out the core values of the Centre.
- To maximise visibility and ensure top of mind presence in the Centres' operating environment.
- To impact positively on issues affecting communities through undertaking sustainable initiatives for the benefit of communities.
- To establish and maintain enduring relationships with its stakeholders as a way of improving the image of the Centre and increasing its footprint.

# 11

# Corporate Governance Report

## 1. Statement of Commitment

BNPC subscribes to and is fundamentally committed 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. The Board

recognizes that Corporate Governance is critical to an environment rooted on trust, transparency, and accountability. 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.

The Board is equally committed to upholding the highest standards of ethical behaviour. The Centre is a stickler for upholding standards of good conduct pronounced within the existing legal and regulatory framework, policies and business standards whilst also living out the organisation's ethos. The Centre has a zero tolerance to fraud and corruption or any other conduct that undermines the integrity of the organisation.

## 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 comprise the Chairperson, the Executive Director and not less than 10 or more than 13 other members. The membership of the Board is thus 12 to 15 Directors with the quorum standing at eight (8).





During the 2021/22 financial year, the Board comprised of 13 members, inclusive of the Chairperson and Executive Director.

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 was appointment of thirteen (13) board members; three (3) renewals and ten (10) new appointments on a two (2) year term (2021/23). There was one (1) resignation.

#### **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;

1. Formulation and implementation of the Centre's Strategy;
2. Monitoring and evaluation of organisational performance;
3. Identification and management of key risks;
4. Ensuring compliance with statutes, regulations, business, and ethical standards as well as principles of good corporate governance;
5. Ensuring that there is in place a sound system of management and controls;
6. Looking out for the welfare and appropriate staffing.

The Charter is reviewed periodically 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 balance, infusion of diverse perspectives in decision making.

### Tenure, Age and Gender

The summary of the director's tenure, Age and Gender is as shown in the infographic below;

**15%**

**2 out of 13**  
40 – 50 years

**85%**

**11 out of 13**  
50 – 60 years

### GENDER



**11/13**

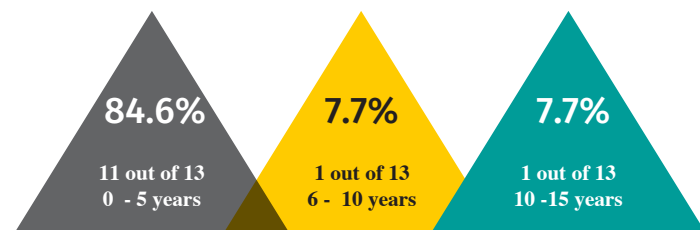
Men



**2/13**

Women

### TENURE



## 8. Board Independence Levels

The BNPC Board has three (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 the Chief Executive Officer of BNPC and is a full-time salaried employee 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.

During the period under review the Board had one (1) Independent Non-Executive Directors, eleven (11) Non-Executive Members and one (1) Executive Director.

### 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.

1. Audit, Finance and Risk Committee
2. Strategy Committee
3. Human Resources Committee
4. Procurement and Asset Disposal Committee

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

# 12

## Board Committees

### Audit, Finance and Risk Committee

#### Members

- Mr Martin Gabobake (Chairperson)
- Mr Madongo Direng
- Mr Molefi Keaja
- 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

- Professor Agreement L. Jotia (Chairperson)
- Mr Norman Moleele
- Mr Bonnie G. Jim
- Mr Johannes Tshukudu
- 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

- Dr Kealeboga N Bojosi (Chairperson April 2021- December 2021)
- Mr Boniface O. Tsheko (Chairperson January 2022 – March 2022)
- Mr Johannes Tshukudu
- Mr Martin Gabobake
- Mr Christopher Diswai

#### Mandate of the Committee

The Human Resources Committee's function is to

Name
Professor. Dorothy Mpabanga
Mr Norman Moleele
Dr Tinaye Mmusi
Mr Madongo Direng
Mr Johannes Tshukudu
Dr Kealeboga N. Bojosi
Mr Martin O. Gabobake
Mr Molefi S. Keaja
Mr Boniface O. Tsheko
Mr Bonnie G. Jim
Professor Agreement L. Jotia
Mr Samuel O. Rathedi
Mr Christopher Diswai





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

- Dr Tinaye Mmusi (Chairperson)
- Mr Molefi S. Keaja
- Mr Samuel O. Rathedi
- 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-of unserviceable items within defined limits.

### Board and Committee Meetings Attendance

The Board meets every quarter to consider Committee Reports focusing on among others, corporate performance, risk management, financial and sustainability reports. The Board is at liberty to convene special meetings when it is necessary to do so.

Board of Directors	Human Resources Committee	Procurement and Asset Disposal Committee	Audit, Finance and Risk Committee	Strategy Committee
7/7				
4/7				4/4
7/7		4/4		
6/7			5/5	
6/7	8/8			4/4
4/7	6/8			
6/7	2/8		5/5	
3/7		3/4	4/5	
7/7	8/8			
5/7				3/4
5/7				4/4
2/7		3/4		
6/7	7/8	4/4	5/5	4/4

## **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.**

The Centre recognizes its role in the development of the society within which it operates and is committed to remaining accountable for the impact it creates in the environment. The Board approved the Corporate Social Investment (CSI) Policy which guides the Centre in its corporate responsibility agenda. The Policy is operationalized on an annual basis.

During the year, BNPC signed a three-year MOU with Kweneng Regional Education Office in terms of which BNPC will deliver training and consulting services to the regional educators. The Centre conducted a two-day Smart Work Ethic and Mindset Change for regional education staff and school heads. BNPC further donated linen, bedding and chairs to Mantshwabisi and Shadishadi Primary Schools.

**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 development of an Ethics Management Framework is on-going 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. To that extent, the BNPC Board had adopted the King III Report on Corporate Governance.

Although the Centre has delegated some of its functions to sub-committees, for purposes of maintaining 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.**

On a quarterly basis, the Board monitors BNPC's performance against the Strategy through the Strategy Committee. The 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 the highest standards of integrity. Its operations are regulated through a Board 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. The Policy is supported through annual plans.

**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 three non-executive directors and one executive director.

**2.7 The Board should be responsible for the governance of risk.**

The Centre uses an integrated approach to risk management, which is aligned to international best practice frameworks. The BNPC Risk Management Process uses risk indicators and flags to monitor the top-10 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. Risk Management is embedded in key decision-making processes. Those processes have incorporated in them strategy, governance, compliance, and performance. The Corporate Risk Log is a standing agenda item in Board meetings.

## Chapter 2: Boards and Directors

**2.8 The Board should be responsible for information technology (IT) governance.**

The Board exercises oversight over BNPC ICT. 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.

**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 optimise and standardise compliance, the Centre has a Compliance Programme. The Centre maintains a Compliance Register which is updated periodically. The Programme ensures that compliance becomes an integral part of the business and that systematic periodic reviews are undertaken to measure the effectiveness of the Programme.

**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. On a regular basis, the Committee reviews the Centre's risk-focused controls and risk management systems.

During 2021/22 the Internal Audit was subjected to an external quality assurance review of the Internal Audit Function (IAF) per the requirements of the IIA's International Standards for the Professional Practice of Internal Auditing. The objective of the review was to assess whether the Internal Audit Function (IAF) conforms to Institute of Internal Auditors' International Auditing Standards; and code of ethics and to gauge extent to which IAF meets stakeholder needs and implements leading practices to improve performance in a demanding economic climate. The review culminated in a report and plan of action which the Centre is currently implementing.

**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 always act 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 a 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 Centre's CEO was appointed effective 2nd May 2019, following a recommendation from the Board. The CEO is given delegated authority for effective and efficient operation of the Centre.

## Chapter 2: Boards and Directors

**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.

Only one Director is an Independent Non-Executive Director: being a member of the Audit, Finance and Risk Committee. The Board has one Executive Director in line with the BNPC Act.

**2.19** Directors should be appointed through a formal process.

The BNPC Act sets out the appointment process which is driven by the Minister. Directors are selected and appointed through a formal and transparent process aimed at ensuring that the Centre achieves diversity in Board composition.

**2.20** The induction of and ongoing training and development of directors should be conducted through formal processes.

New appointees to the Board are familiarised with the business of the Centre through a customised induction programme. To that extent, the Board appointed 1 April, 2021 – 31 March 2023 underwent induction and Corporate Governance Training in May 2021 and June 2021 respectively.

**2.21** The Board should be assisted by a competent, suitably qualified and experienced company secretary.

The Centre has a qualified Board Secretary who is a corporate governance champion for the Centre. The office is responsible for ensuring that the Board meets its statutory and procedural requirements.

**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, Committees and individual board members were assessed.

**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.

## Chapter 2: Boards and Directors

- |      |   |   |
|------|---|---|
| 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 and senior executives is disclosed accordingly under the Audited Financial Statements.  |
| 2.27 | Shareholders should approve the company's remuneration policy.  | <p>The Board approves the Centre's rewards and remuneration policies, consistent with the Government's (Shareholder) guidelines and directives.</p> <p>During the year, the Board considered and approved the Remuneration and Pay Philosophy which shall guide the development of an updated Rewards and Remuneration Policy. These shall be subject to due governance and approval process.</p> |

## 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.   |
| 3.2 | Audit committee members should be suitably skilled and experienced independent non-executive directors. | The four(4) Members of the Audit, Finance and Risk Committee are all suitably skilled and experienced directors. |
| 3.3 | The Audit Committee should be chaired by an independent non-executive director.                         | The Chairman of the Committee is a Non-Executive Director.   |

## CHAPTER 3: Audit Committee

- 3.4** The Audit Committee should oversee integrated reporting.
- The Centre is working towards 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.
- 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 utilises 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, Finance and Risk Committee's endorsement.
- 3.7** The Audit Committee should be responsible for overseeing internal audits.
- 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 Centre's external auditors were appointed by the Board in March 2021 for a period of four (4) years.
- During the year, the Board satisfied itself of the independence of the external auditors and that important safeguards and procedures were in place to ensure their objectivity. The external auditors services are governed through a Engagement Letter and executed in accordance with the Board approved External Audit Plan.
- 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 to management the day-to-day responsibility for management of risk, 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.<br>The Centre maintains a risk register (Risk Log) of the corporate risks.   |
| 4.7 | The Board should ensure that management considers and implements appropriate risk responses  | On a quarterly basis, 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.   | On a quarterly basis, the Board reviews management's progress on the Corporate Risk Log.  |

## Chapter 4: The Governance of Risk

- |      |   |  |
|------|---|--|
| 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. The office sits in 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                                 | On a regular basis, management 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.  |

## Chapter 5: The Governance of Information Technology

- 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 has a Compliance Framework which ensures that controls are standardised across the organisation. This is monitored through a Compliance Register.
- 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 organisation 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 has a Compliance Framework which aspires to ensure that compliance controls are standardised 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.

## Chapter 7: Internal Audit

**7.2** Internal audit should follow a risk-based approach to its plan.

A risk-based approach is followed in Internal Audit Plans.

**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 appointed a service provider to conduct an independent quality review of the Internal Audit to establish the extent of compliance with standards as set by the Institute of Internal Auditors and also establish the level to which the BNPC Internal Audit Function satisfies stakeholder expectations. During the year under review, the service provider released a Report. Management has since developed a Plan of Action which is being implemented.

**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 has a customer feedback system that allows stakeholders and customers to share feedback.

**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.

## Chapter 8: Governing Stakeholder Relations

- |     |   |  |
|-----|---|--|
| 8.4 | Companies should ensure the equitable treatment of shareholders.  | BNPC has a single shareholder, in the Botswana Government. The relationship with the shareholder is managed through a shareholder compact, which is reviewed and updated on a regular basis. |
| 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.  |

## 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.<br><br>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.  |
| 9.3 | Sustainability reporting and disclosure should be independently assured.                             | Currently, the Centre has not adopted integrated reporting.<br><br>Going forward, once fully institutionalised, the sustainability reporting shall be subject to independent assurance.  |

# 13

## Risk Management Report

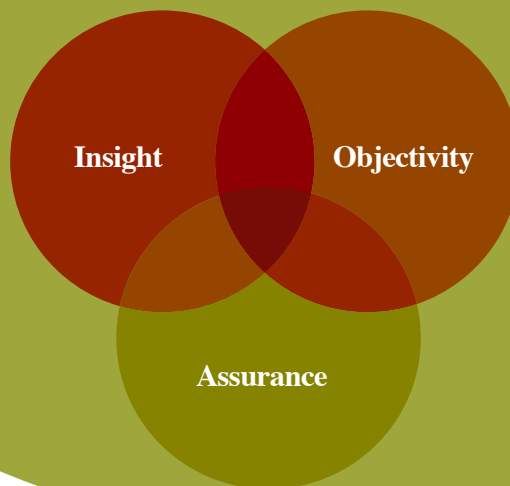
### RISK MANAGEMENT REPORT

#### INTERNAL AUDIT

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

#### The Value delivered by Internal Auditing to an Organisation

Governing bodies and senior management rely on internal auditing for objective assurance and insight on the effectiveness and efficiency of governance, risk management, and internal control processes. The core elements of value delivered are assurance, insight, and objectivity on the effectiveness and efficiency of governance, risk management and internal control processes.



#### Assurance

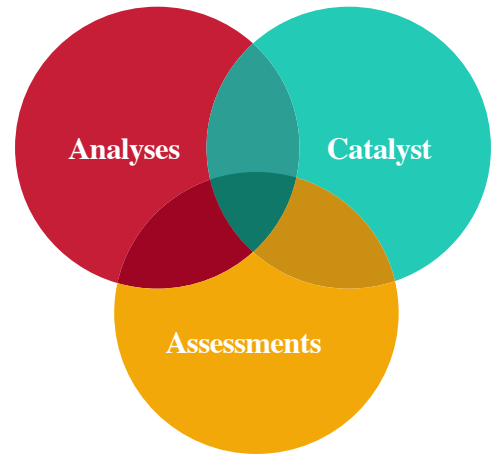
Internal auditing provides assurance on the organisation's governance, risk management, and control processes to help the organisation achieve its strategic, operational, financial, and compliance objectives.





### Insight

Internal auditing is a catalyst for improving an organisation's effectiveness and efficiency by providing insights and recommendations based on analyses and assessments of data and business process.

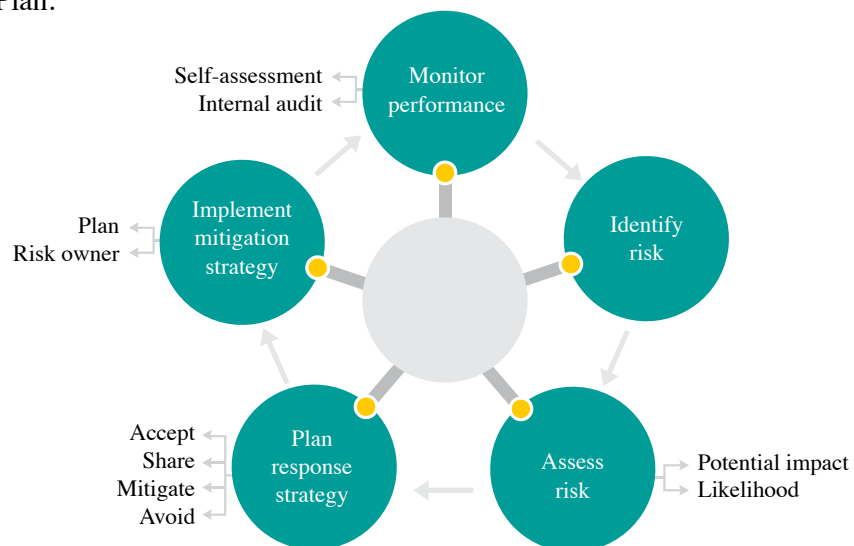


### Objectivity

With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice.

### Summary of the Status of BNPC Internal Control Environment during the Year Under Review

During the year, the Centre had to make do with available human resources. Lack of optimal resourcing meant that the existing team had to carry on additional duties with a view to deliver to the Internal Audit Plan.



Enterprise-wide Risk Management (ERM) is a structured, consistent and continuous process across the whole organisation for identifying, assessing, deciding on responses to and reporting on opportunities and threats that affect the achievement of its objectives. In ERM potential events that represent either risks to the achievement of strategic objectives or opportunities to gain competitive advantage are identified and addressed.

### Benefits of an ERM program

It facilitates awareness of business risks across an entire organisation, instils confidence in the entity's strategic objectives, improves compliance with regulatory and internal compliance mandates and enhances operational efficiency through more consistent applications of processes and controls.

### The Major Components of ERM

There are eight major components of ERM, and they are the Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring.

### Executive Summary

This report highlights the key strategic risks which the BNPC was exposed to during the year under review, and the status of both the initiatives aimed at mitigating the risks identified and prioritised, and the residual risk after implementation of the risk mitigation initiatives.

The Centre uses an integrated approach to risk management, which is aligned to international best practice frameworks. The BNPC Risk Management Process uses risk indicators and flags to monitor the top-10 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 was used for monitoring corporate performance of the Centre throughout the F/Y 2021-22.

### Summary of Performance of BNPC Risk Management during F/Y 2021-22

1. The bulk of high impact corporate risks during the year gravitated around the organisational transformation roadmap, restructuring and strategy. These, and the critical Centre's going concern status, were dependent on the Centre being able to secure enough funds to sustain and transform its operations, through both shareholder support and internal initiatives.

During the financial year, the Centre grappled with financial challenges, going concern risks and human resource challenges.

2. As at year end a total of four out of ten of the BNPC top ten high impact corporate risks were mitigated to the extent that their residual risk had declined from high to either low or moderate/medium level. The residual risk of the remaining six out of ten (6/10), of the high impact corporate risks remained at high level.





The snapshot of the residual risk for the high impact corporate risks at year end are as per below:

- **1/10 risks**, that is, **Risk #1**– residual risk changed from a high to a **low level** depicted by the colour coding, green
- **3/10 risks** that is, **Risk # 3,8,10** - residual risk changed from a high to a **moderate/medium level** depicted as depicted by the colour coding, amber
- **6/10 risks** that is, **Risk # 1,2,4,5,6,7** - residual risk remained at a **high level**, depicted as depicted by the colour coding, red

2. Although the impact of the COVID-19 pandemic added another layer to the challenges faced by the Centre, control measures were put in place to mitigate operational risks associated with the COVID-19 pandemic incidents in the workplace.

The highly successful national vaccination campaign with the double doses and booster shots availed by the Botswana Government nationwide minimised the threat posed by the pandemic on the operations of the Centre. With the general decline in COVID-19 related incidents at the workplace, the residual risk thereof changed from high to low levels by year-end.

Some of the determinants of the seemingly ineffective risk mitigation initiatives implemented during the year are as follows:

- Declining Government grant and internally generated income which in turn led to unavailability of funds to implement most of the planned risk mitigation initiatives during the year.
- The protracted restructuring project due to budgetary constraints.
- The long-term nature of planned initiatives for mitigating high impact corporate strategy risks, which usually overlaps more than one financial year.

Beyond March 2022 Management reviewed and updated the corporate risk log, in line with the revised strategic options to mitigate corporate risks that threaten the Centre's long term financial sustainability and going concern.

The revision was informed by the BNPC' annual corporate performance plan for FY- 2022-23.

### **Planned Strategic Initiatives to be implemented beyond March 2022 include:**

- Implementing the Marketing Research Project, the findings thereof will drive and enhance BNPC product development process.
- Implementing projects with strategic partners including Japan International Cooperation Agency (JICA) and United Nations Development Programme (UNDP).
- Mitigating financial risks to ensure long term sustainability.
- Strategic alignment with National Productivity aspirations including His Excellency's Re-set Agenda, competitiveness, and digitalization.
- Addressing financial challenges to ensure long term sustainability.
- Reviewing and aligning programmes positioned to assist the Centre deliver to its mandate.





# 14

## Financial Statements

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## General Information

**Country of incorporation and domicile**     **Botswana**

**Nature of business and principal activities** 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.

### Directors

Professor Dorothy Mpabanga	Board Chairperson - Appointed on 01 April 2021
Mr Norman T Moleele	Deputy Chairperson - Appointed on 01 April 2021
Mr Bonnie Jim	Appointed on 01 April 2021
Dr Kealeboga Bojosi	Appointed on 01 April 2021
Mr Madongo Direng	Appointed on 01 April 2021
Mr Molefi Keaja	Appointed on 01 April 2021
Mr Johannes Tshukudu	Appointed on 01 April 2021
Professor Agreement Lathi Jotia	Appointed on 01 April 2021
Mr Martin Gabobake	Appointed on 01 April 2021
Mr Samuel Rathedi	Appointed on 01 April 2021
Mr Boniface Tsheko	Appointed on 01 April 2021
Dr Tinaye Mmusi	Appointed on 01 April 2021
Mr Christopher M Diswai	Executive Director

### Registered office

Plot 21222/21254  
Giraffe Road  
Gaborone

### Bankers

Standard Chartered Bank Botswana Limited  
Stanbic Bank (Botswana) Limited

### Auditors

Deloitte & Touche

### Secretary

Ms Tswelelo Kebabile

## **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 2022, 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 5 to 7.

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.

## Directors' Responsibility statement for the financial statements

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 Government has provide a grant of P 31,148,280 for the year ended 31 March 2023. The centre has sufficient cash resources to fund current deficit. Please refer to Note 24 for further details.

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.

The financial statements set out on pages, 8 to 39 which have been prepared on the going concern basis, were approved by the board of directors on 30 March 2023 and are signed on its behalf by;



Director



Director

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

### Opinion

We have audited the financial statements of Botswana National Productivity Centre ("The Centre"), set out on pages 8 to 39 which comprise the statement of financial position as at 31 March 2022, 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, the financial statements give a true and fair view of the financial position of the Centre as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Centre in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

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.

### Emphasis of matter – Going concern

We draw attention to Note 24 in the financial statements, which indicates that the Centre has incurred a loss of P6 702 242 (2021: P5 044 951) for the year and that the Government has reduced its funding to the Centre in the current year to P29 645 370 from P34 559 760 in the 2021 financial year. As stated in the note, the Centre has sufficient resources to continue operating and settling its liabilities in the short term as and when they become due. Furthermore, as stated in the note, there has been no indication that the Government will cease funding the Centre in the foreseeable future. Based on this, management have concluded that the Centre will continue as a going concern for at least 12 months after the date of approval of the financial statements. Our opinion has not been modified in respect of this matter.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MINISTER OF JUSTICE PURSUANT TO SECTION 16(3) OF THE NATIONAL PRODUCTIVITY CENTRE ACT, 1993

#### 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; and
- The Centre has not complied with the requirement of Section 16(3c) to submit timely the audited financial statements within 6 months after the financial year or within such a longer period as the minister may approve as per Act. Extension has been obtained to 31 January 2023.

#### Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibility statement and statement of approval of the Financial Statements. The other information does 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 an audit opinion or 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 regard.

#### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of 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.



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

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

- Identify and assess the risks of material misstatement of the 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 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.

30 March 2023  
Gaborone

*Deloitte + Touche*

**Deloitte & Touche**

Firm of Certified Auditors

Practicing Member: Pragnaben Naik (CAP 007 2023)

## Statement of Financial Position as at 31 March 2022

Figures in Pula	Note(s)	2022	2021
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	5,667,475	6,116,349
Right-of-use assets	4	3,239,375	3,737,361
		<b>8,906,850</b>	<b>9,853,710</b>
<b>Current Assets</b>			
Inventories	5	261,773	451,434
Trade and other receivables	6	2,479,951	1,377,258
Cash and cash equivalents	7	15,316,716	23,069,173
		<b>18,058,440</b>	<b>24,897,865</b>
<b>Total Assets</b>		<b>26,965,290</b>	<b>34,751,575</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Revaluation reserve	8	4,155,152	4,155,152
Accumulated surplus		2,783,175	9,485,417
		<b>6,938,327</b>	<b>13,640,569</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	4	2,941,679	3,231,965
Capital grants	9	8,439,372	1,204,523
		<b>11,381,051</b>	<b>4,436,488</b>
<b>Current Liabilities</b>			
Trade and other payables	10	7,839,746	14,478,546
Lease liabilities	4	433,367	571,307
Project grants	11	372,799	1,624,665
		<b>8,645,912</b>	<b>16,674,518</b>
<b>Total Liabilities</b>		<b>20,026,963</b>	<b>21,111,006</b>
<b>Total Equity and Liabilities</b>		<b>26,965,290</b>	<b>34,751,575</b>

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	2022	2021
Revenue	12	33,854,139	37,745,892
Other operating income	13	485,124	373,757
Loss on disposals of assets		(55,550)	-
Movement in credit loss allowances		(128,533)	-
Administrative expenses		(40,372,647)	(44,597,681)
<b>Operating loss</b>	14	<b>(6,217,467)</b>	<b>(6,478,032)</b>
Finance income	15	287,691	580,117
Finance costs	16	(204,766)	(109,702)
Amortisation of capital grants		(567,700)	962,666
<b>Total comprehensive loss for the year</b>		<b>(6,702,242)</b>	<b>(5,044,951)</b>

## Statement of Changes in Equity

Figures in Pula	Revaluation reserve	Accumulated surplus	Total equity
Balance at 01 April 2020	4,155,152	14,530,368	18,685,520
Total comprehensive loss for the year		(5,044,951)	(5,044,951)
Balance at 01 April 2021	4,155,152	9,485,417	13,640,569
Total comprehensive loss for the year		(6,702,242)	(6,702,242)
Balance at 31 March 2022	4,155,152	2,783,175	6,938,327
Note(s)	8		

## Statement of Cash Flows

Figures in Pula	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	20	(13,538,668)	961,634
Interest income		287,691	580,117
Finance costs		(204,766)	(109,702)
<b>Net cash (to)/from operating activities</b>		<b>(13,455,743)</b>	<b>1,432,049</b>
<b>Cash flows (to)/from investing activities</b>			
Acquisition of property, plant and equipment	3	(567,870)	(997,352)
Proceeds from disposal of property, plant and equipment	3	3,600	-
<b>Net cash to investing activities</b>		<b>(564,270)</b>	<b>(997,352)</b>
<b>Cash flows from/(to) financing activities</b>			
Movement in capital grants		6,667,166	-
Payment on lease liabilities		(399,610)	(391,203)
<b>Net cash from/(to) financing activities</b>		<b>6,267,556</b>	<b>(391,203)</b>
<b>Total cash movement for the year</b>		<b>(7,752,457)</b>	<b>43,494</b>
Cash at the beginning of the year		23,069,173	23,025,679
<b>Total cash at end of the year</b>	7	<b>15,316,716</b>	<b>23,069,173</b>

## Summary of significant accounting policies

### 1. Basis of accounting

The financial statements have been prepared on a going concern basis, in Pula, which is the centre's financial currency. The financial statements have been prepared on the historical cost basis except for the revaluation of residential property and incorporate the following principal accounting policies which have been consistently followed in all material respects, and comply with operative International Financial Reporting Standards.

#### 1.1 Adoption of new and revised standards

In the current year, the Centre has adopted all the new and revised Standards issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2021. There has been no significant changes to the financial results of the Centre arising from the adoption of the revised standards and new interpretations. Other than improved presentation and disclosures, the adoption of these standards did not result in changes to the centre's accounting policies.

#### Critical accounting judgements and key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from the sources. Actual results may differ from these estimates.

#### Useful lives and residual values of plant and equipment

#### 1.2 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of the motor vehicle spare parts. This is usually when the spare parts have been delivered, legal title passed and the product accepted by the customer.

#### 1.3 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.

## Summary of significant accounting policies

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.

### 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:

- 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.
- 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.

## Summary of significant accounting policies

### 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:

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



## Summary of significant accounting policies

### 1.3 Financial assets and liabilities (continued)

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 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.

## Summary of significant accounting policies

### 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.

## 1.4 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

## Summary of significant accounting policies

### 1.4 Revenue (continued)

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 streams 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.

#### 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 straightline basis over the period of the lease.

### 1.5 Property, plant and equipment

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

Residential property is shown at fair value, based on periodic valuations by external independent valuers. The property is 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.

## Summary of significant accounting policies

### 1.5 Property, plant and equipment (continued)

Increase in the carrying amount arising on revaluation of residential property 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:

Item	Depreciation method	Average useful life
Lease Improvements		20 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
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.

## Summary of significant accounting policies

### 1.6 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.

## Summary of significant accounting policies

### 1.7 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.

### 1.8 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.

### 1.9 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.

### 1.10 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.

## Summary of significant accounting policies

### 1.10 Foreign Currency Translation (continued)

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.

### 1.11 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.

### 1.12 Related Parties

Related parties are defined as those parties:

- (a) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity;
  - 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.

### 1.13 Leasing

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.

#### As 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.

## Summary of significant accounting policies

### 1.13 Leasing (continued)

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 commencement 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.



## Summary of significant accounting policies

### 1.13 Leasing (continued)

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.

#### Right-of-use assets

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

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

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

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

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

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

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

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

## Summary of significant accounting policies

### As 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'.

## Notes to the Annual Financial Statements

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

<b>Standard/ Interpretation:</b>		<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Interest Rate Benchmark Reform Amendments to IFRS 4	- Phase 2:	01 January 2021	No impact
• Interest Rate Benchmark Reform Amendments to IFRS 7	- Phase 2:	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform Amendments to IFRS 9	- Phase 2:	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform Amendments to IFRS 16	- Phase 2:	01 January 2021	No impact
• Interest Rate Benchmark Reform Amendments to IAS 39	- Phase 2:	01 January 2021	The impact of the amendments is not material.
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16		01 June 2020	No impact

#### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2022 or later periods:

<b>Standard/ Interpretation:</b>		<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16		01 January 2020	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12		01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.		01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8		01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1		01 January 2023	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16		01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41		01 January 2022	Unlikely there will be a material impact

## Notes to the Annual Financial Statements

### 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2022 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Amendment to IFRS 9, IAS 39 and IFRS 4 and IFRS 16, Interest Rate Benchmark Reform - Phase 2	01 January 2021	The standard will have no material impact
• Annual Improvement to IFRS Standards 2018 - 2020: Amendments to IFRS 9	01 January 2022	The standard will have no material impact
• IFRS 17 Insurance Contracts	01 January 2023	The standard will have no material impact
• Annual Improvement to IFRS Standards 2018 - 2020: Amendments to IFRS 1	01 January 2022	The standard will have no material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The standard will have no material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The standard will have no material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The standard will have no material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	The standard will have no material impact

## Notes to the Annual Financial Statements

### 3. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	2,674,880	(2,381,729)	293,151	2,674,880	(2,286,187)	388,693
Furniture and fittings	2,959,860	(2,691,657)	268,203	2,995,998	(2,569,296)	426,702
Motor vehicles	2,243,896	(1,159,718)	1,084,178	2,243,896	(956,370)	1,287,526
Office equipment	3,102,204	(2,947,541)	154,663	3,008,831	(2,850,107)	158,724
IT equipment	2,285,321	(2,096,592)	188,729	2,347,931	(1,944,287)	403,644
Residential Property	2,895,000	(282,439)	2,612,561	2,895,000	(188,293)	2,706,707
Librarybooks	1,650,957	(1,600,727)	50,230	1,636,198	(1,577,937)	58,261
Lease Improvements	722,202	(108,330)	613,872	722,202	(36,110)	686,092
Capital - Work in progress	401,888	-	401,888	-	-	-
<b>Total</b>	<b>18,936,208</b>	<b>(13,268,733)</b>	<b>5,667,475</b>	<b>18,524,936</b>	<b>(12,408,587)</b>	<b>6,116,349</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals *	Depreciation	Total
Plant and machinery	388,693	-	-	(95,542)	293,151
Furniture and fixtures	426,702	-	-	(158,499)	268,203
Motor vehicles	1,287,526	-	-	(203,348)	1,084,178
Office equipment	158,724	93,373	-	(97,434)	154,663
IT equipment	403,644	57,850	(59,150)	(213,615)	188,729
Residential property	2,706,707	-	-	(94,146)	2,612,561
Librarybooks	58,261	14,759	-	(22,790)	50,230
Lease Improvements	686,092	-	-	(72,220)	613,872
Capital - Work in progress	-	401,888	-	-	401,888
	<b>6,116,349</b>	<b>567,870</b>	<b>(59,150)</b>	<b>(957,594)</b>	<b>5,667,475</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Plant and machinery	539,412	52,370	(203,089)	388,693
Furniture and fixtures	552,284	46,049	(171,631)	426,702
Motor vehicles	1,493,970	-	(206,444)	1,287,526
Office equipment	248,635	28,839	(118,750)	158,724
IT equipment	535,976	111,089	(243,421)	403,644
Residential property	2,800,854	-	(94,147)	2,706,707
Librarybooks	40,789	36,803	(19,331)	58,261
Lease Improvements	-	722,202	(36,110)	686,092
	<b>6,211,920</b>	<b>997,352</b>	<b>(1,092,923)</b>	<b>6,116,349</b>

## Notes to the Annual Financial Statements

### 3. Property, plant and equipment (continued)

#### \* Disposal

#### Furniture and Fixtures

	2022	2021
Cost	36,138	-
Accumulated depreciation	(36,138)	-
<b>NBV of furniture and fixtures disposed</b>	<b>-</b>	<b>-</b>

#### IT equipment

Cost	120,460	-
Accumulated depreciation	(61,309)	-
	<b>59,151</b>	<b>-</b>

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 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 22 for further detail.

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

Heading	2022	2021
Cost	795,729	795,729
Accumulated depreciation	(795,729)	(795,729)
	<b>-</b>	<b>-</b>

### 4. Leases (As lessee)

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.

The Centre also leases an office complex in Gaborone . Leases are negotiable for an average term of 50 years and rentals are fixed for an average of five years after which they are reviewed to open market value.

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

## Notes to the Annual Financial Statements

### 4. Leases (As lessee) (continued)

2022 Right of use assets	Opening carrying value	Additions	Depreciation	Closing carrying value
Francistown office building	966,539	-	(414,196)	552,343
Gaborone office complex	2,770,822	(28,613)	(55,177)	2,687,032
	<b>3,737,361</b>	<b>(28,613)</b>	<b>(469,373)</b>	<b>3,239,375</b>

2021 Right of use assets	Opening carrying value	Additions	Depreciation	Closing carrying value
Francistown office building	974,426	401,390	(409,277)	966,539
Gaborone office complex	-	2,789,389	(18,567)	2,770,822
	<b>974,426</b>	<b>3,190,779</b>	<b>(427,844)</b>	<b>3,737,361</b>

2022 Lease liabilities	Opening carrying value	Remeasurements	Interest	Payments	Closing carrying value
Francistown office building	1,017,789	-	61,695	(449,176)	630,308
Gaborone office complex	2,771,177	(14,307)	143,071	(155,202)	2,744,739
	<b>3,788,966</b>	<b>(14,307)</b>	<b>204,766</b>	<b>(604,378)</b>	<b>3,375,047</b>

2021 Lease liabilities	Opening carrying value	Remeasurements	Payments	Closing carrying value
Francistown office building	1,003,697	401,390	(387,298)	1,017,789
Gaborone office complex	-	2,775,082	(3,905)	2,771,177
	<b>1,003,697</b>	<b>3,176,472</b>	<b>(391,203)</b>	<b>3,788,966</b>

#### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2022	2021
Buildings	3,239,375	3,737,361

#### Additions to right-of-use assets

Buildings	-	3,190,779
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#### Depreciation recognised on right-of-use assets

Leasehold property	469,372	427,844
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#### Other disclosures

Interest expense on lease liabilities	204,766	109,702
Total cash outflow from leases	604,378	500,905
Adjustments made to the ROU	(28,613)	-

## Notes to the Annual Financial Statements

### 4. Leases (As lessee) (continued)

#### Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2022	2021
Within one year	604,379	604,375
Two to five years	379,791	1,412,342
More than five years	6,556,108	6,932,401
	<b>7,540,278</b>	<b>8,949,118</b>
Non-current liabilities	2,941,679	3,231,965
Current liabilities	433,367	571,307
	<b>3,375,046</b>	<b>3,803,272</b>

For Gaborone office complex, Botswana National Productivity Centre has entered lease agreement with The Government of The Republic of Botswana for a period of 50 years starting from 1st December 2020. Botswana National Productivity Centre have an option to purchase the leased premises at any time during the lease period. The Centre recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The rentals are fixed for an average of five years after which they are reviewed to open market value.

#### The Centre as a lessor

Operating lease relates to the restaurant facility within the Centre's Complex in Gaborone leased out 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.

#### Lease income received

Contractual revenue	318,421	166,964
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The future aggregate minimum lease income under non-cancellable operating lease arrangements are as follows:

Not later than 1 year	352,334	260,526
Between two and five years	217,325	154,386
	<b>569,659</b>	<b>414,912</b>

### 5. Inventories

Stores and consumables	261,773	451,434
Opening balance of inventory	451,434	351,939
Add: Purchases	438,124	281,680
Less: Inventory (write-downs)/ write-ups	(227,669)	(88)
Less: Closing balance of inventory	(261,773)	(451,434)
<b>Inventories recognised as an expense during the year</b>	<b>400,116</b>	<b>182,097</b>



## Notes to the Annual Financial Statements

### 6. Trade and other receivables

	2022	2021
<b>Financial instruments:</b>		
Trade receivables	3,492,515	2,132,881
Less: provision for impairment	(1,222,017)	(1,093,484)
Trade receivables at amortised cost	2,270,498	1,039,397
Deposits and prepayments	79,916	275,179
Other receivables	172,332	105,477
Less: provision for impairment	(42,795)	(42,795)
<b>Total trade and other receivables</b>	<b>2,479,951</b>	<b>1,377,258</b>

The Centre has credit terms of 30 days (2020: 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.

#### Reconciliation of impairment loss for trade and other receivables

##### Trade receivables

Opening loss allowance	1,093,484	1,237,159
Increase/(decrease) in receivables loss allowance during the period	128,533	(143,675)
	<b>1,222,017</b>	<b>1,093,484</b>

##### Other receivables:

Balance at the end of the period	42,795	42,795
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#### Split between non-current and current portions

Current assets	2,479,951	1,377,258
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#### Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2,479,951	1,377,258
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#### Exposure to 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 2022, 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. The centre has credit terms of 30 days (2021: 30 days) after which amounts are considered to be past due.

## Notes to the Annual Financial Statements

### 6. Trade and other receivables (continued)

#### Exposure to credit risk (continued)

The carrying amounts of trade and other receivables are reasonable approximation of their fair value 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 the administrative expenses in the statement of comprehensive income. The amounts charged to allowance accounts are generally written off, when there is no expectation of additional cash.

#### Exposure to currency risk

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

Amount	2022	2021
Pula	2,479,951	1,377,258

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	3,972	2,941
Bank balances	8,168,420	3,529,463
Short-term deposits	3,293,884	13,494,690
Gratuity investment and trust account	3,850,440	6,042,079
	<b>15,316,716</b>	<b>23,069,173</b>

The gratuity trust account balance as at 31 March 2022 and 31 March 2021 is P17, which is included in Gratuity investment and trust account.

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

	2022	2021	Total
Cash at bank	15,312,744	23,066,232	38,378,976
Cash on hand	3,972	2,941	6,913
	<b>15,316,716</b>	<b>23,069,173</b>	<b>38,385,889</b>

### 8. Revaluation reserve

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

	2022	2021
Balance at beginning and end of the period	4,155,152	4,155,152

## Notes to the Annual Financial Statements

### 9. Capital grant

	2022	2021
Capital grants	1,554,059	584,471
Unutilised capital grants	6,885,313	620,052
	<b>8,439,372</b>	<b>1,204,523</b>

#### 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.

In the prior years depreciation was credited to the capital grant on all assets instead of capital grant funded assets only (2019:P59,607, 2020:P307,944, 2021:P502,873). This has been adjusted for in the current year.

	2022	2021
Capital grants at beginning of year	584,471	1,547,137
Amortisation of capital grants	626,850	(962,666)
Transfer to income on disposal of property, plant and equipment	(59,150)	-
Additions during the year	401,888	-
	<b>1,554,059</b>	<b>584,471</b>

#### 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.

	2022	2021
Unutilised capital grants at the beginning of the year	620,052	620,052
Grants received	6,667,149	-
Grants utilised	(401,888)	-
<b>Unutilised capital grants at end</b>	<b>6,885,313</b>	<b>620,052</b>

### 10. Trade and other payables

#### Financial instruments:

	2022	2021
Trade payables	65,729	258,982
Provisions	-	9,421,073
Accrued expense	1,472,780	1,655,345
Paye payable	-	2,666,804
Other payables	383,467	476,342

#### Non-financial instruments:

Provisions	5,900,750	-
Paye payable	5,654	-
VAT	11,366	-
	<b>7,839,746</b>	<b>14,478,546</b>

## Notes to the Annual Financial Statements

### 10. Trade and other payables (continued)

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 (2021:30 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.

#### 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.

#### Financial instrument and non-financial instrument components of trade and other payables

	2022	2021
At amortised cost	1,921,976	14,478,535
Non-financial instruments	5,917,770	-
	<b>7,839,746</b>	<b>14,478,535</b>

### 11. Project Grants

Year ended 31 March 2022	Balance at beginning of year	Funds received	Reclassification	Expenditure	Balance at end of year
Maintenance Project	219,501	-	-	-	219,501
Botswana Quality Workforce	6,545	-	-	-	6,545
Work Ethic Project	146,753	-	-	-	146,753
ICT Project	1,251,866	-	(1,251,866)	-	-
	<b>1,624,665</b>	<b>-</b>	<b>(1,251,866)</b>	<b>-</b>	<b>372,799</b>

Year ended 31 March 2021	Balance at beginning of year	Funds received	Transfers	Expenditure	Balance at end of year
Maintenance Project	219,501	-	-	-	219,501
Botswana Quality Workforce	6,545	-	-	-	6,545
Work Ethic Project	193,185	-	-	(46,432)	146,753
ICT Project	1,251,866	-	-	-	1,251,866
	<b>1,671,097</b>	<b>-</b>	<b>-</b>	<b>(46,432)</b>	<b>1,624,665</b>

## Notes to the Annual Financial Statements

### 12. Revenue

#### Revenue from contracts with customers

	2022	2021
Grant received	30,897,234	34,559,760
Sale of services	2,956,905	3,186,132
	<b>33,854,139</b>	<b>37,745,892</b>

#### Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Grant received	30,897,234	34,559,760
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#### Rendering of service

Sale of service	2,956,905	3,186,132
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#### Total revenue

<b>33,854,139</b>	<b>37,745,892</b>
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#### Timing of revenue recognition

##### At a point in time

Sale of services	2,384,164	2,383,243
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##### Over time

Sale of services	572,741	802,889
Grants received	29,645,370	34,559,760
Reclassification from Grant in advance -ICT project	1,251,864	-

<b>31,469,975</b>	<b>35,362,649</b>
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#### Total revenue from contracts with customers

<b>33,854,139</b>	<b>37,745,892</b>
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#### Analysis of revenue

##### By major product/service lines

Consulting	572,741	761,487
Course fees	865,235	1,281,517
Accommodation	1,401,467	1,060,000
Conference facilities	117,462	41,726
Project income	-	41,402

#### Total

<b>2,956,905</b>	<b>3,186,132</b>
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#### Nature of balances

Contract asset(Unbilled revenue)	189,051	17,544
Contract asset(Unbilled revenue)	-	294,737

#### Contract liability(Deferred revenue)

<b>189,051</b>	<b>312,281</b>
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### 13. Other operating income

Rental income	318,421	166,964
Other income	166,703	206,793
	<b>485,124</b>	<b>373,757</b>

## Notes to the Annual Financial Statements

### 14. Operating loss

Operating loss for the year is stated after charging (crediting) the following, amongst others:

	2022	2021
<b>Auditor's remuneration - external</b>		
Audit fees	309,765	229,733
<b>Remuneration, other than to employees</b>		
Consulting, legal and professional services	606,025	60,089
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	25,733,072	30,670,161
Short-term benefit -Long service award	1,550	97,566
Short-term benefit - Staff Gratuity	2,126,148	2,670,336
<b>Total employee costs</b>	<b>27,860,770</b>	<b>33,438,063</b>
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	957,594	1,092,923
Depreciation of right-of-use assets	469,372	427,844
<b>Total depreciation and amortisation</b>	<b>1,426,966</b>	<b>1,520,767</b>

### Expenses by nature

The total selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2022	2021
Auditors' remuneration - Current year	250,000	211,994
- Prior year	59,765	17,739
Board expenses	512,099	273,001
Depreciation - Property, plant and Equipment	1,371,790	1,092,923
Depreciation - Right of use assets	55,174	427,844
Hire of equipment	432,978	365,618
Remuneration paid to directors and key management	5,045,814	7,360,242
Repairs and maintenance	754,089	777,787
Staff cost	22,814,956	26,077,821
Project expenses	1,885,564	2,175,618
Insurance	656,023	655,172
Travel	126,973	89,200
Computer expenses	174,417	240,281
Utilities	1,078,159	654,775
Other expenses	5,154,846	4,177,666
	<b>40,372,647</b>	<b>44,597,681</b>

### 15. Finance income

	2022	2021
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Bank and other cash	287,691	580,117

## Notes to the Annual Financial Statements

### 16. Finance costs

	2022	2021
Lease liabilities	204,766	109,702

### 17. Employee costs

	2022	2021
Employee costs		
Basic	22,888,936	27,605,068
Medical aid - company contributions	1,093,232	1,206,974
Pension fund	1,711,904	1,834,119
Leave pay provision charge	39,000	24,000
Short-term benefit - Long Service Award	1,550	97,566
Short-term benefit - Staff Gratuity	2,126,148	2,670,336
	<b>27,860,770</b>	<b>33,438,063</b>

### 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.

### 18. Depreciation, amortisation and impairment losses

	2022	2021
Depreciation		
Property, plant and equipment	957,594	1,092,923
Right-of-use assets	469,372	427,844
	<b>1,426,966</b>	<b>1,520,767</b>

### 19. Financial instruments and risk management

#### 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.

## Notes to the Annual Financial Statements

### 19. Financial instruments and risk management (continued)

#### Categories of financial assets

##### 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	2,479,953	2,479,953	2,479,953
Cash and cash equivalents	7	15,316,716	15,316,716	15,316,716
		<b>17,796,669</b>	<b>17,796,669</b>	<b>17,796,669</b>

##### 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	1,102,079	1,102,079	1,377,258
Cash and cash equivalents	7	23,069,173	23,069,173	23,069,173
		<b>24,171,252</b>	<b>24,171,252</b>	<b>24,446,431</b>

#### Categories of financial liabilities

##### 2022

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	10	8,462,962	-	8,462,962	8,462,962
Finance lease obligations	4	-	3,375,046	3,375,046	3,776,833
		<b>8,462,962</b>	<b>3,375,046</b>	<b>11,838,008</b>	<b>12,239,795</b>

##### 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	10	5,057,473	-	5,057,473	5,057,473
Finance lease obligations	4	-	3,803,272	3,803,272	3,803,272
		<b>5,057,473</b>	<b>3,803,272</b>	<b>8,860,745</b>	<b>8,860,745</b>

### 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



## Notes to the Annual Financial Statements

### 19. Financial instruments and risk management (continued)

		2022	2021
Lease liabilities		3,375,046	3,803,272
Trade and other payables	10	7,839,746	14,478,546
<b>Total borrowings</b>		<b>11,214,792</b>	<b>18,281,818</b>
Cash and cash equivalents	7	(15,316,716)	(23,069,173)
<b>Net shortfall</b>		<b>(4,101,924)</b>	<b>(4,787,355)</b>
Equity		7,176,760	13,640,569
Gearing ratio		(57)%	(35)%

### Financial risk management

#### 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 2022, 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.

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.

#### 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;

## Notes to the Annual Financial Statements

### 19. Financial instruments and risk management (continued)

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.

#### 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.

#### Price risk

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

#### 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.

#### 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.

### 20. Cash (used in)/generated from operations

	2022	2021
Operating deficit	(6,702,242)	(5,044,951)
<b>Adjustments for:</b>		
Depreciation and amortisation	1,426,966	1,520,767
Loss on disposal of assets	55,550	-
Amortisation of capital grants	567,700	(962,666)
Interest income	(287,691)	(580,117)
Finance costs	204,766	109,702
Net impairments and movements in credit loss allowances	128,533	-
<b>Changes in working capital:</b>		
Inventories	189,661	(99,495)
Trade and other receivables	(1,231,228)	98,686
Trade and other payables	(6,638,817)	5,966,140
Project grants	(1,251,866)	(46,432)
	<b>(13,538,668)</b>	<b>961,634</b>

## Notes to the Annual Financial Statements

### 21. Related parties

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.

#### Related party transactions

	2022	2021
<b>Sales of services to related parties</b>		
Ministry of Employment, Labour Productivity and Skills Development	64,260	5,025
<b>Recurrent Grant received from related party</b>		
Ministry of Employment, Labour Productivity and Skills Development	29,645,370	34,513,328
<b>Remuneration paid</b>		
Remuneration paid to key management	4,265,199	6,161,279
<b>Pension costs</b>		
Pension costs for key management personnel	71,977	71,977
<b>Gratuity costs</b>		
Gratuity costs for key management personnel	708,638	1,126,986
<b>Board sitting fees</b>		
Board sitting fees paid to board members	241,605	146,790
<b>Balance due to related party</b>		
Provision for employee benefits for key management personnel	1,466,759	2,964,002

### 22. Government Land and Building

The Centre has since inception been using land and buildings provided by the Government of Botswana for administrative purposes. The Centre has since entered into a 50 year renewable lease with the Government which commenced on 01 December 2020.

### 23. Taxation

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.

## Notes to the Annual Financial Statements

### 24. Going concern

The outbreak of Coronavirus Covid-19 which was declared a pandemic by The World Health Organisation (WHO) has affected economic activity and the Centre's business in various ways:

- The reduction of economic activity and implementing of social distancing measures 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 who have implemented cost containment measures.
- The Centre has incurred a loss for the year of P6 702 242 (2021: P5 044 951). Due to emerging resource needs arising from the Government's COVID 19 response, the Centre's grant for the financial year 2022 was further reduced from P34 559 760 (in 2021) to P29 645 370. 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 the Centre's going concern status.

In light of the above management has assessed the appropriateness of the use of going concern assumption in the preparation of these financial statements. Based on the assessment performed, management is of the view that the significant doubt associated with the current uncertainties currently does not result in material uncertainty related to such events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. The Centre will continually closely monitor and manage its cash flows.

### 25. Events after the reporting period

There were no material events that occurred after the reporting period that requires disclosure or adjustment to the financial statements.

## Detailed Income Statement

Figures in Pula	Note(s)	2022	2021
<b>Revenue</b>			
Grant received		30,897,234	34,559,760
Sale of services		2,956,905	3,186,132
	12	<b>33,854,139</b>	<b>37,745,892</b>
<b>Other operating income</b>			
Rental income		318,421	166,964
Other income		166,703	206,793
	13	<b>485,124</b>	<b>373,757</b>
<b>Other operating gains (losses)</b>			
Loss on disposal of assets		(55,550)	-
Movement in credit loss allowances	14	(128,533)	-
<b>Expenses (Refer to page 41)</b>		<b>(40,372,647)</b>	<b>(44,597,681)</b>
<b>Operating loss</b>	14	<b>(6,217,467)</b>	<b>(6,478,032)</b>
Finance income	15	287,691	580,117
Finance costs	16	(204,766)	(109,702)
Amortisation of capital grants and transfer to income on disposal of asset		(567,700)	962,666
<b>Total comprehensive loss for the year</b>		<b>(6,702,242)</b>	<b>(5,044,951)</b>

## Detailed Income Statement

Figures in Pula	Note(s)	2022	2021
<b>Other operating expenses</b>			
Advertising		497,151	347,857
Auditor's remuneration	14	309,765	229,733
Bank charges		30,190	23,308
Board expenses		512,099	273,001
Cleaning		210,065	134,184
Computer expense		174,417	240,281
Consulting fees		578,256	-
Depreciation		1,426,966	1,520,767
Employee costs	17	27,860,770	33,438,063
General expenses		36,431	112,532
Hire of equipment		432,978	365,618
Insurance		656,023	655,172
Legal expense		27,769	60,089
Participants catering		49,240	185,899
Petrol and oil		332,874	127,158
Postage		20,596	2,788
Printing and stationery		296,097	294,563
Project expense		1,885,564	2,175,618
Promotions		69,237	681,412
Recruitment expenses		-	98,998
Repairs and maintenance		754,089	777,787
Security costs		202,642	326,875
Staff welfare		349,727	33,874
Stock Adjustments & Write-off		224,662	-
Subscriptions		1,310,850	1,456,405
Sundry expenses		3,654	-
Tax penalties		474,326	-
Telephone expenses		421,595	283,672
Training-Staff		19,482	8,052
Travel expenses		126,973	89,200
Utilities		1,078,159	654,775
		<b>40,372,647</b>	<b>44,597,681</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited



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