



**BOTSWANA
ENERGY REGULATORY
AUTHORITY**

Regulating for Energy Security



**ANNUAL
REPORT
20/21**







BERA Annual Report 2020/21

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ABOUT BERA

BERA exists to regulate the energy sector to ensure a competitive environment in accordance with international best practice. Our core responsibility is to provide an efficient energy regulatory framework for regulated sector with the primary mandate of providing the economic regulation of the sector. Economic regulation will enable the private sector to play an active role in asset formation that will enable delivery of services that will be reliable, affordable and of good quality, not losing sight of the need to protect the environment.

In addition to the primary mandate of economic Regulation, BERA also provides technical advisory role by prescribing standard operating procedures that licensees must comply with. As an independent energy Regulator of Botswana, we are also working to protect the interests of current and future energy consumers, customers and licensees.

The Botswana Energy Regulatory Act has a multi-sector focus and has tasked BERA with oversight over the electricity, petroleum products, coal, natural gas, bio-energy, solar energy and renewable energy resources. In terms of the Act, BERA shall be responsible for setting and maintaining service standards; ensuring sustainable and secure supplies in the energy sector; protecting and preserving the environment; and maintaining best international regulatory practice. The Authority was established by the Botswana Energy Regulatory Act 2016 and started its operations on the 1st September, 2017.



Brand Promise

Regulating for energy security

Our Mandate Statement

“ The Botswana Energy Regulatory Authority (“BERA”) is a statutory body established in terms of the Botswana Energy Regulatory Authority Act, 2016 (Act No 13 of 2016 (“BERA Act”) to regulate the energy sector in Botswana. The regulated sectors include electricity, petroleum products, natural gas, coal, bio-energy, solar energy, renewable energy resources and other energy resources. These sectors are regulated in terms of the BERA Act and respective regulated sector legislation. ”

Strategic Foundations

Vision:

To be recognised among the leading energy regulators in the world for achieving energy security.

Mission:

To regulate the energy sector in accordance with legislation and best international practices in support of energy security, sustainable development and socio-economic outcomes.

Core Values



At a glance

Highlights on National Outcomes

Electricity Supply Industry

Electricity demand met by local generation

- 19/20 - 47.8%
- 20/21 - 69%

% Population with Access to Electricity

- 19/20 - 64.4%
- 20/21 - 66%

% Contribution of Solar to the Total Electricity Generated

- 19/20 - 1.25%
- 20/21 - 1.25%

Level of Avoided Emissions of Green House Gases

- 19/20 - 23Gg of CO₂
- 20/21 - 23Gg of CO₂

Oil and Gas Industry

Average Strategic Fuel Reserves days cover

- 19/20 - 11
- 20/21 - 11

Average Commercial stocks days cover

- 19/20 - 4
- 20/21 - 5

Operational Highlights

% Increase of Licenses issued by BERA

- 19/20 - 55%
- 20/21 - 91%

Compliance to Regulatory requirements by licensees

- 19/20 - 23 Gg of CO₂
- 20/21 - 23 Gg of CO₂

% Consumer Complaints resolved within time

- 19/20 - 60%
- 20/21 - 80%

Tariff and Pricing Reviews

% Variation of Actual Electricity Tariffs to cost Reflective tariffs

- 19/20 - 61.8%
- 20/21 - 91.5%

% Variation of Actual Fuel pump prices to Market prices

- 19/20 - 100%
- 20/21 - 8%

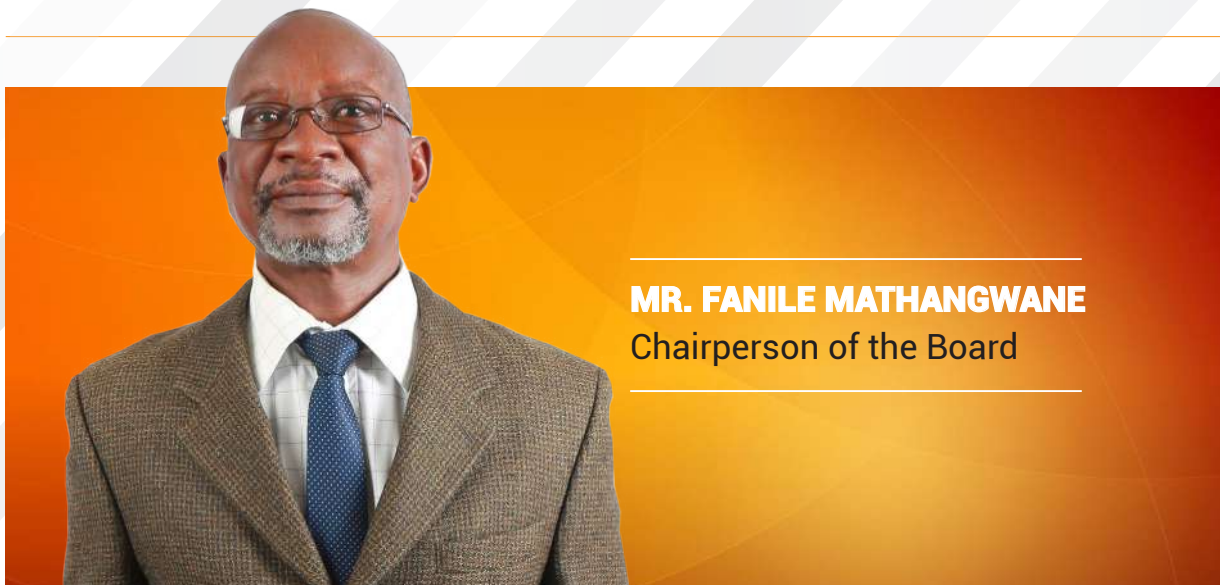
Financial Highlights

	2021	2020
	Amount in BWP	Amount in BWP
Comprehensive Income		
Grants and subventions	49,631,746	49,630,886
Other income	3,768,605	3,743,659
Operating expenses	(54,208,051)	(53,261,199)
Operating surplus / (deficit)	(807,700)	113,346
Finance income	81,980	195,694
Finance costs	(150,315)	(190,794)
Surplus / (deficit) for the year	(876,035)	118,246
Financial Position		
Total assets	45,587,941	32,743,844
Accumulated deficit	(1,511,005)	(634,970)
Total liabilities	47,098,946	33,378,814
Total funds and liabilities	45,587,941	32,743,844
Financial Ratios		
Subvention as a % of total income	99.98%	99.62%
% Revenue collected from the industry	-	-





Chairperson's Statement



MR. FANILE MATHANGWANE
Chairperson of the Board

I am pleased to present our annual report for the financial year ended March 2021. We managed to remain resilient and rose above the COVID 19 pandemic associated challenges in that we continued to deliver on our mandate. The Authority made significant strides and recorded notable achievement during this financial year despite the prevailing socio - economic challenges locally, regionally, and internationally especially those emanating from COVID 19 pandemic.

Refocusing our Strategic agenda to align with current and future operating environment

One of the key milestones achieved during this year in view of the current operating environment as necessitated by the pandemic was the review of the Authority's inaugural strategic plan. Through this reviewed corporate strategy, we refocused our strategic foundations to position ourselves to be amongst the leading energy regulators in the world for achieving energy security. We are also committing to regulate the energy sector in accordance with legislation and best international practices in support of energy security, sustainable development, and socio-economic outcomes. We are seeing ourselves as a promoter of energy security and a transformer of the energy sector through the heightened facilitation of investment in the infrastructure development by the regulated sub-sectors.

Sustainable and secure supplies in the Petroleum Sector

Another notable milestone achieved during the COVID 19 pandemic, was the Authority's ability to forge strategic working arrangements with key stakeholders in the oil and

gas sub-sectors to ensure sufficiency and continued supply of petroleum products into the country. The Authority worked closely with our parent Ministry and oil companies to address the acute shortage of fuel supply in country during the first wave of the pandemic. We saw positive outcomes with regards to security of supply for petroleum products as oil companies were encouraged to source petroleum products from alternative sources and to also increase utilisation of the rail transport for moving petroleum products into the country. The Authority also worked with our parent Ministry and the national oil company to trigger the use of government strategic stocks to respond to the fuel shortages.

Sustainable and secure supplies in the Electricity Sector

The objective is to ensure delivery of sustainable and secure energy supplies remains a priority for us since it is major driver for socio - economic developments in our country. I am pleased to inform you that we are committed to ramping up our facilitation activities with the view to accelerate the development of Renewable Energy projects in Botswana with private sector participation. We are currently processing a

Chairperson's Statement

grant application with African Development Bank (AfDB) for the Renewable Energy Independent Power Producers procurement program. This program intends to strengthen the enabling environment for private sector participation by establishing the necessary regulatory tools and instruments.

In addition to three (3) IPPs that were licensed in last financial year, the Authority also initiated the processing of two (2) applications for Bobonong and Shakawe solar projects under the twelve (12) BPC's medium sized IPPs solar programme, during this financial year. BERA expects to license IPPs for the six (6) medium sized solar projects and two (2) 50 MW solar projects during the financial year 2021/22.

These projects are anticipated to contribute 135 MW capacity towards the total energy mix. It is also anticipated that percentage (%) citizen shareholding in IPPs will increase from the current 8% to 31% once the tenders for ten (10) medium sized solar power plants and two (2) 50 MW Solar PV plants are awarded since the local content reserved for citizen shareholding is 40% for these projects.

Operational Excellence

In endeavor to ensure the successful implementation of the reviewed strategic plan, the Authority is in the process of reviewing and optimising its organisational structure, which is expected to be concluded in next financial year (i.e., FY 2021/22). In addition to this, the Authority is currently finalising its Fee Structure Proposal which is believed to fully resource the revised strategy and enhance its financial sustainability once approved by Cabinet for implementation.

2021/22 Outlook

The coming year will see more emphasis on the promotion of energy security and transformation of the sector through effective facilitation of investment in the infrastructure development by the regulated sub-sectors as well as improving regulatory efficacy and enhancing the energy legislation, regulation, and governance. We also expect to see an increased investment in the renewable energy by the private sector. On technical front, the Authority will also heighten performance monitoring of the regulated sectors with the view to improve their financial performance, commercial quality of service and technical quality of supply. This is in line with the national Energy Policy objective of reliable, safe, and affordable energy services, as well as two of Authority's key responsibilities: Ensuring that interests between consumer, customer and licensee are adequately balanced; Protecting and preserving the environment.

Appreciation

Finally, I would like to register my gratitude to my fellow Board members for their valuable contribution to the BERA success. None of the achievements presented in this report, would have been possible without the support, sacrifices and resilience of the Management and staff of BERA, due to their commitment to serving the needs of the Country. I also want to thank our Shareholder, for the continued valuable support to BERA including financial support through an annual subvention in an increasingly testing economic environment.

Board Chairperson
Mr. Fanile Mathangwane



Corporate Board

Board Profiles

As of the 1st May 2020, the BERA Board comprised of the following Board Members with their diverse experience and skills, as below;



**MR OUPA PERCY
MOTHIBATSELA**
Chairperson of the Board

Mr Oupa Percy Mothibatsela possesses Bachelor of Arts (Economics & Statistics) from the University of Botswana. He has more than 27 years of work experience, which started at First National Botswana (Pty) Ltd as a Corporate Analyst from 1993 to 1996. He worked as a Relationship Executive and became Head of Corporate Banking at First National Bank of Botswana Limited. Mr Mothibatsela also worked as a Corporate Director for Barclays Botswana Limited, Managing Director at Pinnacle Africa Capital.

He was also a Managing Director with Metropolitan Life Botswana Limited. Mr Mothibatsela is currently an Executive Director at Ledi Projects (Pty) Ltd and ESI Development (Pty) Ltd since 2013 to date. His other attributes include being a Director at Liberty Botswana Ltd – Chair of Risk & Audit Committee. Mr Mothibatsela also served as a Council Member at Maru-A-Pula School Council.



MS BOINEELO LOBELO
Deputy Chairperson

Ms Lobelo graduated with BSc in Chemistry and Environmental Science from University of Botswana, MA in Business Management with majors in Safety, Health and Environment. She also holds Certificate in Enterprise Risk Management from Botswana Accountancy College. She is affiliated to South African Bureau of Standards, British Standards Institute and United States Department of Overseas Security Advisory Council. Her career started in 2006 whose vast experience spans over 14 years in health and environmental services. Ms Lobelo is currently a Project Director – Environmental Advisor at the Ministry of Mineral Resources, Green Technology and Energy. She worked as a Regional HSSE Manager at Vivo Energy Botswana and Namibia for three years. She also served as a SHE at Debswana Jwaneng Mine.

Ms Lobelo facilitated execution and completion of Environmental Management Plans for Shell Oil Botswana sites ensuring compliance with requirement of the Environmental Impact Assessment (EIA) Act No. 6 of 2011. She was also involved in the development of environmental management Standard ISO 14000 and occupational health and safety OHSAS 18001 standards. Ms Lobelo is a member and Secretariat of the evaluation team for procurement of Independent Power Producers (IPP) for the construction of Morupule Units 5 and 6 and the Remediation of Morupule B Power Station Units 1 to 4.

Board Profiles

As of the 1st May 2020, the BERA Board comprised of the following Board Members with their diverse experience and skills, as below;



**MR GEOFFREY
SIMANYANA SEREBOLO**
Board Member

Mr Geoffrey Simanyana Serebolo possesses MA from American University (Washington DC) and BA from University of Botswana. Mr Serebolo has various short courses including Advanced training in Applied Statistics (Food Policy) attained from Munich Centre for Advanced Training in West Germany, Certificate in Project Management (BIAC), Certificate in Environmental Impact Assessment (UB), Certificate in Development Coordination and Management (UB), Change Agent Training and Leadership Strategies (Oregon State University, USA), Certificate in Botswana Code, King III and Corporate Governance and numerous training courses on Performance Management offered by Government of Botswana.

Mr Serebolo worked for various Government institutions from 1982 and retired from the Public Service in 2010. He worked as a District Commissioner and served in different committees including District Health Committee, District Development Committee, District Land Use Planning Committee. He was also a Board Member at Bathoen II Conservation Trust in 2011. From 2013-2019 he was appointed Chairperson of the Human Resource Committee of Forest Conservation of Botswana. He also served as a Member of Ngwaketse Land Board from 2017-2019.



MS SEIPATI G. OLWENY
Board Member

Ms Seipati Grace Olweny is an accomplished Consumer Protection Expert with more than 20 years experience spanning from operational to senior management level, working in Government, providing technical expertise in consumer protection, business development; and the development of policy and legislation; regulatory framework; strategies; and guidelines.

She has gained intensive knowledge through working closely with key influencers both bilaterally and multilaterally such as consumer groups; business associations; including similar agencies involved in consumer protection and business development, locally, regionally and in the international arena.

She served as Commissioner in the Competition Authority Board and the Food Control Board providing Corporate oversight.

Seipati Grace Olweny has a Bachelor of Science (Hons) - Consumer Science from the University of Cardiff, Wales in the United Kingdom and Diploma in Secondary Education majoring in Home Economics and English from Molepolole College Education. She taught Home Economics for over 10 years in both Junior and Secondary schools where she held management positions. She also contributed immensely towards the development of the Home economics curriculum.

Board Profiles



MS PAULINE PALEDI-MOKOU
Board Member

Pauline Paledi-Mokou is the Former Executive Director for Botswana Diamond Manufacturing Association; An HR Professional and Capacity Building Specialist with extensive Consulting experience dealing in human resources functions, whose outreach transverse the whole of the Southern African countries as well as countries outside the African Continent.

At international level she led the design and implementation of public sector reform projects which focused on institutional restructuring processes and improvement of service delivery, embedded a talent management and performance system and implemented workforce planning, setting out a full –scale transformation of HR Policies and Practices in the Turks and Caicos Islands in the West Indies. Worked with various international development cooperating partners organizations such as Commonwealth Secretariat, NEPAD, AU, USAID, African Development Bank, EU, UNDP, SADC Secretariat, in the design and implementation of high impact learning programmes and a range of organizational development solutions, Policy development interventions and sustainable development projects in the Southern African region and international arena. Pauline Paledi-Mokou has served in various Boards, excelling in corporate oversight, with demonstrated leadership in promoting governance reforms, currently an Associate Consultant for Governance Management Services International, a UK based Consultancy Firm and a Member of the Executive Board of the African Capacity Building Foundation an African Union's Specialized Agency for Capacity Development. Ms. Paledi-Mokou has a Masters in Human Resources Development from the University of Portsmouth. This knowledge has been supplemented and deepened by more than 20 years 'hands-on' experience as a Capacity Building Professional, including 10 years' operating in Regional and international development settings.



MR FANILE MATHANGWANE
Board Member

Mr Fanile Mathangwane has MSc in Electrical Power Engineering, Bachelor of Science in Mechanical Engineering and Mechanical Engineering Certificate. He has more than 30 years' experience in the Energy field. He has a strong background on Mechanical and Electrical Engineering, power generation, transmission and distribution projects, rural electrification, petroleum products and experience on energy efficiency and conservation. Mr Mathangwane is currently self-employed as a farmer and has previously served as an Acting Director at the Department of Energy Affairs under the then Ministry of Mineral, Energy and Water Affairs. He has also served on secondment to SADC as an Energy Policy and Research Coordinator.

Mr Mathangwane has done a number of Publications and Presentations; Fanile Mathangwane and Walter Kgabung on the Evolution of the Liquefied Petroleum Gas Industry in Botswana. Part of the Study Group – Pricing Energy in Developing Countries, World Energy Council. The Challenge of Mainstreaming Biomass Energy Plan to facilitate Sustainable Development and the paper was presented at the Conference of the African High-Level Regional Meeting on Energy and Sustainable Development in Kenya. He also presented a Paper on Rural Energy for Botswana at the World Energy Council African Regional Workshop.





CEO's Statement



ROSE NUNU SERETSE
Chief Executive Officer

I am delighted to present BERA 2020/21 annual report and to introduce our major achievement over the past year – A year of challenges exacerbated by the Covid 19 pandemic. We have seen the status quo for the Energy sector challenged in a manner that resulted in positive improvements as well as boosting BERA's resilience to ensure continued energy regulation services despite acute business disruptions. The Authority was able to innovate in order to continue serving its customers.

Sustainable and secure supplies in the Energy Sector

The Authority has continued to ensure sustainable and secure supplies within the energy sector. However, the Petroleum sub sector experienced acute shortage of its products' supply during the Covid 19 Pandemic. The Authority in partnership with its parent Ministry, facilitated the Petroleum subsector to work together and come up with a proactive and holistic approach in addressing the acute shortage of fuel supply in the country during the Covid 19 lock down. We saw an increase of procurement for the petroleum products from alternative sources and routes as well as the utilisation of the strategic stocks from the Government's fuel reserves. Further to this, we also intensified the monitoring of commercial and retail stocks for Oil and Gas companies. Furthermore in order to address logistical issues, the Oil companies were encouraged to increase utilisation of rail transport mode for moving their petroleum products into the country.

Enhancing Energy Regulatory Framework

During this financial year, BERA managed to develop five (5) regulatory instruments (that is; Consumer Complaints procedure, Rooftop Solar rules, star rating tool, KPI framework for Petroleum sector, PPA guidelines), cumulatively the Authority, has so far developed 14 regulatory instruments since inception. The Petroleum Products Regulations and LPG Regulations were passed to AGC and are currently at an advanced stage of approval process.

Stimulating participation of Independent Power Producers (IPPs) in power generation

In our endeavour to contribute to the acceleration of the development of Renewable Energy projects in Botswana with private sector participation, we are currently sourcing funding from African Development Bank (AfDB) for these projects through our parent Ministry. We are at an advanced stage of

CEO's Statement

the grant application from AfDB for the Renewable Energy Independent Power Producers procurement program. This program intends to strengthen the enabling environment for private sector participation to establish the necessary instruments such as Grid codes, Cost of Supply study and associated tools.

I am pleased to state that cumulatively, the Authority has licensed five (5) IPPs since November 2019, of which two (2) are for solar power generation in Bobonong and Shakawe. BERA expects to license IPPs for the ten (10) medium sized solar projects and two (2) 50 MW solar projects during the financial year 2021/22. These projects are anticipated to contribute 135 MW capacity towards the total energy mix. It is also anticipated that percentage (%) citizen shareholding in IPPs will increase from the current 8% to 31% once the tenders for ten (10) medium sized solar power plants and two (2) 50 MW Solar PV plants are awarded since the local content reserved for citizen shareholding is 40% for these projects.

Promoting the transformation of the Petroleum and Gas sub sector.

The Authority has embarked in a couple of initiatives geared towards transforming the Petroleum and Gas sub sector,

especially regarding ensuring fair competition and citizen participation within the sector. Two (2) of these initiatives are LPG Market Study and Regulatory Impact assessment of aviation fuels pricing which were completed this year. We also spearheaded actions on the phasing out of diesel 500ppm in fulfilment of the commitment made at the SADC Energy Ministers meetings to phase out high sulphur content fuels. The diesel 500ppm was completely phased out of the Botswana market in December 2020.

Ensuring Cost reflective electricity tariffs

The Authority's tariff review process also seeks to ensure that electricity tariffs are cost reflective since this will enable further investment in the sector, sustainable provision of service by the utility and efficient use of electricity. During this financial year the power utility, Botswana Power Corporation, submitted a tariff application requesting a 5% upward tariff adjustment for the year 2021/22. Although the Authority was in agreement with the magnitude of the adjustment, it took a decision to ramp the tariff increases on a less rapid rate of 3%. This was done in recognition of the need to cushion consumers against a higher tariff adjustment on the back of a previous 22% increase for the year 2019/20.

Ensuring fair, competitive and affordable fuel prices

The Authority continues to review the petroleum products prices on monthly basis to ensure that prices are fair, competitive and affordable, whilst petroleum margins are reviewed on annual basis in order to provide a fair return for the financial sustainability of the industry. Petroleum products pump prices were adjusted downwards in June and September 2020 and then upwards in March 2021.

Ensuring Consumer protection

We continue to be expeditious in resolving consumer complaints reported to us at the same time ensuring that interests between consumer, customer and licensee are adequately balanced. Four (4) out of the five consumer disputes reported in FY 2020/21 were resolved within time

CEO's Statement

(that is 90 days). Consumer complaints settlement procedure was approved on the 4 February 2021 by the Hon. Minister.

Compliance and Performance monitoring

The Authority launched the Key Performance indicators framework for electricity sub sector during this financial year and the average BPC performance achieved was at 52% as of March 2021. The Authority also inspected one hundred and fifty-eight (158) facilities against the targeted two hundred and seventy (270) in 2020/21 due to Covid 19 restrictions, of which compliance level stood at 87%. The compliance plans by the regulated entities have been developed and the Authority continues to monitor these plans to monitor compliance. We also believe that voluntary compliance by these regulated entities will be enhanced through the implementation of the Star rating program and KPI frameworks.

More importantly, we recognise that our regulatory process should deliver outcomes that reflect stakeholder's needs and interests. To improve corporate communications and stakeholder engagements, the Authority carried out 53 stakeholder management activities. Key to these activities was the dissemination of information about the energy sector through different media channels. Topical issues were Electricity and Fuel Price reviews, Illegal fuel smuggling, and consumer complaints.

2021/22 Outlook

The BERA Board initiated a review of the BERA Strategic Plan (2018/2019 – 2022/23), in November 2020. Top priority of this strategy was; Promotion of the energy security and energy sector transformation; Improving of Corporate communications and stakeholder engagements; and Ensuring BERA's financial sustainability. This will be made possible by Improving the energy regulation and operational efficacy; Enhancing energy legislation and regulations as well as Improving employee attraction, retention and performance. Although this year has been a challenging year. I believe that as we consider the lessons learnt and our revised strategy, we will enrich further our business plan for the upcoming year.

Appreciation

Finally, I would like to register a special thank you to BERA staff for their valuable contribution to the Authority's success. All the achievements presented in this report would not have been possible had it not been for their dedication and professionalism over the past year, even in the midst of challenges we encountered. We have been pulling together to strategically position BERA to fulfil its mandate.

I further wish to appreciate BERA Stakeholders who had been supporting the Authority during the challenging times of the COVID 19 pandemic.



Chief Executive
Officer

Executive Members Profiles



ROSE NUNU SERETSE
Chief Executive Officer

Mrs. Rose Nunu Seretse graduated with a Bachelor of Science in Construction Engineering and Management from Ferris State University in Michigan USA. Mrs Seretse also possesses a Master of Public Administration from the University of Botswana. She is a Certified Ethics Officer. Mrs. Seretse was the first woman to head the Botswana Anti-Corruption Agency called the Directorate on Corruption and Economic Crime where she was the Director General for eight years. Prior to working for the Anti-Corruption Agency, Mrs Seretse served in the Local Authorities in the Building and Engineering Units at Kgatleng District Council and Lobatse Town Council as Technical and Senior Technical Officer respectively. Seretse has been awarded many honours and awards throughout her career including Sigma Lambda Chi – Ferris State University, Africa's most Influential Woman – CEO Global; Certificate of Recognition – Commonwealth Secretariat and Certificate of Appreciation – International Law Enforcement Academy. Mrs. Seretse is one of the recipients of Presidential Order of Honour of 2018.



DUNCAN MOROTSI
Chief Operations Officer

Duncan Morotsi graduated from the University of Botswana, Lesotho and Swaziland with an LLB Degree in 1984. Mr Morotsi joined the Attorney General Chambers as State Counsel from 1984 to 1986. He started a Law Firm in Francistown operating as Duncan Morotsi and Partners until 2006 when he joined CEDA as Company Secretary and Legal Advisor until 2008.

In 2009 he rejoined the Public Service as Chief State Counsel in the Ministry of Home Affairs advising on Labour, marriage, citizenship and Trade Union Laws. In 2011, he joined the newly formed Competition Authority as Director of Legal and Enforcement during which he gained an in-depth knowledge of competition law and economic regulation. Currently he serves as a Board Member of the National Environmental Fund and Chairman of its Project Assessment Committee. He is also Patron of Mokibe Primary School in Shoshong. Moreover, Mr Morotsi is involved in Charity Projects in Shoshong Village.



NNOSANG MHUTSIWA
Director Human Resource
& Administration

Ms. Nnosang Mhutsiwa holds a Master's in Public Administration and Bachelor of Social Science majoring in Public Administration and Economics both from the University of Botswana. Nnosang has attended several strategic management short courses and Executive Leadership Programs. She is a professional member of Botswana Institute of Human Resource Management and Society for Human Resource Management. Nnosang has previously served in the Public Service for almost two decades in different ministries, including Agriculture, Office of the President, Youth, Sports and Culture and Ministry of Education and Skills Development.

She started her career as a Personnel Officer in the Department of Local Government Services Management for a short stint before joining the Central Government as an Administration Officer under the Ministry of Agriculture. She progressed over the years to the posts of Director Ministry Management, Senior Manager Corporate

Executive Members Profiles

Services and Director of Youth prior to her appointment as Deputy Permanent Secretary – Corporate Services in April 2014 until August 2017 when she resigned from the Public Service to join BERA. She has served in different Boards including Public Service Bargaining Council on the Employer side (Botswana Government) whereby she once acted as Chief Negotiator, Botswana National Productivity Centre, Sir Ketumile Masire Teaching Hospital and Botswana National Gender Commission. At international level, she has served as the Secretary General of the Botswana National Commission for United Nations Educational, Scientific and Cultural Organisation (UNESCO). She is currently serving as a member of the University of Botswana Governing Council.



BATSUMI RANKOKWANE
Acting Director, Petroleum
(From 1st July 2020 to 9th
May 2021)

Mr Batsumi Rankokwane graduated with Master of Science in Environmental Assessment and Management from the University of East Anglia, United Kingdom. He also possesses a Bachelor of Arts in Environmental Sciences from the University of Botswana. Mr Rankokwane completed a rigorous Management Development Programme in Petroleum Economics; Global Oil Industry and Petroleum Products Pricing; and Utility Regulation and Strategy. He has more than 15 years' experience in the public sector (Office of the Auditor General, National Strategy Office and Department of Energy) and private sector (Centre for Applied Research and Ecosurv Environmental Consultants). Mr Rankokwane is currently serving as Board Member and Treasurer in the Board of Directors of Anne Stine School for the Disabled in Molepolole.

Mr Rankokwane is a recipient of the Swedish National Audit Office and the African Organisation of Supreme Audit Institutions Award for the Best Performance Audit Report in Africa (2010); Author of the Best Performance Report (2012) and Inspirational Leader Award (2016). He has published a journal article with the Netherlands' Geojournal. Mr Rankokwane is a certified Public Private Partnerships Professional and a Member of the Institute of Environmental Management and Assessment.



PELAELO KGOMOTSO
Acting Director, Electricity
(From 1st July 2020 to 16th
February 2021)

Pelaelo Chorosi Kgomo is a Master of Science graduate in Electrical Power Engineering (with Power System Economics) from the University of Manchester Institute of Science and Technology (UK). He also holds a Bachelor's degree in Electrical Engineering from the University of Sheffield (UK). He is a member of the Institution of Engineering and Technology, London, UK. He has previously worked for Botswana Power Corporation (BPC) for more than two decades where he held various senior positions in power systems operations and maintenance, planning, project management and procurement, technical services (protection, metering, geographical information systems, transport services), customer services and revenue management.

Mr Kgomo has been involved in the energy sector for more than twenty-five years including being in task teams on Botswana Electricity Tariff Review (2009); Bankable Feasibility Study of a 200MW Concentrating Solar Thermal Plant (2010); Renewable Energy Feed-In Tariffs For Botswana (2011); Establishment of the Energy and Water Regulator (2010).

Executive Members Profiles



GIFT BAKUMBI
Acting Director Petroleum
(from 6th February 2020
to 30th June 2020) &
Acting Director, Inspections
Supervision and
Environmental Compliance
(from 1st July 2020 to 16th
January 2021)

Engineer Gift Bakumbi is a registered practicing professional engineer with a Mechanical Engineering Degree from University of Botswana and a Master of Business Administration from Heriot Watt University (Scotland). Other certifications include Solar Thermal Professional (SOLTRAIN), ISO 9001 Auditor (Risk ZA), Six Sigma Green Belt (BU), International Crude and Products Markets (Channoil), Public Utility Regulation (UF), Certified Public Private Partnership Professional (APMG) and Managing Power Sector Reforms (UCT).

Engineer Bakumbi has gained 15 years industrial experience working for organisations such as the University of Botswana, Easi Gas, Air Liquide, Energy Systems Group and Climate Control before joining the Authority. He has presented papers at conferences such as: the State of Natural Gas in Botswana and SADC region (2018 Annual Regional Electricity Regulators Association conference in Lilongwe, Malawi), the role of energy in pursuit of sustainable development goals (2019 Biennial Botswana Institution of Engineers Conference) and the state of Natural Gas in Botswana (2020 Africa Gas Summit). He serves as a member of technical committees at the Botswana Bureau of Standards for; LPG, Welding and allied services, motor vehicles, transportation of dangerous goods, biogas, biofuels, solar thermal and petroleum standards and is also a member of the Botswana Solar Thermal Technical Platform. Engineer Bakumbi is a member of Botswana Institution of Engineers and the American Society of Mechanical Engineers.



OBONYE MARAGE
Acting Director Finance
(from 22nd April 2020 to
11th April 2021)

Obonye Marage is a chartered accountant with over 20 years' experience in Accounting and Audit. He is a member of both Botswana Institute of Chartered Accountants (BICA) and Association of Chartered Certified Accountants (ACCA), as Fellow Professional Chartered Accountant (FCCA) and Fellow Chartered Certified Accountant (FCCA) respectively. He has gone through various Leadership and Management Development Programmes at University of Johannesburg (UJ) and University of Stellenbosch Business School (USB) and recently completed a course on Financial Modelling and Analysis through University of Cape Town (UCT). Prior to joining the Authority, he was Financial Controller at Minerals Development Company Botswana (MDCB), responsible for the entire finance function of the company (accounting, reporting, risk management, procurement, and compliance). He was also a key contact responsible for review of BCL Liquidator's billing on behalf of the shareholder, Government of Botswana (GoB).

Marage started his career at Deloitte & Touche in July 2000, where he rose through the ranks up to the position of Audit Senior, within 5 years. In June 2005, he joined BCL Limited, where he held various management positions in finance over a period of 12 years. He also had short stints at Marge Consulting, and Botswana Accountancy College, as Managing Consultant and Lecturer respectively.

Executive Members Profiles



YAMIKANI PATSON
Board Secretary and Acting
Director, Legal & Licensing
(from 6th February 2020 to
5th November 2020)

Mr. Yamikani Patson is an admitted attorney of the High Courts of Botswana with 16 years' experience in the legal profession having graduated with an LL.B at the University of Botswana. He has served as a legal advisor for body corporate s including among others Local Authorities (Councils) and Land Boards advising the Councils and committees that he served in. He has also previously served under the Attorney General of Botswana under civil litigation as a State Counsel.

Mr. Patson had also served in the private practices as a Legal Practitioner of both Mr. Maphakwane & Partners and Lerumo Mogobe Legal Practitioners. Before serving at BERA he was head of Legal Education and Public Relations at Legal Aid Botswana. Mr. Patson is also currently serving in the Board of Directors as a non-executive member of First Cred Botswana a company registered on the Botswana Stock Exchange. He is also chairperson of its subsidiary; Get Sure



NGELE G. NGELE
Internal Audit Manager

Mr Ngele is a qualified accountant and auditor. He is a Fellow Chartered and Certified Accountant (FCCA) UK, MBA from the University of Derby and a graduate in Governance, Risk, Compliance and Management (GRCM). He is a Risk Based Auditor (RBA), Certified Risk Analysts (CRA) and a member of the Institute of Internal Auditors Botswana chapter (IIA Botswana). Mr Ngele is also a Management Development Programme (MDP) graduate with the University of Cape Town.

Mr Ngele worked for more than 10 years in the Finance field as Management Accountant, Head of Treasury, Finance Manager, Chief Accountant Business Support and Group General Manager Finance in organisations that included KBL, BTC and Botsnet. He has more than 20 years' experience in the audit environment having worked for Deloitte, PWC, Debswana, NDB, KBL, Botswana Post, The University of Botswana, Botswana Power Corporation and BERA where he held various executive positions responsible for the Audit function.



GOSEGO PHELE
Strategy Manager

Gosego Phele possesses MSc in Strategy Management from University of Derby and BSc in Computer Science from University of Cape town. She also possesses professional qualification in strategy management, project and risk management and finance & accounting. Gosego Phele has more than 12 years' experience in the Strategy, risk and performance management field.

She has a strong background on Information Technology, Finance and Strategy, risk and performance management. She has worked in various organisations in private sector (IT and Accounting Firms), Government (Ministry of Minerals, Energy & Water resources and Ministry of Health) and parastatals (National Development Bank and Civil Aviation Authority of Botswana). Before serving at BERA she was head of Strategy and Risk function at Civil Aviation Authority of Botswana. She is also serving as a Board of Director at Robin Wood (Pty) Ltd and Wealth Club (Pty) Ltd as well as a member of Board Finance Committee for Botswana Qualifications Authority (BQA).





Our Strategic Agenda

Our Strategic Agenda

Our overall strategic intent is to promote energy security and transformation of the energy sector in a manner that will stimulate investment in the energy sector and create a positive difference for all energy consumers towards achieving the National Vision of "Prosperity for All". Our strategic aspirations as the Energy regulator are aligned with pronouncements of the Act, as it is a primary source of its mandate as well as the Ministry and Government Priorities. The Authority's 2018/23 strategic plan is being implemented through annual business plans.

Our strategic themes and objectives

The Authority has recorded notable achievements since the inception of this strategic plan as a build-up on its performance reported during its inaugural year. During this financial year, the

Authority has recorded an average corporate performance level of 71%, this a decline by 4% from last year's performance of 75%.

Strategic Theme: Stakeholder Engagement and Satisfaction

Strategic Objective	Expected Performance	Performance Achieved:
Improve competitiveness of the energy sector	Ten (10) entities start commercial operation newly operating entities	<ul style="list-style-type: none"> Nine (9) out of ten (10) entities started commercial operation this financial year. This is a decline by one (1) as compared to 2019/20 performance of 10 newly operating entities The target was met for newly operating IPPs due to close monitoring of Solar roof top project especially during the second and third quarter. Two IPPs (Small scale Solar PV) benefiting from the Solar roof top project started feeding into the electricity grid in November 2020, although they started operating the plants in financial year 19/20. The target was missed by one (1) for the newly operating Petroleum Products Suppliers, in that seven (7) companies with import licenses started operating as planned.
	10% increase in Market Value for new investment in the Energy sector	<ul style="list-style-type: none"> 1.3% increase in market value, which is below target. This performance excludes additional investment value in the petroleum sub sector, which was not assessed due to lack of resources to undertake the exercise. This measure was not tracked in 2019/20
	Electricity Regulatory Index (ERI)	<ul style="list-style-type: none"> Botswana scored an ERI of 0.336 as of December 2020, which is a decrease in last year's performance of 0.45. The survey questionnaires for regulatory substance and outcomes were significantly improved, as such BERA as a nascent regulator had not progressed most the items being gauged by the survey.
	Ensure at least 70% compliance to regulatory requirements by operators	<ul style="list-style-type: none"> One hundred and fifty-eight (158) facilities were inspected against the targeted two hundred and seventy (270) in 2020/21, of which compliance level stood at 87%. This is an increase in performance as compared to last year compliance level of 42%, due to closure of identified non-compliance.

Our Strategic Agenda

Strategic Theme: Stakeholder Engagement and Satisfaction

Strategic Objective	Expected Performance	Performance Achieved
Improve competitiveness of the energy sector	Ensure at least 85% of 50 ppm diesel consumption to total diesel consumption	<ul style="list-style-type: none"> As of March 2021, the consumption of 50 ppm diesel to total diesel consumption was 100% because 500ppm was completely phased out of the Botswana market in December 2020.
	Ensure 65% performance level for operators within the Electricity and Petroleum subsectors	<ul style="list-style-type: none"> The performance level was only measured for the electricity subsector and the average BPC performance achieved was at 52% as of March 2021. The performance level for the petroleum subsector will be gauged in the next financial year.
Ensure Consumer Protection	Resolution rate (no. of resolved complaints within set standard)	<ul style="list-style-type: none"> Four (4) out of five (5) closed consumer complaints were resolved within 90 days, during the financial year due to delay in the provisioning of additional information by the complainant. The 5th complaint was concluded outside the 90 days, due to the delay by the complainant in provision of additional information required.

Strategic Theme: Financial Sustainability

Strategic Objective	Key Performance Indicator	Target	Actual
Strengthen the Organizational Financial Position	% Proportion of Government subvention to total income	85%	99.8%
	% Variance of actual expenditure against budget	<10	24%

The Authority is not financially independent as it is hugely dependent on the Government subvention. However, given the legal provisions on sections 26 and 51 of the BERA Act; and the need for BERA to be on a sustainable revenue stream, we have developed the Authority's Fee Structure Proposal. This proposal considers four (4) options of funding BERA operations and is expected to be finalised and submitted to MMGE and Cabinet for approval.

In addition to this, BERA is also exploring funding options in the form of grants from other Financiers such as African Development Bank to fund its strategic projects. We are currently processing a grant application estimated at 1.7 million US Dollars for the Renewable Energy IPP procurement program.

Our Strategic Agenda

Strategic Theme: Operational Excellence

Strategic Objective	Key Performance Indicator	Target	Actual
Enhance Operational Efficacy	Internal Control Index	90%	55%
	% Implementation of audit recommendations	85%	46%
	% Targeted processes automated	58%	33%
Improve Risk Management Process	Risk Maturity level	2	2
	Risk closure rate	3 risks	3
Enhance Employee Performance	Employee Engagement Level	70%	66%
	Organisational performance level	80%	71%
	Employee performance level	80%	75%





Business And Operational Review

Business And Operational Review

ELECTRICITY DEPARTMENT

Setting and Review of Electricity Tariffs

In terms of the BERA Act, the Authority may undertake a tariff review if (a) it considers it necessary to do so in the interests of customers, consumers and other users; (b) the tariff is due for a periodic review as determined by the Authority from time to time (c) the Authority determines on its own initiative or following a written application by a licensee, that there has been a material change in the circumstances making it necessary that a tariff is reviewed or (d) the Minister, in the interest of the public, direct the Authority to review a tariff.

During this financial year the power utility, Botswana Power Corporation, submitted a tariff application requesting a 5% upward tariff adjustment for the year 2021/22. Although the Authority was in agreement with the magnitude of the adjustment, it took a decision to ramp the tariff increases on a less rapid rate of 3%. This was done in recognition of the need to cushion consumers against a higher tariff adjustment on the back of a previous 22% increase for the year 2019/20.

As previously reported, the level of imported power is high and contributes significantly to the costs of the power utility. It is therefore critical for internal generation capacity to be increased via timely remediation of Morupule B and implementation of the Integrated Resource Plan (IRP).

Although preparatory work on the Cost of Service/Supply of Electricity was completed in 2019/20 financial year, the study has not been done due to budgetary constraints. This study will assist it in determining among others, costs associated with production, transmission and distribution on supply of electricity. Sourcing of funding for this project are ongoing and expected to be secured in the 2021/22 financial year.

Electricity Licensing and Project Development

During this financial Year The Authority received license applications for large scale power production during the course of the year. Three applications were successfully processed and issued with licenses. The details of the three licenses are as follows:

Name of Applicant	Operation Capacity (MW)	Market	Power Purchase Agreement (Between Applicant and BPC)	Resource Technology
Tlou Energy	2	Botswana	Assessed and Approved by the Authority	Coal bed methane
Sese Power	220	External	Not applicable	Coal
ENRC	600	External	Not applicable	Coal

Tlou Energy came under the government programme of power procurement from coal bed methane (CBM). The license granted for 2MW assists Tlou Energy to further explore the CBM resource potential while at the same time utilising the CBM from the current wells to generate electricity rather than flaring

it. The Authority assessed and approved the power purchase agreement (PPA) with modifications. Sese Power and ENRC are two prospective producers utilising the coal as their resource. They are both geared for the export markets in the region.

Business And Operational Review

During the financial year the Authority worked under the leadership of the parent Ministry to develop the Integrated Resource Plan for Electricity (IRP) 2020-2040. It is expected that in the coming financial year the government will approve this plan. This will open more opportunities for power generation activity to cater for the identified needed capacity for both local consumption and export.

On the smaller scale electricity production, the Authority received applications from one type of renewable energy i.e., Solar Photo Voltaic (PV). All of these were from commercial and industrial customers. Their sizes ranged from 100 to 300 kW.

Year	Number of Licenses Issued	Total Capacity Licensed (MW)	Total Capacity in Operation	Cumulative Licensed Capacity	Cumulative Capacity in Operation
2018/19	2	2.783	2.2	2.783	2.2
2019/20	2	0.4088	0.2	3.1918	2.4

During the financial year the Authority has been working under the leadership of the parent Ministry to develop the Roof Top Solar Programme which is aimed at encouraging power generation using renewables, albeit on the small-scale range. It should be noted that the IRP will be the vehicle for increase of generation capacity at a large scale using all feasible resource technologies including renewables.

Consumer Protection and Dispute Resolution

The Authority received two complaints from customers who allege that they lost their houses due to fires caused by electricity supplied by Botswana Power Corporation. These complaints, by the end of the financial year, were still under investigation.

Supervision and Compliance Monitoring

In its quest to build the foundation for this function, the Authority completed the development of the Power Purchase Agreement (PPA) Guidelines and the Rooftop Solar Rules.

The PPA Guidelines will be used by power producers and the power off-takers to negotiate power purchase agreements which are then approved by the Authority. The Rooftop Solar Rules are further instruments to be used with the Rooftop Guidelines in the execution of the Rooftop Solar Program.

Through the Key Performance Indicators (KPI's) framework for the power utility completed last year, the Authority started to receive the first data on these indicators during the last quarter of the year.

PETROLEUM DEPARTMENT

Review of petroleum products prices

The Authority continues to use the Basic Fuels Pricing (BFP) Methodology to review prices of petroleum products on a monthly basis. Adjustment of petroleum products pump prices is done after approval by cabinet. Petroleum products pump prices were adjusted downwards in June and September 2020 and then upwards in March 2021 as follows:

Product	Price change (thebe per litre)		
	June 2020	September 2020	March 2021
Unleaded Petrol 93	159	34	58
Unleaded Petrol 95	163	32	57
Diesel 500ppm	141	11	
Diesel 50ppm	140	8	52
Paraffin	188	9	
Jet A1		72	

Business And Operational Review

The country still falls short of implementing market-based pricing owing to lengthy process of approvals. As at end of March 2021, the variation of local prices compared to international prices stood at an average of 13%. Both the industry and dealer margins were not reviewed during the year. However, the Authority commenced preparations in March 2021 for engagement of external expertise to review the local cost components of the pricing structure, including development of industry margin model and slates for alternative routes. Such work is planned to be concluded in the 2021/23 financial year. Work to review the retail margin will also be undertaken in the coming financial year.

Implementation of SADC decisions

The Authority spearheaded actions on the phasing out of diesel 500ppm in fulfilment of the commitment made at the SADC Energy Ministers meetings to phase out high sulphur content fuels. The diesel 500ppm was completely phased out of the Botswana market in December 2020. Work to review the applicable fuel specification (BOS 576) is ongoing and expected to conclude in the 2022/23 financial year. In furtherance to regional commitment to enhance testing capabilities of local facilities, the Authority initiated works to refurbish the existing petroleum testing facilities and procure a new mobile laboratory. However, owing to financial constraints, the refurbishment of the existing laboratory was deferred to the next financial year, thus prioritising procurement of new mobile facility.

Studies conducted for strategic purposes

The Authority has completed two studies: LPG Market Study and Regulatory Impact assessment of aviation fuels pricing. The former was a baseline assessment of the LPG market to create an understanding on its structure and overall functioning and to inform decisions on the better regulation of the market. The latter presented a review of the aviation fuels price regulation introduced in 2017 with the objective of deciding on the need to either continue regulating or to deregulate. The recommendations in these studies will be considered and implemented from the next financial year.

Sector performance monitoring

The Department of Petroleum through the Inspections, Supervision and Environmental Compliance continues to monitor the performance of regulated entities to ensure compliance with regulatory requirements. In terms of monitoring for socio-economic outcomes, the Authority found out that of the 15 importers licensed during the year, 10 were already operating and had created 65 jobs. A more robust performance monitoring tool will be developed in the coming financial year to allow for comprehensive reporting.

INSPECTIONS, SUPERVISION AND ENVIRONMENTAL COMPLIANCE DEPARTMENT

2020/21 Results



Business And Operational Review

Compliance level of Operators

One hundred and fifty-eight (158) petroleum retail facilities were inspected against the targeted two hundred and seventy (270). The Covid 19 protocols and travel restrictions which were imposed more especially in Q1 and Q2 of 2020/21 FY led to this target not being met. The compliance level, however, improved from 42% in the previous FY to 87%. This was mainly due to the implementation of corrective actions recommended by the previous year's inspection outcomes. Petroleum retail facilities compliance level stood at 76% whilst fuel quality compliance rate was 97%. For Petroleum retail facilities an improvement was noted in the areas of capacity building and environmental protection whilst compliance level dropped in the areas of quality of service and safe operation. The breakdown of petroleum retail facilities compliance versus 2019/20 FY figures is shown below:

- **Capacity building 82.6% from 48% in 2019/20 FY**
- **Environmental 65.6% from 50% in 2019/20 FY**
- **Quality of service 86.7% from 88.5% in 2019/20 FY**
- **Safe Operation 69.1% from 96.2% in 2019/20 FY**

Fuel Quality

Two hundred and thirty-eight (238) fuel samples against the targeted were collected and tested for quality. The resultant compliance level was found to be at 97%. In a bid to build confidence for its testing services, the Authority enrolled into a proficiency testing scheme hosted by American Society of Testing and Materials (ASTM). The Authority also ran a tender for the refurbishment of the existing mobile laboratory and procurement of a new one. This project was not completed and will be rolled over to the current financial year.

Surveillance Activities

The Authority continues to monitor and enforce requirements of the Act and other legal instruments within its purview. In so doing the Authority conducts enforcement operations to curb illicit activities in collaboration with other law enforcement agencies. From these operations a total 25,390 litres of illicit fuel was confiscated across the country in 2020/21 FY. Illegal activities included among others; trading without a licence, filling unprescribed containers with fuel, illegal imports and exports, smuggling of fuel, filling containers during prohibited times (following the Covid 19 Regulations) and transporting petroleum products using unprescribed methods such as using public transport.

During the fuel shortage experienced during the Covid 19 lockdowns, the inspections team was dispatched to monitor the situation around the country with a view to ensure that product was rationed so that essential services did not run dry. During these operations improper handling of petroleum products was also addressed as people were hoarding fuel using unprescribed containers.

LEGAL AND LICENSING DEPARTMENT

Strengthening Regulatory Framework

During the period under review, the Ministry approved the Complaints Settlement Procedure whilst the Petroleum Products Regulations, and LPG Regulations which will enhance the regulation of the energy sector, are at advanced stages of drafting at the Attorney General Chambers. The Legal department also developed and reviewed other regulatory tools, which are at various stages of implementation.



Business And Operational Review

Name of Instrument	Nature	Status
Botswana Energy Regulatory Authority Act, Cap 74:11	Legislation	In operation
Botswana Power Corporation Act, Cap 74:01	Legislation	In operation
Electricity Supply Act, Cap 73:01	Legislation	In operation
Petroleum Bill	Bill	Under development
Electricity Supply (Licensing) Regulations, S.I. 116, 1993	Regulations	In operation
Electricity (Supply) Regulations, S.I. 52, 1988	Regulations	In operation
Factories (Electricity) Regulations, S.I. 44, 1974	Regulations	In operation
Petroleum Products Regulations	Regulations	Awaiting finalisation by AGC
Liquified Petroleum Gas (LPG) Regulations	Regulations	
BERA Complaints Settlement Procedure Regulations	Regulations	
Energy Policy	Policy	Approved by Parliament
Renewable Energy Strategy	Strategy	In operation
Off – Grid Strategy	Strategy	In operation
National Energy Efficient Strategy for Botswana	Strategy	In operation
Sustainable Energy For all Strategy	Strategy	In operation
Oil and Gas Strategy	Strategy	In operation
Integrated Resource Plan for Electricity	Plan	Approved by Cabinet
Botswana Power Corporation (Electricity) Bye -laws, S.I. 123, 1979	Bye - laws	In operation
Net Metering rules	Rules	In operation
Solar Rooftop Guidelines	Guidelines	Approved by Minister
Guidelines for Power Purchase Agreement (PPA)	Guidelines	Under development
Biofuel guidelines	Guidelines	Under development
Licensing Guidelines	Guidelines	Under development
Enforcement guidelines	Guidelines	Under development
Key Performance Indicators (KPIs) framework for electricity sector	Framework	In operation
KPIs framework for petroleum sector	Framework	In operation
Tariff Determination procedures and information requirements	Internal BERA methodology	In operation
Discount rate Methodology	Internal BERA methodology	In operation
Forecasting electricity demand for Botswana using Error Correction Model	Internal BERA methodology	In operation
Technical Manual		In operation

Business And Operational Review

Legal Instruments in the pipeline		
Gas Bill	Bill	Not yet started
National Electricity Grid codes	Codes	Not yet started
Models of Wheeling agreement	Guidelines	Not yet started
Guidelines of coal supply agreements	Guidelines	Not yet started
Licensing framework	Framework	Not yet started

Licensing Activities

The Authority is therefore mandated to issue licenses of regulated activities. To this end the Authority has issued one hundred and fifty (150) licenses since its inception as tabulated below.

No.	Activity Licensed	Number of Licensed issued
ELECTRICITY SUB-SECTOR		
1	Generation (Independent Power Producers)	18
3	Standby Generator	36
Sub Total – Electricity subsector		54
PETROLEUM AND GAS SUB-SECTOR		
5	Construction and operation of petroleum retail (Filling stations)	43
6	Construction and operation of LPG retail	1
7	Import of petroleum products	39
8	Export of petroleum products	6
9	Construction of petroleum storage facilities/depos	6
10	Construction and operation of Liquefied Petroleum Gas (LPG) filling plant	1
Sub Total – Petroleum and Gas subsector		96
TOTAL		150

LICENSES ISSUED DURING THE FINANCIAL YEAR 2020/21

APPLICANT	APPROVED	SECTOR	OPERATION
Mount Meru Petroleum (Pty) Ltd	19/05/2020	Petroleum	Authorisation to construct Filling Station
Geo Cam Energy Pty Ltd	21/06/2020	Petroleum	Import
Hillman Consultants (Pty) Ltd	21/06/2020	Petroleum	Authorisation to construct Filling Station
Khoemacau Mine	21/06/2020	Electricity	Generation
Okavango Diamond Trading Company	21/06/2020	Electricity	Generation

Business And Operational Review

APPLICANT	APPROVED	SECTOR	OPERATION
Thobo Energy	21/06/2020	Electricity	Generation
NCI Botswana	29/06/2020	Petroleum	Authorisation To Fuel Depot
Omega Filling Station (Pty) Ltd	29/06/2020	Petroleum	Authorisation to construct Filling Station
AIPB Pty Limited	17/07/2020	Petroleum	Import
Amartures Coming (Pty) Ltd	17/07/2020	Petroleum	Import
Kesephille Investments (Pty) Ltd	17/07/2020	Petroleum	Export
Gold Cape Pty Ltd	02/08/2020	Petroleum	Retail
Local Enterprises Authority	02/08/2020	Electricity	Generation
OtokomTechnology (Pty) Ltd	02/08/2020	Petroleum	Import
Sasakwe Resources (Pty) Ltd	02/08/2020	Petroleum	Import
Seth Resources (Pty) Ltd	02/08/2020	Petroleum	Import
Sky Bridge Capital (Pty) Ltd	02/08/2020	Petroleum	Import
Botswana Ash (Pty) Ltd	14/08/2020	Electricity	Generation
Diamond Trading Company Botswana	14/08/2020	Electricity	Generation
Lab-Care Diagnostics (Pty) Ltd	14/08/2020	Petroleum	Authorisation To Construct Filling Station
Bayward (Pty) Ltd	11/09/2020	Petroleum	Retail
Leburner Gas (Pty) Ltd	09/10/2020	Petroleum	LPG Retail
Muzila Investments (Pty) Ltd	09/10/2020	Petroleum	Import
Africent Investments (Pty) Ltd	15/12/2020	Petroleum	Retail
Hallel (Pty) Ltd	20/10/2020	Petroleum	Retail
Creative Business Solutions (Pty) Ltd	26/10/2020	Petroleum	Retail
Johannes Motshegare	26/10/2020	Petroleum	Retail
Stol Petroleum (Pty) Ltd	26/10/2020	Petroleum	Import
Chitawa Holdings (Pty) Ltd	13/11/2020	Petroleum	Retail
S & S Petroleum (Pty) Ltd	13/11/2020	Petroleum	Import
Sir Ketumile Teaching Hospital	08/01/2021	Electricity	Generation
Lucara Botswana Pty Ltd	08/01/2021	Electricity	Generation
The Far Property Company Limited	08/01/2021	Petroleum	Import
Cedamoor Fuelz (Pty) Ltd	20/01/2021	Petroleum	Retail
Guilhall Investments (Pty) Ltd	04/02/2021	Petroleum	Retail
Primetime Property Holdings Limited	04/02/2021	Electricity	Generation
Tz Highway Investments (Pty) Ltd	04/02/2021	Petroleum	Retail
AB Energy (Pty) Ltd	26/03/2021	Petroleum	Import

Business And Operational Review

APPLICANT	APPROVED	SECTOR	OPERATION
Filano Pty Ltd	26/03/2021	Petroleum	Import
Enriched Original (Pty) Ltd t/a Morwa Oil	26/03/2021	Petroleum	
Magpal (Pty) Ltd	26/03/2021	Petroleum	Retail
Wheki (Pty) Ltd	26/03/2021	Electricity	Generation
Masthead (Botswana) (Pty) Ltd	26/03/2021	Petroleum	Import
Prime-Rocks Investments (Pty) Ltd	26/03/2021	Petroleum	Import
Debswana Diamond company (Pty) Ltd-Gaborone	26/03/2021	Electricity	Generation
Solid Concepts (Pty) Ltd	26/03/2021	Petroleum	Retail
Tulisa Investments (Pty) Ltd	26/03/2021	Petroleum	Retail
Minnova (Pty) Ltd	26/03/2021	Petroleum	Retail
Botswana Oil Limited	28/03/2021	Petroleum	Import
Ducat Holdings (Pty) Ltd	28/03/2021	Petroleum	Retail
Debswana Diamond company (Pty) Ltd-Orapa	28/03/2021	Electricity	Generation

FINANCE AND INFORMATION TECHNOLOGY (IT) DEPARTMENT

BERA's current operations are 99.8% funded by Government Subvention. Key to the realisation of the strategic objective of strengthening the Authority's financial position and enhancing its financial independence, the Finance unit has developed the BERA's fee structure proposal. On the Finance Unit side, we have the Financial Regulations, which is effectively a Finance Procedures and Policy Manual. On the IT Unit side, we have two (2) policies being; Information Security Policy; and IT Change Management Policy.

In our endeavour to enhance the ICT infrastructure, including security, storage, backups and disaster recovery through advanced and integrated solutions, the Authority has embarked on an Infrastructure virtualization, disaster recovery and security project, which is 95% complete. The ICT strategy document has been finalised and implementation will commence in the next financial year. Out of the twelve (12) processes planned for automation during this strategic period, four (4) processes have been automated as of March 2021, the rest will be automated

during the remaining two (2) years of this strategic period. The procurement for the Licensee Management System has also been initiated.

HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT

Development of Policies and Procedures

The process of developing other Human Resource and Administration Policies and procedures continued in the year under review. These are geared towards an establishment of a legislative framework through which the Authority uses to manage its daily business operations. The policies and procedures which were developed and approved includes; Safety, Health and Environment Policy, Employee Performance Management Policy, Ill Health Retirement Policy. The other policies that were developed and had not gone through all the approval structures at the end of the reporting year are Internship Guidelines, Training and Development Policy, Revised Cellular phone Policy, Human Capital Resourcing Policy and Records Management Policy.

Business And Operational Review

Employee attraction, development and retention

The Authority places its employees as a top business priority and thus creating a thriving workplace by building a great employee value proposition (EVP) to ensure improved motivation and retention. The Authority continues to promote employee engagement through various intervention as way of motivating and improving the employee satisfaction level. Consequently, an employee engagement survey was carried out to gauge the engagement level of employees in order to identify relevant interventions that will assist to close the identified gaps. The Authority have been able to achieve a staff retention rate from 91% to 100% for the reporting period.

BERA strives to remain relevant in the market and making concerted efforts to ensure that there are adequate staffing levels for the effective delivery of the BERA mandate. However, the Authority continues to face a challenge of limited funding, which hampers filling of critical vacant positions in the organisational structure. Nevertheless, The Ministry of Mineral Resources, Green Technology and Energy Security has been generous to continue to second employees in two critical posts that have not been filled since the establishment of the Authority. There was no budget allocated for Training in the reporting period, due to the Organisational Structure review exercise that is still ongoing. The future training needs will thus be addressed with premise on the skills needs identified as a result of the new structure.

Review of the Organisational structure

In an endeavour to address structural challenges experienced during the early years of operation, the Board approved the request by management to review the organisational structure with a view of streamlining functions and optimize operational effectiveness and efficiency as well as aligning it with the reviewed corporate strategy. The project includes review of the strategic jobs and roles. The tender for the project was awarded to Korn Ferry Consultants in March 2021 and the kick-off is scheduled for April 2021.

CORPORATE COMMUNICATION UNIT

A communication strategy has been developed and it is intended to provide a structure that will allow stakeholder's needs and interests to be consistently, transparently and meaningfully considered in our activities. To improve corporate communications and stakeholder engagements, the Authority carried out 53 stakeholder management activities. Key to

these activities was the dissemination of information about the energy sector through different media channels. Topical issues were Electricity and Fuel Price reviews, Illegal fuel handling, and consumer complaints. The Authority also conducted four (4) Corporate Social Responsibility activities.

STRATEGY AND RISK UNIT

The inaugural BERA Strategic Plan (2018 – 2023) was developed and adopted in April 2018. In November 2020, the BERA Board initiated a review of the BERA Strategic Plan (2018/2019 – 2022/23). The process took a form of interactive consultation between the Board and Management over a period of about two and half months. This Reviewed Strategic Plan (2021/22-2022/23) is complete, which was a result of this rigorous process of reviewing the BERA Strategic Plan (2018-2023). BERA's strategic foundations were revised and for the first time, BERA also adopted a Mandate Statement.

This unit has also developed five (5) policies, which direct and guide its operations. These are: Enterprise Performance Management (EPM) policy; Enterprise Risk Management policy; Business Continuity Management and Resilience policy; Project Management policy; and Change Management policy. In order to operationalise these policies, the Authority has implemented Enterprise Performance Management (EPM) plan and Enterprise Risk Management (ERM) plan. The implementation level for the EPM plan and ERM plan stood at 81% and 67% respectively as of March 2021.

INTERNAL AUDIT UNIT

The Internal Audit function had completed two (2) audits against the planned four (4) audits for the period under review. The Authority in its endeavour to strengthen its internal quality assurance system has started gauging the Internal control index which stood at 55% against the targeted 85% as of March 2021. There were 79 audit recommendations from both internal and external audit during the period under review, of which 36 recommendations were complete, whilst 41% are in progress and 14% are not done; this translates to 46% implementation level against the targeted 90%. Majority of the audit recommendations reflected as in progress and not done are from audits completed and closed in the 4th quarter of 2020-21. All the External Audit recommendations reported in 2019-20 were closed and the three (3) in the 2020-21 report remained not done as at end of March 2021.

Business And Operational Review

DELIVERING VALUE BY EMBEDDING THE RISK MANAGEMENT CULTURE

We are committed to continually improving our risk management framework, capabilities, and culture across the Authority to ensure maximising of shareholder's and enhance BERA's competitive advantage and long-term survival and growth

Risk management underpins the execution of BERA's strategy and risk. The Authority is thus committed to continually improving its risk management framework, capabilities, and culture across the Authority to maximize shareholder's value and its competitive advantage, long-term survival and growth.

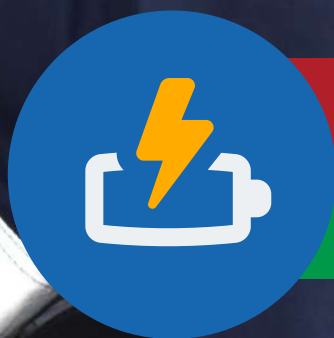
The Authority has developed 20/21 Enterprise risk management plan in line with Enterprise Risk Management (ERM) policy and risk appetite that was approved by the Board in April 2020. The Risk Management activities implemented during the period under review are summarised below.

Analysis of risk heat map	Compliance to the Authority's Risk Appetite (RAS)
The risk level for three (3) out of the eleven (11) existing top corporate risks have reduced since April 2020. These are: Risk on failure to implement mandate; Reputation risk and Failure to comply with Regulatory requirements by the regulated entities. However, the new corporate risk register has been developed to drive the reviewed strategy.	<ul style="list-style-type: none"> The Authority has established a RAS dashboard reporting structure indicating all metrics that were tracked at corporate level for the period under review. Two (2) of the eighteen (18) metrics performed outside the risk appetite or acceptable risk tolerance levels.
Summary of risk mitigation progress	Progress update of the Enterprise Risk Management plan
Seventeen (17) mitigation plans were identified to minimise the likelihood of the top corporate risks occurring, whereas at twelve (12) mitigation plans were identified for the operational risks in addition to the existing control. The implementation level of these plans is at 75% and 88% at corporate level and operational level respectively.	<ul style="list-style-type: none"> The plan has six (6) planned actions for the period under review (i.e., quarter 4) of which only four (4) were completed on time but two (2) were completed after original timeline; and four (4) were put on hold.
Incident Reporting	
<p>During the period under review, four (4) types of incidents were encountered being:</p> <ul style="list-style-type: none"> Negative media coverage High severity incidents of acute shortage for energy supplies (electricity, fuel and gas); Unexpected business interruptions: The occurrence of this event hampered the implementation of some key business activities and strategic initiatives due to the Covid 19 pandemic. Accident at an isolated area: The incident occurred at TM Filling Station in Tsabong on the 22 March 2021, whereby a vehicle caught fire during re-fuelling. This incident was investigated on the 24 March 2021 and closed on the 7 May 2021. 	



Pensky-Martens Closed Cup
Exp. FP 064
Sample ID SHEP
Method ISO 2591 A-Normal
24.5 °C
APPL MENU
2021/03/09(Thu) 10:45

TANAKA



Corporate

Governance Report

Corporate Governance Report

KING IVTM APPLICATION REPORT

Statement of Application of King IV Report on Corporate Governance for South Africa 2016

Botswana Energy Regulatory Authority (BERA) adopted for application the King IV Code on the 5th December 2019. Below is a summary of the application of the King IV Report on Corporate Governance TM in South Africa 2016 (King IV) during the financial year 2020/2021.

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 1: The governing body should lead ethically and effectively	<p>The Board Secretary provides independent guidance to the Board as a collective and as individuals on their fiduciary duties and draws attention to the Board on relevant legislations and Policies.</p> <p>The Board ensures disclosure of how it exercises its governance role through Annual Reports.</p>	<ul style="list-style-type: none"> • Board Charter • Botswana Energy Regulatory Authority Act
Principle 2: The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture	<p>The Board sets the tone at the top and is responsible for monitoring the governance and ethics of the Authority.</p>	<ul style="list-style-type: none"> • Board Charter • BERA disciplinary Policy • BERA Procurement Regulations • Public Procurement and Assets Disposal Act
Principle 3: The governing body should ensure that the organization is and seen to be a responsible citizen	<p>Management has through the values inculcated by the Board been spearheading corporate social responsibility activities and reporting same to the Board.</p> <p>The Board approves Strategy of the Authority that espouses the values of a responsible corporate citizen. The Board itself deals with matters of ensuring that the organization is and is viewed as a responsible citizen.</p>	<ul style="list-style-type: none"> • BERA Strategy Document
Principle 4: The governing body should appreciate that the organization's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creations process	<p>The governing body assumes responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through its strategy. On the 29 & 30 June 2020 Board meeting Management presented the 2018 -2023 strategic plan and the Board directed Management to initiate the process for review. The formulation and development of the organisation's short, medium and long-term strategy is delegated to Management for formulation and same is approved by the Board.</p> <p>The governing body ensures that it approves the policies and operational plans developed by management to give effect to the approved strategy. The governing body has delegated to management the responsibility to implement and execute the approved policies and operational plans while the governing body exercises oversight.</p>	<ul style="list-style-type: none"> • Board Charter • Botswana Regulatory Authority's Act • BERA Strategy Document

Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
<p>Principle 5:</p> <p>The governing body should ensure that reports issued by the organization enable stakeholders to make informed assessment of its performance and its short-medium- and long term prospects</p>	<p>The governing body assumes responsibility for the organisation's reporting by setting the direction for how it should be approached and conducted. (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report.</p> <p>The governing body oversees that reports such as the annual financial statements, sustainability reports, or other online or printed information or reports are issued, as is necessary, to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.</p> <p>The governing body oversees that the organisation issues an integrated report at least annually.</p> <p>The governing body oversees that the following information is published on the organisation's website, or on other platforms or through other media as is appropriate for access by stakeholders:</p> <ul style="list-style-type: none"> • Corporate governance disclosures required in terms of this Code (refer to Part 3: <i>King IV Application and Disclosure</i> for more detail). • Annual financial statements and other external reports. 	<ul style="list-style-type: none"> • BERA Annual report • BERA Website www.bera.co.bw • ToR Audit and Risk Committee



Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organization	<p>The governing body exercises its leadership role by:</p> <ul style="list-style-type: none"> steering the organisation and setting its strategic direction; approving policy and planning that give effect to the direction provided; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance by means of, among others, reporting and disclosure. <p>The governing body ensures that its role, responsibilities, membership requirements and procedural conduct are documented in a charter which it regularly reviews to guide its effective functioning.</p> <p>The governing body has approved the protocol to be followed by its non-executive members for requisitioning documentation from, and setting up meetings with, management.</p> <p>The governing body discloses the following the number of meetings held during the reporting period, and attendance at those meetings and the rate of sitting allowances of the Board Members.</p>	<ul style="list-style-type: none"> Board Charter BERA Annual Report 2020/21 ToR Audit & Risk Committee



Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 7 The governing body should comprise of the appropriate balance of knowledge, skill, experience, diversity and independence for it to discharge its governance role and responsibility objectively and effectively	<p>The governing body could not assume responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities, the appointments of Board Members were done by the Minister of Mineral Resources, Green Technology and Energy Security.</p> <p>On account of the appointments having been done by the Minister, the governing body could not on its own;</p> <ul style="list-style-type: none"> • promote diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance, including field of knowledge, skills and experience as well as age, culture, race and gender. This was however, adequately achieved by the Minister. • set targets for race and gender representation in its membership. This was however achieved by the Minister in his appointment as there were three female and three male Board Members. • establish arrangements for periodic, staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity. This was achieved by the Minister in his appointment of Board Members as three members' membership would lapse on the 1 May 2023 whilst another three would lapse on the 1st May 2024. • establish a succession plan for its membership which include the identification, mentorship and development of future candidates. • The Chair of the governing body was independent. 	Botswana Energy Regulatory Authority Act



Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 8 The governing body should ensure that its arrangement for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties	<p>The governing body delegated to committees, and this was recorded by means of a formal term of reference (ToR) that were approved and are reviewed annually by the governing body.</p> <p>The delegation ensured</p> <ul style="list-style-type: none"> • Effective collaboration through cross-membership between committees, where required; coordinated timing of meetings; and avoided duplicity or fragmented functioning. • a balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual. <p>The following were disclosed in relation to each committee of the governing body:</p> <ul style="list-style-type: none"> • Its overall role and associated responsibilities and functions. • Its composition, including each member's qualifications and experience. • Any external advisers or invitees who regularly attend committee meetings. • Key areas of focus during the reporting period. • The number of meetings held during the reporting period and attendance at those meetings. • Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. 	<ul style="list-style-type: none"> • Board Charter • Finance, Audit & Risk Committee (FARC) ToR • Technical Committee ToR • Human Resource Committee ToR • BERA Annual Report 2020/21
Principle 9 The governing body should ensure that the evaluation of its own performance and its committee, its chair and its individual members, support continued improvement in its performance and effectiveness	<p>The governing body could not assess its performance as it had not reached two years since appointment of the Members. In terms of the Board Charter the Board assess its performance after two years.</p>	<ul style="list-style-type: none"> • King IVTM • Board Charter

Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 10 The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibility	<p>The governing body has appointed the CEO who is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the governing body.</p> <p>The CEO is accountable, and reports to, the governing body. The CEO is not a member of the remuneration, audit or nomination committees, but attends by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.</p> <p>The CEO and the governing body have agreed that that the CEO should not take up additional professional positions, including membership of other governing bodies outside the organisation.</p> <p>The governing body is yet to approve the succession plan for the Authority including for the CEO.</p> <p>The governing body hereby makes the following disclosures;</p> <ul style="list-style-type: none"> • The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination is three months' notice or pay in lieu of notice • The CEO has no other professional commitments outside the organization. • succession planning is not yet in place for the CEO position. <p>The governing body has in compliance with the Botswana Energy Regulatory Authority Act and as a matter of leading practice, appointed the Board Secretary, to provide professional corporate governance services to the governing body.</p>	<ul style="list-style-type: none"> • Board Charter • Botswana Energy Regulatory Authority Act • King IVTM
Principle 11 The governing body should govern risk in a way that supports the organization in setting and achieving strategic objectives	<p>The governing body treats risk as integral to the way it makes decisions and executes its duties.</p> <p>The governing body has evaluated and agreed on the nature and extent of the risks that the organisation should be willing to take in pursuit of its strategic objectives. It has approved in particular:</p> <ul style="list-style-type: none"> • the organisation's risk appetite, namely its propensity to take appropriate levels of risk; and • the limit of the potential loss that the organisation has the capacity to tolerate. <p>The governing body exercises ongoing oversight of risk management.</p>	<ul style="list-style-type: none"> • Board Charter • Risk Management Policy • ToR Audit and Risk Committee

Corporate Governance Report

PRINCIPLE	APPLICATION	INTERNAL POLICY DOCUMENTS / Process Reference
Principle 12 The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives	<p>The governing body has assumed responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.</p>	<p>Information Security Policy</p>
Principle 13 The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organization being ethical and a good corporate citizen.	<p>The governing body has assumed responsibility for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation.</p> <p>The governing body has delegated to management responsibility for implementation and execution of effective compliance management.</p>	<ul style="list-style-type: none"> • Board Charter • Botswana Energy Regulatory Authority Act
Principle 14 The governing body should ensure that the organization remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in short, medium and long term	<p>The governing body is yet to approve the remuneration policy, this has been deferred to await the organizational restructuring.</p>	
Principle 15 The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for external decision making and of the organization's	<p>The governing body has delegated to the audit committee, the responsibility for overseeing that and achieving the following objectives:</p> <ul style="list-style-type: none"> • Enabling an effective internal control environment. • Supporting the integrity of information used for internal decision-making by management, the governing body and its committees. • Supporting the integrity of external reports. 	<ul style="list-style-type: none"> • Board Charter • Finance, Audit and Risk Committee (FARC) ToR

Corporate Governance Report

Board Training

The Board conducted a Board Induction on the 22 and 23 June 2020, which was facilitated by the Consultant from Business Direct.

BERA - BOARD COMPOSITION

As of the 1st May 2020, the BERA Board comprised of the following Board Members with their diverse experience and skills, as below;

Name	Date of appointment	Date of resignation / removal
Oupa Percy Mothibatsela	1st Appointment as Chairperson from 1st May 2020 to 1st May 2024	Resigned on the 30th April 2021
Ms Boineelo Lobelo	1st Appointment as Chairperson 1st November 2018 to 31st April 2020 2nd Appointment as Deputy Chair 1st May 2020 to 1st May 2023	Removed on the 30th April 2021
Geoffrey S. Serebolo	1st appointment 1st November 2019 - 31st March 2020 2nd Appointment 1st May 2020 to 1st May 2023	Resigned on the 8th September 2021
Seipati G. Olweny	1st appointment 1st November 2019 - 31st March 2020 2nd Appointment 1st May 2020 to 1st May 2023	Not Applicable
Fanile Mathangwane	1st Appointment as Board Member from 1st May 2020 to 1st May 2024 Appointed Interim chairperson on the 20th September 2021	Not Applicable
Pauline Paledi-Mokou	1st Appointment as Board Member from 1st May 2020 to 1st May 2024	Not Applicable

COMPOSITION OF BOARD COMMITTEES

The Board established and delegated some responsibilities to the committees below. The frequency and attendance of Members of the Committees as they executed the duties and functions of the Committees, is reported as below;

TECHNICAL COMMITTEE

MEMBER	STATUS	DATE OF MEMBERSHIP	MEMBER'S ATTENDANCE	MEETING DATES
Fanile Mathangwane	Chairperson of Committee	27 August 2020	1/1	22 October 2020
Boineelo Lobelo	Board Member	27 August 2020	1/1	
Seipati Grace Olweny	Board member	27 August 2020	1/1	

Corporate Governance Report

The Board Mandated the Technical Committee through some written terms of reference to;

- i. Consider and give Policy directions and or advise on matters of a regulatory nature as tabled by management before the committee which include policies and or instruments relating to;
 - Processes and methodologies of monitoring performance of the regulated sectors using key performance indicators.
 - Processes and Terms between licensees, and their customers etc (e.g. Power Purchase Agreements, complaints handling processes/procedures, service terms and conditions, network connection, wheeling agreements, coal supply agreements, etc)
 - Processes and methodologies for tariff setting
 - Fees, levies etc imposed by the Authority on services and/or licensees
- ii. Perform oversight functions over the regulatory activities of the Authority and report to the Board.
- iii. Ensure that the Authority's regulatory activities are effective in regulating the sector and report to the Board.
- iv. Advise the Board on Policy matters concerning regulatory activities and regulated sector legislation.

The Technical Committee is satisfied that it has fully discharged its mandate as per the instrument of delegation.

HUMAN RESOURCE COMMITTEE

The Board of BERA maintained the Human Resource Committee, and its members from the 14 July 2020. The Attendance of members and frequency of sittings is reported below.

MEMBER	STATUS	DATE OF MEMBERSHIP	MEMBER'S ATTENDANCE	MEETING DATES
Pauline Paledi-Mokou	Chairperson of Committee	14 July 2020	10/10	16 July 2020, 11 Aug 2020, 4 Dec 2020, 11 Jan 2021, 15 Jan 2021, 28 Jan 2021, 16 Feb 2021, 9 March 2021 16 & 24th March 2021.
Geoffrey S. Serebolo	Board member	14 July 2020	10/10	
Seipati G. Olweny	Board member	14 July 2020	10/10	

The Committee was delegated some responsibilities through the written terms of reference to;

- i. Review and ensure effective implementation of, and compliance with, the Authority's Human Resources philosophies, policies, succession plans, compensation and benefit plans, and programs as they pertain to the Authority's corporate strategy;
- ii. Recommend for approval by the Board the Human Resources goals and objectives; and evaluate the performance of Senior Executive Officers against these goals and objectives;
- iii. Recommend for approval by the Board, compensation to be awarded to employees; and
- iv. Provide guidance to the Board on the implementation of the Human Resources strategy.

The Human Resource Committee is satisfied that it has fully discharged its mandate as per the instrument of delegation.

Corporate Governance Report

FINANCE, AUDIT AND RISK COMMITTEE

The Board of BERA also did establish a Finance Audit & Risk Committee on the 14 September 2020 composed of the following members;

MEMBER	STATUS	DATE OF MEMBERSHIP	MEMBER'S ATTENDANCE	MEETING DATES
Geoffrey S. Serebolo	Chairperson of Committee	14 September 2020	6/6	20 & 22 October 2020, 26 October 2020, 7 December 2020, 2 March 2021, 12 April 2021
Fanile Mathangwane	Board Member	14 September 2020	6/6	
Ms. Pauline Paledi-Mokou	Board Member	14 September 2020	6/6	

The Board delegated some of its responsibilities to the Finance, Audit and Risk Committee through written terms of reference to;

- Provide financial analysis, advice, and oversight of the organizations budget. Their sole responsibility is to ensure the organization is operating with the financial resources it needs to provide programs and services to the community.
- Review the procurement process; including tendering, evaluation, contract award and reporting mechanisms for monitoring compliance with relevant laws and regulations; and the (BERA code of Ethics and Business conduct)
- Implementation of an effective policy and plan for risk management that will enhance the Organisation's ability to achieve its strategic objectives.
- Ensure and monitor the comprehensive, timely and relevant disclosure regarding risk;
- Coordinate and monitor the performance of the internal and external audit functions;
- Management of responsibilities to ensure that there is in place an effective system of controls, designed to reasonably;
 - Safeguard the assets and income of BERA
 - Monitor the operation of adequate systems.
 - Maintain compliance with the governance frameworks, ethical standards, policies, plans and procedures, and with laws and regulations.

The Finance, Audit and Risk Committee is satisfied that it has fully discharged its mandate as per the instrument of delegation. Allowances of the Board

The allowances of the BERA Board, in terms of the Revised Categorisation and sitting allowances for statutory/ non statutory Board/ Councils/ Committees effected on the 1st April 2017 is categorized under Class A, its members draw sitting allowances per Board sitting and per committee sittings at the rates below;

a. Chairperson of the Board*

P2250

b. Part Time Members

P1800

The total accumulated sitting allowance of the Board Members has not been disclosed for confidentiality reasons.





AUTHORITY INFORMATION

Botswana Energy Regulatory Authority (BERA) is a governmental organisation formed to regulate the energy sector including Petroleum, Gas and Electricity. The address of the Authority is Plot 8842, Extension Town Centre, Lobatse, Botswana.

Botswana Energy Regulatory Authority was established under the Botswana Energy Regulatory Authority Act, 2016 to regulate energy in Botswana.

Registered Address:

Plot 8842
Extension Town Centre
Lobatse

Board of Director

Oupa Percy Mothibatsela (Chairperson) (Appointed - 06/05/2020)
Boineelo Lobelo (Deputy Chairperson) (Re-appointed - 06/05/2020)
Geoffrey Serebolo (Re-appointed - 06/05/2020)
Grace S. Olweny (Re-appointed - 06/05/2020)
Pauline Paledi- Mokou (Appointed - 06/05/2020)
Fanile Mathangwane (Appointed - 06/05/2020)
Cyril T. Matshameko (Resigned - 30/04/2020)
Pelaelo C. Kgomo (Resigned - 30/04/2020)
Batsumi Rankokwane (Resigned - 30/04/2020)
Rose Nunu Seretse (Ex-officio)

Secretary:

Yamikani Patson

Postal Address:

Private Bag 111,
Lobatse
Botswana

Auditors:

Grant Thornton Chartered Accountants
A Botswana member of Grant Thornton International

Bankers:

Absa Bank Botswana Limited
First Capital Bank Botswana Limited

BERA Annual Financial Statements

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Statement Of Responsibility By The Board Of Directors For The Year Ended 31 March 2021

The Board of Directors of Botswana Energy Regulatory Authority ("Authority") is responsible for the annual financial statements and all other information presented therewith (Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Funds and Statement of Cashflows). Their responsibility includes the maintenance of true and fair financial records and the preparation of the annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Energy Regulatory Authority Act, 2016.

The Authority maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Authority's assets. The Board of Directors is also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the Board of Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the period under review.

The going concern basis has been adopted in preparing the annual financial statements. The Board of Directors have no reason to believe that the Authority will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Mineral Resources, Green Technology and Energy Security.

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

The annual financial statements on pages 62 to 86 and supplementary information on Annexure 1 were authorised for issue on 05 October 2021 by the Board of Directors and are signed on its behalf by:

Director

Director



Chartered Accountants

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Independent Auditor's Report

To the directors of Botswana Energy Regulatory Authority

Opinion

We have audited the annual financial statements of Botswana Energy Regulatory Authority set out on pages 62 to 86, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual 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.



Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit Firm of Public Interest Entity)
Botswana Institute of Chartered Accountants membership number: MeFBW11013 (Audit and Non-Audit)

Partners

Kalyanaraman Vijay (Managing), Dinesh R Mollan (Deputy Managing)*, Aswin Vaidyanathan*, Madhavan Venkatachary*,
Anthony Quashie, Sunny K Mulakulam*, Aparna Vijay* (*Indian)

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Independent Auditor's Report (continued)

Material uncertainty related to going concern

We draw attention to note 24 in the annual financial statements, which indicates that the Authority has incurred current year loss of P 876 035 and accumulated loss of P1 511 005 during the year ended 31 March 2021 (2020: P 634 970) and, as of that date, the company's current liabilities exceeded its current assets by P2 586 708 (2020: P1 502 012). As stated in note 24, these events or conditions, along with other matters as set forth in note 24, indicate that a material uncertainty exists that may cast significant doubt on the Authorities' ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other matter

The annual financial statements of the Authority for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on the 4th of June 2021.

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 the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
Grant Revenue The entity relies on Government Grants to sustain its activities. The activities include those that are recurrent in nature for administrative purpose of the entity and remuneration of its employees. In addition, the company also receives grants that relate to the procurement of assets which are termed as capital grants. The recognition of these grants is in accordance with the principles outlined in IAS 20: Accounting for Government Grants and Disclosure of Government Assistance which requires the company to recognize grants related to income and assets in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.	<ul style="list-style-type: none"> • We agreed Government Grants received to the Company's bank accounts without any exceptions • We sought confirmation of Government grants received from the ministry of Mineral Resources, Green Technology & Energy Security • We verified the grants received against budgets approved by the Authority and submitted to the Government. Based on the results of our procedures, we concluded that the Authority was entitled to the grants received and concurred with the categorization of the grants considering the nature of expenditure included in these budgets and deferred income recorded in the financial statement. • To test the amortization of capital asset grants, we tested whether the amortization for those specific grants was recognized in the statement of comprehensive income over the useful life of the underlying asset. We did not identify any exceptions.





Independent Auditor's Report (continued)

Operating expenses

The operations of the Authority are supported by significant expenditure/purchases and moreover compliance with the procurement procedures has been flagged as a significant risk. Thus, the matter has been considered key to the audit.

- We obtained an understanding of controls surrounding procurement and performed walk-throughs to ensure they were operating effectively during the year.
- We selected a monetary unit sample and tested the same to ensure that the disbursements were following the Authority's policies and were legitimately for the purpose of the Authority's operations

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Energy Regulatory Authority annual financial statements for the year ended 31 March 2021", which includes the Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report. 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 directors for the Annual Financial Statements

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

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





Independent Auditor's Report (continued)

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authorities' 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 company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied 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.



**Grant Thornton****Independent Auditor's Report (continued)**

From the matters communicated with the directors, we determine those matters that were of most significance 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.

Report on other legal and regulatory requirements

In accordance with section 30 (3) of the Botswana Energy Regulatory Authority Act, 2016 (the BERA Act) we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors.
- The accounts and related records of the Authority have been properly maintained.
- The Authority has complied with all financial provision of the BERA Act with which it is the duty of the Authority to comply with.
- The financial statements of the Authority were prepared by the Authority on the basis that is consistent with that of the preceding year.

GRANT THORNTON

Chartered Accountants

Certified Auditor: Mr. Sunny Mulakulam: 20050097

Certified Auditor of Public Interest Entity

Certificate Number: CAP 0034 2021

05 OCT 2021

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Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 March 2021

	Note	2021 P	2020 P
Grants and subventions	5	49,631,746	49,630,886
Other income	6	3,768,605	3,743,659
Operating expenses	7	(54,208,051)	(53,261,199)
Operating (deficit)/surplus		(807,700)	113,346
Finance income	9	81,980	195,694
Finance costs	13	(150,315)	(190,794)
Net finance (cost) / income		(68,335)	4,900
(Deficit)/Surplus for the year		(876,035)	118,246
Other comprehensive income		-	-
Total comprehensive (loss)/surplus for the year		(876,035)	118,246

Statement Of Financial Position

As At 31 March 2021

	Note	2021 P	2020 P
ASSETS			
Non-current assets			
Property, plant and equipment	12	13,796,023	14,180,396
Right-of-use-assets	13	3,033,759	4,289,108
Intangible assets	14	18,364	124,727
		<u>16,848,146</u>	<u>18,594,231</u>
Current assets			
Trade and other receivables	15	1,153,969	1,020,746
Cash and cash equivalents	16	27,585,826	13,128,867
		<u>28,739,795</u>	<u>14,149,613</u>
Total assets		<u>45,587,941</u>	<u>32,743,844</u>
FUNDS AND LIABILITIES			
Funds			
Accumulated deficit		(1,511,005)	(634,970)
		<u>(1,511,005)</u>	<u>(634,970)</u>
Non-current liabilities			
Capital grants	17	13,814,388	14,305,123
Lease liability	13	1,958,055	3,422,066
		<u>15,772,443</u>	<u>17,727,189</u>
Current liabilities			
Lease liability	13	1,283,211	1,132,896
Deferred revenue	18	14,745,301	5,478,210
Trade and other payables	19	15,297,991	9,040,519
		<u>31,326,503</u>	<u>15,651,625</u>
Total liabilities		<u>47,098,946</u>	<u>33,378,814</u>
Total funds and liabilities		<u>45,587,941</u>	<u>32,743,844</u>

Statement of Changes In Funds

For The Year Ended 31 March 2021

For the year ended 31 March 2020

Balance at 1 April 2019

Comprehensive income

Surplus for the year

Balance at 31 March 2020

For the year ended 31 March 2021

Balance at 1 April 2020

Comprehensive income

Deficit for the year

Balance at 31 March 2021

Accumulated deficit

P

(753,216)

118,246

(634,970)

(634,970)

(876,035)

(1,511,005)

Total funds

P

(753,216)

118,246

(634,970)

(634,970)

(876,035)

(1,511,005)

Statement of Cash Flows

For The Year Ended 31 March 2021

	Note	2021 P	2020 P
Cash flows from operating activities			
Operating surplus / (deficit) for the year		(807,700)	113,346
Adjusted for:			
Non cash items:			
Amortisation of capital grants	17	(3,703,922)	(3,556,376)
Amortisation of intangible assets	14	106,363	99,396
Depreciation on property, plant and equipment	12	3,582,543	3,456,980
Depreciation on right-of-use asset	13	1,255,349	1,255,349
(Profit) / loss from disposal of fixed assets		-	(1,121)
Unamortised portion of disposed assets	17	-	(89,410)
Changes in working capital:			
(Increase) / decrease in trade and other receivables		(133,223)	(432,712)
(Decrease) / increase in trade and other payables		6,257,472	(1,712,001)
Increase in deferred income		9,267,091	5,478,210
Cash generated from operating activities		15,823,973	4,611,661
Interest paid	13	(150,315)	(190,794)
Net cash generated from operating activities		15,673,658	4,420,867
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(3,213,187)	(1,751,344)
Proceeds from property, plant and equipment		15,018	41,501
Interest received	9	81,980	195,694
Net cash used in from investing activities		(3,116,189)	(1,514,149)
Cash flows from financing activities			
Capital grant received during the year	17	3,213,187	1,751,344
Principal payment of lease payments	13	(1,313,696)	(989,495)
Net cash generated from financing activities		1,899,491	761,849
Net increase in cash and cash equivalents		14,456,960	3,668,567
Cash and cash equivalents at beginning of the period		13,128,867	9,460,300
Cash and cash equivalents at the end of the period	16	27,585,827	13,128,867

Notes To The Annual Financial Statements

For The Year Ended 31 March 2021

1 General information

Botswana Energy Regulatory Authority ("Authority") is a governmental organisation which was established under the Botswana Energy Regulatory Authority Act, 2016 to regulate energy sector in Botswana. The address of its registered office is Plot 8842, Extension Town Centre, Lobatse, Botswana.

The annual financial statements set out on pages 62 to 86 were approved by the Board of Directors on 5th October 2021.

2 Principal accounting policies

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

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements have been prepared under the historical cost convention.

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

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

2.1.1 Adoption of standards in the current financial year

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

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

(a) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Authority (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Authority is currently assessing the impact the amendments will have on current practice.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Authority.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Authority will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Authority.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Authority.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Authority is currently assessing the impact of the amendments to determine the impact they will have on the Authority's accounting policy disclosures.

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

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

2.2.2 Transactions and balances

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

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

2.3 Property, plant and equipment

Property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

- Office Furniture	6-7 years
- Fixtures and Fittings	6-7 years
- Motor Vehicles	5 years
- Household Furniture	5 years
- Office Equipment	4 years
- Computer Equipment	4 years
- Cellphones and Ipads	2 years

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.3 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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

2.4 Intangible assets

Computer software

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

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

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Computer software costs recognised as assets are amortised over their estimated useful lives from the time its ready for the intended use, which do not exceed five years.

2.5 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Financial Instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The Authority recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.6 Financial Instruments (continued)

Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

The Authority generally does not reclassify financial instruments between different categories subsequent to initial recognition.

Classification

Financial assets

Financial assets are classified into the following categories:

- Amortised cost;
- At fair value through other comprehensive income; debt investments or equity investments;
- At fair value through profit or loss.

A financial asset is measured at amortised cost if:

- The financial asset is held in order to collect contractual cash flows
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost comprise of trade and other receivables and cash and cash equivalents.

Financial liabilities

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of trade and other payables.

Loans and receivables

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

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.6 Financial Instruments (continued)

Impairment

The Authority recognises a loss allowance for the expected credit losses as per IFRS 9 on trade and other receivables.

The amount of expected credit losses is updated at each reporting date. The Authority measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivables.

Write off policy

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Authority recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

De-recognition

Financial assets

The Authority 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 Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Authority de-recognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised 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 Authority 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.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.7 Trade receivables

Classification

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets and subsequently measured at amortized cost.

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 Authority's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognized when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. Subsequently they are measured at amortized cost.

The amortized cost is the amount recognized on the receivables initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

2.8 Cash and cash equivalents

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

2.9 Trade and other payables

Classification

Trade and other payables, excluding, amounts received in advance, are classified as financial liabilities subsequently measured at amortized cost.

Recognition and Measurement

Trade and other payables are recognized when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

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 profit or loss in finance costs.

2.10 Provisions

Provisions claims are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.10 Provisions (continued)

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

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

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.11 Government subvention and capital grants

Government subvention and capital grants are assistance by government in the form of transfers of resources to the Authority in return for past or future compliance with certain conditions relating to the operating activities of the Authority.

Government subventions relating to a particular period are recognised in the respective period at their cost where there is a reasonable assurance that the subventions will be received and the Authority has complied with the conditions attached to them.

Capital grants are received from the government for the acquisition of property, plant and equipment. The Authority must spend such money on the assets budgeted and approved for purchase.

Grants relating to the acquisition of property, plant and equipment ("capital assets") are recognised as capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income.

When an asset financed through capital grants is disposed of, the total unamortised portion of the capital grant relating to the asset is recognised in the statement of comprehensive income, as other income.

Operating grants are recognised in the statement of comprehensive income in the period in which the related expenditure is incurred. Subventions received for which the related expenses have not been incurred are included in current liabilities as deferred income.

2.12 Employee benefits

The Authority contributes to a defined contribution pension plan for its permanent citizen employees. The Authority's contributions are charged to income statement in the year in which they accrue and the Authority has no further liability.

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Authority pays gratuity to contracted staff in accordance with their respective contracts of employment.

Employees' entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.13 Revenue from contracts with customers

The major source of revenue of the Authority is government grants. At the moment the Authority does not have contracts with customers hence IFRS 15 is not applicable.

2.13.1 Interest income

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

2.14 Leases

The Authority assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Authority has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

The Authority as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Authority is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Authority applies a practical expedient which allows entities to account for a lease contract which contains both lease and non-lease components as a single lease contract.

Details of leasing arrangements where the Authority is a lessee are presented in note 13.

The current lease payments included in the measurement of the lease liability comprise the fixed lease payments and not subject to any variable rents.

Lease liability

The lease liability is presented as a separate line item in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method, and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Authority remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	- discounting the revised lease payments using a revised discount rate.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

2.14 Leases (continued)

Change to the lease payments as a result of a index or a rate.	- discounting the revised lease payments using the initial discount rate unless the lease payments change is due to a change is due to a change in a floating interest rate, in which case a revised discount rate is used;
Change in expected payment under a residual value guarantee.	-discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease	-discounting the revised payments using a revised discount rate.

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

Right-of-use assets

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

The right-of-use assets are measured at the amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

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

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

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

Right-of-use assets are depreciated over useful life of the underlying assets on a straight-line method.

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

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

2.15 Related parties

A party is deemed related to the Authority if it is a director, member or entity under common control. Related party transactions are disclosed in Note 20 to the annual financial statements.

3 Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

In the normal course of business, the Authority may enter into transactions denominated in foreign currencies. Foreign exchange risks arise when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

3.1 Financial risk factors (continued)

entity's functional currency. The Authority had no assets and liabilities or significant committed future transactions denominated in foreign currencies at year end.

(ii) Cash flow and fair value interest rate risk

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

The Authority has no long-term significant interest-bearing assets. The cash is deposited in short-term deposits until it is used for its purpose.

(iii) Price risk

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

(a) Credit risk

Financial assets of the Authority, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks and financial institutions and receivables from customers. Cash deposits are held with high-credit-quality financial institutions. The credit quality of the customers is assessed by credit control, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings. The utilisation of credit limits is regularly monitored.

The credit quality of financial assets is disclosed in Note 11.2.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Authority manages its liquidity risk by maintaining adequate cash resources and through the effective management of working capital in order to meet its commitments as they fall due.

The amounts disclosed in the table below are the contractual undiscounted cash flows. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the reporting date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2021	Less than 1 year P	Between 1-3 years P	Above 3 years P	Total P
Trade and other payables	15,297,991	-	-	15,297,991
Lease liabilities	1,283,211	1,958,055	-	3,241,266
Total	16,581,202	1,958,055	-	18,539,257
At 31 March 2020	Less than 1 year P	Between 1-3 years P	Above 3 years P	Total P
Trade and other payables	9,040,519	-	-	9,040,519
Lease liabilities	1,283,211	2,906,642	675,597	4,865,450
Total	10,323,730	2,906,642	675,597	13,905,969

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

3.2 Capital risk management

The Authority is a parastatal body with the main object being to regulate energy in Botswana. As such all operations of the Authority are funded by Government and therefore not subject to capital risk.

3.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other accounts payable resulting from normal business operations. The nominal value less impairment provision of trade receivables and accounts payable are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. At the reporting date there are no assets that are either carried at fair value or where the fair value has been disclosed.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below.

Residual value and useful lives of property, plant and equipment

The Authority determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its services and the ability of the Authority to penetrate a sufficient portion of that market in order to operate profitably. The Authority increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Treatment of grants received

Taking into account its nature and substance, the Authority considers amounts that it receives from the Government to fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In reaching this conclusion, the Authority considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Authority recognises the amounts received in accordance with the accounting policy as included in note 2.11.

Determining incremental borrowing rate

The Authority determines the incremental borrowing rate which is used in discounting future lease payments when determining lease liability by considering its financing model. The Authority is fully funded by the Government of Botswana. In the event that it wishes to acquire or build its own office buildings, the acquisition or construction of such buildings will be financed through government grants. The Authority used an incremental borrowing rate of 3.81% which is the government bond rate as at 1 April 2020 for securities maturing in June 2023 when determining lease liability.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

	2021 P	2020 P
5 Grants and subventions		
Botswana Government	49,631,746	49,630,886
	<u>49,631,746</u>	<u>49,630,886</u>
Total grants received during the year		
Capital grants received during the year (Note 17)	5,478,210	1,751,344
Government subvention towards the recurrent budget	49,631,746	49,630,886
Revenue deferred in previous year (Note 18)	14,745,301	5,478,210
Revenue deferred in current year (Note 18)	<u>62,112,024</u>	<u>56,860,440</u>
6 Other income		
Amortisation of capital grants (Note 17)	3,703,922	3,556,376
Tender fees	43,625	35,477
Other income	<u>21,058</u>	<u>151,806</u>
	<u>3,768,605</u>	<u>3,743,659</u>
7 Expenses by nature		
The following items have been charged in arriving at the (deficit) / surplus for the period:		
Expenses by nature		
Advertising	892,756	544,691
Amortisation of intangible assets	106,363	99,396
Auditor's remuneration	58,757	158,309
Bank charges	36,165	65,350
Board expenses	328,692	373,863
Computer expenses	157,461	955,279
Consulting fees	1,567,753	718,107
Depreciation on property, plant and equipment	3,582,543	3,456,980
Depreciation on right-of-use asset	1,255,349	1,255,349
Donations	30,984	78,841
Employee costs (Note 8)	36,634,726	33,676,898
Insurance	664,096	544,622
Legal fees	873,228	928,912
Motor vehicle expenses	156,855	239,971
Office expenses	371,454	452,401
Operating lease rentals	210,336	-
Printing and stationery	171,228	62,740
Recruitment	68,412	289,744
Repairs and maintenance	182,360	56,565
Security	469,421	566,379
Staff welfare	355,580	4,899
Subscriptions	3,100,901	875,129
Telephone and fax	1,116,804	1,240,876
Training	12,040	2,037,496
Accommodation and travel expenses	1,007,989	3,844,991
Workshops, seminars, retreats and conferences	255,868	513,667
Other expenses	539,930	219,744
Total administrative expenses	<u>54,208,051</u>	<u>53,261,199</u>

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

8 Staff costs

Salaries and wages
Leave pay
Gratuity
Pension
Medical expenses

Average number of employees

2021 P	2020 P
28,159,390	26,858,962
2,074,469	973,008
4,011,682	3,524,971
1,873,463	1,832,692
515,722	487,265
<u>36,634,726</u>	<u>33,676,898</u>
<u>43</u>	<u>45</u>

9 Finance income

Interest from banks

81,980	195,694
<u>81,980</u>	<u>195,694</u>

Finance income represents interest earned from Barclays Call Account.

10 Income tax expense

No provision for income tax is required as the Authority is exempt from taxation in terms of Section Schedule, Part 1 of the Income Tax Act (Cap 52:01).

11 Analyses of financial instruments

11.1 Financial instruments by category

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

Assets as per the statement of financial position

-Loans and receivables:

Other receivables (Note 11.2)
Cash and cash equivalents (Note 16)

2021 P	2020 P
420,378	327,775
<u>27,585,826</u>	<u>13,128,867</u>
<u>28,006,204</u>	<u>13,456,642</u>

Liabilities as per the statement of financial position

-Other financial liabilities at amortised cost:

Other payables (Note 19)

15,297,991	9,040,519
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Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

11 Analyses of financial instruments (continued)

11.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	Ratings	2021 P	2020 P
Deposits		10,000	10,000
Other receivables		<u>420,378</u>	<u>327,775</u>
		<u>430,378</u>	<u>337,775</u>
Cash at bank			
First Capital Bank	Not rated	7,494,243	7,283,308
ABSA Bank Botswana	Not rated	<u>20,091,583</u>	<u>5,844,893</u>
		<u>27,585,826</u>	<u>13,128,201</u>

There are no credit ratings available in Botswana. The above banks have reported sound financial results and continued compliance with minimum capital adequacy requirements set by the regulator. None of the financial assets that are fully performing have been renegotiated during year ending 31 March 2021.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

12 Property, plant and equipment

	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Office furniture</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Cellphones and Ipads</i>	<i>Household Furniture</i>	<i>Total</i>
	P	P	P	P	P	P	P	P
Year ended 31 March 2020								
Net book amount at 1 April 2019	9,382,463	4,132,406	833,679	494,374	509,613	115,086	458,791	15,926,412
Additions	1,467,311	10,960	125,554	5,448	119,826	22,245	-	1,751,344
Disposals	-	-	-	-	(59,867)	(203,989)	-	(263,856)
Depreciation on disposals	-	-	-	-	21,203	202,273	-	223,476
Depreciation charge	(1,799,758)	(998,760)	(155,508)	(126,466)	(145,161)	(110,233)	(121,094)	(3,456,980)
Net book amount at 31 March 2020	9,050,016	3,144,606	803,725	373,356	445,614	25,382	337,697	14,180,396
As at 31 March 2020								
Cost	12,093,272	5,554,495	1,131,703	690,081	780,275	136,865	599,870	20,986,561
Accumulated depreciation	(3,043,256)	(2,409,889)	(327,978)	(316,725)	(334,661)	(111,483)	(262,173)	(6,806,165)
Net book amount at 31 March 2020	9,050,016	3,144,606	803,725	373,356	445,614	25,382	337,697	14,180,396
Year ended 31 March 2021								
Net book amount at 1 April 2020	9,050,016	3,144,606	803,725	373,356	445,614	25,382	337,697	14,180,396
Additions	4,931	-	66,098	42,270	250,706	88,491	-	452,496
Capital work-in-progress	-	-	-	-	2,760,690	-	-	2,760,690
Adjustments	-	-	(15,016)	-	-	-	-	(15,016)
Depreciation on disposals	-	-	-	-	-	-	-	-
Depreciation charge	(1,814,237)	(1,110,899)	(174,631)	(146,948)	(199,565)	(16,290)	(119,974)	(3,582,543)
Net book amount at 31 March 2021	7,240,710	2,033,707	680,176	268,678	3,257,446	97,583	217,723	13,796,023
As at 31 March 2021								
Cost	12,098,203	5,554,495	1,182,784	732,351	3,791,672	225,356	599,870	24,184,732
Accumulated depreciation	(4,857,493)	(3,520,788)	(502,609)	(463,673)	(534,226)	(127,773)	(382,147)	(10,388,708)
Net book amount at 31 March 2021	7,240,710	2,033,707	680,176	268,678	3,257,446	97,583	217,723	13,796,023

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

13 Leases

Right-of-use assets

Year ended 31 March 2020

As at 1 April 2019

Depreciation expense

As at 31 March 2020

Cost

Accumulated depreciation

Net book amount

Year ended 31 March 2021

As at 1 April 2020

Depreciation expense

As at 31 March 2021

Cost

Accumulated depreciation

Net book amount

Lease liabilities

Opening balance

Addition

Finance costs incurred

Lease payments

Year ended 31 March

Current

Non- current

Year ended 31 March

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

Office building

Interest expense

Interest expense (included in finance costs)

Lease cash outflows

Interest paid

Principal paid

Office building P	Total P
5,544,457	5,544,457
(1,255,349)	(1,255,349)
<u>4,289,108</u>	<u>4,289,108</u>
5,544,457	5,544,457
(1,255,349)	(1,255,349)
<u>4,289,108</u>	<u>4,289,108</u>
4,289,108	4,289,108
(1,255,349)	(1,255,349)
<u>3,033,759</u>	<u>3,033,759</u>
5,544,457	5,544,457
(2,510,698)	(2,510,698)
<u>3,033,759</u>	<u>3,033,759</u>
2021 P	2020 P
4,554,962	-
-	5,544,457
150,315	190,794
(1,464,011)	(1,180,289)
<u>3,241,266</u>	<u>4,554,962</u>
1,283,211	1,132,896
1,958,055	3,422,066
<u>3,241,266</u>	<u>4,554,962</u>
2021 P	2020 P
1,255,349	1,255,349
150,315	190,794
150,315	190,794
1,313,696	989,495
<u>1,464,011</u>	<u>1,180,289</u>

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

13 Leases (continued)

The Authority leases an office building. The rental contract is for a fixed period of 6 years with an option to renew with consent of both parties.

Lease agreements may contain both lease and non-lease components. The Authority has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Right-of-use asset is depreciated over useful life of the underlying assets on a straight-line method.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

14 Intangible assets

Year ended 31 March 2020

Net book amount at beginning of the period

Amortisation charge

Net book amount at end of the period

As at 31 March 2020

Cost

Accumulated amortisation

Net book amount at 31 March 2020

Year ended 31 March 2021

Net book amount at beginning of the period

Amortisation charge

Net book amount at end of the period

As at 31 March 2021

Cost

Accumulated amortisation

Net book amount at 31 March 2021

<i>Intangible assets</i> P	<i>Total</i> P
224,123	224,123
(99,396)	(99,396)
124,727	124,727
373,232	373,232
(248,505)	(248,505)
124,727	124,727
124,727	124,727
(106,363)	(106,363)
18,364	18,364
373,232	373,232
(354,868)	(354,868)
18,364	18,364

Intangible assets include Sage 300, Sage VIP Premier Payroll & HRM, and Microsoft Office 365

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

	2021 P	2020 P
15 Other receivables		
Staff debtors	317,514	232,640
Deposits and prepayments	733,591	692,971
Other debtors	102,864	95,135
	1,153,969	1,020,746

The carrying amount of receivables are denominated in Botswana Pula and approximates the fair value due to their short term nature. All receivables are unsecured and do not attract interest.

	2021 P	2020 P
16 Cash and cash equivalents		
Cash on hand	1,906	666
Cash at bank	27,583,920	13,128,201
	27,585,826	13,128,867

For the purpose of the statement of cash flows the period-end cash and cash equivalents comprise of following:

Cash on hand	1,906	666
Cash at bank	27,583,920	13,128,201
	27,585,826	13,128,867

	2021 P	2020 P
17 Capital grants		
Balance at beginning of the period	14,305,123	16,199,565
Capital grant received during the period	3,213,187	1,751,344
Transfer to statement of comprehensive income (Note 6)	(3,703,922)	(3,556,376)
Unamortised portion of disposed assets	-	(89,410)
Balance at end of the period	13,814,388	14,305,123

Capital grants represent government grants given to the Authority to finance the purchase of property, plant and equipment. Capital grants are transferred to the statement of comprehensive income in a manner that represents the economic benefits generated through the usage of the related assets.

	2021 P	2020 P
18 Deferred revenue		
Balance at beginning of the period	5,478,210	-
Subvention received during the period	62,112,024	56,860,440
Transfer to statement of comprehensive income	(49,631,746)	(49,630,886)
Transfer to capital grants	(3,213,187)	(1,751,344)
Balance at end of the period	14,745,301	5,478,210

The Authority has P14,745,301 (2020: P5,478,210) of deferred income from Botswana Government for activities that do not fall within the budgetary period and is yet to be utilised as at year end.

The deferred income relates to subvention received for strategic projects which have not been commenced by the Authority during the year due to restrictions imposed by Government from Covid-19 pandemic.

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

19 Trade and other payables

19.1 Other payables	2021 P	2020 P
Short-term employee benefits (note 19.2)	11,618,474	6,849,179
Accruals	3,411,772	1,890,667
Pension payable	255,711	300,673
PAYE payable	12,034	-
	15,297,991	9,040,519

The carrying value of trade and other payables approximate the fair value due to their short-term nature.

19.2 Short-term employee benefits

	Leave pay P	Gratuity P	Total P
31 March 2020			
Balance at beginning of the year	2,375,544	4,854,132	7,229,676
Provision for the year	973,008	3,524,971	4,497,979
Payments made during the year	(1,791,852)	(3,086,624)	(4,878,476)
Balance at end of the period	<u>1,556,700</u>	<u>5,292,479</u>	<u>6,849,179</u>
	Leave pay P	Gratuity P	Total P
31 March 2021			
Balance at beginning of the year	1,556,700	5,292,479	6,849,179
Provision for the year	2,074,469	4,011,682	6,086,151
Payments made during the year	(91,467)	(1,225,389)	(1,316,856)
Balance at end of the year	<u>3,539,702</u>	<u>8,078,772</u>	<u>11,618,474</u>

Gratuity

Employees receive terminal gratuities in accordance with their contracts of employment.

An accrual is made for the estimated liability towards such employees up to the end of the reporting date.

Leave pay

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

Notes To The Annual Financial Statements (Continued)

For The Year Ended 31 March 2021

20 Related party transactions

The following transactions were carried out with related parties.

Government grants

Ministry of Mineral Resources, Green Technology and Energy Security

Revenue and development subvention (gross of deferred income)

2021 P	2020 P
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<u>62,112,024</u>	<u>56,860,440</u>
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Remuneration of board members and other key management

Salaries and other benefits

4,739,188	5,849,091
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Gratuity

1,358,902	1,318,623
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Leave pay

228,345	732,395
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<u>6,326,435</u>	<u>7,900,109</u>
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21 Contingencies

There are three (3) material court cases pending judgement which are considered to give rise to contingent liabilities estimated at P10,940,250 as at year end (2020: Nil).

22 Events after the reporting period

Subsequent to the reporting period, on 12 August 2021, a High Court judgement ordered reinstatement of an employee who was terminated on 26th February 2020. The reinstatement gives rise to an obligation as at reporting date. It is expected that the Authority will make a payment, whose amount can be estimated reliably. A provision is recorded in line with IAS 37 since all the recognition criteria have been met.

Management believes this is the only known material adjusting event.

23 Commitments

The Authority had no capital commitments as at 31 March 2021 (2020: Nil).

24 Going concern

The Authority has incurred current year loss of P 876 035 and accumulated loss of P1 511 005 during the year ended 31 March 2021 (2020: P 634 970) and, as of that date, the Authorities' current liabilities exceeded its current assets by P2 586 708 (2020: P1 502 012). These events or conditions, along with other matters as set forth below, indicate that a material uncertainty exists that may cast significant doubt on the Authorities' ability to continue as a going concern however the directors believe that the necessary measures were implemented to ensure business continuity for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

Detailed Income Statement

For The Year Ended 31 March 2021

	2021 P	2020 P
Grant and subventions		
Grant and subventions	49,631,746	49,630,886
Other income		
Amortisation of capital grants	3,703,922	3,556,376
Tender fees	43,625	35,477
Other income	21,058	151,806
	3,768,605	3,743,659
Administrative expenses		
Advertising	892,756	544,691
Amortisation of intangible assets	106,363	99,396
Auditor's remuneration		
Current year	58,757	158,309
Bank charges	36,165	65,350
Board expenses	328,692	373,863
Computer expenses	157,461	955,279
Consulting fees	1,567,753	718,107
Depreciation on property, plant and equipment	3,582,543	3,456,980
Depreciation on right-of-use asset	1,255,349	1,255,349
Donations	30,984	78,841
Employee costs	36,634,726	33,676,898
Electricity and water	148,739	156,883
Foreign exchange losses	204,835	-
Insurance	664,096	544,622
Legal fees	873,228	928,912
Magazines, books and periodicals	17,334	20,134
Motor vehicle expenses	156,855	239,971
Office expenses	371,454	452,401
Operating lease rentals	210,336	-
Other expenses	166,337	32,273
Postage	2,685	11,575
Printing and stationery	171,228	62,740
Recruitment	68,412	289,744
Repairs and maintenance	182,360	56,565
Security	469,421	566,379
Staff welfare	355,580	4,899
Subscriptions	3,100,901	875,129
Telephone and fax	1,116,804	1,240,876
Training	12,040	2,037,496
Accommodation and travel expenses	1,007,989	3,844,991
Workshops, seminars, retreats and conferences	255,868	513,667
(Profit)/Loss on disposal of fixed assets	-	(1,121)
Total expenses	54,208,051	53,261,199
Operating surplus / (deficit)	(807,700)	113,346

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 57 to 61"

This image shows a full-page view of a blank sheet of white paper. The paper features horizontal ruling lines spaced evenly down its length. Additionally, there are diagonal gray bands or shadows running from the top-left towards the bottom-right, creating a subtle pattern across the entire surface. The overall appearance is clean and minimalist, typical of a notebook page.

[illegible]