ANNUAL REPORT
2020/21

Botswana Institute for Development Policy Analysis

Providing evidence–based
socio-economic policy advice
and related capacity building

Botswana Institute for Development Policy Analysis

Annual Report 2020/21

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BIDPA
CORPORATE PROFILE

The Botswana Institute for Development Policy Analysis (BIDPA) was established in 1995 following a Presidential Directive (CAB. 9/94). It is registered as a Trust. It was established as a partnership between the Africa Capacity Building Foundation (ACBF) and the Government of Botswana. The ACBF established a number of these think tanks across the African continent because of the serious capacity challenges at the time, particularly in policy analysis.

OUR STRATEGIC DIRECTION

We strive to become the centre of excellence for policy research, analysis and capacity building driven by commitment to our core values

OUR LONG-TERM STRATEGIC FOCUS

We are committed to ensuring that our research output adheres to the highest quality standards and supports the accomplishment of national priorities.

OUR MANDATE

- Research, publishing, and development policy analysis
- Capacity building and professional training
- Consultancy services, primarily for government, parastatals and non-governmental organisations
- Promote and lead discussions in policy issues

The five units that make up BIDPA are the following:

- Macroeconomics and Development
- Trade, Industry and Private Sector Development
- Human and Social Development
- Environment, Agriculture and Natural Resources
- Governance and Administration

VISION

To become a renowned policy research institute in Africa

MISSION

To provide evidence-based socio-economic policy advice and related capacity building

OUR STRATEGIC OBJECTIVES

In order to deliver on our strategy, we have identified key strategic objectives outlined below:

OUR OBJECTIVES

To promote and conduct research, analysis and publication on development policy issues of relevance to Botswana and the Southern African region.

To monitor the performance of the Botswana economy and the management of public policy implementation, especially with regard to the implication for economic and social development.

To offer advice and consultancy services to agencies of Government and other clients under suitable contractual and other arrangements.

To provide technical and financial assistance, directly or indirectly, to individuals and organizations in Botswana as deemed desirable for purposes of facilitating policy analysis.

To assist professional training and public education of Botswana citizens in matters relating to policy analysis, and encourage collaboration between expatriates and local professionals in these matters in ways that build or augment national capacities for performance and understanding of policy analysis.

To employ staff members who will themselves, or jointly with other organizations or qualified people, carry out research, consultancy, training and education projects, including arrangement and management of contractual relationships designed to facilitate such activities by persons affiliated with the Institute.

To present or publish, as the case may be, the outcome of its policy analysis, orally or in writing, to individuals, organizations or the general public .

To mobilize and administer funds to be used for the achievement of the objectives and performance of the functions of the Institute.

CHAIRMAN'S REPORT

During the reporting period, the Board presided over the process of amending the BIDPA Deed of Trust to align it to the requirements of the Trust Property Control Act No 11 of 2018 (As Amended).

It is my pleasure to present the 2020-21 Annual Report. It was a challenging year for the BIDPA Board of Trustees whose composition underwent numerous changes due to the retirement of some board members. As a result, this also affected the constitution of the board committees. Despite these challenges, the Board persevered to perform its oversight role. The Board oversaw and supported the BIDPA Management on issues relating to the running of the Institute and deliberated on relevant matters including current business position, resource mobilization for sustainability, risk situation, risk management and improvements to compliance.

During the reporting period, the Board presided over the process of amending the BIDPA Deed of Trust to align it to the requirements of the Trust Property Control Act No 11 of 2018 (As Amended). The Board also concurred with the auditor's findings and approved the 2020-21 financial statements that were presented in November 2020. The Board complied with its disclosure obligations, which are set out in the Institute's statutory instruments. To keep track and improve our performance, the Board approved the secretariat's request to engage a consultant who will develop the board assessment tool.

We look forward to the commencement of the consultancy during the 2021-22 financial year. The Board held all the planned meetings with an average attendance rate of more than 85% and resolutions on urgent matters were adopted either in writing or electronically despite challenges and restrictions brought by Covid-19. To ensure continuity, two Board members were appointed and inducted to replace those who retired. Another three members were trained on the Trust Property Control Act No 11 of 2018 (As Amended) in March 2021.

The year was not without challenges. Lack of funding continues to threaten the quality of the Institute's research output by hampering its ability to attract and retain skilled policy analysts who can propose solutions to critical, social and political challenges facing our country. The situation has been exacerbated by the COVID-19 pandemic which has further slashed government support to the institute. We remain steadfast and hopeful for better prospects in the coming financial year.

The role of BIDPA within Botswana's development agenda cannot be underestimated, especially at the time when the country is gearing towards transitioning to a Knowledge Based Economy and aiming to attain high income status. BIDPA's strategic relevance and significance as a think tank remains even higher as policy analysis and evidence based policy-making remain the vital tools required to make better decisions and achieve better outcomes by drawing upon the best available evidence from research.

I would like to particularly thank board members, current and those whose term ended during the financial year for their contributions and oversight that enabled me to do my work. Let me also take this opportunity to thank the Acting Executive Director Dr Gloria Somolekae who did not hesitate to step in and steer the ship after the departure of the then Executive Director a few months into the financial year. My sincere gratitude also goes to the rest of BIDPA management and employees for their hard work. Despite the unprecedented challenges brought by the pandemic, they demonstrated resilience and personal commitment to their work. It has been my pleasure to serve this esteemed Institution.

Le kamoso Bagaetsho.

Mr Daniel Molaodi
Board Chairperson

MESSAGE FROM THE ACTING EXECUTIVE DIRECTOR

I am happy to announce that BIDPA carried out a number of key studies and consultancies, some of which were completed while others were still ongoing during the reporting period. These studies are key in providing evidence for government when formulating policies.

The financial year 2020-21 was a year like no other. We found ourselves in an uncharted territory of navigating the constraints posed by the pandemic while at the same time striving to exceed our set objectives. Research involves travel and human interaction, both of which were restricted as a way of containing the spread of COVID-19.

Despite this situation, BIDPA continued as the preferred service provider of choice and was awarded a record number of consultancies by government and parastatals. To further strengthen its position, more efforts are ongoing to increase our brand visibility and ensure we remain favourable in the eyes of our potential stakeholders and partners.

I am happy to announce that BIDPA carried out a number of key consultancies, some of which were completed while others were still ongoing during the reporting period. These studies are key in providing evidence for government when formulating policies.

I am particularly delighted to announce that one of our flagship projects; the study titled Transitioning Botswana to the Knowledge Based Economy commissioned by BIDPA at the beginning of the financial year is progressing well. Once completed, the findings will provide a clear picture on the country's readiness towards a Knowledge Based Economy, therefore changing the country's trajectory towards its aspirations of high income status. The study will also position the institute as a hub of knowledge to facilitate total transformation and reset. This is even more relevant as the formulation of National Development Plan 12 process unfolds.

It is regrettable that the challenges brought about by the COVID-19 pandemic further stretched the institute's already limited resources, resulting in the suspension of a number of planned projects including the mid-term review of the strategic plan, the skills audit, short-term training and the development of the succession plan. These add to the already existing challenges of capacity.

The institute currently operates with a limited capacity at senior level. However, we believe our focus on finding new revenue streams to augment government funding will strengthen our resilience. These include resuscitating old partnerships and forging new ones as well as exploring collaborations with various institutions locally, regionally and internationally.

To further strengthen our resilience and absorb external shocks, the institute was able to migrate to digital platforms, thereby enabling its employees to work remotely, increase efficiency in communication and collaboration within research teams. The institute has also digitised the data collection process. This has led to the reduction of time spent to collect, capture and analyse data while improving the quality of data collected. As a result, the institute has realised cost reduction due to digitisation of these processes.

Meanwhile, BIDPA continued to provide in-depth analysis and policy direction in public forums such as The National Budget Speech, State of the Nation address, National Vision 2036 live sessions while BIDPA researchers continued to serve on various technical committees and Boards of State Owned Enterprises.

I would like to sincerely thank the BIDPA Board and employees for their ongoing support as we strengthen the institute to become more resilient and sustainable.

Dr G. Somolekae, PHD
Acting Executive Director

STRATEGIC LEADERSHIP

During the period under review,
BIDPA continued to lead in national policy debates
and participated in various public forums.

Botswana Institute
for Development
Policy Analysis

BIDPA BOARD OF TRUSTEES

The Board of Trustees, constituted in terms of the Deed of Trust of 1995, is responsible for providing policy direction to the institute. The membership of the current Board is institutionally based.

BIDPA is governed by a Board of Trustees whose work is carried out through various committees. There are 7 members of the Board and the Executive Director is an ex-officio member and secretary to the Board.

There are four subcommittees of the Board: Finance, Risk and Audit Committee, Tender and Procurement Committee, Research Committee and Human Resource Committee. The Finance,Risk and Audit Committee deals with and advises on financial policies of the Institute and related matters. The Tender and Procurement Committee focuses on procurement policy issues, while the Human Resource Committee deals with policies related to employees of the organization. The Research Committee is responsible for formulating and monitoring the BIDPA research agenda.

“There are four subcommittees of the Board, Finance, Risk and Audit, Tender and Procurement, Human Resources and Research”

CORPORATE GOVERNANCE

BOARD OF TRUSTEES

During the period under review, the composition of the BIDPA Board underwent numerous changes. Following the retirement of Dr O.C Kereteletswe in May 2020, the Board Secretary and the then Executive Director Dr T.B Seleka retired in October 2020. The Board then saw the appontiment of Ms Goaba Mosienyane in September 2020.
January 2021 saw the retirement of the Board Chairperson Mr A. Motsumi and Mr K.Ndobano. Following the departure of Mr Motsumi, Mr D. Molobe took over the reins and acted as the Board chairperson until the appointment of Mr D. Molaodi. On the other hand, two board members, Dr K. Masalila and Mrs J. Sajembe were appointed but delayed in resuming their oversight responsibilities pending clearance by the Master of the High Court as per the requirements.

MR D. MOLAODI
Chairperson

DR K. MASALILA
Member

Ms G. MOSIENYANE
Member

MRS J. SAJEMBE
Member

MR D. MOLOBE
Member

DR G. SOMOLEKAE
Acting Executive Director

SUB COMMITTEES

There are four sub-committees of the Board: Research Committee, Finance, Risk and Audit Committee, Tender and Procurement Committee, and Human Resource Committee. The Finance, Risk and Audit Committee deals with and advices on financial policies of the Institute and related matters. The Tender and Procurement Committee focuses on procurement policies, while Human Resource Committee deals with policies related to employees of the organization.The Research Committeee is responsible for formulating and monitoring the BIDPA research agenda.

FINANCE, RISK AND AUDIT COMMITTEE

MR D. MOLOBE
(Chairperson)

MR D. MOLAODI
(Member)

Ms R. MGADLA
(Member)

Ms D. RAMPHALENG
(Member)

HUMAN RESOURCES COMMITTEE

MR D. MOLAODI
(Chairperson)

Dr O. C. KERETELETSWE
(Retired Member)

MR K. NDOBANO
(Retired Member)

Ms M. MOLEBATSI
(Member)

Ms W. RAMAPHOI
(Member)

RESEARCH COMMITEE

Dr O. C. KERETELETSWE
(Retired Chairperson)

MR D. MOLOBE
(Member)

MR D. MOLAODI
(Member)

Prof T. MAUNDENI
(Member)

TENDER AND PROCUREMENT COMMITEE

MR K. NDOBANO
(Retired Chairperson)

MR D. MOLOBE
(Member)

MR L. TLHALERWA
(Member)

Ms K. KELONEILWE
(Member)

MR Z. MMOLAWA
(Member)

MANAGEMENT COMMITTEE

DR G. SOMOLEKAE
(Acting Executive Director)

The BIDPA Management Committee comprises the Executive Director, the Programme Coordinator, Finance Manager, Human Resources Manager, the Knowledge Management and Dissemination Manager, Information Technology Manager and all Senior Research Fellows. The Executive Director (ED) is appointed by Board of Trustees. The ED has everyday management responsibility for all activities of the Institute. Senior Research Fellows are heads of the research units of the Institute. Non-research managers are responsible for Information and Technology, Finance, Programme Coordination, Knowledge Management and Human Resources.

Ms B.R SIWAWA-MOEPENG
(Finance Manager)

Ms B. WADIKONYANA
(HR and Admin Manager)

PROFESSOR P. MALOPE
Senior Research Fellow,
(Environment, Agriculture and Natural Resources)

MS W. TIRELO
(Program Coordinator)

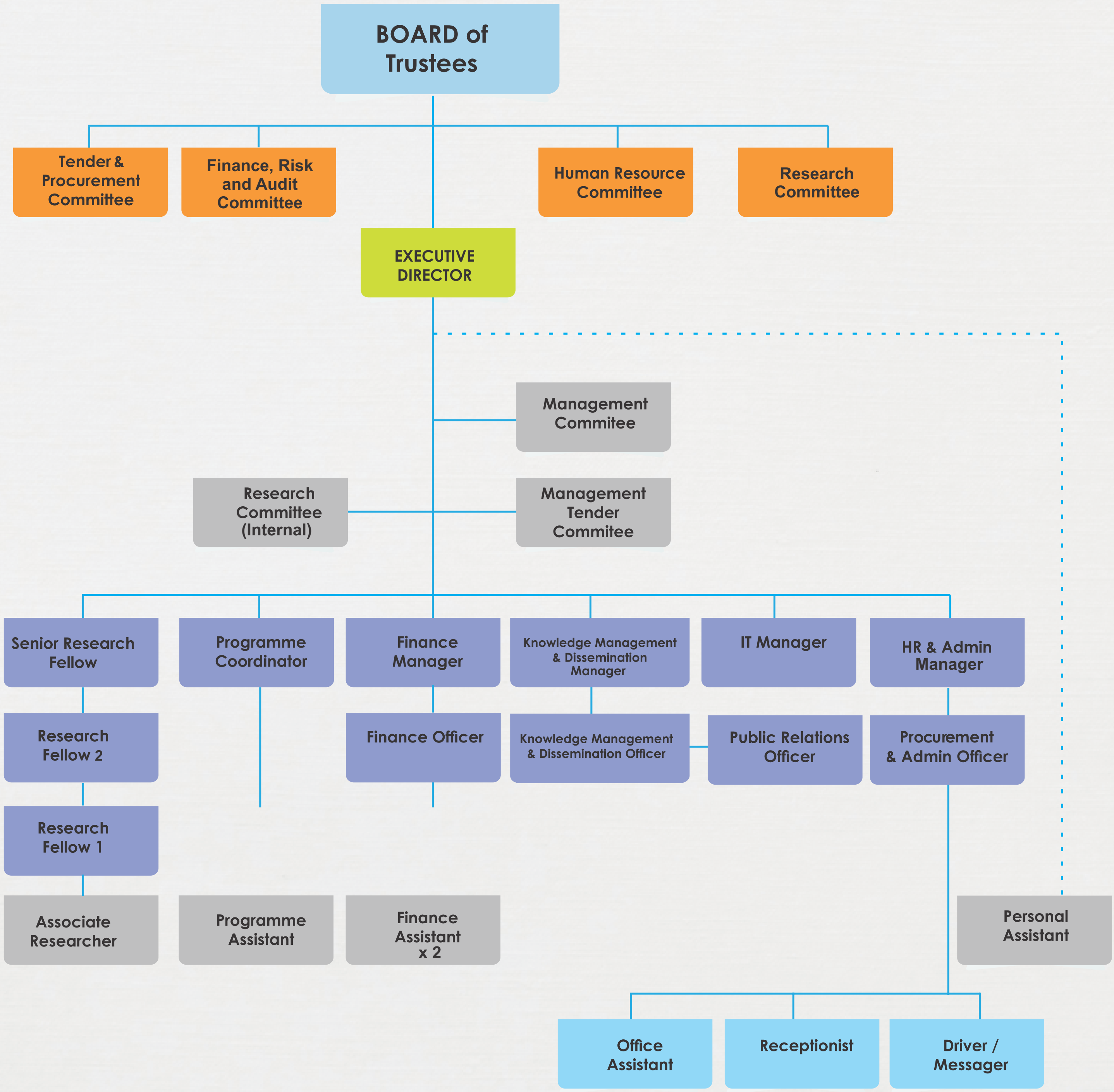
Ms P. NTOKWANE
(Knowledge Management and Dissemination Manager)

MR M. MADISA
(IT Manager)

DR K. MMOLAINYANE
Acting Senior Research Fellow,
(Macroeconomics and Development)

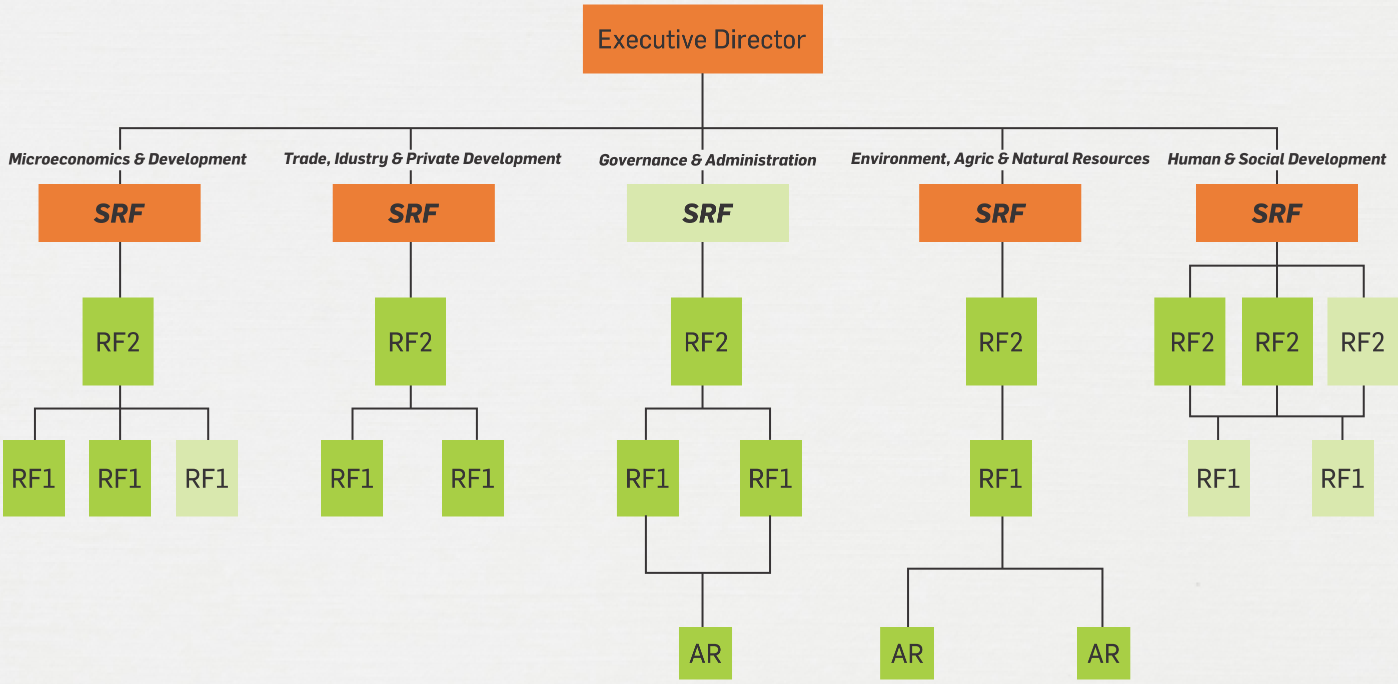
DR P. KEBAKILE
Acting Senior Research Fellow,
(Trade, Industry and Private Sector Development)

ORGANOGRAM


BOARD of Trustees
Tender & Procurement Committee
Finance, Risk and Audit Committee
Human Resource Committee
Research Committee
EXECUTIVE DIRECTOR
Management Commitee
Research Committee (Internal)
Management Tender Commitee
Senior Research Fellow
Programme Coordinator
Finance Manager
Knowledge Management & Dissemination Manager
IT Manager
HR & Admin Manager
Research Fellow 2
Finance Officer
Knowledge Management & Dissemination Officer
Public Relations Officer
Procurement & Admin Officer
Research Fellow 1
Associate Researcher
Programme Assistant
Finance Assistant x 2
Personal Assistant
Office Assistant
Receptionist
Driver / Messager

BIDPA
Research Establishment

ORGANOGRAM



KEY:

- vacant position
- an PhD. study leave
- filled position

SRF - Senior Research Fellow (PhD. Holder)
RF2 - Research Fellow 2 (PhD. Holder)
RF1 - Research Fellow 1
AR - Advocate Researcher

OUR PERFORMANCE AT A GLANCE

2020-21 was, in many ways, a year like no other. As the COVID-19 threatened lives and brought uncertainty, the Institute mobilised resources to safeguard its employees in order to keep operations running. Below is our performance at a glance

BIDPA provided in-depth analysis and policy direction in public forums such as The National Budget Speech, State of the Nation address, National Vision 2036.

Dr Kelesego Mmolainyane at the launch of the; Preconditions for Botswana's transition to a Knowledge Based Economy study

Dr Pinkie Kebakile analysing the 2020-21 State of the Nation Address

Research

BIDPA remains the trusted brand in Botswana's policy analysis scene and remains the go-to place for balanced and informed policy analysis.

The institute undertook a number of large scale research projects on behalf of government which will contribute significantly to policy formulation or review in the country. One such project was the review of 11 socio-economic projects with the aim to conduct a comprehensive evaluation of these projects and assess how they can be reformed. This included analysing past performance of the programme or schemes and identifying potential constraints and bottlenecks in order to facilitate decision making regarding the future of the programme. This was the first time in the institute's history to be tasked to review multiple government schemes in one study.

On the other hand, the institute commissioned the knowledge-based economy study whose major outcome in early 2022 will be a national knowledge-based economy strategy, monitoring, implementation, and evaluation plan. This is the biggest commissioned study that the Institute has ever undertaken in support of government's efforts to transform.

During the period under review, 6 journals, 1 working paper and 1 policy brief were published.

Stakeholder Engagement

During the period under review, BIDPA continued to lead in national policy debates and participated in various public forums. The BIDPA researchers made significant contributions to Vision 2036 Live Sessions, Pre and Post Budget Analysis, State of the nation address and participated in radio and television interviews to provide analysis on the country's inflation, economic outlook and multidimensional poverty indicators. Their contribution was also felt in a number of technical committees they serve in as well as appointments to serve in various boards.

Human Capital Development

During this period, strengthening human resources capability remained the institute's top priorities despite the challenges brought by the COVID-19 pandemic. The institute sponsored two researchers for PhD, bringing the total number of researchers on long-term training to four as per the annual target. For short-term training, the institute was compelled to resort to online courses due budgetary constraints and travel restrictions.
BIDPA faces a serious problem of capacity demonstrated by its level of understaffing. The institute BIDPA has five Research Units, and each must be headed by a Senior Research Fellow (SRF). However, recruiting and retaining Senior Research Fellows remains a challenge. Currently, the institute has only one Senior Research Fellow, who is also the Acting Executive Director. With the organization operating at a vacancy rate of 80% at Senior Level, it has to rely on Research Fellow II cadre to lead projects.

Corporate Governance:

Two Board members were appointed and inducted during the reporting period. Three Board members were trained on the Trust Property Control Act No 11 of 2018 (As Amended) in March 2021

Below are some of the board matters during the year under review;

Strategy and Execution	Financial oversight	Operational Management
As a result of COVID-19 and its impact on the economy, the Government reduced its funding to the institute which compelled the Board of Trustees to deliberate on the sustainability of the Institute and resource mobilization strategies	Approval of the audited financial statements Approval of the Institute budget Going concern and viability	The Board received regular updates from the Acting Executive Director on; • Institute's operations • Capacity Challenges • Consultancy services • Partnerships • Operational efficiencies

Finance

Despite challenges brought by the COVID-19, the institute surpassed the 20% of the revenue generated from demand driven research projects to augment funding from government. The Institute once again received a clean audit.

Program Coordination:

In order to improve BIDPA's product offering, the Program Coordination office conducts periodic needs assessment and implement customer feedback mechanism, and monitors consultancy projects. During the period under review, the customer feedback tool was developed and implemented. The institute achieved 94% customer satisfaction feedback against the target of 70%.
Furthermore, the office worked closely with the Acting Executive Director to ensure that the Board was fully complemented.
Key strategy projects like the strategy audit and the development of the project management framework, and the stakeholder engagement strategy were deferred due to budget constraints.

Digitization:

To respond to the pandemic, the Institute enhanced digital capabilities that enabled our staff to work from home by upgrading our servers, increased server security, implemented Virtual Private Network Access and migrated to Microsoft 365 which enabled us to work anywhere, improved collaboration and reduced maintenance costs. The change also extended to research processes where researchers and enumerators had to use technology for data collection.

Dr Israel Blackie addressing virtual Ntlo ya Dikgosi on the findings of the; Social Impact Analysis of Human-Wildlife conflict on victims and their families in Botswana

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To ensure compliance to all statutory requirements, the Program Coordination office facilitated the re-registration of the BIDPA Deed of Trust with the Master of the High Court as required by the Trust Property Control Act No 11 of 2018 (As Amended). Furthermore, the office worked closely with the Acting Executive Director to ensure that the Board was fully complemented.
Key strategy projects like the strategy audit, the development of the project management framework, and the stakeholder engagement strategy were deferred due to budget constraints.

Human Capital Development

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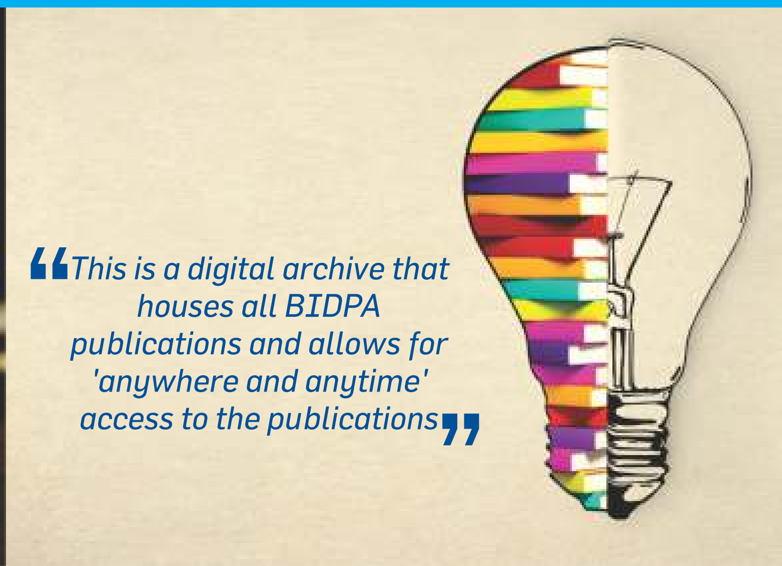
BIDPA KNOWLEDGE MANAGEMENT CENTRE



A well-equipped knowledge centre is key to providing research input and dissemination of research outputs.
BIDPA knowledge centre continues to extend its information services to a wider audience through the use of cutting edge information management technology and content sharing agreements.
The knowledge centre also maintains a digital Institutional Repository to further promote access to BIDPA research products. This is a digital archive that houses all BIDPA publications and allows for 'anywhere and anytime' access to the publications. This has further enhanced BIDPA digital footprint and visibility in general.

On the international space, the knowledge centre has content-sharing agreements with organizations such as ;

- **World Economic Forum**
- **SAIIA- South African Institute of International Affairs**
- **IDEAS/RePec-Research Papers in Economics**
- **Çolumbia University Press Online**

A full text online database of think tank reports, journal articles and books

- **The British Library for Development Studies**

These partnerships have resulted in increased web presence and remarkable visibility of the Institute as BIDPA research output has become available through multiple digital platforms. The knowledge centre continued to acquire books and subscribe to journals and databases in order to facilitate the Institute's research. The knowledge centre collection emphasizes the following subject areas: Agricultural Economics; Development Economics; Financial Economics; Gender; Globalization; Governance and Civil Society; HIV and AIDS; Income Distribution; Policy Making; Poverty; Private Sector/Privatization; Public Administration; and Research & Statistical Methods.

PROJECTS COVERING 1ST APRIL, 2020 TO 31 MARCH 2021

Project Name	Client	Status	Project Background
ON-GOING			
1. Agricultural Credit Guarantee Scheme	Ministry of Finance and Economic Development (MFED)	ON-GOING	**Ministry of Finance and Economic Development, MFED engaged BIDPA to undertake this study whose specific objectives are to:** **1.** Review the past performance of the Agricultural Credit Guarantee Scheme **2.** Investigate the strengths, weaknesses, opportunities and threats (SWOT) of the scheme **3.** Establish the feasibility, sustainability or otherwise of extending the Scheme to cover additional agricultural subsectors **4.** Establish the feasibility, sustainability or otherwise of extending the Scheme to a wider range of financing institutions in Botswana **5.** Establish the impact that the scheme may have on the development of the local agricultural insurance scheme **6.** Establish the impact that the scheme may have on the development of the local agricultural insurance industry.
2.Consultancy to Develop a Private Sector Engagement Strategy for Research Science, Technology and Innovation in Botswana	Ministry of Tertiary Education , Research Science and Technology	ON-GOING	**Ministry of Tertiary Education, Research, Science and Technology contracted BIDPA to undertake this study to contribute towards Botswana's aims to become a knowledge-based economy with a high-income status by 2036.** In order to achieve these aspirations, Botswana needs to build an enabling environment that is characterised by strategic and well-structured institutional framework that drives prioritised economic goals and objectives, create strategic programmes, develop human capital that is innovative, entrepreneurial and have technical competence. Botswana should also invest in infrastructure that is needed to support a knowledge-based economy. The success of a knowledge-based economy may socially uplift and transform the lives of Batswana and even promote overall economic competitiveness. Research, science, technology and innovation (RSTI) have been identified as the foundation of a knowledge based economy. Therefore, learning institutions, especially universities should be built deliberately as centres of excellence that promote RSTI training and competence. The important role of other key stakeholders like government and the private sector in the development of RSTI cannot be overemphasised.
3.Data Entry, Analysis and Compilation	Directorate of Corruption and Economic Crime (DCEC)	COMPLETED	The Directorate of Corruption and Economic Crimes, DCEC engaged BIDPA for the services of data entry, data analysis and report compilation of the 2017 National Corruption Opinion Survey.
4.Consultancy to Evaluate Socio-Economic Programs for Botswana	Ministry of Finance and Economic Development (MFED)	ON-GOING	**Ministry of Finance and Economic Development (MFED), has engaged the Botswana Institute for Development Policy Analysis (BIDPA) to provide consultancy services for the evaluation of socio-economic programmes in Botswana. Specifically, the consultancy's scope of work is to perform the following tasks:** **a.** Review the past performance of the programmes, **b.** Examine the strengths, weaknesses, opportunities and threats (SWOT analysis) of the programmes, **c.** Analyse external effects: ways to improve the positive effects and mitigate the negative effects, **d.** Assess whether the programmes create, reinforce or correct social inequalities, **e.** Determine the financial implications to Government and other factors, **f.** Establish the feasibility and sustainability of the programmes, **g.** Assess how the programme impacts and costs would differ if some components of the programme were changed, **h.** Recommend corrective measures including possible policy shifts and identify risks that might be associated with any potential policy shifts, **I.** Propose respective risks mitigation measures, **j.** Recommend solutions that would enhance the effectiveness and efficiency of the programmes. These could include retooling/ redefining of the programmes and/or reconfiguring of the beneficiaries into capable productive economic players. For instance, raise their self-awareness to enable them to use their skills productively. **k.** Consideration of any other issues, beside the above mentioned, the consultancy should consider other areas that are relevant to enable the achievement of the assignment.

Project Name	Client	Status	Project Background
ON-GOING			
5. Development of Vision 2036 Methodology Index	Vision 2036 Secretariat	ON-GOING	**BIDPA is engaged by VISION 2036 Coordinating Agency to undertake consultancy services for the Development of Vision 2036 Methodology Index. The specific objectives of the consultancy are:** • To establish Botswana Vision 2036 as a useful, operational tool for policy action and transformation of Botswana's economy and society. • To support national debates on prioritisation and formulation of Vision 2036 implementation strategies. • To complement efforts to develop a robust Vision 2036 monitoring framework by the Vision 2036 Council. • To identify Vision 2036 data gaps, need for investments in statistical capacity and research, and new forms of data. • To develop Vision 2036 Index Tool Kit that will facilitate holding various entities and Government accountable to performance of Botswana's economy.
6.Draft of the National Occupational Health and Safety Policy	Ministry of Employment, Labour Productivity and Skills Development	ON-GOING	The Ministry of Employment, Labour Productivity and Skills Development has requested the Botswana Institute for Development Policy Analysis (BIDPA) to undertake consultancy services to rewrite the National Occupational Health and Safety Policy.
7.Review of Affirmative Action Framework for Remote Area Communities & Impact Assessment of RADP	United National Development Programme (UNDP)	ON-GOING	The objective of this assignment is to undertake the mid-term review of the Remote Area Development Programme (RADP). The consultants will carry out a mid-term review of the Affirmative Action Framework (AAF) for Remote Area Communities to determine the extent to which the AAF plan has been implemented and provide recommendation for the re-orientation of the RADP.
Women's Economic Empowerment in Sub Saharan Africa (WEESSA)	Euromonitor International	COMPLETED	BIDPA was contracted by Euromonitor International to conduct research on women's empowerment in the Agricultural and Real Estate areas in Botswana.
National Social Protection Recovery Plan	United National Development Programme (UNDP)	COMPLETED	United National Development Programme (UNDP) contracted BIDPA to undertake a study which is one of the three to develop recovery plans to help Botswana to "build back better" after the on-going COVID 19 crisis, by establishing a National Social Protection Recovery Plan (NSPRP). This study has been commissioned by Ministry of Local Government and Rural Development (MLGRD, which is responsible for the coordination of social protection in Botswana. The other two studies are looking at recovery plans for the formal private sector and the informal sector.

This section covers supply and demand-driven research activities undertaken by the institute during the 2020/2021 financial year.

SUPPLY DRIVEN RESEARCH

WORKING PAPER

Israel Blackie, 2020; Social Impact Analysis of Human-Wildlife Conflict on Victims and their next of Kin

The study analyses the social impacts of the Human wildlife conflict on victims and their families through trend analysis of the years 2009-2019.

POLICY BRIEF

Israel Blackie, 2020; The Social Impact Analysis of Human-Wildlife Conflict on Victims and their Families in Botswana

This policy brief is based on a national tracer survey covering 66 villages following mixed methods (qualitative and quantitative) approach to ascertain the magnitude and social impacts of human wildlife conflict (HWC) on victims and their families. This analysis also seeks to assess the relevance and effectiveness of the ex gratia compensation scheme to victims of wild animals' attack which was introduced in 2015.

Local people exposed to life threatening wildlife attacks express fear and animosity towards wild animals, and also feel rejected and disappointed from a fragmented government service delivery system. The study proposes a number of policy implications aimed at better assisting victims of HWC as well as enlisting local communities' support in the sustainable conservation of Botswana's biodiversity.

BIDPA Commissioned Study; Preconditions for Botswana's transition to a knowledge based economy, (KBE)

The objective of the study is to assess the progress made so far in order to leapfrog towards the Knowledge Based Economy, identify challenges and new opportunities emerging, including those presented by the Covid 19 pandemic, develop a KBE strategy together with an implementation and monitoring and evaluation framework as an effort to create the country's own national path towards KBE and initiate and lead a national discourse and promote public education about KBE. The study will be completed in February 2022.

WORKING PAPERS

Working Paper No 79: Omotoye, Marumo (2020) Whistleblowing in Botswana's Construction Industry: A public private sector perspective.

Working Paper No 78: Seleka, Tebogo B. (2020) Old Wine in a New Bottle? Impact of the ISPAAD Input Subsidy Programme on the Subsistence Economy in Botswana.

Working Paper No 77: Motsatsi, Johane (2020) How Non-Diamond Exports Respond to Exchange Rate Volatility in Botswana.

Working Paper No 76: Motswapong, Masedi (2020) Male-Female Wage Differentials in Botswana.

Working Paper No 75: Mmolainyane, Kelesego (2020) Financing Public Private Partnerships (PPPs) in Botswana Through the Capital Market.

Working Paper No 74: Gaetsewe, Tshepiso (2020) Characteristics of Firms in Botswana's Informal Sector.

Working Paper No 73: Khanie, Goitseone (2020) Key Drivers of Industrial Growth: A case study of Botswana's manufacturing sector.

Working Paper No 72: Seleka, Tebogo B. and Lekobane, Khaufelo R. (2020) Targetting Effectiveness of Social Transfer Programs in Botswana: Means-Tested versus Categorical and Self-Selected Instruments.

Working Paper No 71: Sedimo, Ratang and Mmolainyane, Kelesego (2020) Ordinary Shareholders' Rights Protection in Botswana.

POLICY BRIEFS

Policy Brief No. 16: Blackie, Israel R. (2021) Resolving Human-Wildlife Conflict in Botswana Through Social Protection.

Policy Brief No. 15: Sedimo, Ratang and Mmolainyane, Kelesego (2020) Ordinary Shareholders' Rights Protection in Botswana.

Policy Brief No. 14: Mookodi, Lillian (2020) Consumer Expenditure Inequality in Botswana.

PUBLICATIONS

BIDPA's Major publications include:

- BIDPA Briefing – An economic and policy commentary newsletter, published approximately eight times in a year.
- BIDPA Working Papers – Presenting the initial results of research projects, or work in progress.
- BIDPA Publications Series – Publications containing results of research projects, conference proceedings and journal contributions.
- BIDPA Policy Brief – Reports on policy implications emanating from research undertakings
- BIDPA Newsletter and Annual Reports – Projects and general activities updates.

BOOKS AND OTHER SPECIAL PUBLICATIONS

IDS Working Paper (Vol. 2020) No 539: Leaving No One Behind: An Individual-Level Approach to Measuring Multidimensional Poverty in Botswana. Khaufelo R. Lekobane (June 2020)

Journal Articles:

1. Samboma, Thabile A. (2021) Leaving No One Behind: Intellectual disability during COVID-19 in Africa. International Social Work, Vol.64(2) pp.265-269

2. Samboma, Thabile A. (2021) Project Implementation in Local Authorities: The Botswana context. Journal of Public Affairs. https://doi.org/10.1002/pa.2610

3. Samboma, Thabile A. (2020) Vulnerability of Children in Botswana During COVID-19. International Social Work, Vol.63(6) pp.807-810

4. Omotoye, A.M.T. (2020) Perspectives on Gender and Corruption in Botswana: Lessons and Implications for Anti-Corruption Policy. African Journal of Public Administration and Management, Vol. XXVII, No. 2, pp. 25-43.

5. Seleka, Tebogo B. and Lekobane, Khaufelo R. (2020) Targeting Effectiveness of Social Transfer Programs in Botswana: Means-tested versus Categorical and Self-selected Instruments. Social Development Issues, 42(1) 2020

6. Seleka, Tebogo B. and Dlamini, Thula S. (2020) Competitiveness of ACP Sugar Exports in the Global Market. The International Trade Journal, vol. 34(2), pp. 247-277

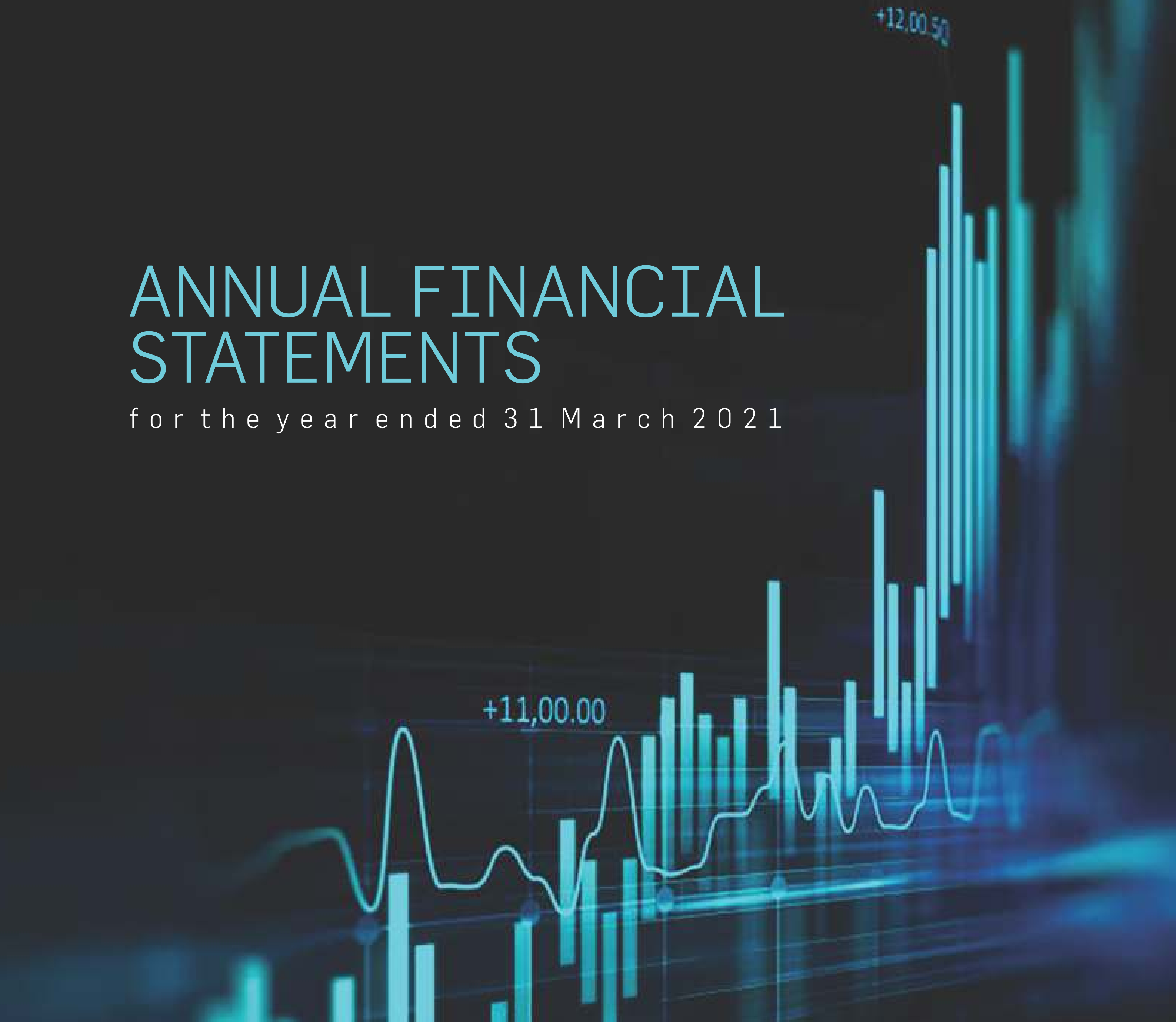
7. Gaodirelwe,Ikanyeng; Motsholapheko, M. R. and Masunga, G. S. (2020) Community Perceptions of Wildlife Management Strategies and Subsistence Poaching in the Okavango Delta, Botswana. Human Dimensions of Wildlife:An International Journal. https://doi.org/10.1080/10871209.2020.1727589

8. Lekobane, K. R. and Roelen, Keetie (2020) Leaving No One Behind: Multidimensional Child Poverty in Botswana. Child Indicators Research. https://doi.org/10.1007/s12187-020-09744-6

9. Seleka, Tebogo B. and David Mmopelwa (2020) Effects of Input Subsidies on Cropland Allocation and Diversification in Botswana's Subsistence Economy. Agrekon. https://doi.org/10.1080/03031853.2020.1758175

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021



Botswana Institute for Development Policy Analysis
Annual Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Botswana Institute for Development Policy Analysis (the Institute") is an autonomous, non-governmental research Institute established by a trust deed (MA 16/95). It is involved in development policy analysis and capacity building in Botswana
Chief Executive Director	Dr. G Somolekae (Acting)
Trustees	Ms. G. Mosienyane (Appointed September 2020) Mr. A. Motsomi (Resigned Jan 2021) Mr. K. Ndobano (Resigned Jan 2021) Dr. O.C Kereteletswe (Resigned May 2020) Dr. T. B Seleka (Resigned Oct 2020) Mr. D. Molobe Mr. D.K Molaodi
Secretary	Dr. G Somolekae
Business address	BIDPA House Plot 134 Millennium Office Park Gaborone
Bankers	Bank Gaborone Limited Absa Bank Botswana Limited First National Bank Of Botswana Limited
Auditors	Grant Thornton Chartered Accountants Member firm of Grant Thornton International limited
Presentation currency	Botswana Pula (BWP)
Postal address	Private Bag BR 29 Gaborone Botswana
Trust registration number	MA16/95

Botswana Institute for Development Policy Analysis
Annual Financial Statements for the year ended 31 March 2021

Trustees' Responsibility and Approval

The Trustees are required in terms of the Deed of Trust (MA 16/95) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Institute as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the board of trustees 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 Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Trustees have reviewed the Institute's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Institute has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditors and their report is presented on pages 27 to 28.

The annual financial statements set out on pages 29 to 51, which have been prepared on the going concern basis, were approved by the board of trustees on 06 September 2021 and were signed on their behalf by:

Approval of financial statements

Trustee
(D. Molaodi)

Trustee
(D. Molobe)

Botswana Institute for Development Policy Analysis

Grant Thornton
Audit • Tax • Advisory
Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Botswana Institute for Development Policy Analysis

Opinion

We have audited the financial statements of Botswana Institute for Development Policy Analysis set out on pages 27 to 56, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana Institute for Development Policy Analysis as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Material Uncertainty related to Going Concern

We draw attention to note 21 of the annual financial statements which indicates that the Institute incurred a loss of P 4 010 422 for the year ended 31 March 2021 and the net cash flows from operations resulted in a net outflow of P3 908 468.

As at the year end, although the Institute's cash and financial assets totalling to P 24 006 631 are adequate to cover the total external liabilities of P 11 239 504, the Institute is reliant on recurring Government Grants for its operations and any reduction in these grants from the budgeted amounts in the future is likely to have a significant impact on the ability of the Institute to continue operating as a going concern

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Operating expenses

Why considered as key

The Institute disburses significant amounts towards its operations that include general expenses and assets procurement. Due to the nature of these transactions and payments, we have identified this to be a key matter in our audit.

Our approach to Key Audit matter

Our audit procedures included obtaining an understanding of and testing the relevant process and controls surrounding procurement of the Institute. Using monetary unit sampling, we selected a sample of expenses transactions and tested if they had followed the procurement policy of the Institute as detailed in its Financial and Accounting Procedures Manual. We also obtained an understanding of the nature of the expenditure and have performed analytical procedures comparing incurred expenditures to expectation to verify the expenses.

We did not identify any exceptions or indications of fraud from these reviews.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the document titled "Botswana Institute for Development Policy Analysis annual financial statements for the year ended 31 March 2021", which includes the Detailed Income Statement, which we obtained prior to the date of this report and other sections of the annual report, which are expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Annual Financial Statements

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

In preparing the annual financial statements, the Trustees are responsible for assessing the Institute'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 Trustees either intend to liquidate the Trustees or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

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

- Conclude on the appropriateness of the Trustees' 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 Institute'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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees 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 us
audit.

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

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

Grant Thornton

Chartered Accountants
Certified Auditor: Madhavan Venkatachary (Memb No: 20030049)
Certified Auditor of Public Interest Entity
Certificate Number: CAP 0017 2021

06 September 2021
Gaborone

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Statement of Financial Position as at 31 March 2021

Figures in Pula	Note	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	3	14 289 964	15 278 417
Current Assets			
Financial assets	4	21 075 500	20 309 497
Trade and other receivables	5	2 206 381	2 061 340
Cash and cash equivalents	6	2 931 131	7 174 915
		26 213 012	**29 545 752**
Total Assets		**40 502 976**	**44 824 169**
Equity and Liabilities			
Equity			
Reserves		28 996 564	28 160 216
Retained income		266 908	5 176 728
		29 263 472	**33 336 944**
Liabilities			
Non-Current Liabilities			
Grants related to assets	10	395 154	108 741
Current Liabilities			
Trade and other payables	9	6 510 594	6 450 444
Deferred income	10	4 333 756	4 928 040
		10 844 350	**11 378 484**
Total Liabilities		**11 239 504**	**11 487 225**
Total Equity and Liabilities		**40 502 976**	**44 824 169**

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note	2021	2020
Revenue	11	3 743 470	5 441 783
Grant Income	12	19 000 480	22 689 943
Income		**22 743 950**	**28 131 726**
Other operating income	13	107 804	281 267
Other operating gains (losses)	14	(386 076)	283 218
Movement in credit loss allowances	4	-	(3 739 114)
Other operating expenses		(27 251 800)	(26 316 039)
Operating loss	15	**(4 786 122)**	**(1 358 942)**
Finance Income	17	775 700	702 532
Loss for the year		**(4 010 422)**	**(656 410)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		-	1 851 600
Other comprehensive income for the year net of taxation		**-**	**1 851 600**
Total comprehensive (loss) income for the year		**(4 010 422)**	**1 195 190**

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Statement of Change of Equity

Figures in Pula	Revaluation reserve	Capital grant	Training fund reserve	Building fund reserve	Retained income	Total funds and reserves
Balance at 01 April 2019	**11 729 529**	**2 080 660**	**-**	**-**	**18 331 565**	**32 141 754**
Loss for the year	-	-	-	-	(656 410)	(656 410) Other
comprehensive income	1 851 600	-	-		-	1 851 600
Total comprehensive Loss for the year	**1 851 600**	**-**	**-**	**-**	**(656 410)**	**1 195 190**
Transfer between reserves	-	(63 050)	8 701 477	3 860 000	(12 498 427)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(63 050)**	**8 701 477**	**3 860 000**	**(12 498 427)**	**-**
Balance at 01 April 2020	**13 581 129**	**2 017 610**	**8 701 477**	**3 860 000**	**5 176 728**	**33 336 944**
Loss for the year	-	-	-	-	(4 010 422)	(4 010 422)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(4 010 422)**	**(4 010 422)**
Transfer between reserves	(350 602)	(63 050)	(1 000 000)	2 250 000	(899 398)	(63 050)
Total contributions by and distributions to owners of company recognised directly in equity	**(350 602)**	**(63 050)**	**(1 000 000)**	**2 250 000**	**(899 398)**	**(63 050)**
Balance at 31 March 2021	**13 230 527**	**1 954 560**	**7 701 477**	**6 110 000**	**266 908**	**29 263 472**
Note			7	8		

The Institute's capital grant is made up of the value of building and land determined at the time of establishment of the Institute in 1995. These grants did not carry any terms of repayment and ownership vests with the Institute until such time as decided by the Government. Subsequently grants received for purchase of capital assets have been disclosed under Grants related to assets/ Deferred Income.

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Statement of Cash Flows

Figures in Pula	Note	2021	2020
Cash flows from operating activities			
Cash (used in)/generated from operations	18	(4 684 168)	266 052
Finance income		775 700	702 532
Net cash from operating activities		**(3 908 468)**	**968 584**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(183 482)	(246 193)
Sale of property, plant and equipment		430 690	3 167
Movement in financial assets		(766 003)	(368 217)
Net cash from investing activities		**(518 795)**	**(611 243)**
Cash flows from financing activities			
Capital grants received during the year		183 480	288 700
Total cash movement for the year		**(4 243 783)**	**646 041**
Cash at the beginning of the year		7 174 914	6 528 874
Total cash at end of the year	6	**2 931 131**	**7 174 915**

Botswana Institute for Development Policy Analysis
Annual financial statements for the year ended 31 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment at fair value, and incorporate the principal accounting policies set out below. They are presented in Botswana Pula.

These accounting policies are consistent with the previous period, except for the changes set out note 1.1.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value estimation

Certain assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in property, and equipment policy on the financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

Provisions

Provisions are raised and management determines an estimate based on the information available.

1.2 Property, plant and equipment

The cost of an item of property and equipment is recognised as an asset when:
it is probable that future economic benefits associated with the item will flow to the Institute; and
The cost of the item can be measured reliably. Property and equipment is initially measured at cost.
Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any estimated losses except for motor vehicles, land and buildings which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit and loss, a revaluation increase is credited to profit and loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.

The revaluation surplus in equity related to a specific item of property and equipment is transferred directly to retained earnings when the asset is derecognised.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Botswana Institute for Development Policy Analysis
Annual financial statements for the year ended 31 June 2021

1.2 Property, plant and equipment (Continued)

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

Item	Depreciation method	Average useful life
Land	Straight line	99 years
Leasehold property	Straight line	40 years
Household Furniture	Straight line	3 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	4 years
Library books	Straight line	2 years

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

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

The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

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

Financial assets which are debt instruments:
Amortised cost

Financial liabilities:
Amortised cost

Note 20 Financial instruments and risk management presents the financial instruments held by the Institute based on their specific classifications.

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Accounting Policies

1.3 Financial instruments (continued)

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in surplus or deficit in finance costs.

Trade and other payables expose the Institute to liquidity risk and possibly to interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

Derecognition

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

Cash and cash equivalents

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

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.4 Tax

Current tax assets and liabilities

The Institute is exempt from paying income tax as per the requirements of the Income Tax Act.

Tax expenses

The Institute is exempt from paying income tax as per the Income Tax Act (Cap 52: 01).

1.5 Impairment of assets

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

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

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

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

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

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

Botswana Institute for Development Policy Analysis
Annual financial statements for the year ended 31 June 2021

Accounting Policies

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

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.6 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.7 Provisions and contingencies

Provisions are recognised when:

- the Institute has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

1.8 Government subvention

Government grants are recognised when there is reasonable assurance that:

- the Institute will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.9 Revenue from contracts with customers

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Institute;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

Botswana Institute for Development Policy Analysis

Annual financial statements for the year ended 31 June 2021

Accounting Policies

1.10 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

foreign currency monetary items are translated using the closing rate;

non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

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

Botswana Institute for Development Policy Analysis
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Accounting Policies

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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

2.2 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 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	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
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	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
Interest Rate Benchmark Reform -Phase 2: Amendments to IFRS 4	01 January 2021	Unlikely there will be a material impact
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	Unlikely there will be a material impact
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	Unlikely there will be a material impact
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	Unlikely there will be a material impact
Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	Unlikely there will be a material impact
COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

3. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	14 060 000	(247 112)	13 812 888	14 060 000	-	14 060 000
Furniture and fixtures	730 081	(633 175)	96 906	747 466	(642 299)	105 167
Motor vehicles	326 968	(244 909)	82 059	1 387 878	(693 622)	694 256
Office equipment	769 172	(531 373)	237 799	721 894	(489 609)	232 285
Computer software	1 013 717	(953 405)	60 312	1 023 790	(837 081)	186 709
Library books	622 170	(622 170)	-	622 170	(622 170)	-
Total	**17 522 108**	**(3 232 144)**	**14 289 964**	**18 563 198**	**(3 284 781)**	**15 278 417**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	14 060 000	-	-	(247 112)	13 812 888
Furniture and fixtures	105 167	10 350	-	(18 611)	96 906
Motor vehicles	694 256	-	(530 455)	(81 742)	82 059
Office equipment	232 285	150 186	(42 379)	(102 293)	237 799
Computer software	186 709	22 946	(2 375)	(146 968)	60 312
	15 278 417	**183 482**	**(575 209)**	**(596 726)**	**14 289 964**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Buildings	12 441 700	-	-	1 851 600	(233 300)	14 060 000
Furniture and fixtures	128 816	-	-	-	(23 649)	105 167
Motor vehicles	1 041 225	-	-	-	(346 969)	694 256
Office equipment	107 117	209 798	(3 167)	-	(81 463)	232 285
Computer software	313 381	36 395	-	-	(163 067)	186 709
Library books	1 880	-	-	-	(1 880)	-
	14 034 119	**246 193**	**(3167)**	**1 851 600**	**(850 328)**	**15 278 417**

Property, plant and equipment encumbered as security

Land and building consist of a certain piece of land, being portion 134 of the Farm Forest Hill No. 9-KO measuring 1554 square meters held under a title deed MA56/2003 dated 01 March 2003 for a 99 year period commencing 01 March 2003.

The effective date of the revaluations of Land and Buildings was 10 June 2020. Revaluations were performed by an independent valuers Knight Frank. The land and Buildings were valued at P 14 060 000 representing the open market value arrived at using discounted cash flow method. Inspection of the properties were conducted during the valuation.

Carrying value of assets under the cost model		
Land and Building	3 125 516	3 125 516

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for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

4. Financial assets

Financial assets are presented at amortised cost, which is net of loss allowance, as follows:

Vunani Fund Managers The fair value of the investments in money market funds are based on the valuation of units provided by the fund manager. The fund manager's valuation is based on market value of the underlying assets of each fund.		11 337 318	10 957 950
Bank Gaborone Limited		9 738 182	9 351 547
		21 075 500	**20 309 497**

Split between non-current and current portions

Current assets		21 075 500	20 309 497

Exposure to credit risk

Financial assets inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Other financial assets are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for Other financial assets is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition.

In determining the amount of expected credit losses, the Institute has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

4. Financial assets (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowan ce and measurement basis of expected credit losses for financial assets by credit rating grade:

2021

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Amortised cost
Vunani Fund Managers	-BBB	Fitch	Performing	12m ECL	11 337 318	11 337 318
Bank Gaborone Limited	N/a	N/a	Performing	12m ECL	9 738 182	9 738 182
					21 075 500	**21 075 500**

2020

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Stanlib Investment management services	-BBB	Fitch	Performing	12m ECL	10 957 950	-	10 957 950
Bank Gaborone Limited	N/a	N/a	Performing	12m ECL	9 351 547	-	9 351 547
BluThorn Fund Managers (Pty) Ltd (Escponent Asset Management Company)	N/a	N/a	Performing	Lifetime ECL (credit impaired)	3 739 114	(3 739 114)	-
					24 048 611	**(3 739 114)**	**20 309 497**

During prior year, the regulator of Non banking financial institutions in the country, NBFIRA, conducted regular onsite inspection into the affairs of BluThorn Fund Managers (Pty) Ltd erstwhile known as Escoponent Investment (Pty) Ltd, a company where the Institute had placed some investments and reported that the said company was indulging in activities other than what they were licensed to and also that proper bank accounts were not maintained. Subsequent to this, NBFIRA froze the business of the company and later placed it under statutory management.

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

5. Trade and other receivables

Financial instruments:			
Trade receivables		1 892 963	1 999 387
Loss allowance		(79 114)	(85 085)
Trade receivables at amortised cost		1 813 849	1 914 302
Deposits		8 000	8 000
Other receivable		2 611	2 925
Non-financial instruments:			
Value added tax		43 076	104 263
Employee costs in advance		34 214	1 957
Prepayments		304 631	29 893
Total trade and other receivables		**2 206 381**	**2 061 340**

Trade and other receivables consist of P 976 356 of project cost in progress not yet invoiced.

Split between non-current and current portions

Current assets		2 206 381	2 061 340

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost		1 824 460	1 925 227
Non-financial instruments		381 921	136 113
		2 206 381	**2 061 340**

Exposure to credit risk

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

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

5. Trade and other receivables (continued)

The Institute's historical credit loss experience does not show significantly different loss patterns for different customer segments. Included in the trade and other receivables are receivables owed by state owned entities and non governmental organisations which have been collected subsequent to the year end. There has not been any significant increase in credit risk or risk of default on these balances and based on probability of default, loss given default, the expected credit loss is determined at Nil for both the current and previous year.The provision for credit losses is therefore based on past due status without desegregating into further risk profiles. The loss allowance provision is determined as follows:

	2021	2021	2020	2020
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due:	1 813 849	-	1 914 302	-
>90 days past due:	79 114	(79 114)	85 085	(85 085)
Total	**1 892 963**	**(79 114)**	**1 999 387**	**(85 085)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for receivables:

	2021	2020
Opening balance in accordance with IFRS 9	**(85 085)**	**(85 085)**
Reduction in credit losses	5 971	-
Closing balance	**(79 114)**	**(85 085)**

Fair value of trade and other receivables

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

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	1 914	3 628
Bank balances	2 929 217	7 171 287
	2 931 131	**7 174 915**

Credit quality of cash at bank and short term deposits, excluding cash on hand

Bank balances include amount of P 166 430 (2020: P 134 019) held on behalf of Vision 2036. The project is currently administered by Botswana Institute for Development Policy Analysis.

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

7. Training fund reserve

The funds will be used assist professional training and public education of Botswana citizens in matters relating to policy analysis and encourage collaboration between expatriates and local professionals in these matters in ways which will build and augment national capacities for performance and understanding of policy analysis. The funds are for PHD training and were necessary will include training at masters level.

		2021	2020
Opening balance		8 701 477	-
Transferred from retained earnings		(1 000 000)	8 701 477
		7 701 477	**8 701 477**

8. Building fund reserve

An amount of P2 250 000 has been transferred from reserves to the building reserves in the current year. These fund are to be used for the renovations on the BIDPA building which had been scheduled to commence in April 2021 and end in post March 2022. Renovations include the superstructure and excludes other additional components that had to be removed from the renovation stage. It includes replacement of the lift, replacement of environmentally friendly air conditioners, partitioning of smaller meeting rooms as well as other aesthetic additions.

		2021	2020
Opening balance		3 860 000	-
Transferred from retained earnings		2 250 000	3 860 000
		6 110 000	**3 860 000**

9. Trade and other payables

		2021	2020
Financial instruments:			
Trade payables		310 567	77 561
Vision 2036 funds		166 430	134 019
Other payables		41 274	56 942
Non-financial instruments:			
Accrued leave pay		750 367	917 251
Gratuity accrual		5 241 956	5 264 671
		6 510 594	**6 450 444**

Fair value of trade and other payables

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

10. Grants related to assets

		2021	2020
Non-current liabilities		395 154	108 741
Current liabilities		4 333 756	4 928 040
		4 728 910	**5 036 781**

The Institute receives grants from the Government based on the budget approved by the Board of Trustees and the Ministry of Finance and Economic Development.

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020
10. Grants related to assets (continued)			
Grants related to assets			
Balance at the beginning of the year		108 741	143 042
Received during the year		183 480	246 190
Released to income statement		102 933	(280 491)
		395 154	**108 741**
Deferred Income			
Balance at the beginning of the year		4 928 040	6 364 174
Received during the year		183 480	288 700
Transfer to capital grant		(183 480)	(246 191)
Transfer to revenue		(594 284)	(1 478 643)
		4 333 756	**4 928 040**
11. Revenue			
Revenue from contracts with customers			
Income earned from research projects		3 743 470	5 441 783
12. Grant income			
Government of Botswana		18 406 196	21 211 300
PHD training grant		594 284	1 478 643
		19 000 480	**22 689 943**
13. Other operating income			
Other sundry income		-	776
Amortisation of capital grants		107 804	280 491
		107 804	**281 267**
14. Other operating gains			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	3	(144 519)	-
Foreign exchange gains (losses)			
Net foreign exchange (losses) gains		(241 557)	283 218
Total other operating gains (losses)		**(386 076)**	**283 218**

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

15. Operating profit

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

Auditor's remuneration - external			
Audit fees		102 213	120 248
Auditor's remuneration - internal		**261 625**	**108 875**
Depreciation and amortisation			
Depreciation of property, plant and equipment		596 726	850 328
Other			
Project costs		1119 447	677 173

Expenses by nature

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

Employee costs		20 462 315	18 800 440
Other expenses		1 339 624	360 098
Training		1 896 408	2 532 634
Project costs		1 119 447	677 173
Depreciation, amortisation and impairment		596 726	850 328
Telephone and fax		393 053	387 421
Consulting and professional fees		313 171	725 208
Cleaning costs		224139	286 310
Board expenses		171 766	303 446
Advertising		137 649	284 572
Conference costs		776	258 081
		26 655 074	**25 465 711**

16. Employee costs

Employee costs			
Basic		13 199 393	12 021 513
Medical aid		362 950	353 492
Performance bonus		358477	169 297
Pay in lieu leave		917 686	775 611
Gratuity		3 868 327	3 549 890
Scarcity allowances		1 187 815	1 168 766
Recruitment & Repatriation		143 373	291 381
Cellphone allowance		149 865	140 015
Entertainment benefit		274 429	330 475
		20 462 315	**18 800 440**

17. Finance income

Interest income			
Investments in financial assets:			
Bank and other cash		775 700	702 532

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

18. Cash (used in)/generated from operations

Loss before taxation	(4 010 422)	(656 410)
Adjustments for:		
Depreciation and amortisation	596 726	850 328
Losses on disposals	144 519	-
Finance income	(775 700)	(702 532)
Net impairments and movements in credit loss allowances	-	3 739 114
Amortisation of capital grant	(267 990)	(280 491)
Changes in working capital:		
Trade and other receivables	(145 041)	(670 505)
Trade and other payables	60 153	(534 808)
Grants related to assets	(286 413)	(1 478 644)
	(4 684 168)	**266 052**

19. Related parties

Relationships	
Entities with significant influence	Government of Botswana
Projects controlled by the institute	Technical Assistance Project
Independent Board Committee Members	Ms R. Mgadla(Appointed 28 September 2020) Ms D. Ramphaleng Ms T. Maundeni Mr Z. Mmolawa Ms K. Keloneilwe Mr. L Tlhalerwa Ms M. Molebatsi Ms W. Ramaphoi
Members of key management	Dr G Somolekae (Acting Executive Director))(Appointed Oct 2020) Dr. T. B. Seleka (Executive Director)(Resigned Oct 2020) Prof P. Malope (Senior Research Fellow)(Resigned Aug 2020) Ms. B. N. Siwawa - Moepeng (Finance Manager) Ms. B Wadikonyana (Human Resource and Administration Manager) Mr M. Modisa (IT Manager)(Appointed Aug 2019) Ms P Ntokwane (Knowledge Management and Dissemination Manager) Ms W. Tirelo -Programme Coordinator (Appointed Oct 20)

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Technical Assistance Project	725 156	753 852

Related party transactions

Grant received from related parties including deferred grants		
Government of Botswana grant income	(18 406 196)	(21 211 300)
Government of Botswana grants received during the year	(183 480)	(288 700)
	(18 589 676)	**(21 500 000)**
Board transactions		
Board sitting fees and expenses	171 766	303 446
Administration fees received from related parties		
Technical Assistance Project	(725 156)	(753 852)

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

19. Related parties (continued)

Key management remuneration

Remuneration paid		4 166 945	3 873 672
Other long term employee benefits		1 090 321	951 131
		5 257 266	**4 824 803**

20. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total	Fair value
Financial asset	4	21 075 500	21 075 500	21 075 500
Trade and other receivables	5	1 824 460	1 824 460	1 824 460
Cash and cash equivalents	6	3 387 244	3 387 244	3 387 244
		26 287 204	**26 287 204**	**26 287 204**

2020

	Note(s)	Amortised cost	Total	Fair value
Financial asset	4	20 309 497	20 309 497	20 309 497
Trade and other receivables	5	1 925 227	1 925 227	1 925 227
Cash and cash equivalents	6	7 315 141	7 315 141	7 315 141
		29 549 865	**29 549 865**	**29 549 865**

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	518 273	518 273	518 273

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	268 519	268 519	268 519

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

20. Financial instruments and risk management (continued) Financial risk management

Overview

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

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

The board of trustees have overall responsibility for the establishment and oversight of the Institute's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the Institute's risk management policies. The committee reports quarterly to the board of trustees on its activities.

The Institute's risk management policies are established to identify and analyse the risks faced by the Institute, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Institute's activities.

Credit risk

Credit risk is the risk of financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The institute only deals with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continually monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the entity through dealing with well established financial institutions with high credit ratings.

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

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Financial asset	4	21 075 500	-	21 075 500	24 048 611	(3 739 114)	20 309 497
Trade and other receivables	5	1 903 574	(79 114)	1 824 460	2 010 312	(85 085)	1 925
Cash and cash equivalents	6	3 387 244	-	3 387 244	7 315 141	-	7 315 141
		26 366 318	**(79 114)**	**26 287 204**	**33 374 064**	**(3 824 199)**	**29 549 865**

Notes to the Annual Financial Statements
for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

20. Financial instruments and risk management (continued) Liquidity risk

The Institute is exposed to liquidity risk, which is the risk that the Institute will encounter difficulties in meeting its obligations as they become due.

The Institute manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2021

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	518 273	518 273	518 273

2020

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	268 519	268 519	268 519

Foreign currency risk

The Institute is exposed to foreign currency risk for transactions which are denominated in a currency other than Pula. The Institute does not take cover on foreign currency as it regards the Pula as a stable currency. The Institute's exposure to foreign exchange risk, based on notional amounts, is analysed as follows:

Exposure in Pula

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

US Dollar exposure:

	Note	2021	2020
Current assets:			
Trade and other receivables	5	191 450	78 656

Notes to the Annual Financial Statements

for the year ended 31 June 2021

Figures in Pula	Note	2021	2020

20. Financial instruments and risk management (continued) Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:

	Note	2021	2020
Current assets:			
Trade and other receivables			
Exchange rates	5	17 292	6 686
Pula per unit of foreign currency:			
US Dollar		11.072	11.765

Interest rate risk

As the Institute has significant interest-bearing assets, the Institute's income and operating cash flows are substantially dependent of changes in market interest rates.

The Institute's interest rate risk arises from deposits in short term financial assets and call accounts with its bankers. The Institute analyses its interest rate exposure on a dynamic basis. Since most of the deposits are placed in short term maturity assets, the financial administrators negotiate interest rates with the bankers on maturity of these instruments before decisions on reinvesting. A quote for the best interest is obtained from financial institutions in the country and decisions are then made.

The institute invests with reputable financial institutions and is subject to normal market interest rate risk on its banking facilities.

Interest rate sensitivity analysis

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

	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Financial assets 0.1% (2020: 0.1%)	18 236	(18 236)	17 812	(24 302)

21. Going concern

We draw attention to the fact that at the Institute incurred net losses of P (4 010 422) for the year.

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

The shareholder (Government of Botswana) continues to assist the Institute with Grant Income. This support will ensure that the Institute meets some of its financial obligations as they fall due. In the current year 2020/21 the Institute was granted P19 million and Government of Botswana has committed to grant the Institute P19 million in the financial year 2021/22.

Botswana Institute for Development Policy Analysis
Annual financial statements for the year ended 31 June 2021

Detailed Income Statement

Figures in Pula	Note	2021	2020
Revenue			
Income earned from research projects		3 743 470	5 441 783
Grant income	12	**19 000 480**	**22 689 943**
Gross income		**22 743 950**	**28 131 726**
Other operating income			
Sundry Income		-	776
Amortisation of fixed assets		107 804	280 491
	13	**107 804**	**281 267**
Other operating gains (losses)			
Losses on disposal of assets or settlement of liabilities		(144 519)	-
Foreign exchange (losses) gains		(241 557)	283 218
	14	**(386 076)**	**283 218**
Movement in credit loss allowances	15	-	(3 739 114)
Expenses (Refer to page 36)		**(27 251 800)**	**(26 316 039)**
Operating loss	15	**(4 786 122)**	**(1 358 942)**
Finance income	17	775 700	702 532
Loss for the year		**(4 010 422)**	**(656 410)**

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

Botswana Institute for Development Policy Analysis
Annual financial statements for the year ended 31 June 2021

Detailed Income Statement

Figures in Pula	Note	2021	2020
Other operating expenses			
Advertising		(137 649)	(284 572)
Auditors remuneration - external auditors	15	(102 213)	(120 248)
Auditors remuneration - internal audit	15	(261 625)	(108 875)
Bank charges		(32 092)	(38 655)
Board expenses		(171 766)	(303 446)
Cleaning		(224 139)	(286 310)
Conference costs		(776)	(258 081)
Consulting and professional fees		(313 171)	(725 208)
Consumables		(873)	(2 721)
Depreciation		(596 726)	(850 328)
Employee costs		(20 462 315)	(18 800 440)
Entertainment		-	(4 198)
Health and Safety		(82 178)	-
IT expenses		(219 535)	(165 040)
Insurance		(174 437)	(171 523)
Internship allowance		-	(49 382)
Legal fees		(260 254)	(9 951)
Motor vehicle expenses		(52 713)	(66 340)
Project Costs		(1 115 947)	(677 173)
Postage		(7 067)	(100)
Printing and stationery		(148 108)	(82 231)
Publication		(173 423)	(168 497)
Repairs and maintenance		(150 155)	(152 005)
Security		(115 474)	(79 604)
Sundry expenses		(13 010)	-
Staff welfare		(41 539)	(50 455)
Stanlib charge		-	(56 000)
Subscriptions		(145 713)	(158 616)
Telephone and fax		(583 384)	(393 053)
Training		(1 376 744)	(1 896 408)
Travel expenses		-	(94 184)
Utilities		(288 774)	(262 395)
		(27 251 800)	**(26 316039)**

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NOTES

Promoting policy analysis
through research &
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Botswana Institute
for Development
Policy Analysis

Botswana Institute for Development Policy Analysis

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