



MOTOR VEHICLE ACCIDENT FUND ANNUAL REPORT 2017

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MVA Fund Botswana



Botswana is a signatory to the United Nations proclamation on the Decade of Action for Road Safety 2011 - 2020 SAFER ROADS AND MOBILITY BY 2020

Lucobo



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About The Cover

Annual Report Cover

The Fund's mandate of promoting road safety and providing compensation, medical and rehabilitation assistance to those affected by road traffic crashes remains a noble one. Our vision is 'Best Chance to Normal Life' because we believe everyone deserves to be given a chance to live a decent, dignified and optimal life post being involved in a road traffic accident. Hence the Cover for the 2017 Annual Report could not be more telling!

The Cover depicts happy and healthy lifestyle for all road users, including those who have been involved in a road traffic crash. The road in the Cover denotes our advocacy for safer roads, where every road user is a key stakeholder and observes road traffic laws.

Our brand promise is to prioritise on our customers and to deliver excellent service with 'Botho'. The Fund's heart-shaped logo has inspired the visible frame used for the collage in the Cover. To us, the heart is a symbol of life and empathy.

About The Report

Introduction & Scope of the Report

MVA Fund Family is always pleased to share its year's operations and performance with its valued stakeholders. The Fund has adopted an integrated- reporting approach in formulating its Annual Report. The Report demonstrates how the Fund's strategy, governance, performance and prospects lead to the creation of value in the short, medium and long term.

This Report builds upon the 2016 Annual Report and gives an update for the twelve months' period that commenced on the 01st January 2017 and ended on the 31st December 2017. The Report intentionally discloses the operations of MVA Fund across all its value-chain and support processes, with comprehensive and relevant details contained in each Departmental Report. MVA Fund 2017 Annual Report also contains a full set of approved audited financial statements for the year ended 31st December 2017.

Preparation of the Annual Report

The Fund considered the following reporting frameworks when preparing this Annual Report; MVA Fund Act No.15 of 2007 International Financial Reporting Standards (IFRS) King III Report on Corporate Governance.

We also applied the principles of stakeholder inclusiveness, corporate social responsibility and sustainability when assessing which information to include in our Annual Report. We further applied the principles of transparency, balance accuracy, clarity, comparability, reliability and relevance when assessing the quality of information included in this Report.

Our Mission

To enhance the quality of life by promoting road safety, compensating, rehabilitating and supporting those affected by road crashes

Our Vision

Best chance to normal life

Our Values

Customer Focus

We provide support to our customers in order to heal the wounds inflicted by road crashes

Integrity

We do business in a transparent way and treat everyone with respect

Teamwork

Our environment provides opportunities for us to develop team spirit to create more value for our customers

Innovation

We continuously improve what we do and how we do it

Our Pledge

We at MVA Fund promise to enhance the quality of life by promoting road safety, compensating, rehabilitating and supporting those affected by road crashes

We promise to live by our brand values and

Deliver Customer Service in line with our standards

Execute all our dealings with integrity

Work as a team and

Continuously innovate all practices

Our Corporate Colours



we've incorporated YELLOW...

Yellow is the colour of Teamwork, friendliness and hope. It symbolizes the confidence we have on our environment that fosters team spirit and creates value for our stakeholders.

Re akareditse mmala o o lephutshe....

Mmala o o lephutshe ke mmala o o supang tirisanyo mmogo, botsalano le tsholofelo. O supa tsholofelo le tumelo ya rona mo tikologong e re dirang mo go yone, e e rotloetsang tirisanyo mmogo gape e na le boleng mo batsaya karolo ba rona.



...and chose some LIME ...

Lime is the colour of creativity and growth. It supports and enhances Innovation, productivity, creativity and success. We've added Lime as we continuously apply our resources prudently. We are committed to achieve positive outcomes for our stakeholders. Our future lies in our ability to provide sustainable services.

...le botala jwa tlhaga...

Botala jwa tlhaga bo supa bonokopila, botlhaga le kgatelopele. Gape bo supa maikaelelo a rona a go tswelala re dira le batsaya karolo ba rona go direla sechaba ka tsela e e haphegileng le go ba fa tlotlo yotlhe.



We've incorporated BLUE...

Sky Blue is the colour of dependability and loyalty. It speaks so our integrity accountability and credibility. We've added blue as we believe in doing business in a transparent way and treating everyone with respect.

Re akareditse botala jwa loapi.....

Botala jwa loapi ke mmala o o supang go tshphega le boikarabelo. Re akareditse botala jwa loapi ka re dumela mo go thuseng batho ka tekatekanyo le tlotlo.

Submission

For the year ended 31st December 2017

Honourable O K Matambo
Ministry of Finance and Economic Development
Private Bag 008
Gaborone

Dear Minister Matambo,

It is with great pleasure that I submit the Motor Vehicle Accident Fund Annual Report and Audited Financial Statements for the year ended 31st December 2017 for tabling before the National Assembly.

This Submission is in accordance with Section 19(1) of the Motor Vehicle Accident Fund Act.

Yours sincerely



Michael Mooketsi Tlhagwane
Chief Executive Officer

pdfelement

Board of Directors



1

Mr. Abraham Botes
(Board Chairman)

Mr. Botes holds a Bachelor of Commerce in Law – UNISA, South Africa. He is a Chartered Insurer and also a Fellow of the Chartered Insurance Institute FCII (London). He was the Managing Director of Regent Insurance Botswana and Regent Life Botswana, a position he held until 2017. Mr. Botes is now the Chairman of Hollard Insurance Botswana.



2

Ms. Elaina Gonsalves
(Vice Chairman)

Ms. Gonsalves is a graduate of the University of West Indies, Jamaica where she obtained both her Bachelor of Science and Post Graduate Diploma in Education. She also has an Executive MBA from Barry University in the United States of America and a Diploma in Theology and Ministry obtained from TEEC, South Africa. Ms. Gonsalves is a Fellow of the Chartered Insurance Institute FCII (London). She currently works as Deputy Secretary for Financial Policy in the Ministry of Finance & Economic Development.



3

Mr. Geoffrey Bakwena
(Board Director)

Mr. Bakwena is a graduate of the University of Botswana where he obtained both his Bachelor of Commerce (Accounting) and a Masters of Business Administration. He is a member of International Capital Market Qualification (ICMQ) and a fellow member of the Institute of Chartered Secretaries and Administrators (FCIS). Mr. Bakwena was the CEO of Stockbrokers Botswana from 2006 to 2011. He is currently a Project Manager at Dimension Data (Pty) Ltd.



4

Mr. Pelotshweu M. Motlogelwa
(Board Director)

Mr. Motlogelwa holds a Bachelor of Commerce (Accounting) from University of Botswana. He is a fellow of the Association of Certified Chartered Accountants (ACCA, FCCA). He also has a Senior Management Development Programme (SMDP) from University of Stellenbosch. Mr. Motlogelwa is the Director- Corporate Services at Botswana Trade Commission.

Board of Directors



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Ms. Macie Molebatsi
(Board Director)

Ms. Molebatsi holds a Bachelor of Commerce (Management) from the University of Botswana and a Masters of Business Administration from Monterey Institute of International Studies in the United States of America. She is also the SAP HR & Payroll Consultant from SAP Academy, South Africa. Ms. Molebatsi worked as Human Resources Director at Water Utilities Corporation from 2008 to 2011. She currently does extensive consultancy, with key focus on human resources.



6

Mr. Lawrence Thebe
(Board Director)

Mr. Thebe qualified with Motor Mechanics. He also studied Heavy Equipment Service Engineering Technology in the United States of America. He has been working for the Central Transport Organisation (CTO) for over 30 years. He rose through the ranks as a Workshop Manager and became the Principal and Chief Mechanical Engineer from 2005 to 2008. Mr. Thebe is currently the General Manager of Central Transport Organisation.



7

Ms. Kegomoditswe Matshediso
(Board Director)

Ms. Matshediso qualified with BSc (Hons) Physiotherapy in 1993 from University College of Salford in the United Kingdom. She has an Advanced Certificate in Industrial Ergonomics from Pretoria University and a Post Graduate Diploma in Occupational Health from University of Cape Town. Ms. Matshediso also holds Masters in Workplace Injury Management and Occupational Rehabilitation from University of Newcastle in Australia. She works for Debswana as a Senior Physiotherapist for Orapa, Letlhakane and Damtshaa Mines (OLDM).

Executive Management



- | | |
|--|--|
| 1. Mr. Michael M. Tlhagwane <i>Chief Executive Officer</i> | 5. Ms. Onthatile T. Ogotseng <i>Board Secretary</i> |
| 2. Ms. Mpule Ditirwa <i>General Manager- Customer Services</i> | 6. Mr. Tshepiso Mmoloke <i>Investment Manager</i> |
| 3. Ms. Colleen Motswaiso <i>General Manager- Corporate Services</i> | 7. Ms. Bona Ramotlhwa <i>Customer Services Manager</i> |
| 4. Ms. Keetsemang Nkoko <i>Chief Investment Officer</i> | 8. Ms. Susan Motshwaedi <i>Chief Claims Assessment & Investigations Officer</i> |
| | 9. Mr. Phenyo B. Mogae <i>Strategy Manager</i> |

Executive Management



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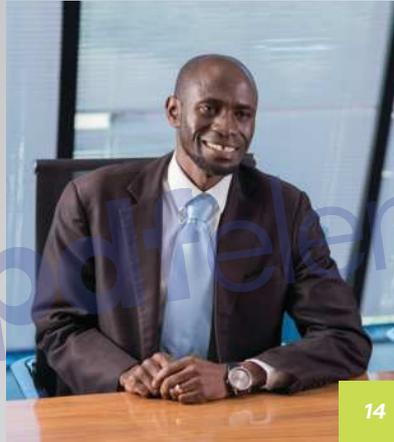
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- | | | | |
|------------------------------------|--|----------------------------------|---|
| 10. Ms. Lydia Masilo-Nkhoma | Case Manager- Rehabilitation | 15. Ms. Poppy C. Sechele | Human Resources Manager |
| 11. Ms. Mmametsi Setlhare | Internal Audit Manager | 16. Ms. Martha B. Seipato | Finance Manager |
| 12. Mr. Thomas Brandy | Information Technology Manager | 17. Mr. Thabo Morotsi | Corporate Communications Manager |
| 13. Mr. Lesesa H. Mtonga | Case Manager- Welfare | | |
| 14. Mr. Mompoti Bontsibokae | Chief Injury Prevention Officer | | |



Key Performance Indicators

Key Performance Indicators

For the year ended 31 December 2017

FINANCIAL RATIOS

Return on capital employed	-4%
Return on equity	-5%
Current ratio	294%
Free assets ratio	67%
Solvency ratio	307%

ECONOMIC RATIOS

Net fuel levy /Total Income	72%
Net third party cover/Total Income	11%
Net Investment Income /Total Income	16%
Claims Expenses /Total Expenses	64%
Claims Expenses /Net Fuel Levy & Third Party Cover	241%
Admin Expenses/Net Fuel Levy & Third Party Cover	39%

CUSTOMER/STAKEHOLDER RESULTS

Internal Customer Satisfaction Survey Index	73.40%
External Customer Satisfaction Survey Index	70.50%
No. of claimants with medical undertakings	9 480
Fully-rehabilitated claimants (with spinal cord injuries)	73
No. of caregivers trained	115
Service Network Coverage	95% of population access MVA Fund services within every 100 km
Service Standards Performance Index	81.30%

CORE BUSINESS PROCESS

No. of Personal Injury Claims Received	2,934
No. of Road crashes	17,786
No. of serious injuries	1,152
No. of fatalities	444
No. of interactions with public (road safety education)	99,773

INNOVATION

Implementation of Case Management System	
Introduction of Fraud & Ethics Whistleblower Hotline	
Implementation of Risk Management Software (Barnowl)	
No. of children interacted with via Mobile Children Traffic School	20,866
No. of vehicles detected via Mobile LED Speed Alert & Detector	62,204

Human Capital

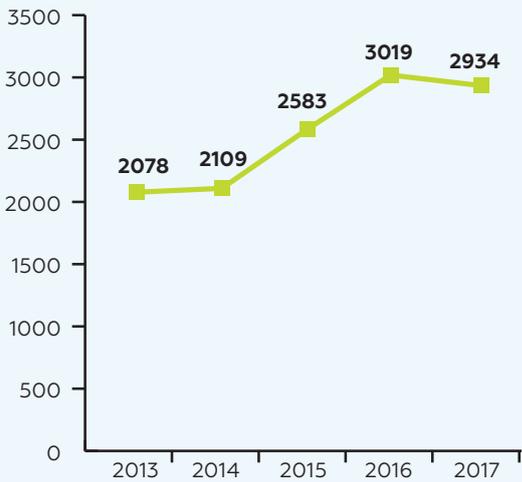
Staff Complement	103
Deloitte Best Company To work For Survey Index	65.14 against benchmark of 62.20
Employee Engagement Survey Index	71.74 against benchmark of 67.78
Staff Turnover	1.94%

Performance Highlights

As at year ended 31 December 2017

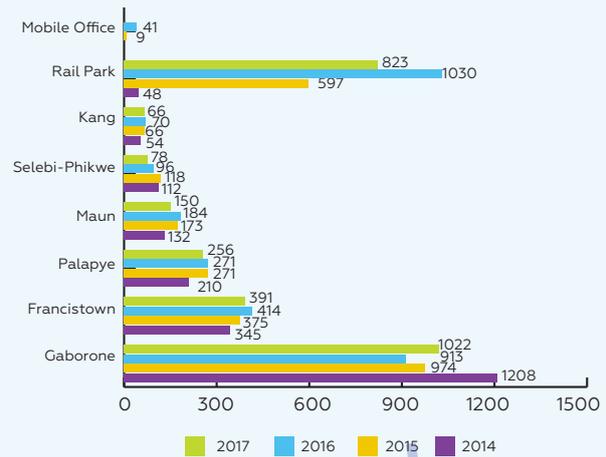
Claims Analysis

Personal injury claims received (2013-2017)



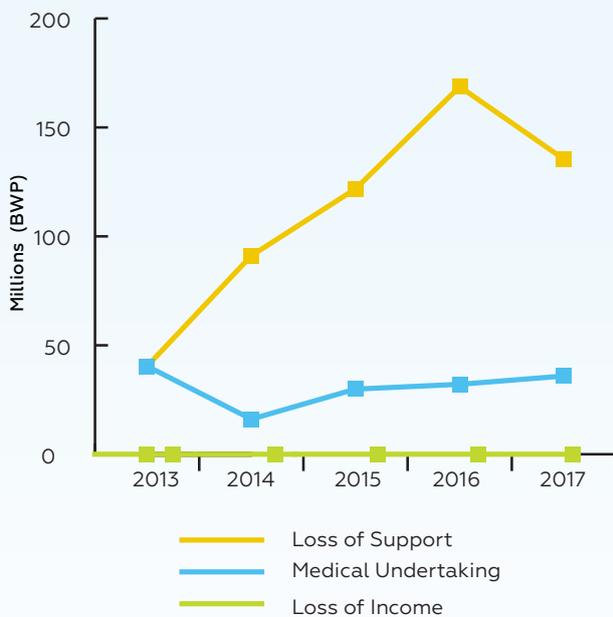
Source: MVA Claims Database

Personal injury claims received by office (2014-2017)



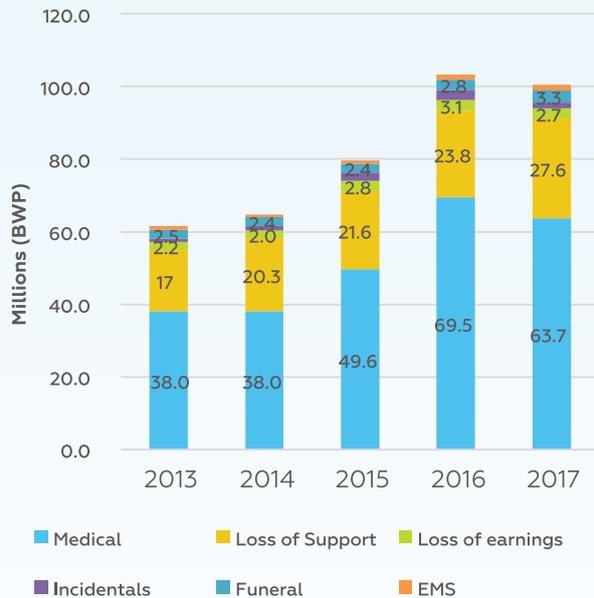
Source: MVA Claims Database

Monies set aside for future payments (2013-2017)



Source: MVA Claims Database

Payments to Claimants and service providers (2013-2017)



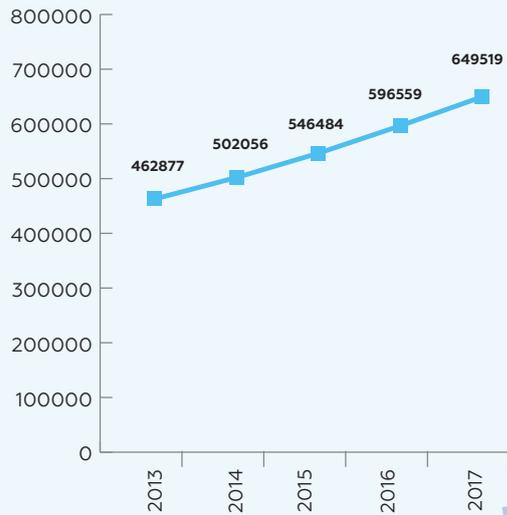
Source: MVA Claims Database

Performance Highlights (continued)

As at year ended 31 December 2017

Road Traffic Performance

Cumulative registered vehicle population analysis (2013-2017)



Source: Department of Road Transport and Safety

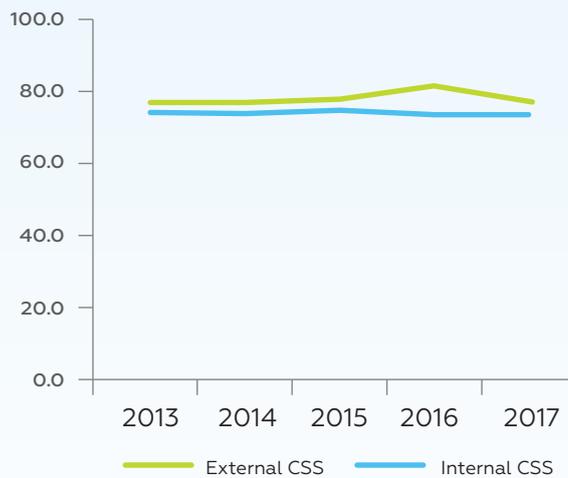
Annual Recorded Fatalities (2013 -2017)



Source: Botswana Police Service

Survey Results

Internal and external customer satisfaction survey (2013-2017)



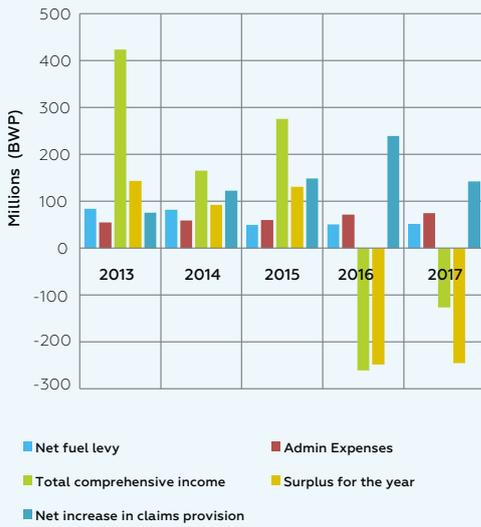
Source: MVAF Survey Reports

Performance Highlights (continued)

As at year ended 31 December 2017

Financial Analysis

KEY FINANCIAL INDICATORS (2013-2017)



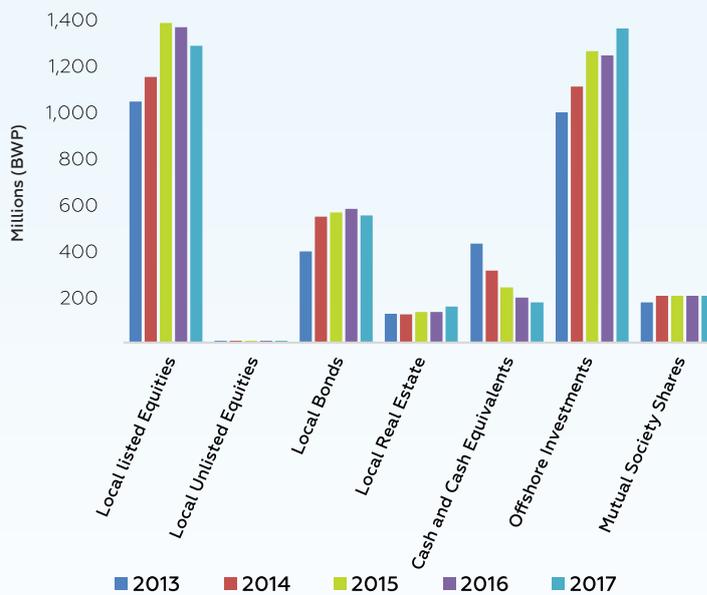
Source: MVAF Financial Data

Assets (2013-2017)



Source: MVAF Financial Data

Total Assets Under Management (2013-2017)



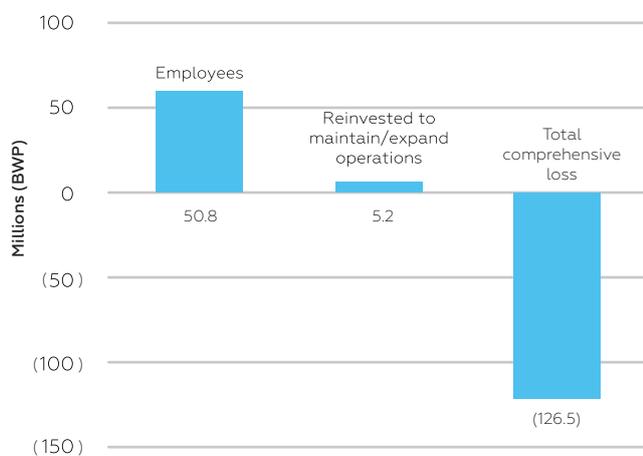
Source: MVAF Financial Data

Value Added Statement

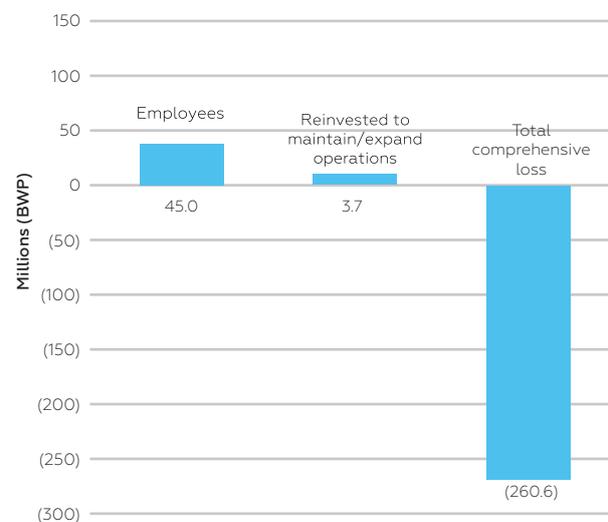
As at year ended 31 December 2017

	2017	2016
Fuel levy income	51,996,794	50,181,259
Third Party Cover income	8,156,551	10,038,531
Investment income	16,508,928	94,417,402
Share of profits from Associates	8,657,972	2,596,267
Other income	755,230	1,411,564
	86,075,475	158,645,023
APPROPRIATION OF ACCUMULATED SURPLUS		
Net fair value (loss)/ gain on available-for-sale investments	118,501,719	(13,685,637)
Claims paid and cost of others	(275,069,202)	(355,343,754)
	(70,492,008)	(210,384,368)
VALUE APPLIED		
Employee benefit	50,846,532	45,047,793
Depreciation	3,686,245	3,721,129
Amortisation	1,466,960	1,470,217
Total comprehensive loss	(126,491,745)	(260,623,507)
	(70,492,008)	(210,384,368)

Value Applied 2017



Value Applied 2016



Chairman's Report

"Looking back on the past 30 years of our existence, we are able to reflect on both our achievements and challenges in meeting the needs of our valued customers. We have at the most been inspired by our aspiration of providing 'Best Chance to Normal Life.'"

Chairman's Report

CHAIRMAN'S REPORT

It is with pleasure that I report to our valued stakeholders, the performance of the Motor Vehicle Accident Fund for the year ended 31st December, 2017. Looking back on the past 30 years of our existence, we are able to reflect on both our achievements and challenges in meeting the needs of our valued customers. Providing 'Best Chance to Normal Life' has inspired the Fund to continuously seek strategies to improve service delivery to people affected by road traffic accidents. It is this resolute focus that enables us to provide ground-breaking road safety campaigns and other initiatives, whilst also delivering our noble mandate of providing compensation, rehabilitation and supporting those affected by road traffic crashes. While acknowledging our past successes, the year 2017 provided us with an opportunity to take a considered look into the future.

Economic Performance

The local economy is yet to recover and this has a direct impact on the operations of the Fund. Most mines have closed due to depressed international prices of base metals which affected the local economy. Most of the mines use fuel driven machinery for their operations and closure of these mines resulted in lower utilization of fuel, translating into lower fuel levy income. The banking sector has also not performed well owing to reduction in the bank rate and difficult trading conditions. The property sector continues to experience challenges owing to oversupply of residential houses on account of difficult economic situation and the restructuring by major parastatals resulting in job losses and releasing of many houses into the rental market.

The bank rate closed the year at 5.0% following a cut by 50 basis points cut during the third quarter of 2017. Headline inflation was at 3.20% which was within the Bank of Botswana's objective rate of 3% - 6%.

The Fund was affected negatively by unrealized foreign exchange losses on offshore investments as the Botswana Pula continued to strengthen against the United States Dollar.

Strategy

The year 2017 was another milestone for the Fund, marking a final year for the Strategic Plan 2013-2017. We celebrate the achievements made under this Strategy and take valuable lessons with us as we formulate another Strategy that will take us forward. The Strategic Plan 2013-2017 was bold and touched every aspect of the Fund's operations; road safety & injury prevention, claims management and financial management. Its emphasis on 'Innovation' saw the Fund introduce technology-driven initiatives that put us up on the world map. These initiatives also significantly

improved service delivery and yielded impressive customer satisfaction indices over the years of the Strategy.

The pinnacle of the Strategy was the introduction of the mobile office to extend service coverage to areas where the Fund does not have a physical presence, the mobile solar-powered LED Speed Alert Billboard to encourage drivers to observe good road usage behavior, the launch of the Mobile Children Traffic School to inculcate a culture of road safety to children from a tender age and many innovation technology platforms from which we continue to derive our return on investment.

We are excited to launch another Strategy that will lay a new strategic direction for the Fund. The successor Strategy will equally provide a clear, long term vision of what the Fund wants to achieve and how the milestones will be achieved. The new Strategy will reinforce our historical focus on a scheme that is simple, affordable and easy to administer. These tenets have underpinned the success of the Fund for the past 30 years and will continue to be of relevance to the Fund. The Fund family is invigorated and glad to navigate along this new roadmap.

Governance

The principles of good governance as enshrined in King III Code of Governance remain pivotal and relevant to the Fund. We thrive in ethical and effective leadership, where Management is charged with the operations of the Fund and the Board plays an oversight role. We have built a culture of responsibility, accountability, integrity and transparency and these core principles have assisted us to build strategic leadership capability within the MVA Fund family. The Board has endorsed the King III Code and the existing Board Charters confirm the adoption. As we continue to improve on our governance processes, the Board looks forward to endorsing the King IV Report which emphasizes Stakeholder Inclusion, IT Governance and Disclosure.

The Board will in 2018 review its Governance documents and develop tools to enable Board performance evaluations. We continue to work closely with Public Enterprises, Evaluation and Privatization Agency (PEEPA) to develop the relevant Corporate Governance Frameworks to remain up to date with best practices.

The People Agenda

Our focus on the implementation of the Talent Management Strategy will ensure a structured approach towards effective management of talent and to attract and retain staff who work in an environment that unleashes their talent and allows them to thrive. In addition, the Fund continues to review its Human Resources policies to align them with

Chairman's Report

current practices in the human resources sphere and ensure compliance to the relevant legislative frameworks. We value the human capital and their labour rights and fully appreciate that the Fund consistently achieve outstanding results because of its highly competent, motivated and engaged workforce.

The Future

As we begin the next chapter with the introduction of the new Strategic Plan 2018 - 2023, we remain optimistic towards the attainment of the ambitious target set under the United Nations Decade of Action for Road Safety 2011-2020. As the target year draws near, we believe Botswana will have contributed towards the reduction of road traffic crashes and road traffic fatalities even though the country may not achieve the targeted reduction of 50% by year 2020. The Fund will continue to commit resources within its means, to address the respective pillars of the Decade of Action for Road Safety in order to meet its targets.

The Fund remains optimistic that the economic conditions will improve. We commit to do all possible within our means, to reverse our current financial deficits, and re-build the strength of our financial reserves. We will continue to engage Government for the possible reinstatement of the fuel levy rate to 9.5 thebe per litre, to ensure the sustainability of the Fund. The Fund will also review its investment strategies to align with the prevailing market conditions and target better returns.

The provision of compensation, medical and rehabilitative assistance to our claimants will remain our priority. We will forge formal relationships with our key stakeholders to ensure that there are positive outcomes in the rehabilitation of those affected by road traffic crashes. The Fund will also continue to review its legislative framework to ensure that the administration of the scheme is seamless and that the Fund serves all eligible claimants across the country.

Acknowledgment

The Board of the MVA Fund continued to provide its oversight role in 2017 and ensured delivery of the mandate. It is through the collective commitment of the Board and Management that the Fund will overcome the challenges it currently faces and continue to serve the public.

We bid farewell to our former Chairman, Mr. Freddy Modise in June 2017. Mr. Modise effectively led the MVA Fund Board of Directors for six (6) years. He served with sterling commitment and passion in his key role and advocated for good governance. Mr. Modise provided strategic leadership and encouragement to his colleagues, management and staff. I am privileged to have taken after him.

MVA Fund family will always remember with much affection, our late colleague, friend and sister, Ms. Binta Hazel Tobedza who passed away on the 21st August 2017. Ms. Tobedza was a remarkable lady who carried out her duties with diligence, dignity and modesty. She is solely missed and will always be remembered for her astuteness and cheerful nature.

On behalf of my fellow Board Directors, I wish to welcome on board, Mr. Pelotshweu Motlogelwa, who joined the Board of Directors on the 1st October 2017. We look forward to his valuable contributions and trust that he will bring value to the team.

On the other end, employees of the Fund remain resilient and committed to discharge their noble mandate. They are a highly engaged team and indeed they are the pride of MVA Fund. On behalf of the Board, I wish to acknowledge and encourage them to continue serving the public with dedication and compassion and to continue innovating for the sustainability of the Fund.

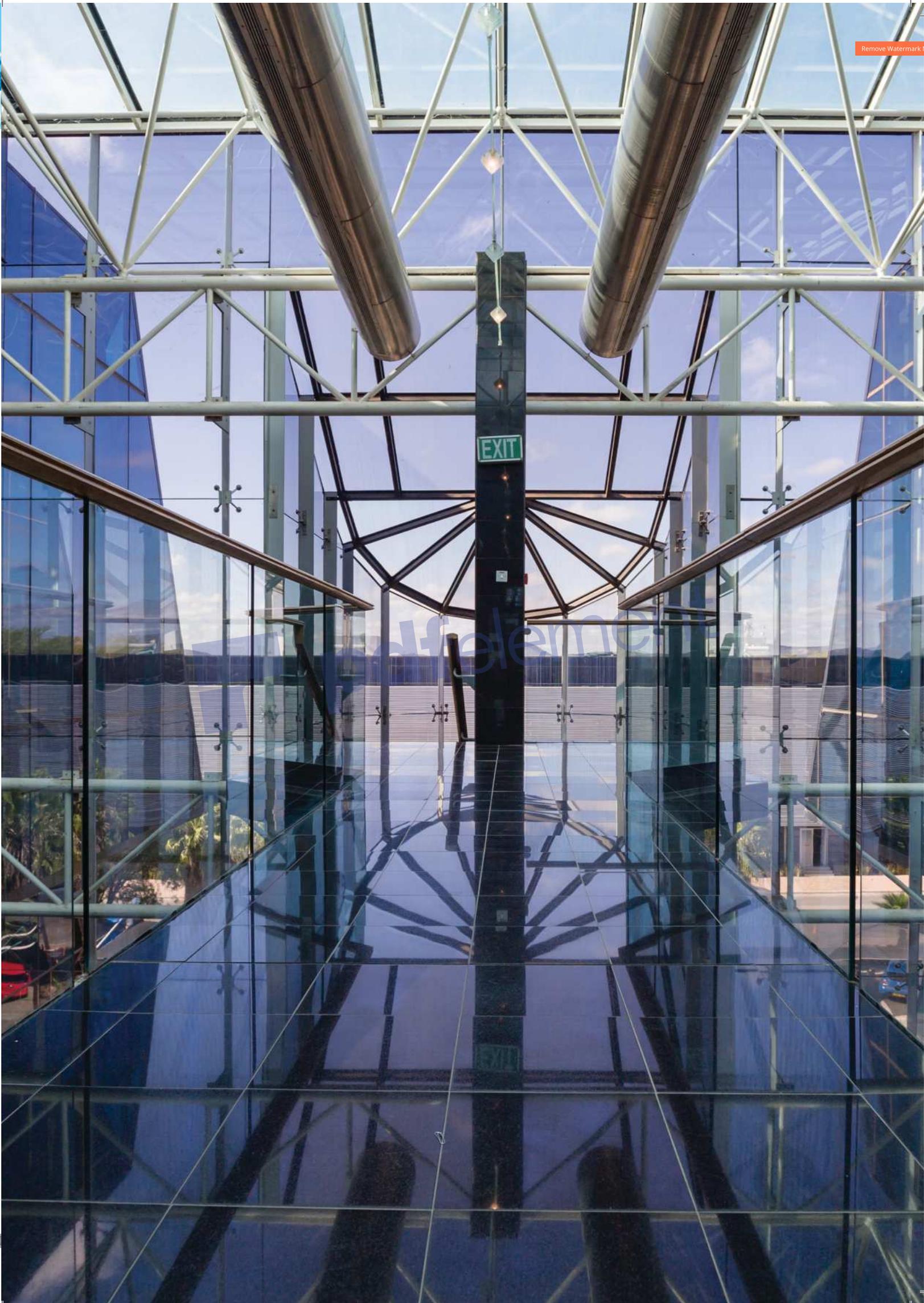
The contribution of various stakeholders at individual and group level cannot be ignored. The participation of stakeholders is key to our journey and eases our challenges. We believe it is this collective responsibility, that will yield desirable results. Indeed, your contributions go a long way in providing the public with the Best chance to a normal life.

Re a leboga.



Abraham Abe Botes
Board Chairman

"The provision of compensation, medical and rehabilitative assistance to our claimants will remain our priority. We will forge formal relationships with our key stakeholders to ensure that there are positive outcomes in the rehabilitation of those affected by road traffic crashes."



CEO's Report

"The role of the workforce cannot be ignored and is worthy to commend. Employees are the greatest asset of the Fund and they continue to grow and excel in the delivery of their respective roles."

CEO's Report

CHIEF EXECUTIVE OFFICER'S REPORT 2017

The year 2017 was another challenging year in the history of MVA Fund, as for a second successive year, the Fund recorded a high total comprehensive loss owing to depressed primary sources of income, high unrealised offshore foreign exchange losses and high claims provisions. Despite these challenges, the Fund continues to diligently deliver its mandate of promoting road safety, compensating, rehabilitating and supporting those affected by road traffic accidents.

The year was special as it marked the Fund's 30 years of existence and of service to its customers and stakeholders. MVA Fund has over the years established itself as an entity that fully understands its clients' needs and continues to pursue initiatives towards achieving these needs. The endless advocacy for safer roads and injury prevention and the profound interest on claimants' rehabilitation outcomes have become pivotal and the epitome of the Fund's success.

Lastly, the year marked the end of the Strategic Plan 2013-2017, also known as "Dwililombeli" or progressiveness which guided us to progress our mandate as set out in the MVA Fund Act of 2007. Therefore, as we attain these milestones, we also recognise the need to reflect on our past, our achievements, failures and challenges with a view to formulate a strategy that strike a balance between financial sustainability of the Fund and execution of its mandate which has remained unchanged since 2007. The performance of previous Strategic Plans have built a solid foundation for future Strategic Plans therefore building a springboard for future successes.

Service Delivery

Serving our claimants with empathy remain central to MVA Fund priorities as most of them have either suffered permanent injuries or have lost bread winners and are therefore at a disadvantage position. The Fund has service standards which are a commitment to the turnaround times to assist the claimants and these are reviewed on a periodic basis for continuous improvement of service to the claimants.

The implementation of the integrated SAP system has assisted in timely assessment and settlement of claims and thereby reducing the turnaround times. Reduction in turnaround times enables claimants to benefit earlier from the Fund, thus improving the quality of life through timely medical rehabilitation and payment of both loss of earnings and loss of support benefits.

The Fund has a network of seven (7) strategically located physical offices to ensure convenience of access by the claimants and the general public. Over the years, the Fund has expanded its service distribution network to

improve its outreach and ensure equitable distribution of service to every community in Botswana. The Fund in addition, procured two (2) mobile offices to reach out to communities where it does not have a physical presence. Following rationalization, the mobile offices are now primarily used to follow-up of claimants to encourage and assist them to lodge claims and this has seen a 261% increase in claims submission through mobile offices from 41 claims in 2016 to 148 claims in 2017.

The Fund has in addition implemented the Customer Services Portal in all the offices to improve service delivery to walk-in customers. The customer interaction portal allocates tickets to customer based on the service required by customers and further, allows customers to confidentially provide feedback on the quality and timeliness of service offered by the Fund. The Fund then extract reports to determine service delivery gaps and develop appropriate interventions to improve service delivery. The website also provides customers with a functionality to check progress of their claims through the use of a unique claim number.

Promotion of Road Safety

Promotion of road safety is a core mandate of the Fund as it is intended to reduce road traffic accidents. Road safety promotion is at the beginning of the value-chain, hence we drive our initiatives towards reversing the escalating rate of road crashes in the country.

In 2017, the Fund enriched its vigor and prioritized on issues of road safety. Some of the initiatives that continue to remain strategic to us include the themed road safety campaigns which are targeted towards specific groups. These campaigns include the mall campaigns, public holiday campaigns, pedestrian campaigns, bus stop campaigns, child safety campaigns and target road users by their common groups such as type of road use, age, gender.

The Fund also forges relationships with the various key stakeholders in recognition of the role of combined efforts in attaining the road traffic safety objective. The Fund continued its collaboration with Botswana Police Service, Department of Road Transport and Safety, Roads Department, Ministry of Health and Wellness, World Health Organisation and Ministry of Youth Empowerment, Sport and Culture Development.

Collaboration with Ministry of Youth Empowerment, Sports and Culture is key because youths accounts for 64% of the fatalities on an annual basis, hence the need for improved collaboration to bring about positive behaviour among the youth.

The Fund collaborated with numerous entities on road safety activities such as UN Global Road Safety Week, and

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World Day of Remembrance for Victims of Road Crashes. At multi-lateral level, the Fund together with other government agencies partnered with the Trans-Kalahari Corridor Secretariat and held joint enforcement campaigns along Trans-Kalahari Corridor in Moatle (Botswana), Rustenburg (South Africa) and Walvis Bay (Namibia). The Trans-Kalahari Corridor was undertaken to support SADC Protocols which seeks to improve transportation of goods and human in the three countries of Botswana, South Africa and Namibia. The Fund participated in this initiatives in order to promote road safety and inform the motorists of the services offered by the Fund as nationalities of both Namibia and South Africa are often involved in road traffic crashes in Botswana.

The fatalities recorded as at 31st December 2017 are still high though there was marginal improvement as fatalities dropped by 1.3% from 450 in December 2016 to 444 in December 2017. Fatal crashes however increased by 5.2% from 348 as at 31st December 2016 to 366 as at 31st December 2017. Serious injuries decreased by 7.3% from 1 243 as at 31st December 2016 to 1 152 as at 31st December 2017. It is however disheartening that around 90% of these accidents are preventable as they are caused by human behaviour such as driving above the recommended speeds, inappropriate overtaking, recklessness, obstructed driving, fatigue driving and driving under the influence of alcohol and/or drugs. The Fund will continue its public campaigns in collaboration with key stakeholders and the community to improve the road traffic safety landscape.

Claims Processing & Management

The Fund received 2 934 claims during 2017, representing a decline of 3% when compared to 3 019 claims received in 2016 and the decline was attributable to reduction in serious injuries. The Fund settled 2 340 claims compared to 2 568 claims settled in 2016. The Fund repudiated 253 for various reasons compared to 182 claims repudiated in 2016. Claims that were offered but awaited acceptance by the claimants were 182 compared to 139 claims in 2016. Finally, 159 claims were outstanding for various reasons compared to 130 which were outstanding at the end of 2016. The Fund continues to improve claimant's follow-up in order to compensate all those illegible, particularly minors who are often left behind by deceased parents without financial support.

Risk Management

The Fund recognises the requirement of an integrated and comprehensive strategic approach to managing organisational risks. It has therefore adopted an Enterprise-wide Risk Management (ERM) framework that identifies and mitigates all significant risks facing the Fund. The escalation of road crashes, and the resultant

injuries and deaths remain the Fund's major risk. As such, the Fund has increased its efforts towards mitigating this risk. During the year 2017 the Fund automated the Risk Management process by implemented BarnOwl Risk Management System. The main objective of Enterprise Risk Management software is to enable the effective handlings of operational risk data, analysis and risk reporting.

Information and Communications Technology

In support of the Strategic Plan 2018 - 2022, through the perspective of Innovation, the Fund leveraged on Information Communication Technology (ICT) as an enabling tool for improved service delivery. Our investment in ICT through the automation of our Claims, Finance, Investment environments and now Case Management has significantly enhanced our service and strengthened relationships with our claimants. The implementation of the Case Management System will enable the Fund to closely monitor medical treatment and rehabilitation of those injured in road crashes. The website has been revamped to make it user friendly and interactive in order to improve its appeal to the public.

People and Capacity

The Fund place value on its employees who are the greatest asset of the Fund. Employees continue to deliver superior service to the claimants, suppliers and the general public. They remain invigorated by the organization's growth and demonstrate compassion as they serve towards achieving the noble mandate of the Fund. The shared values of customer focus, integrity, teamwork and innovation have been instrumental in shaping the employees to have a positive work ethic in furtherance of the Fund's mandate. The Fund conducted the eighth (8th) Internal Customer Satisfaction Survey (ICSS) in 2017 and achieved an overall index of 73.4% being a marginal increase when compared to an index of 73% attained in 2016.

The Fund also participated in the 2017 Deloitte Best Company to Work for Survey. The Survey gives the organization an opportunity to introspect and understand its employee's perspective. The Fund achieved the Best Company Index of 65.14 and the Engagement Index of 71.74. The Best Company Index measures the overall attraction of the organization among its employees while the Engagement Index measures the overall engagement state of the organization's employees. The continued participation in this survey is a demonstration of the organizations commitment to ensuring improvement in matters relating to human capital. The Fund continues to address lowly scoring dimensions to improve the survey results.

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Financial Highlights

The Fund has for the second year running recorded a total comprehensive loss. The audited financial statements for the financial year ended 31st December 2017 show a total comprehensive loss of P126.5 million compared a total comprehensive loss of P260.6 million recorded as at 31st December 2016. The improvement above was attributable to lower claims provision and net fair value gains on available for sale investments.

Income

The Fund recorded a total operating income of P77.4 million in 2017, being a significant decrease of 50.3% compared to the total income of P156.0 million recorded in 2016. The decrease in total income was attributable to the unrealized foreign exchange loss on offshore investments which increased by 74.8% from a loss of P61.5 million recorded in 2016 to a loss of P107.5 million recorded in 2017.

The offshore investment loss was attributable to the strengthening of the Botswana Pula against the United States Dollar resulting in foreign exchange losses on translation of assets from United States Dollar to the reporting currency, Botswana Pula. The offshore investments however continued to grow in United States Dollar, testimony of the fact that both outsourced assets managers; Stanlib Investment Management Services (Pty) Ltd and Investec (Pty) Ltd are adding value to the investment portfolio.

Net fuel levy increased by 4% from P50.2 million recorded in 2016 to P52 million in 2017 due to a higher fuel consumption in the financial year under review. Third Party Insurance Cover Premium of P8.2 million was 18% below the amount of P10.0 million recorded in the previous year due to a year-end adjustment of P1.5 million that was received from Botswana Unified Revenue Services in 2016. Net investment income decreased by 81.2% million, from P95.8 million recorded in 2016 to P17.5 million in 2017 mainly attributable to foreign exchange losses on offshore investments.

Costs

Total expenses decreased from P407.4 million in 2016 to P331.1 million in 2017 on the back of a 40.5% decrease in claims expenses from P239.5 million in 2016 to P142.5 million in 2017. The decrease in claims expenses was as a result of extensive purification of claims data resulting in a significant reduction in Incurred But Not Reported (IBNR) claims following an actuarial assessment of the Fund's claims liability at year end.

Financial Position

Total assets increased from P3.82 billion in 2016 to P3.83 billion in 2017 on the back of increases in non-current assets from P3.0 billion to P3.1 billion while current assets reduced from P808.7 million to P727.2 million. Reserves reduced from P2.7 billion in 2016 to P2.6 billion in 2017 while non-current liabilities increased from P794.6 million in 2016 to P999.9 million in 2017. Current liabilities on the other hand reduced from P313.0 million in 2016 to P247.2 million in 2017.

Outlook

The Fund continues to work towards achieving the United Nations initiative of Decade of Action for Road Safety 2011-2020, with a view to reduce the number of fatalities and the number of people severely injured in road crashes each year by pursuing its strategic initiatives. The Fund will continuously increase its focus on rehabilitating and supporting our claimants to ensure improvement of quality of their lives. Having been in service for thirty years, the Fund recognizes its broader role and impact on the society.

With the growing challenges of sustainability caused by a number of factors including increasing medical expenses, increasing road accidents, depressed primary source of income coupled with unstable currency exchange rates, the Fund notes a corresponding growth in the customers' expectations for quality service and provision of relevant products. To that end, a constant review of the status quo will enable the Fund to identify areas of improvement, particularly on the sphere of road safety and rehabilitation of claimants.

The Fund will continue to manage the resources prudently to ensure financial sustainability of the Fund without compromising service quality. Engagement with government for the restoration of fuel levy to its previous rate of 9.5 thebe per litre are ongoing as the Fund now heavily relies investment income to meet the costs of claims and operating costs, which poses serious financial risks. The Fund will also initiate a limited legislative review to ensure that both the MVA Fund Act of 2007 and the MVA Fund Regulations of 2008 are relevant to the current operating environment geared towards improving administration of claims.



Michael Mooketsi Tlhagwane
Chief Executive Officer

Customer Services

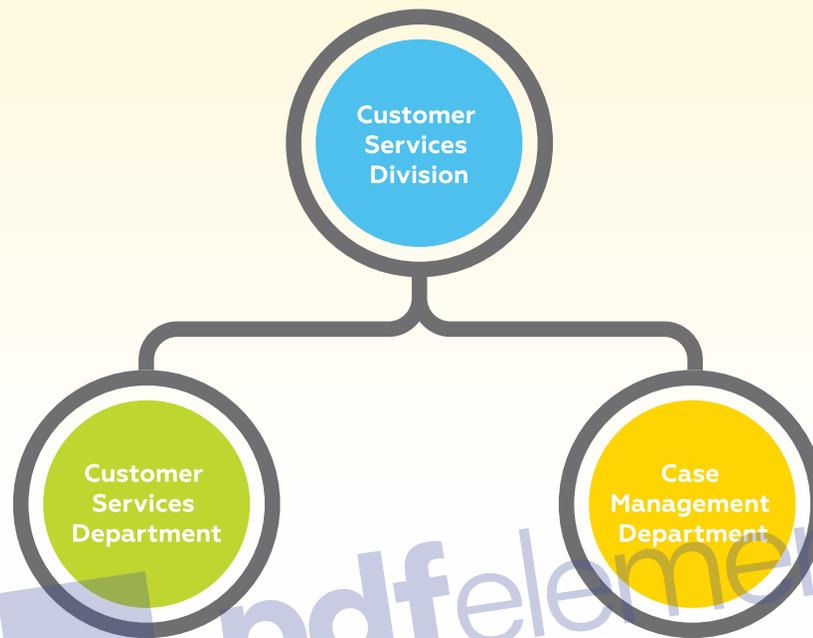
The Fund is also cognisant of the fact that its customers are unique in that they endure pain and suffering because of road traffic crashes and seek assistance from the Fund under compelling circumstances and hardships.

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The Customer Services Division is charged with delivering the core mandate of rehabilitating and supporting people affected by road traffic accidents, and consists of two departments as illustrated in the diagram below.

Figure 1: Departments of the Customer Services Division



Customer Services Department

The Customer Service Department is key to service delivery as the department directly interfaces with the claimants and the public. As a service-oriented organization, the Fund recognizes its customers as a key stakeholder, hence the continuous commitment to fulfil its customer needs through efficient, professional, courteous and equitable service delivery. The Fund recognizes and enforces the philosophy of 'Botho' as the foundation of its service delivery approach. The Fund is also cognisant of the fact that its customers are unique as they endure pain and suffering because of road traffic crashes and seek assistance from the Fund under compelling circumstances and hardships. Botho, as a social contract of mutual respect, responsibility and accountability also underpins the Fund's below core values;

- **Customer Focus** - We provide support to our customers in order to heal the wounds inflicted by road crashes.
- **Integrity** - We conduct our business in a transparent manner and treat everyone with respect.
- **Teamwork** - Our environment provides opportunities for us to develop team spirit and work together to create more value for our customers.
- **Innovation** - We continually improve what we do and how we do it.

Through the Customer Services Department, the Fund continues to deliver comprehensive and integrated

quality products and services to meet the unique needs of customers hence giving them a 'best chance to normal life'. The primary objective being to restore those affected by road crashes to their pre-accident lives.

Figure 2: Illustration of the major functions of the Customer Services Department:



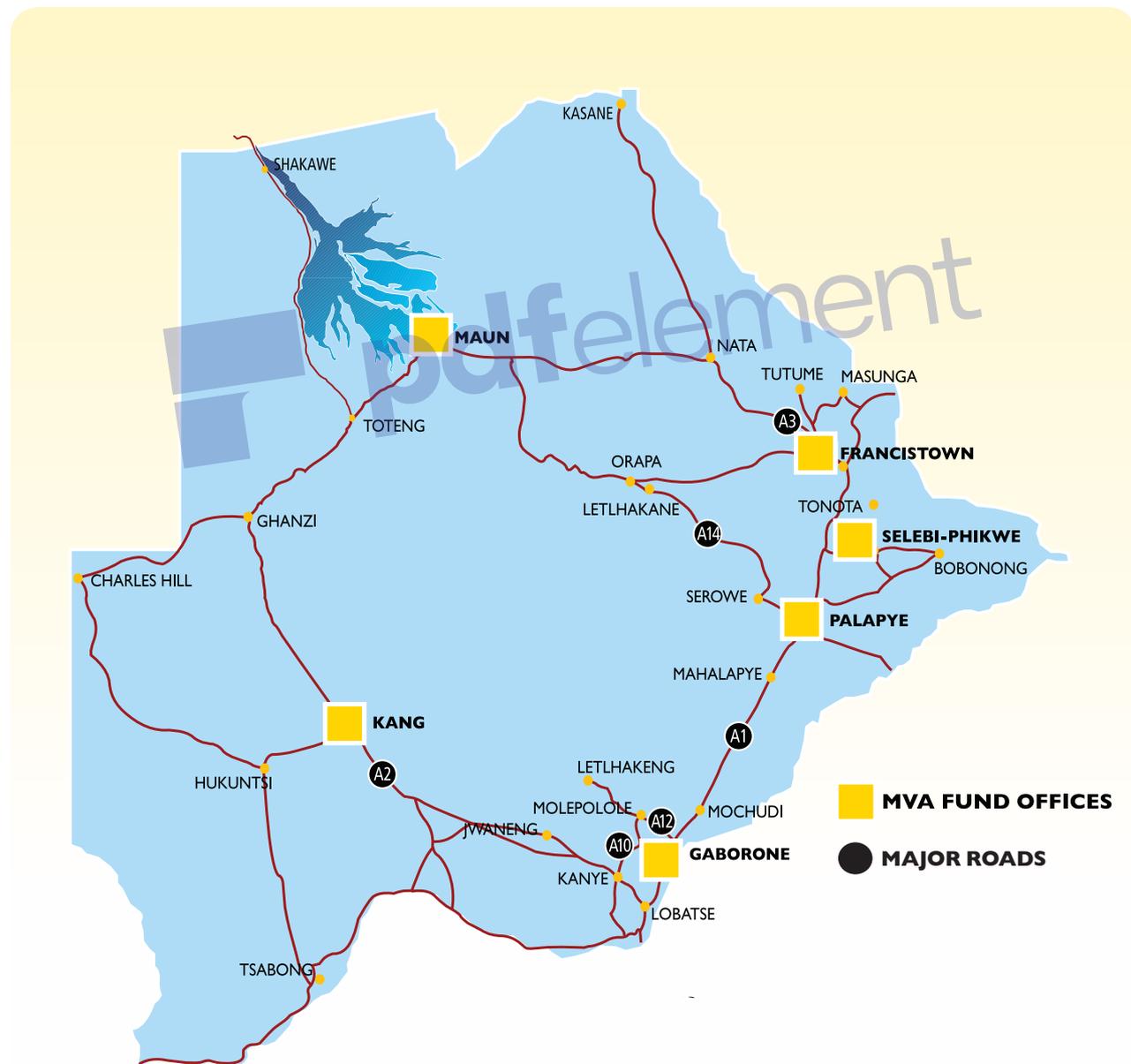
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Service Distribution Network

Over the years, the Fund has expanded its service distribution network to improve its outreach programme and ensure equitable distribution of service to all communities in Botswana. The Fund has seven (7) offices across the country which are strategically located to service claimants and the public. The Fund in addition, has two (2) mobile offices which assists communities where the Fund does not have a physical presence, therefore improving service delivery and accessibility of the Fund's products and services. The mobile offices offer on-line services and are linked to the main server which houses the claims enterprise system through a telecommunication link thus offering most of the services that are offered in the physical offices.

Figure 3: Geographical Representation of the MVA Fund Offices



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Claims Management

For the year ended 31st December 2017, the Fund received 2 934 claims being a decrease of 3% from 3 019 claims received during the same period in 2016. The lower claims submission was attributable to a 3.2% decline in total crashes from 18 373 recorded in 2016 to 17 786 in 2017. In addition, fatalities marginally declined by 1.3% from 450 deaths in 2016 to 444 deaths in 2017.

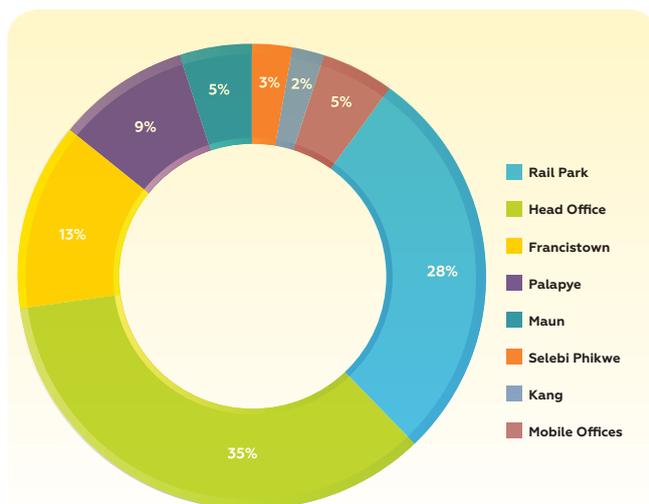
Table 1 below indicates a summary of claims received per office by year for the past two (2) years.

Table 1: Claims received by office

Offices	2016	2017
Gaborone (Head Office)	913	1 022
Francistown	414	391
Palapye	271	256
Kang	70	66
Maun	184	150
Selibe-Phikwe	96	78
Rail Park	1 030	823
Mobile Offices	41	148
TOTAL	3 019	2 934

The figure below shows the relative proportions of the total claims received in 2017 by the respective offices.

Figure 4: Claims received in 2017 per office



The Mobile Offices and the Head Office recorded an increase in new claims compared to the year 2016. The Mobile Offices recorded the highest increase of 261% from 41 claims in 2016 to 148 claims in 2017 owing to new strategies adopted to follow up claimants through the Mobile Offices. The Mobile Offices are targeting areas with high number of claimants in order to optimise their use and improve claims lodgement.

The Head Office recorded an increase of 11% in claims lodgement from 913 claims in 2016 to 1 022 claims in 2017. The increase in claims lodged at the Head office is attributable to the high number of funeral claims received at the Head Office as payment of funeral claims is centralised, and claimants therefore prefer to use the Head Office for convenience, faster claim handling and payment.

Gaborone offices (Head Office and Rail Park Branch) accounted for 63% of claims lodged and the high lodgement is attributable to the high human and vehicle population in Gaborone and the surrounding villages. The remaining offices accounted for 37% of the claims received.

The table below shows claims received during the past two years and categorized according to benefit type.

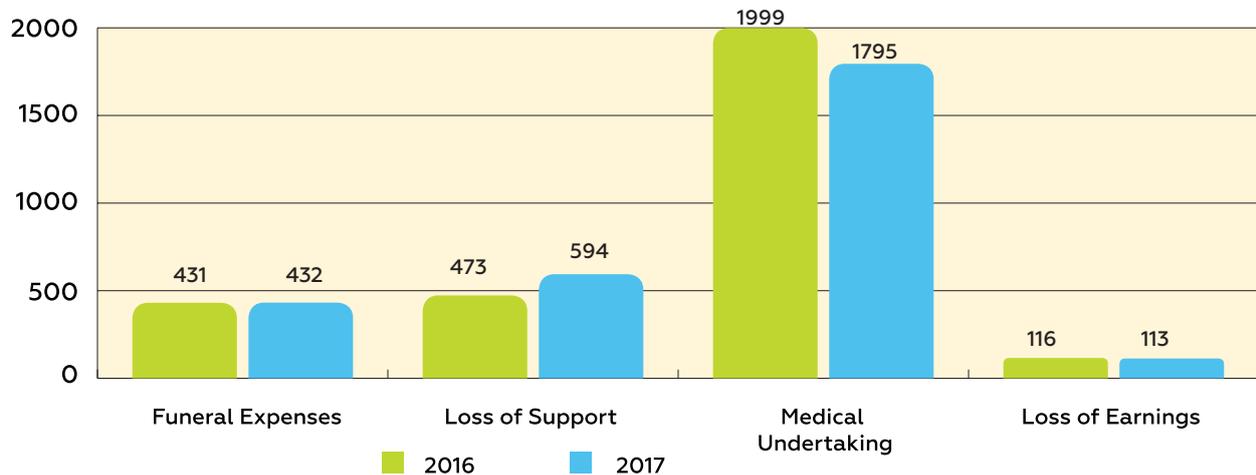
Table 2: Claims lodged by Benefit Type Per Year

Benefit Type	2016	2017
Funeral Expenses	431	432
Loss of Support	473	594
Medical Undertaking	1 999	1 795
Loss of Earnings	116	113
Total	3 019	2 934

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Figure 5: Claims lodged by Benefit Type (2016-2017)



The figure above shows a comparison of claims lodged by benefit type for the years 2016 to 2017. There was an increase in Funeral expenses and Loss of Support in 2017 due to the Fund's efforts to proactively locate family members of the deceased to lodge Funeral Expenses and Loss of Support claims for accidents that occurred between 2015 and 2017. It is part of the organisational drive to ensure that all people affected by road traffic crashes are compensated. The loss of earnings benefit claims declined owing to the Fund's rigorous implementation of the Return to Work programme. Through this programme, the Fund works with the rehabilitation teams, the claimant and the claimants' employers to rehabilitate claimants and ensure they return to employment, hence gaining their economic independence. The medical benefits reduced in 2017 owing to reduction in serious injuries.

Funeral Claims

The Fund collaborates with the Botswana Police Services (BPS) to identify families of people who died in road traffic crashes and assist them to lodge funeral expenses claims. The Police provide the Fund with a report of fatalities on a weekly basis and this greatly assists the Fund to make timely follow-ups of the affected families who are then assisted to lodge funeral claims.

Fatalities

For the year ended 31 December 2017, the Police recorded 444 road fatalities and these are categorised according to eligibility to claim from the Fund in the table below.

Table 3: Fatalities by citizenship status for 2017

Description	Eligibility Status	Number
Citizens	Eligible to claim from the Fund	421
Citizens	Not eligible to claim from the Fund	1
Non-Citizens with residence permits	Eligible to claim from the Fund	2
Non-Citizen visitors	Not eligible to claim from the Fund	20
Total Number		444

Out of four hundred and forty-four (444) fatalities, four hundred and twenty - three (423) fatalities were eligible for funeral claims comprising of four hundred and twenty one (421) citizens and two (2) non-citizens in possession of Botswana residence permits. One (1) citizen was not eligible for a funeral claim after confirmation that his death was not caused by a road traffic crash but by falling from a donkey cart, while 20 non-citizen visitors were not eligible for funeral benefits as the Fund does not cover funeral expenses claims for visitors buried in their native countries. Of the 423 fatalities, 364 were adults and the remaining 59 were minors.

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Claims received

For the year ended 31 December 2017, the Fund received 432 funeral claims comprising of 372 adults and 60 minors. Of the claims received, 404 claims were for road traffic accidents which happened during 2017; 16 claims were for 2016 accidents while the remaining 12 claims were for accidents that happened prior to 2016. Citizens accounted for 427 funeral claims while the remaining 5 claims were for non-citizens of which 3 were visitors while 2 had valid residence permits.

The Fund received 404 claims out of the eligible 423 for deaths that occurred during 2017 translating to a lodgement rate of 95.5%. A further breakdown of the 404 funeral claims lodged indicates that 399 deceased persons were citizens; 2 non-citizens with residence permits and the remaining 3 were visitors. The funeral claims for the 3 visitors were repudiated in accordance with the MVA Fund Act 2007 and MVA Fund Regulations of 2008.

The families of the remaining 19 deceased citizens who have not lodged funeral claims with the Fund have been identified with the assistance of the Botswana Police Service and have been contacted to lodge funeral claims.

Loss of Support Claims

Once a funeral claim is settled, the Fund follows the families of the deceased and encourages them to lodge loss of support claims where applicable. From the 432 funeral claims reported above, 243 of the 372 deceased citizen adults have dependants who are entitled to claim loss of support while the remaining 129 adults do not have dependants and the claim files were closed after payment of funeral claims.

As at 31st December 2017, 176 families of the deceased adults had already lodged claims with the Fund and 138 were paid while 38 are pending indigence assessments and information on Group Life Assurance from employers which are required for determining the Fund's liability. Sixty-seven (67) families are still to lodge claims. The Fund makes efforts to locate the family members of the deceased and ensure they lodge Loss of Support claims expeditiously, hence reducing the adverse impact of losing the family breadwinner.

Table 4: Loss of support by claims by year of accident

Year	No. of Claims
2003 - 2015	37
2016	160
2017	397
Total	594

As at 31 December 2017, the Fund received 594 loss of support claims categorised by year of accident as depicted in Table 4 above. Three hundred and ninety seven (397) or 67% of the claims emanated from accidents that occurred in 2017, 160 or 30% of the claims were for accidents that occurred in 2016 while 37 or 3% were for accidents that occurred prior to 2016. The number of claims are high relative to the number of deceased as one deceased person usually has more than one dependant. In 2017, the ratio of deceased to dependants was 2.25.

The Fund continues to be proactive in identifying loss of support beneficiaries by collecting information about the deceased's dependants during lodgement of funeral expenses claims. This initiative will ensure that the Fund compensates those affected by road traffic crashes within a reasonable time thus improving service delivery and ensuring that the quality of lives of beneficiaries is not compromised.

Customer Communication/Interactions

The Fund interacts with customers through technology and walk-ins. These types of communication channels enhance service delivery as they ensure free flow of information between the Fund and customers which improves service delivery while also responding to queries and enquiries within a reasonable time. For the year ended 31st December 2017, the Fund interacted with 43 136 people across its offices. The Head Office recorded the highest number at 13 079, followed by Rail Park at 11 184, third was Francistown Branch at 7 838 while Kang Branch recorded the lowest interaction at 1 280.

Table 5: Customer Communication/Interactions for the year 2017

Interaction	VISITS	CALLS	TOTAL
Gaborone (Head Office)	9 981	3 098	13 079
Rail Park	8 390	2 794	11 184
Francistown	5 024	2 814	7 838
Palapye	2122	974	3 096
Mobile Offices	2 250	396	2 646
Maun	1 628	759	2 387
Selebi-Phikwe	1 080	546	1 626
Kang	262	1 018	1 280
Total	30 737	12 399	43 136

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Table 6: Mobile office interactions by district in 2017

District	Number of People
Kgatleng District	466
Kweneng District	955
North East District	312
South East District	286
Southern District	561
Central District	66
Total	2 646

The Mobile Offices reached 2 646 people during the year ended 31st December 2017 compared to the 13 573 interactions recorded during the same period in 2016. The Fund took a strategic decision to focus the services of the mobile offices on claim related interventions in order to optimise claim lodgement and processing, hence targeting areas with high volumes of claimants. The Mobile offices recorded an increase of 261 % from 41 claims received in 2016 to 148 claims received in 2017.

Customer Feedback

The Fund values feedback from customers as it enables the Fund to understand the service gaps and develop appropriate interventions to address the gaps. The Fund installed an electronic customer feedback portal in all offices in June 2017 to improve service to the customers. The portal issues tickets to customers based on the service required by the customer which improves queue management. The portal also measures the queueing time and the time taken to serve a customer. The portal also allows the customer to rate the service received as well as give feedback on service experience. The service level for the 6 months' period for the five (5) offices where the system was live was rated an average of 59% and management strives to improve the service level ratings by continuously exploring new strategies to address areas where there are service gaps. The branch service level comparison is indicated in Figure 6 below.

Figure 6: Service level per branch

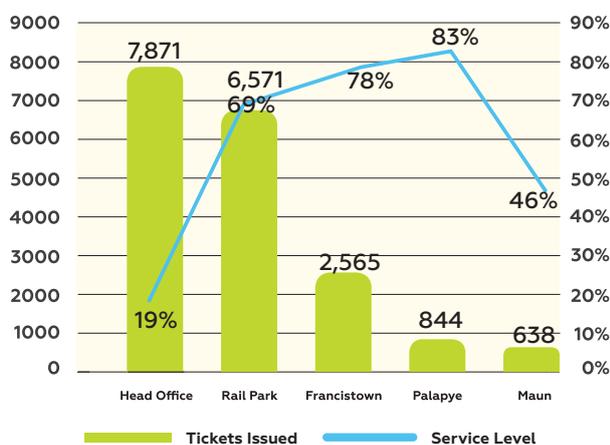


Figure 6 shows that Palapye Branch has the highest service level at 83%, followed by Francistown at 78%, Rail Park Branch at 69%, Maun Branch at 46% and Head Office at 19%. The Head office issued the highest number of tickets while Maun branch issued the lowest number of tickets which is a direct correlation with the total number of claims and interactions for the five (5) offices. The above offices are manned by two (2) customer services officers except for Maun Branch which has one (1) customer services officer.

The customer interaction portal provides an insight of the efficiency levels per office, which informs management decisions to allocate resources to improve customer satisfaction. Electronic feedback surveys are administered to claimants at the point of service and they assess;

- The courtesy of staff;
- The timeliness of service; and
- The service experience.

The Fund is therefore able to measure customer satisfaction in real time and to compare performance between branches for service improvement.

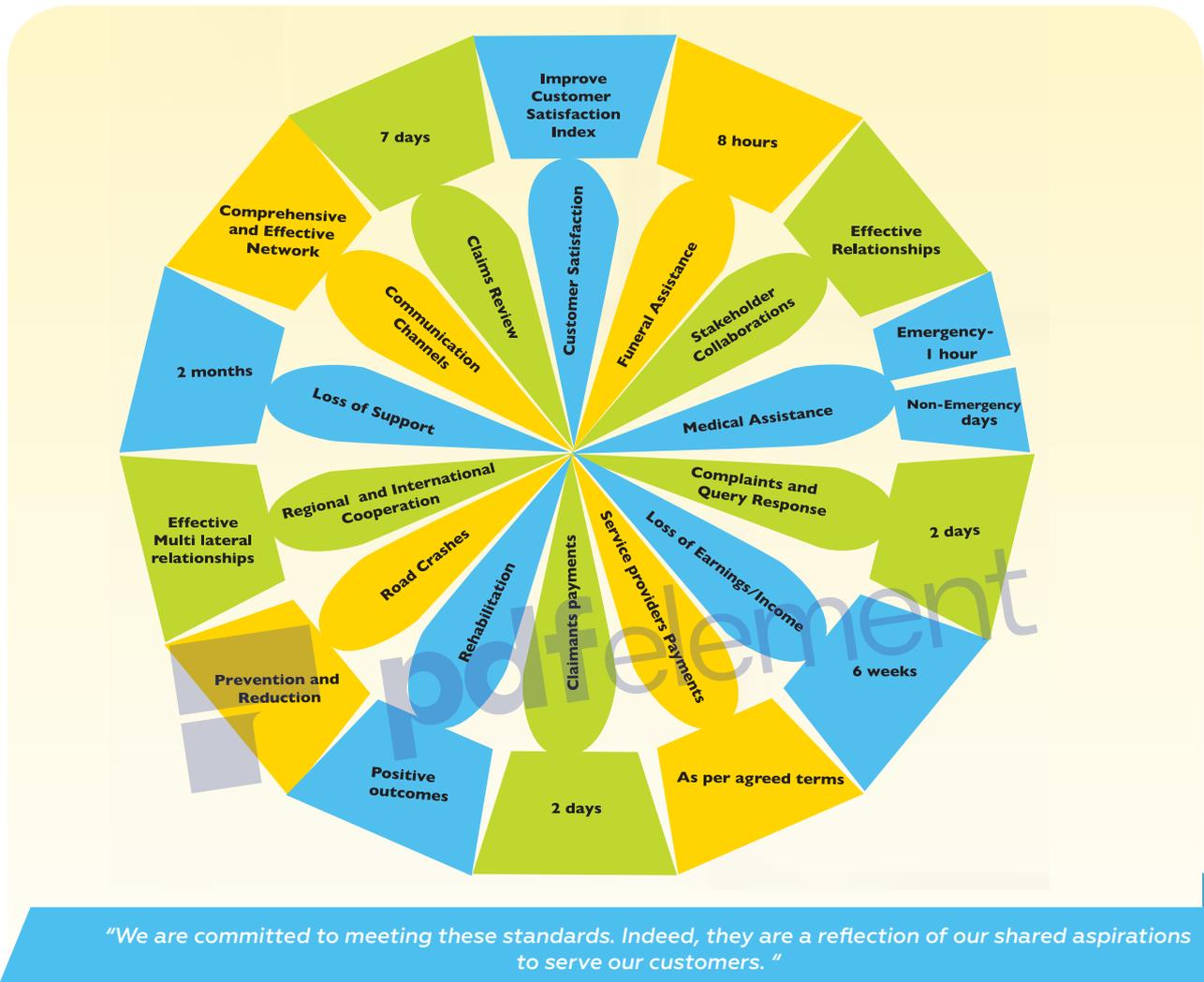
MVA Fund Service Standards

The Fund has adopted service standards as a commitment to improved service delivery to the claimants and the public and this culminated in the development of a service standard charter. The standards continue to be pivotal in propelling the Fund to deliver quality and timely service to its customers. Customers are informed of the turnaround times at the time of lodging a claim and the performance of these standards is monitored on a weekly basis.

The portal issues tickets to customers based on the service required by the customer which improves queue management. The portal also measures the queueing time and the time taken to serve a customer.

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Figure 7: The Fund's service standards wheel



The average service standards performance rate for 2017 was 81.3% being a decline of 4.5% compared to the rating of 85.2% achieved in 2016. The decline was attributable to performance decline for loss of support and loss earnings claims as most of these claims required more information from external parties to accurately complete the assessments process, thus resulting in longer times to settle the claims. The performance per benefit type is reflected in Table 7.

Table 7: Service Standards Performance

Benefit Type	Service Standard	2016	2017
Funeral Expenses	Within 24 hours	98.9%	99.1%
Medical Expenses (non-Emergency)	Within 5 days	91.8%	92.7%
Loss of Earnings	6 weeks	73.1%	68.8%
Loss of Support	2 months	77.2%	64.5%
Average		85.2%	81.3%

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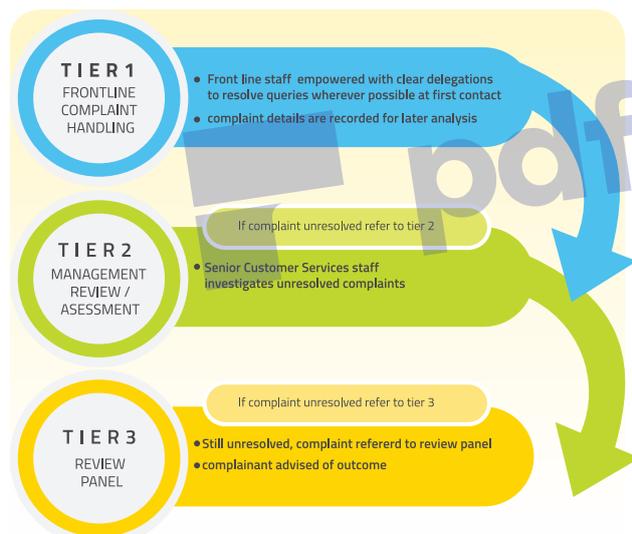
The Fund maintains a simplified claims process to promote efficiency and continuously improve customer satisfaction. The Fund relies heavily on automated processes to improve service delivery and the migration to Enterprise Resource Planning (ERP) System has brought about operational efficiencies resulting in faster and accurate settlement of claims.

The use of modern technology like website and Facebook has also improved accessibility to information on the Fund's products and services.

Customer Complaints and Queries

The Fund recognises that an effective customer complaints management system is an essential part of the provision of quality service and assurance. The Fund has adopted a three-tier complaint handling management system that involves the following:

Figure 8 below is an illustration of the 3 tier model



Customer Queries

Customer queries are resolved by front line staff and supervisors who directly interface with the claimants. The queries have an acknowledgement timeline of two (2) days and the length of resolution depends on the nature and complexity of the query. During the year, sixty-four (64) queries were resolved successfully.

Customer Complaints

The customer complaints relating to settlement or repudiation of claims are in accordance with the service standards, resolved within seven (7) working days. The complaints are referred to a Review Panel chaired by the Chief Executive Officer and comprised of officers with technical expertise to guide on the resolution of the

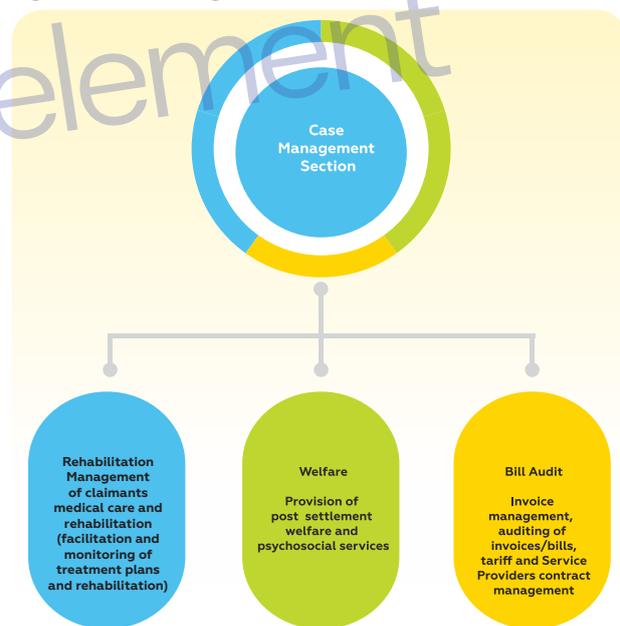
matters and to avoid lengthy and costly court processes. During the year 52 complaints were received and 43 resolved while the remaining 9 were not resolved as further information was requested from claimants and additionally, some of the complaints required investigation by the Fund which took longer to conclude.

Case Management Section

The function of Case Management section is to coordinate medical care, rehabilitation and psychosocial wellbeing of claimants. In accordance with MVA Fund's Vision of "Best Chance To Normal Life", the section's responsibility is to ensure that the quality of life of those affected by road crashes is enhanced by improving the physical and the psychosocial wellbeing of claimants.

The section is made up of three (3) units namely; Rehabilitation, Welfare and Bill Audits. The section is set-up under the Customer Services Division. It achieves its function through the following:

Figure 9: Case Management Functional Units



Medical Care and Rehabilitation

The section aims to restore the physical and psychosocial functions of claimants by executing its primary function of managing medical care and rehabilitation. The medical care begins at the scene of road traffic accident where patients are attended to by emergency medical service providers and evacuated to the nearest appropriate health facility for in-patient services. The Fund receives notification from the hospital and facilitates the entire rehabilitation process until the claimant has reached maximum level of recovery and functionality.

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Figure 10: Continuum of care



Pre- Hospital Trauma Management

Pre-hospital trauma management begins when a road traffic crash occurs and casualties are treated on the spot and then evacuated to an appropriate health facility by medical officers for immediate medical attention. The process is geared towards the achievement of the 'golden-hour' goal; hence enhancing the chances of survival of those injured in road traffic accidents and reducing health complications.

During evacuation, appropriate level of care is offered by trained EMS personnel who attend to the injured based on the levels of severity of the injured. The Fund conforms to the "United Nations Decade of Action for Road Safety 2011-2020" hence leverages on Pillar 5 - "Post-Crash Care" to advocate for the provision of resources after the occurrence of the road traffic crash to ensure proper management of those affected hence improving recovery.

Evacuations by Private Emergency Medical Services (EMS)

The Fund has signed service level agreements with various Emergency Medical Services (EMS) Providers to assist those injured in road traffic crashes. The EMS providers evacuate people injured in road traffic crashes from the crash scenes to the most appropriate medical facilities based on the medical condition of the injured. The service level agreements are restricted to a radius of 75 km from the EMS's work stations to the road accident scene.

Figure 11: Claimants evacuated by private emergency medical services as per the level of care

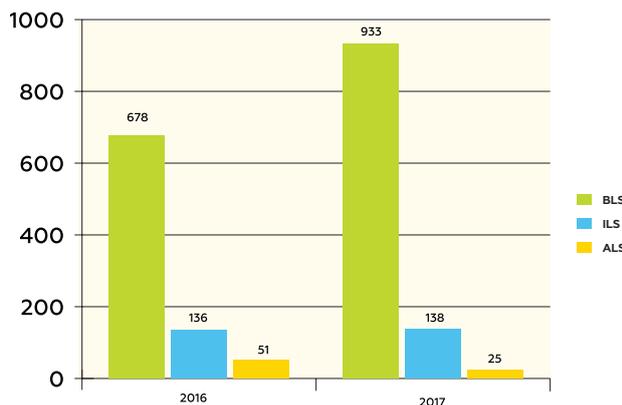


Table 8: Number of Evacuations and Amounts Paid

Year	Evacuations	Amount paid (BWP)
2016	865	1 140 052
2017	1 096	1 492 543
TOTAL	2 550	3 393 346

During the year ended 31st December 2017, the Fund recorded a 27% increase in the number of casualties evacuated by private Emergency Medical Service providers from 865 evacuations in 2016 to 1 096 evacuations in 2017.

The Fund through its road safety campaigns and public education programmes contributes immensely to ensuring that the public is aware of the existence of the Emergency Medical Service Providers hence improved usage of this service.

Evacuations by Government EMS

Ministry of Health and Wellness (MOHW) continues to assist the Fund with evacuations of casualties from the accident scene to the nearest appropriate health facilities where the private Emergency Medical Services do not have physical presence. In 2017, the Government EMS evacuated 1 599 injured people from the accident scene, being a significant increase of 1 180 people from 419 people evacuated in 2016.

MOHW has stepped up public education on Government EMS (997) and hence increase in awareness level of the existence of this facility. The increase in the usage has a positive effect as fewer people are now being transported by other road users which normally complicates the injuries of those involved in road traffic accidents owing to poor handling of the injured by the public.

Hospital Admissions

People evacuated from a road traffic accident scene are upon arrival at the receiving health facility assessed and treated in accordance with the injuries sustained. People with minor injuries are treated and discharged while those with moderate to severe injuries are admitted on an in-patient basis and undergo the recommended medical management.

The Fund visited 2 131 claimants in public and private hospitals around the country. Hospital visits are conducted to monitor the claimants' response to rehabilitation care plan and further to engage with the treating specialists and claimants' families. These visits allow the Fund to establish and strengthen its relationship with claimants and their families, to improve claimants' follow-up and geared towards the attainment of positive rehabilitation outcomes.

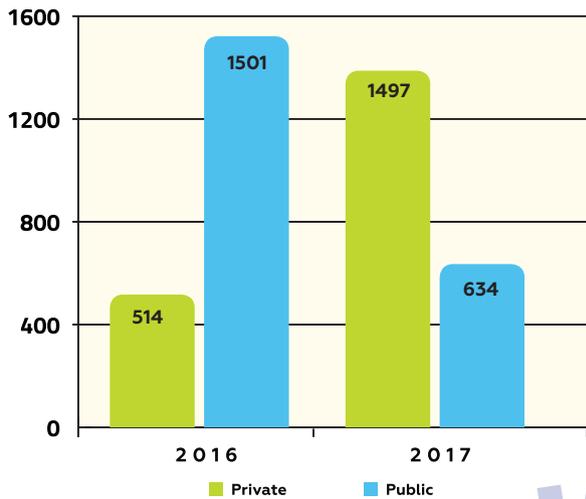
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Hospital visits in addition ensure that there is no over servicing by the health facility and the treating specialists.

Figure 12: below shows a comparison in the proportions of hospital admissions in private and public hospitals

Figure 12: Hospital admissions



Medical Undertaking Claims Management

Upon settlement of the claim, the Fund does not pay the future medical undertaking to the claimants but the money is held in a trust account which is then administered by the Fund on behalf of the claimants. The claimants use the money for medical interventions which are pre-authorized by the Fund. Where the claimants is rehabilitated or dies while there are funds remaining in the trust accounts, such amounts reverts to the Fund.

In 2017, the Fund received 1 797 medical claims, being a 10% decrease compared to 1 999 claims received in 2016. The decrease is attributable to a reduction in the number of road crashes in 2017 which was 17 786 compared to 18 373 in 2016. The cumulative medical undertaking claims as at 31st December 2017 comprised of 9 480 claimants.

Figure 13: Number of claimants with medical undertaking by Office

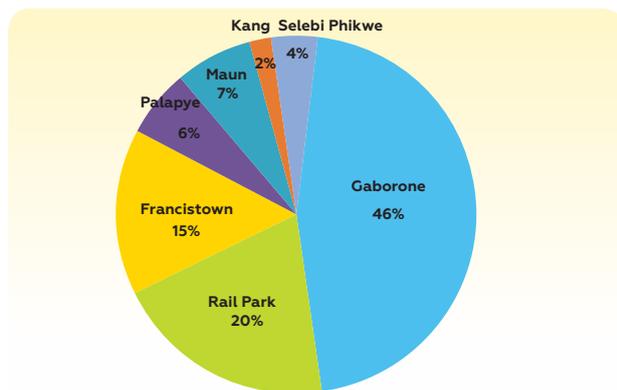
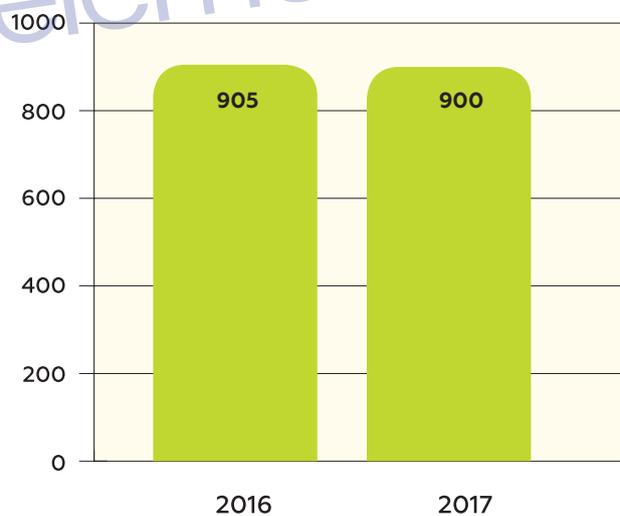


Figure 13 shows that Head Office handled 46% of the claimants followed by Rail Park office at 20% which is consistent with the number of road crashes in Gaborone and its catchment areas. The remaining 34% is distributed between other offices. Kang office continues to handle the least number of claimants owing to fewer road traffic crashes in the area.

Claimant Management Post -Hospital Discharge

The Case Management section is responsible for follow up of claimants after they have been discharged from hospital to check on their progress and ensure they adhere to the Health Practitioner's post-discharge orders and rehabilitation plans. In the year 2017, the Fund conducted the post discharge follow up visits as shown on Figure 14 below. The home environment and psycho-social issues are also assessed to determine the claimants' rehabilitation needs. School visits and workplace visits are done to enhance the "Return To School" and "Return To Work" programmes and to achieve optimal level of functioning for the claimants and offer them "Best Chance To Normal Life". Home visits marginally declined from 905 in 2016 to 900 in 2017.

Figure 14: Two-year comparison of home visits undertaken



Caretaker Training and Counselling

The Fund provides caretaker training and counselling to severely injured claimants who need assistance in their Activities of Daily Living (ADLs). Caretaker training is part of the rehabilitation programme and the family is involved in the process as they offer support to the injured claimant. The caregivers are trained on caregiver skills and undergo psychosocial support in order to deal with the challenges they encounter in assisting claimants. The caregiver costs offered by the Fund are part of the medical undertaking benefits offered to severely injured claimants to enable them to go through the rehabilitation programme.

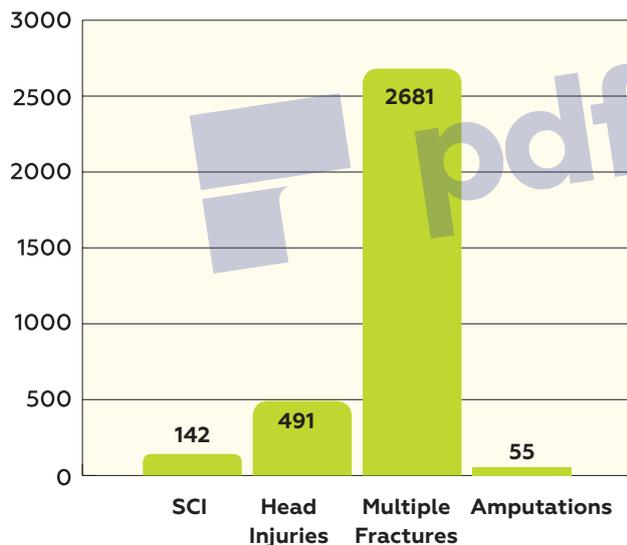
Customer Services

The Fund conducted caregiver training and counselling for 115 claimants and their caregivers in 2017 being an increase of 13 claimants when compared to 102 claimants who received caretaker training and counselling in 2016.



The figure below shows the number of severe injuries by diagnosis.

Figure 15: Categorisation of severe injuries



Claimants with polytrauma such as multiple fractures and multiple organ injuries make up the larger portion of severely injured claimants at 2 681 claimants or 80%. Claimants with traumatic brain injuries were 491 (14%), spinal cord injuries were 142 (4%) and amputations were 55 (2%).

The nature of injuries are directly related to the type of accidents encountered; for example, the spinal cord injuries are mostly attributable to loss of vehicle control and rollover which is caused by over speeding, head injuries are attributable to high speed and head on collisions, and fractures and organ injuries are caused by over speeding, head on collisions and failure to wear seatbelts injuries.

Management of severe injuries

Rehabilitation of claimants with spinal cord injuries plays a vital role in improving the claimants' functional capacity and the quality of life. Once rehabilitated claimants are able to engage in meaningful economic activities hence contribute to the economy of the country.

The primary goals of rehabilitation are to prevent secondary complications, maximise physical function and reintegrate claimants back into the community. Claimants with spinal cord injuries continue to be rehabilitated locally at Spinalis Centre - Botswana, based at Princess Marina Hospital. The Fund provides the primary interface between the rehabilitation team, the patient and his or her family.

Owing to limited rehabilitation centres in Botswana, the Fund continues to refer claimants with traumatic brain injuries to rehabilitation centres outside the country for intensive rehabilitation. The outcomes of these claimants have been positive, though very expensive and often the claimants deplete the medical undertaking before rehabilitation. The Fund engages the Prosthetics and Orthotics Specialists to assist claimants who have sustained lower limbs and upper limbs amputations because of road crashes.

The specialists assess and make customised artificial limbs (prosthesis) for the claimants to replace the lost limbs and helps the claimants to increase independence in their activities of daily living. As at 31st December 2017, the Fund had 56 amputees consisting of 15 single upper limbs (12 fitted), 39 lower limbs (32 fitted) and 2 bilateral amputees of the lower limbs (1 fitted).

Table 9: Amputees and their prosthesis fitting

Year	Cumulative number of amputees	Number of claimants fitted with prosthesis	% achievement
2016	51	33	65
2017	56	45	80

As at end of December 2017, the Fund managed to fit 80% of the amputees thus increasing their independence and optimal level of functioning.

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Table 10: Rehabilitation Outcomes for Spinal Cord Injured Claimants

	Unemployed Prior to the accident	Employed prior to the accident	Students	Minors (<5 years)	TOTAL	% Rehab Outcomes
Fully rehabilitated and gained functionality/independence	42	54	8	0	104	73
Still Rehabilitating and gained functionality/independence	6	4	1	1	12	8
Intensively Rehabilitating and not yet gained functionality/independence	4	3	1	0	8	6
Unable to gain functionality/independence/OLOF	7	11	0	0	18	13
TOTAL	59	72	10	1	142	100

As at 31st December 2017, of the 142 claimants with spinal cord injuries, 104 claimants (73%) were fully rehabilitated and had gained functionality/independence and occasionally seek medical attention and rehabilitation. Twelve (12) claimants or 8% of claimants have gained functionality/independence though still under rehabilitation. Eight (8) claimants or 6% have not gained functionality/independence and are still undergoing intensive rehabilitating while the remaining eighteen (18) or 13% are unable to return to functionality/independence due to the extent of their incapacitation.

Overall 2017 Rehabilitation Outcomes

In an endeavour to achieve functional outcomes, the Fund monitors and evaluates the rehabilitation of claimants to make sure that they return to work/school/independence and reach their Optimal Level Of Function (OLOF) after the road traffic crash. For the year ended 31st December 2017, the Fund rehabilitated 1 797 claimants. The rehabilitation outcomes for these claimants are indicated in Table 10.

Figure 16: Holistic Approach to Spinal Cord Injury Rehabilitation



Customer Services

Table 11: Rehabilitation Outcomes

	Unemployed prior to the accident	Employed prior to the accident	Students	Minors (<5 years)	TOTAL	% Rehab Outcomes
Fully rehabilitated and gained functionality/independence	237	567	107	60	971	54
Still Rehabilitating but gained functionality/independence	174	291	92	25	582	32
Intensively Rehabilitating and have not gained functionality/independence	113	101	19	11	244	14
TOTAL	524	959	218	96	1797	100

The table above shows that 54% of the new claimants have undergone medical treatment and rehabilitation and have attained full functionality and independence. Claimants who have gained functionality/independence but are still undergoing medical care and rehabilitation accounted for 32% whilst the remaining 14% have not yet gained functionality/independence and are still undergoing medical treatment and rehabilitation.

Claimants who are fully rehabilitated have regained full functionality and have returned to work or school. Those who were not working before the road traffic crash are now able to perform their daily activities independently at home. The partially rehabilitated claimants still require medical interventions but are able to function independently. Claimants who are still on rehabilitation require assistance with their activities of daily living while some have suffered permanent disability and will require lifelong rehabilitation.

Case Management Welfare Unit

Case Management Welfare works with the Case Management Rehabilitation unit to ensure that adequate support and advocacy is given to injured claimants and their families. The unit is specifically responsible for;

- Facilitating the provision of welfare and psychosocial services to injured claimants; and
- Coordinate the provision of compensation and support to dependants who have lost their breadwinners as a result of road crashes.

Welfare of Claimants is achieved through the following programs:

- Enhancement of quality of life
- Return to school
- Return to work
- Loss of earning
- Loss of support
- Psychosocial support and counselling

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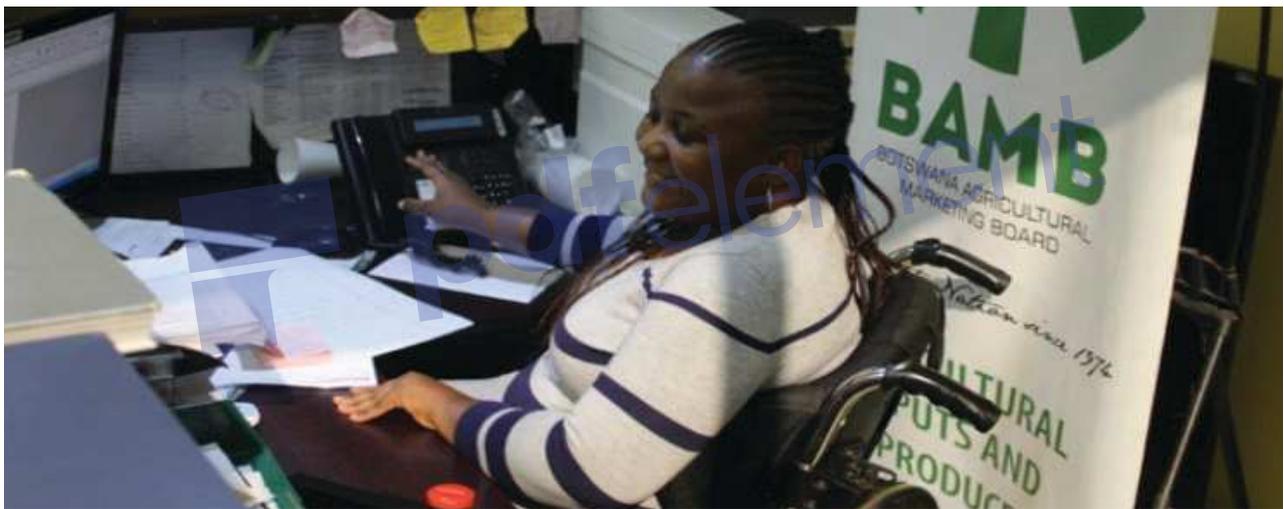
Enhancement Of Quality Of Life

Enhancement of quality of life is done through the modifications of claimant's home, car and workplace. These modifications are a key aspect of social rehabilitation and go to the core of our vision of giving "best chance to normal life".

The primary purpose of modifications is to assist a claimant to live, travel and work as independently and as practicably safe as possible, given the limitations imposed by their injury and by space. The Fund has also assisted claimants with spinal cord injuries to attain their driver's licenses with a view to get the claimants to be independent.

The Fund has also advocated for claimants to be assisted with numerous services including expediting allocations by land boards and connections of services by utility companies. These collaborations have made it easy for the Fund to construct suitable houses for the claimants and we remain indebted to our partners' for their understanding and support.

In relation to workplace adaptations the Fund works with employers to modify work place environments such as toilets, permanent or temporary ramps and desk adjustments as well as purchasing assistive devices to enable the employee to function at their optimum level.



The Fund works with employers to modify work place environments



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Return To Work/Return To School

The Fund has a return to work/school programme which advocates for severely injured and permanently injured claimants to return to work or school after rehabilitation. The Fund applies a multi-disciplinary approach to case managing claimants back to work and school.

Return to school

The Fund enrolls students whose cognitive function is compromised as a result of the severe head injuries sustained from road traffic crashes to special needs schools to undergo individualized learning to improve their performance at school. This arrangement was borne out of the realization that main stream schools are not suitable for special needs students owing to capacity constraints, and as a consequence most challenged students' academic performance was compromised.

In the year 2017, the Fund had 9 claimants benefitting from various special education services. Five (5) students are currently enrolled with private special education schools while four (4) are currently assisted with tutorial services.

Return to work

The Fund through the assistance of occupational therapist visits employers to advocate for the return to work of their injured employees. Employers successfully engaged include Botswana Agricultural Marketing Board, Choppies Stores and Botswana Police Service who embraced and accepted their disabled employees back to work.

The following are some of factors considered by employers in returning their employees back to work;

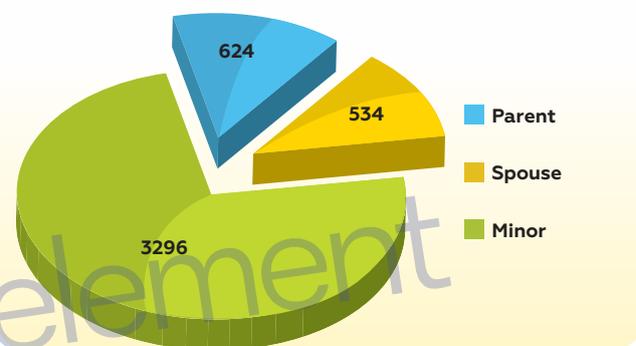
- Retain the skills and knowledge of the injured workers;
- Reduce the costs of lost productivity;
- Reduce the costs of recruiting and training new staff to cover the role;
- Help build morale in the workplace by showing all employees that the injured worker is valued;
- Limit the negative impact of the injury on your employer's reputation; and
- Reduce the impact of the claim on employer's injury insurance premium (where applicable).

The Fund will continue to engage other employers and key stakeholders such as Office of the President and Ministry of Employment Labour Productivity and Skills Development to advocate for claimants with disabilities to be returned to work.

Loss Of Support

The Fund also offers welfare support services to dependants who have lost bread winners as a result of road traffic crashes. Dependants can be a spouse or minor child of such a person, or a person with disabilities or indigent person who is entitled upon proof of dependency, to monetary maintenance from the deceased. As at end of December 2017, the total number of loss of support undertaking claims was 3 619 claims comprising of 4455 beneficiaries. The majority of the beneficiaries were minor children accounting for 74%, followed by parents at 14% and spouses at 12%.

Figure 17: Number of recipients of loss of support benefits 2017

**Monitoring of Loss of Support Benefit**

Subsequent to completion of a Loss of support, the Fund makes follow up visits on claimants to check on their welfare status with a view of assessing whether the funds disbursed for minors are being used for the minors' maintenance and whether other social issues are appropriately addressed. During the year, the Fund visited 1 445 loss of support claimants at both home and school being an increase of 102 claimants compared to 1 343 claimants visited in 2016. In accordance with MVA Fund Act 2007 and MVA Fund Regulation 2008 the loss of support benefits ceases in the event of the following;

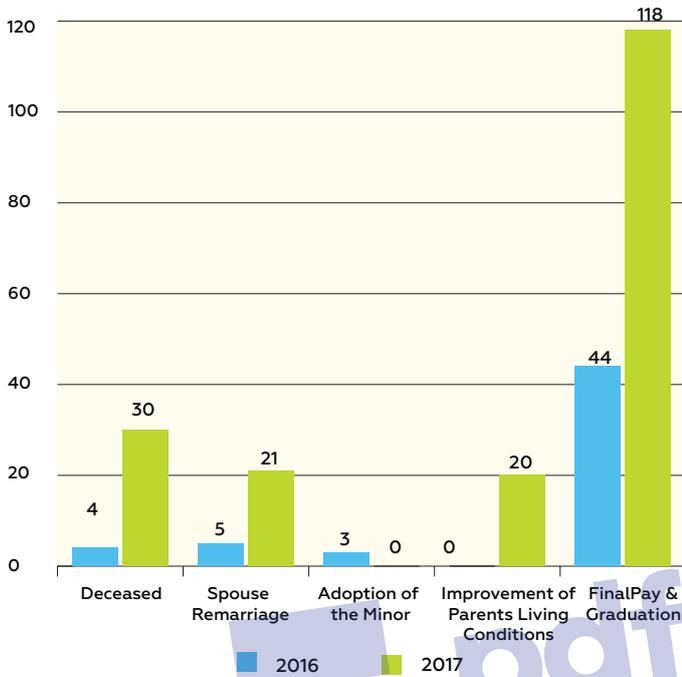
- a) The beneficiary passes away;
- b) Minors that have attained the age of majority;
- c) Minors that have been adopted;
- d) Minors whose benefits have been received fraudulently;
- e) Spouses that have remarried; and
- f) Parents' whose living conditions have improved.

From the 3 619 claimants on loss of support beneficiaries, 189 claimants ceased receiving loss of support from the Fund for reasons shown in the Figure 18.

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Figure 18: Comparisons of Loss of Support Beneficiaries ceased



Psychosocial Support And Counselling

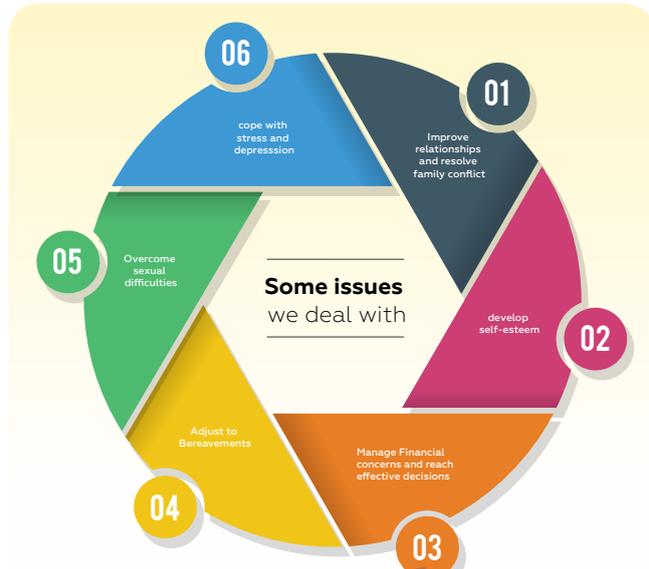
Psychosocial support addresses the on-going psychological and social problems of road traffic crashes survivors, their partners, families and caregivers. Road traffic crashes affect all dimensions of a person's life: physical, psychological, social and spiritual.

The Fund offers therapy to claimants whose quality of life has been compromised owing to severe injuries. The therapy is extended to their families, as they often experience psychological challenges and require on-going support to deal with the emerging challenges.

During the year, forty-one (41) claimants and their families were offered psychosocial interventions to help them cope with the new life situations and for the family to also be empowered to support the claimants.

A total of seven (7) new spinal cord injured claimants were seen regularly by psychologists, social workers and community based caregivers in their local communities to offer counselling and therapy.

Figure 19: Benefits of counselling and Psychotherapy



Loss Of Earnings

Loss of earnings is awarded to claimants who are unable to return to work either during the recovery period or permanently due to injuries sustained in a road traffic accident. During the year, the Fund paid P2.74 million to 140 claimants for loss of earnings. The Fund ceases payments to claimants who have been re-employed.

Bill Audits

Bill Audit section quality assures invoices received from the service providers and ensures that the bills are paid according to both the agreed tariffs and credit days as defined in the service level agreements. The Fund received 25 467 invoices, and following the audit, cumulative invoices valued at P724, 649. 17 were rejected as various service providers had over charged the Fund on account of the use of wrong billing rules. The Fund continues to engage service providers who lack expertise on billing rules in order to improve the quality of submitted bills.

The Fund also continues to strengthen the capacity of case management unit by training staff on principles of case management and billing to minimize over-servicing, over-charging and reduce length of stay during hospitalisation. During auditing of the bills, if fraud is suspected, the case is reported to the Internal Audit Department for further investigation and action.

In 2017, there were no reported fraud cases as the rejected claims were only on account of knowledge deficit of billing rules by some service providers.

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Case Management System

The Case Management System (CMS) is expected to go-live on 16th January 2018. The system is anticipated to improve the efficiency of customer services operations through timely follow-ups of claimants at both hospital and at home to improve rehabilitation outcomes, enhance centralized management of clinical data and improve management information reporting.

In the new system the claims will be categorized by benefit type at lodgment, which ensures that appropriate benefits are awarded for each claim thus resulting in improved claims assessment, settlement and cost management. The medical undertaking claims can further be reported on specific diagnosis using the International Classification of Diseases (ICD) coding.

Outlook

MVA Fund, recognises the need to integrate a range of business functions to satisfy the needs of its customers while containing costs, leveraging on technology and embracing a customer-centric culture. It also believes in creating an enabling environment which recognised human capacity, infrastructure and legal mandate.

The Case Management section will develop a Case Management Strategy in 2018 to bring about the desired outcomes that will enhance achievement of the Fund's mandate and goals. The objective of the Case Management Strategy is to improve service delivery and ensure that customer expectations and needs are met.

MVA Fund, recognises the need to integrate a range of business functions to satisfy the needs of its customers while containing costs, leveraging on technology and embracing a customer-centric culture.

Claims Assessment & Investigation

The Claims Assessment & Investigations Department is charged with the responsibility for assessing the Fund's liability and in consultation with the Customer Services Division, issues a discharge certificate which is the Fund's financial commitment towards assisting claimants.

 pdfelement

Claims Assessment & Investigation

Claims Assessment and Investigations

In accordance with Section 4 of MVA Fund Act No. 15 of 2007, the Fund provides compensation in the form of benefits for loss or injury arising out of motor vehicle accidents. In order to award the benefits, it is imperative that every claim lodged is assessed to determine whether the Fund is liable and further to ascertain the benefits due to the claimant. The Claims Assessment & Investigations Department is charged with the responsibility for assessing the Fund's liability and in consultation with the Customer Services Division, issues a discharge certificate which is the Fund's financial commitment towards assisting claimants.

The Department is constituted by three (3) units being Claims Assessments, Claims Investigations and the Right of Recovery.

Figure 1: Claims Assessment and Investigations units



Claims Assessment

Claims Assessment is a major component of the Claims Assessment & Investigations Department. The department is charged with the primary responsibility of assessing all claims lodged with the Fund to determine liability and the award of appropriate benefits to claimants, in line with the Motor Vehicle Accident Fund Act No.15 of 2007 (the Act) and the Motor Vehicle Accident Fund Regulations of 2008.

MVA Fund Act and MVA Fund Regulations provide comprehensive guidelines that spell out the criteria for assessing the claims, the extent of liability of the Fund, types of benefits payable and their respective limits and exclusions.

The Fund has also established internal policies to improve administration of benefits, ensure consistency and equitable provision of benefits to all those affected by road traffic crashes. Furthermore, policies are geared towards improving service delivery to claimants in order to reduce complaints from claimants and the public.

Benefits Payable

The total benefits payable to claimants is limited to P1, 000, 000.00. The types of benefits provided under the Act and in the order of precedence are as follows;

- Medical undertaking and rehabilitation;
- Enhancement of quality of life;
- Funeral expenses;
- Past and future loss of support;
- Past and future loss of earnings; and
- Incidental expenses.

Each of the above benefits has its own constituent elements in terms of the Act. The facts surrounding each incident and the extent of injuries and type of loss suffered which gives rise to a claim will determine the benefit to be offered the monetary award.

Medical Treatment and Rehabilitation

The core mandate of MVA Fund is to provide medical treatment and rehabilitation to those affected by road traffic accidents and this resonates with the Fund's vision of 'best chance to normal life'. This benefit is the first tier benefit and takes precedence over other benefits as the Fund strives to bring the injured closer to their pre-accident lives.

A claimant who is not a citizen of Botswana but holds a resident permit is entitled to the same medical benefits as a citizen. A claimant who is a visitor to Botswana as defined by the Immigration Act is entitled to medical benefits only while in the country.

In the event that a claimant is a member of a medical aid scheme, the Fund as a secondary insurer, will only step in after exhaustion of the medical aid scheme benefits. The Fund will however reimburse claimants for the co-payments made and other medical expenses incurred.

Enhancement of Quality of Life

The enhancement of quality of life entails supporting claimants to attain functional independence and includes the provision of assistive devices such as wheelchairs, crutches, prosthesis, special beds and shoe raises. In addition, the Fund undertakes house modifications, office modifications and vehicle modification as part of improving the quality of life of the claimants.

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Claims Assessment & Investigation

Loss of earnings (Past and Future)

The loss of earnings benefit is payable where the claimant has sustained injuries that render the claimant incapable of earning a living or having lost a job following a road traffic accident. The benefit is also payable during a period of rehabilitation provided the injured claimant has ceased earning income owing to injuries sustained in a road traffic accident. In accordance with the MVA Fund Act and MVA Fund Regulations, visitors are precluded from being awarded loss of earnings.

In awarding loss of earnings benefit, the Fund takes into account the contribution of the claimant to the accident, and where the claimant has contributed to the accident, the award will then be offered proportionately to the contribution. Similarly, for claimants who are injured on duty, the Fund as the secondary insurer first deducts amounts already benefited from the Workmen's Compensation Commission (WCC) and awards the claimant the difference.

Funeral Benefit

The benefit covers the funeral costs of persons who die as a result of injuries sustained in a road traffic crash excluding visitors. The maximum amount payable is P7 500.00 and is payable upon proof of such expenses, which may be in the form of receipts, quotations or sworn affidavits. In order to process a funeral claim, the Fund requires death certificates or death notification reports and may further require expert opinion where information surrounding the road traffic accident or cause of death is not conclusive.

Loss of Support Benefit

Loss of support benefit is payable to dependants of the deceased upon proof of both dependency and loss of financial support. The eligible beneficiaries are minor children below the age of 21 years, the spouse and parents of the deceased and/or any legitimate dependant who can prove that he/she was being supported by the deceased. The Fund carries out a socio-economic assessment to determine if claimant qualifies for loss of support benefit except for deceased's minor children where the benefit is guaranteed.

The loss of support benefit is limited to a maximum monthly income of P6 000.00 and the maximum payable to each dependent is P300 000.00 subject to an overall limit of P1,000,000.00.

Limitations of Benefits

The MVA Fund Act No.15 of 2007, Section 22 sets out limitations of cover and they are as follows:

- In the event that a claimant is a member of a medical aid scheme, the Fund will intervene as a secondary insurer and will compensate the claimant only after exhaustion of the medical aid scheme benefits.
- In the event that a claimant is a visitor, the claimant will only be entitled to medical benefits whilst in Botswana and such benefits fall off immediately when the claimant leaves the country (Botswana). A foreign national who has a Botswana resident permit will be entitled to medical benefits in a manner equal to the entitlements of citizen claims.
- In the event that the person claiming compensation either as a driver, pedestrian, or passenger contributed to the cause of the accident to some extent, the Fund would limit the medical compensation to not more than P300 000.00
- In the event of loss of income claims, the benefits will be apportioned to the extent of the claimant's contribution to the accident. If the claimant is wholly to blame for the cause of the accident, the loss of earnings claim will be repudiated.

Exclusions of Liability

The MVA Fund does not cover compensation for the following:

- In respect of loss in consequence of shock or other nervous or physical trauma induced in any person by virtue of that person witnessing, hearing or becoming aware of any vehicle accident.
- In respect of loss comprising or involving loss of profits/ investments or replacement of staff.
- In respect of fraudulent claim and
- In respect of a road crash that occurs in a restricted area, such as an aerodrome, mining area etc.

Claims Performance Analysis

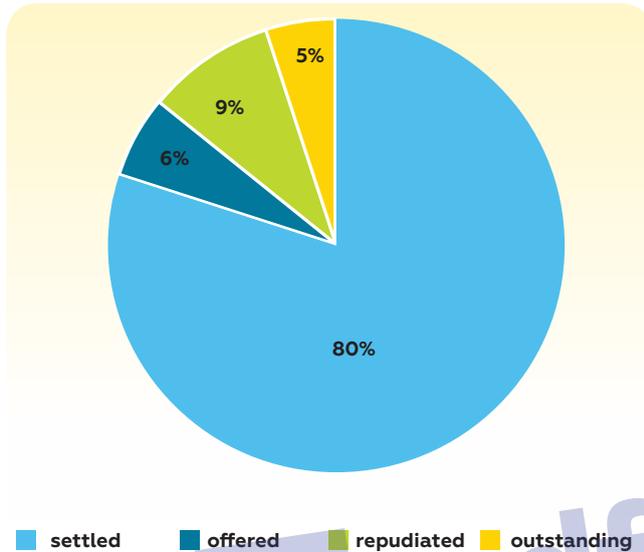
With the increase in road traffic crashes, it is imperative that the Department works efficiently and effectively to compensate those who are affected by road traffic crashes. To this end, the Department has made concerted efforts to complete the assessment of lodged claims timely, in order to allow for early settlement of claims and other appropriate interventions.

The number of claims received by the Fund declined by 3% from 3 019 recorded in 2016 to 2 934 in 2017. The decline was attributable to the corresponding improvement in road safety performance during the same period. Total recorded crashes declined by 3.2% from 18 373 in 2016 to 17 786 in 2017 while total recorded fatalities dropped by 1.3% from 450 to 444 and total injuries declined by 5.5% from 6 237 to 5 981 compared to the same period in 2016. The trends therefore indicate that there is a direct relationship between road safety performance and claims lodged.

Claims Assessment & Investigation

The various status of the claims as at the end of 2017 are as depicted in the Pie Chart below;

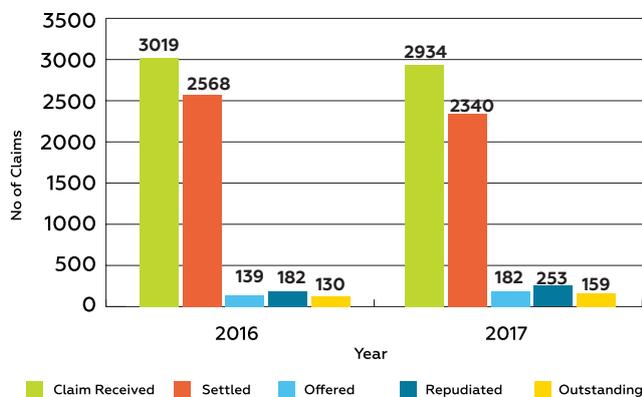
Figure 2: Claims Performance Analysis for the year ended 31st December 2017



The total number of claims settled as at 31st December 2017 was 2 340 claims of the 2 934 claims representing 80% of received claims. The Fund repudiated 253 claims or 9%, 182 claims or 6% were offered and awaiting acceptance by claimants while 159 claims or 5% of total claims received were outstanding for various reasons.

The figure below depicts claim performance for the past two years.

Figure 3: Claims Performance Analysis for the two-year period



As shown in Figure 2 above, the number of claims received declined by 3% from 3 019 recorded in 2016 to 2 934 in

2017. A total of 2 340 claims were settled in the year under review compared to 2 568 claims in 2016. The Fund repudiated 253 claims compared to 182 claims in 2016. A total of 182 claims were offered and awaiting acceptance by claimants at the end of 2017 against 139 claims in 2016 while 159 claims were outstanding for various reasons compared to 130 which were outstanding in 2016.

Fraud Management and Controls

The Fund uses the Systems Applications Product (SAP) Enterprise Management System to process claims and enhance operational efficiency. The system also provides for an effective control platform to minimize incidences of fraud. Assessors have a duty to identify and refer matters that are potentially fraudulent for further investigation and prosecution.

There are also internal controls to minimize the risk of assessors fraudulently offering compensation or reimbursement to undeserving claimants. The Fund has established financial authority limits to improve internal controls to minimize chances for fraud. Before a compensation offer is dispatched to the claimant, it has to be reviewed and countersigned by two levels of authority.

Claims Investigations

The primary role of claims investigations unit is to investigate lodged claims in order to verify the accuracy of information surrounding a road traffic crash. An investigation therefore is not only central in curbing fraudulent claims, but is also critical in establishing contributory negligence on the injured party for the purposes of limitation and plays a critical support function in the assessment of claims.

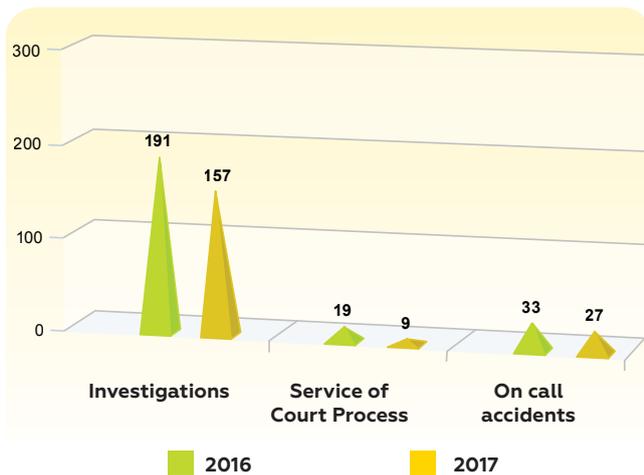
The Fund currently operates a hybrid system because it provides for cover to all those who are affected by road crashes and fault is only applied as a limitation of the benefits that one can be awarded.

Investigations can be undertaken either before or after the lodging of a claim. This section works closely with the Botswana Police Traffic branch; whose officers are the first to arrive at the scene of accident. This section also deals with the service of court process, and on call accidents.

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Claims Assessment & Investigation

Figure 4: Investigations Performance Comparison for the past two years (2016-2017)



The section received 157 claims for investigations for the period under review, compared to 191 claims received in the same period in 2016 representing a decline of 22%. On-call accidents investigations undertaken declined by 18.2% from 33 in 2016 to 27 in 2017. The decline in the above is attributable to the corresponding decrease in the number of accidents and casualties relating to drivers and pedestrians in the year under review. Service of court processes also declined from 19 in 2016 to 9 in 2017.

Right of Recourse

Section 30 of the MVA Fund Act empowers the Fund to recover the monies paid to any claimant as benefits from the driver or vehicle owner who caused the crash. The right of recovery is a statutory initiative aimed at promoting road safety by deterring drivers from irresponsible use of the road. The Fund applies this provision to recover from perpetrators in sternly intolerable circumstances that contribute to road crashes. It also instills a degree of accountability on the perpetrators.

The Fund is entitled to recover the monies paid out as benefits, from any person who causes a motor vehicle accident under the following circumstances:

- Driving under the influence of intoxicating liquor or drugs to such an extent as to be incapable of having proper control of a vehicle;
- Driving the vehicle recklessly;
- Driving the vehicle without being a holder of a valid driving license;
- Driving a defective vehicle whose defect caused or contributed to the cause of the accident;
- Driving a stolen vehicle knowingly or where one reasonably ought to have known that it was stolen;
- Being the owner, custodian or lawful possessor of

the vehicle, permitted the vehicle to be driven in the circumstances set out in paragraphs (a), (b), (c) and (d) above;

g) Where a driver of a foreign registered vehicle fails to pay for and obtain third party insurance and such driver negligently causes an accident.

Figure 5: Right of Recourse Collections Vs Right of Recourse costs in BWP



During 2017, the Fund collected P236, 805 being 49.8% lower compared to P471, 959 collected in 2016. The decline was attributable to the debtors paying lower amounts than the initial agreement due to the financial challenges owing to depressed economy. The Fund will continue to intensify its collection efforts to improve the situation.

Right of Recovery costs declined by 57.1% from P236, 064 in 2016 to P101 333 in 2017 and this was attributable to Fund's decision to withdraw outsourced matters so that they can be pursued internally.

To improve the Right of Recovery collections, the Fund works closely with financial institutions for the exchange of information of offending parties with a view to blacklisting those who owe the Fund and further for the financial institutions to alert the Fund when such persons apply for financial assistance from the financial institutions. The key stakeholders in Right of Recovery value chain includes Courts of Law, Botswana Police Service and private debt collectors.

Claims Assessment & Investigation

Despite the low collection, the Right of Recovery process is used as a measure to apportion responsibility to drivers for road traffic crashes that are attributable to their actions. Drivers are therefore held accountable for the injuries and loss caused to other road users.

Claims Review

Motor Vehicle Accident Fund is a customer-centric organization that strives at all times to ensure that its customers are satisfied with its products and services.

Any claimant who is dissatisfied with the quantum of benefits offered by the Fund or whose claim has been repudiated has the right to appeal to the Fund for a review of the claim. The review of the claim is handled by the Claims Review Panel which is the final authority for the internal claims appeal process.

The Claims Review Panel is chaired by the Chief Executive Officer and is made up of some executive members of the Fund who are not directly involved with claims assessment process to ensure objective and an independent review of the appeals. This panel convenes on a periodic basis depending on the number of complaints received.

If the claimant is still not satisfied with the Claims Review Panel's resolution, he/she has the option of approaching courts of law.

During the year, the Claims Review Panel received 38 matters representing a decrease of 55% compared to 59 matters received in 2016. Of the 38 appeals received by the Claims Review Panel, 32 appeals were upheld and the decisions on 6 were re-considered and the claimants offered benefits.

The decline in the number of appeals is attributable to the improved efficiencies in the Claims Assessment process. Most appeals that were received related to loss of earnings and caretaker services.

Litigation

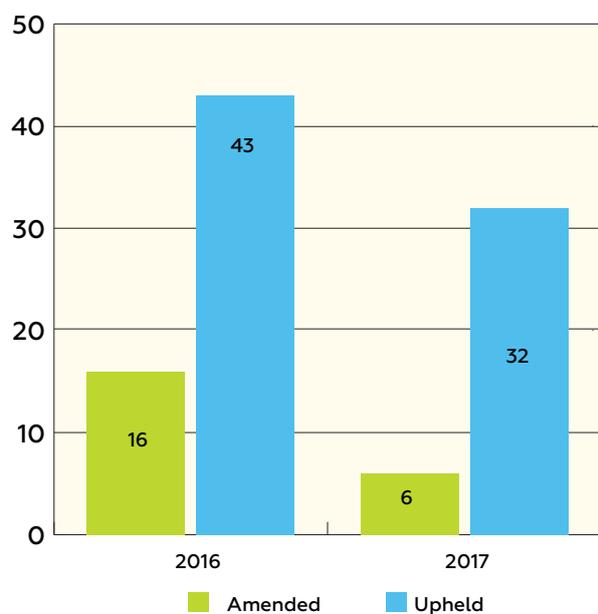
As at 31st December 2017, there were eight (8) litigation matters pending before the Courts. The low number of litigation matters is attributable to the efficient claims assessment processes and robust complaints resolution mechanisms resulting in complaints by claimants being amicably resolved by the Fund and avoiding the litigation process.

Outlook

As a way of improving its operations, the Department intends to continue to review the claims management policies and guidelines to align them with the changing needs of the organisation and further to improve operational efficiency and these include the following;

- Loss of Earnings Guidelines
- Right of Recourse Procedure Manual
- Claims Assessment Guidelines
- Claims Review Guidelines

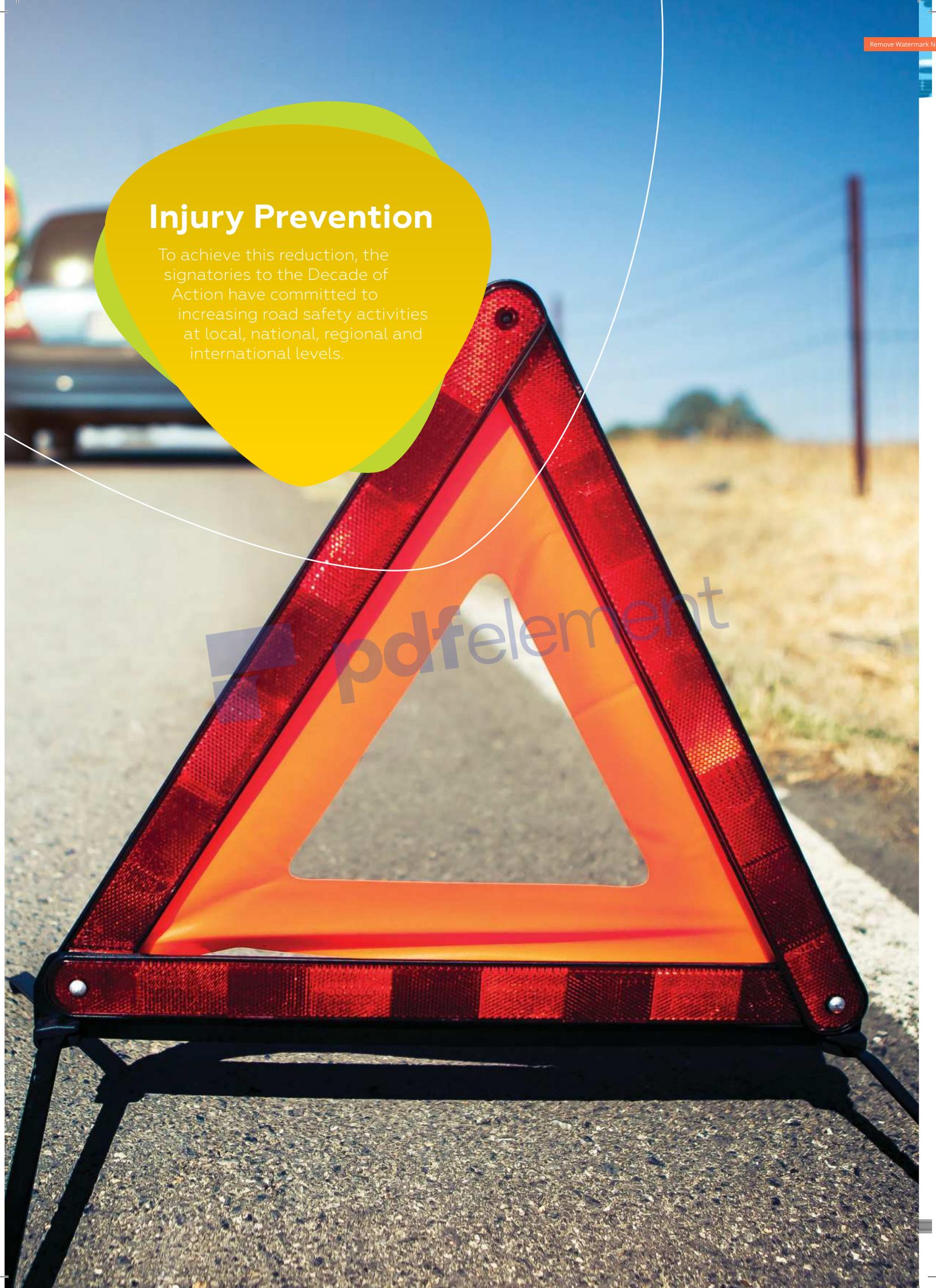
Figure 6: Appeals Analysis by benefit type



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To achieve this reduction, the signatories to the Decade of Action have committed to increasing road safety activities at local, national, regional and international levels.

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Injury Prevention

The Department is made up of 3 sections namely Road Safety, Community Projects and Public Education. Road Safety is responsible for road safety campaigns, mobile children traffic school and Occupational Health & Safety.

INJURY PREVENTION DEPARTMENT

The Injury Prevention Department is tasked with promoting road safety and injury prevention through a multi-faceted approach in partnership with other key road safety players. In addition, the Department is responsible for educating the public about MVA Fund's products and services.

The Department is made up of 3 sections namely Road Safety, Community Projects and Public Education. Road Safety is responsible for road safety campaigns, mobile children traffic school and Occupational Health & Safety. Community Projects is tasked with mobilising the community to participate in the promotion of road safety whereas Public Education is responsible for marketing MVA Fund products and services.

MVA FUND ROAD SAFETY APPROACH

The Fund's road safety strategy is derived from Botswana National Road Safety Strategy 2011 – 2020 which is aligned to the United Nations Decade of Action for Road Safety 2011 – 2020. The Decade of Action aims to reduce road traffic fatalities and serious injuries by fifty percent (50%) by the year 2020.

To achieve this reduction, the signatories to the Decade of Action have committed to increasing road safety activities at local, national, regional and international levels. The Decade of Action has been segmented into five critical Pillars which are; Road Safety Management, Safer Roads and Mobility, Safer Vehicles, Safer Road Users, and Post-Crash Response. For purposes of alignment with global best practice, MVA Fund undertakes and reports its road safety activities in accordance with the Pillars of the UN Decade of Action.

ROAD SAFETY MANAGEMENT PILLAR

This Pillar encapsulates issues of road safety coordination at national level, policy formulation, capacity building, research, monitoring and evaluation, building effective partnerships, and reporting.

The Fund is a member of the National Road Safety Committee (NRSC) which is responsible for road safety coordination and policy development. In the year ended 2017, the Fund took part in all the NRSC quarterly sessions.

Among other deliverables, the Committee developed an implementation plan focusing on priority projects and initiatives to be undertaken in the remaining three years of the Decade of Action between 2018 and 2020. In order to ensure effective implementation of initiatives the NRSC establishment Pillar Committees rolled out the plan to District Road Safety Committees for implementation.

Strategic Multi-Sector Partnerships

In acknowledgement of the multi-disciplinary nature of road safety management, the Fund collaborated with various entities on road safety activities such as UN Global Road Safety Week, and World Day of Remembrance for Victims of Road Crashes.

At multi-lateral level, together with other government agencies in partnership with the Trans-Kalahari Corridor secretariat, the National Road Safety Committee held a joint campaign along Trans-Kalahari corridor.

The purpose of the campaign was to ensure safe facilitation of trade along the corridor that links Namibia, Botswana, and South Africa. The campaign focused on array of issues ranging from traffic infringements, drugs, human trafficking and compliance to transport permits. Partnerships are critical in the promotion of road safety. As a result, the Fund collaborated with Government, private sector and civil society as per the Table 1 on page 50.

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Table 1: MVA Fund collaborative activities with other stakeholders

Government	Purpose	Activities
Department of Road Transport and Safety	Awareness, Education & Enforcement	Commemorations, Roadside Campaigns & Workshops
Botswana Police Services	Enforcement	Commemorations, Roadside Campaigns & Workshops
Ministry of Health and Wellness	Education and Post-Crash Care	Roadside Campaigns and Workshops
Department of Roads	Roads Engineering	Signage on Hotspots
Ministry of Youth Empowerment, Sport and Culture Development	Awareness and Education for Youth	Wellness Day
Multilateral		
Law Enforcement and Road Safety Agencies from Namibia and South Africa	Cross Border Education and Law Enforcement	Trans Kalahari Corridor Campaigns
Civil Society		
Botswana Christian AIDS Intervention Programme	Awareness & Education	Pastors Workshops and Hotspot Prayers
Botswana Red Cross Society	First Aid Awareness	TV Educational Program
Botswana Social Studies Association	Awareness & Education	Teachers' Workshops and Students Competitions
Private Sector		
Botswana Chamber of Mines	First Aid Awareness	First Aid Competitions
Total Botswana	Awareness & Education	Cycling Event
Vivo Energy	Awareness & Education	Passenger Safety Activation

COMMUNITY ENGAGEMENT

Effective road safety requires community engagement hence it is critical for members of the community to actively participate in the promotion of road safety. The community is better placed to develop and implement interventions to address local road safety challenges which will ensure that their communities are safer. Owing to the important role of the community in road safety promotion, the Fund has a number of programmes geared towards mobilising the community to be actively involved in road safety promotion. The Fund capacitates and guides communities to develop and implement road safety education interventions to bring about desirable behavioural changes and reduce road traffic accidents.

Community Road Safety Grant Scheme

The objectives of the Scheme is to provide funding and support for implementation of projects whose scope entail but not limited to;

- Programmes with empirical evidence that they will reduce the risk of crash involvement within targeted area;
- Initiatives targeting high risk factors such as drunk driving, speeding and fatigue; and
- Projects to improve safety of special groups such as children, disabled and the elderly.

During the year under review, ten (10) community groups were supported to implement road safety project activities as per the Table 2 on page 51;

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Table 2: Implementation of community projects

COMMUNITY ORGANISATION	TARGET GROUPS	PROJECT BRIEF	PROJECT LOCATIONS	OUTCOMES
Botswana Association for the Blind and Partially Sighted	Visually impaired and Partially Sighted	Creating awareness for road users to be aware of the visually impaired and partially sighted. Empowering the visually impaired to use the road safely and independently.	Gaborone	Interacted with 565 road users in various campaigns. Training of 22 visually impaired people training on mobility techniques.
Diphalana Empowerment Centre	Passengers	Promotion of road safety through bus stop campaigns, football and choir competitions.	Gathwane, Goodhope	Interacted with 1 200 road users.
Legae La Mega Theatre Groups	Pedestrians	Promotion of road safety awareness through theatre performances in schools.	Makwate	Interacted with 3 389 road users.
Moch Bima Club	Passengers	Collaring of cattle in villages along A1 road with reflective belts to make them visible at night to reduce vehicle-cattle accidents.	Cattle posts along A1 road in Kgatleng District	Collared 183 cattle
Namane Ya Moroba	Pedestrians	Promotion of road safety awareness through theatre performances in schools and shopping malls.	Thamaga	Interacted with 2 950 passengers and pedestrians
Reetsanang Association of Drama Groups	Farmers and Drivers	Promotion of road safety awareness through theatre performances public spaces and shopping malls.	Gaborone, Mogoditshane, Kanye, Mochudi	Interacted with 1 240 drivers, passengers and pedestrians.
Remmogo Organisation	Passengers, Pedestrians and Drivers	Promotion of road safety through artists and music promoters' workshops.	Gaborone, Francistown, Maun	Interacted with 174 music artists and promoters.
Society of Road Safety Ambassadors	Passengers, Pedestrians and Drivers	Promotion of road safety through church outreach, pledge campaign, mall campaign, alcohol workshop.	Gaborone,	Interacted with 6 243 road users.
Tse Dikgolo House of Theatre	Drivers and Pedestrians	Promotion of road safety awareness through theatre performances public spaces and shopping malls.	Mmankgodi	Interacted with 1 200 road users.
Zero Road Traffic Accidents	Drivers, Passengers and Pedestrians	Promotion of road safety through awareness walks, road blocks, mall campaigns and workshops.	Gaborone	Interacted with 1 842 road users.

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Youth Road Safety Clubs

Report on Road Traffic Accidents by Botswana Police Service indicates that the age bracket of 6 years to 35 years accounted for 54.1% of total fatalities. In order to address road safety issues among young people the Fund works with road safety youth clubs; out-of-school youth and in-school youth to improve road safety knowledge.

Out of School Road Safety Clubs

The Fund empowers young people to come up with road safety activities which promote safe use of the road. During the year, seven (7) road safety youth clubs were active namely Bandleng Youth Club from Lobatse, Bokgoni Road Safety Club from Francistown, Botshelo-Loeto Road Safety Club from Molepolole, Metsimotlhabe Road Safety Club, Morwa Road Safety Club, Oodi Road Safety Club and Tsholofelo Youth Club. These clubs were engaged in various road safety activities such as bus stop campaigns, mall campaigns and holiday road side campaigns.

In-School Road Safety Clubs

The Fund continues to partner with schools in the promotion of road safety through formation of road safety clubs. During the year under review, sixteen (16) road safety school clubs were active and these included twelve (12) primary schools in Gaborone and Francistown, two (2) secondary schools in Gaborone and Francistown and two (2) tertiary institutions namely Botswana Accountancy College and University of Botswana.



MVA Fund CEO presenting awards and certificates to active Community Groups and Youth Clubs

RESEARCH

The Fund continued to engage other road safety stakeholders including the National Road Safety Committee to undertake a comprehensive study on Impact Assessment of Road Safety Initiatives. The purpose of the research is to determine the effectiveness of the local road safety interventions and find ways of bridging existing gaps. The Fund further engaged the World Health Organisation, an arm of the United Nations for coordination of road safety globally, to assist with finding the right expertise for the project.

INVESTMENT ON ROAD SAFETY

Capacity Building

Over the past five years, MVA Fund has made a significant contribution in improving Botswana's road safety landscape through capacity building of key drivers of safety such as driver testing, drunk driving and law enforcement targeting speed and post-crash emergency response. As a result of the investments made as well as collective efforts with other stakeholders, there was a recorded average decline of 7.9% in road crash deaths for the past seven (7) years from 2011 to 2017. The Fund further noted that there is need to invest in skills development in the broad area of road safety management in order to sustain the positive gains.

Road Safety Management Training

During the year, the Fund trained twenty-four (24) officers on road safety management training in order to equip participants with best practice approach and create an enabling environment to develop and implement effective road safety management strategies. The training was offered to officers from the key road safety stakeholders being Botswana Police Service, Department of Road Transport and Safety, Department of Roads, MVA Fund, and Local Government.

Road Safety Audit Training

One of the key factors of a safe traffic environment is safe and forgiving roads. This means provision of a road infrastructure with minimal black spots to reduce occurrence of road traffic crashes. Safe traffic environment can only be achieved through regular road safety audits conducted by skilled personnel and taking appropriate action where the road is hazardous. The Fund trained twenty-six (26) officers from MVA Fund, Ministry of Transport and Communications, Department of Road Transport and Safety, Department of Roads, Ministry of Local Government and Rural Development, and Botswana Police Service. The composition of participants was informed by best practice which dictates that road safety audit team should be representative of key road safety stakeholders.

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SAFER ROADS AND MOBILITY

The principle of Safe System Approach which underpins the Botswana National Road Safety Strategy 2011 – 2020, and adopted from the Decade of Action for Road Safety Plan 2011 - 2020, emphasizes the need to provide 'Forgiving Roads'. The concept of forgiving roads accepts that people will always make mistakes on the road, therefore, roads should be built in a way that does not punish road users for their mistakes. Premised on this background, road safety inspections were conducted along the A1 road by the Department of Roads, under the auspices of the collaborative 'Accident Free A1 – Act Now' campaign. The inspections were intended to identify safety gaps in the road infrastructure and possible solutions.

The inspection noted the need to improve signage along the highway as well as improvement of road reserve fence in some areas. Following the inspections, warning signs were placed at various high frequency crash zones to warn motorists of accidents black spots. Such signs were extended to other corridors like A2 road.

Furthermore, the Fund facilitated training on Road Safety Audits and Inspections for Botswana Police Services, Department of Roads and Department of Road Transport and Safety Officials.



Livestock is a major road safety challenge on our roads as livestock is often left to graze in the road reserves and causing accidents, especially along highways. In order to make our roads safer, the Fund in partnership with Moch Bima Community Group of Mochudi, and Bantleng Youth Club of Lobatse, undertook cattle visibility project. The project was aimed at improving cattle visibility at night along the road reserve to minimize crashes caused

by cattle at night. As a pilot project, the Fund in 2017 procured reflective neck belts and collared 183 cattle between Otse and Artesia along A1 road. The Fund will continue to monitor progress towards reduction of road traffic accidents involving cattle along the corridor.

SAFER VEHICLES PILLAR

This pillar addresses the need for improved vehicle safety by encouraging harmonization of relevant global standards and mechanisms to accelerate the uptake of new technologies which impact on safety. It includes activities such as implementing new car assessment programmes so that consumers are aware of the safety performance of vehicles, and to ensure that all new motor vehicles are equipped with minimum safety features, such as seat-belts. Other activities include promoting more use of crash avoidance technologies with proven effectiveness, such as electronic stability control and anti-lock braking systems. The Fund in collaboration with the Department of Road Transport and Safety offered free vehicle examination during the MVA Fund Road Safety Family Fun Day in October 2017. The Fund donated fire extinguishers, car seats, boosting cables to drivers during the event.

During the Family Fun Day, a total of 19 vehicles were tested for roadworthiness. Out of these thirteen (13) passed the test while six (6) failed. The Fund further advocated for testing of vehicles in the build up to the commemoration of the World Day of Remembrance for road Traffic Victims. A total of 116 vehicles were tested, 92 vehicles passed the test while 24 failed as they were not roadworthy.

SAFER ROAD USERS PILLAR

This pillar focuses on developing comprehensive programmes to improve road user behaviour. The efforts are combined with public awareness and education to increase use of seat-belt and wearing of helmets, to reduce drinking and driving, speeding and other risks. It also calls for activities to reduce work-related road traffic injuries and promotes the establishment of graduated driver licensing programmes for novice drivers. The Fund has a number of initiatives under this Pillar which it undertakes in collaboration with stakeholders and the community.

Roadside Educational Campaigns

In the year under review, the Fund continued to play a key role in the campaign that was launched in 2016 dubbed the "Accident Free A1, Act Now". This campaign was intensified by placing more cautionary signs along

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the A1 road for increased visibility. Furthermore, the Fund continued to use various approaches to disseminate road safety information. Such platforms included roadshows, roadside educational campaigns, pedestrians/passenger campaigns at bus stops and outreach activities at the malls. Following various activities, 99 773 road users were interacted with during the reporting period as depicted in Table 3 below;

Table 3: 2017 Road Safety campaigns interactions

Campaigns	Interactions
Bus Stop campaigns	3 465
Mall campaigns	1 040
Easter Roadside campaign	13 310
Global Road Safety Week Roadshow	1 150
TKC Joint Law Enforcement	2 026
President's Day Holidays campaigns	22 852
MVA Fund/MYSC Wellness day	1 500
Independence Roadside campaign	17 497
Festive season campaigns	36 933
Total	99 773

Trans- Kalahari Corridor Joint Law Enforcement Operation

The Trans-Kalahari Corridor stretches several hundred kilometers through Botswana on what is locally known as the Sir Seretse Khama Highway or the A2 road. This is a trade corridor co-managed by the three countries of Botswana, Namibia and South Africa.

As part of the corridor management plan, each country is tasked with hosting a joint law enforcement campaign along the route every year. In 2017, Botswana hosted this campaign at Moatle. The campaign has infused road safety among others, and the Fund participated in the campaign.

Child Safety Education

For the period under review, The Fund continued to aggressively promote child safety education at grassroots by undertaking Mobile Traffic School activations to schools around the country.

As at 31st December 2017, the Fund interacted with 20 866 children through school visits in different areas, and other platforms as shown in table 4 below. Efforts such as the formation of road safety clubs in school contributed to the reduction of crashes involving children.

Casualties for children aged below 15 years declined from 771 in 2016 to 425 in 2017, which represents 44.9% reduction.

Table 4: Statistics of Mobile Children Traffic School Interactions

EVENT	NUMBER ACTIVATIONS	INTERACTIONS
Molepolole Schools	5	3 200
Jwaneng Schools	2	1 287
Mahalapye Schools	5	3 300
Total Cycle Your City	1	65
Boitumelo Primary School – Sebele	1	400
Francistown Schools	4	1 725
Boteti Schools	3	2 281
Ghanzi Show	1	313
Serowe Show	1	200
Ramonaka	1	369
Kanye	4	2 611
Consumer Fair	1	1 862
Serowe area schools	4	760
Tswapong North schools	5	2 257
Road Safety Family Fun Day	1	236
TOTAL		20 866

Speed Alert Campaigns

During the year the Fund continued to sensitize the public, especially motorists on the dangers of speeding through the use of the Transportable Variable Message Sign Display (VMS). The VMS was placed at strategic places on the speed zones of 60, 80 and 120Km/h. A total of 62 204 vehicles drove past the machine and their speeds were recorded.

Of the vehicles detected in the 60km/h speed zone, 52.5% were driven above the recommended speed limit, and the highest speed detected in this zone was 173km/h. In the 80km/hr zone, 30.8% were driven above the recommended speed limit and the highest speed recorded in this zone was 197Km/h.

Finally, there was an improvement in the 120km/hr speed zone as only 2.1% of the vehicles detected were driven above the recommended speed limit, and the highest speed recorded was 172Km/h. The overall picture shows that driving above the recommended speed is prevalent in the lower speed zones which poses a high risk of fatal road crashes as these are built up areas and there is a lot of movement of people and vehicles.

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Table 5: Speed campaigns statistics from Mobile LED Speed Alert System

MOBILE LED STATISTICS				
SPEED LIMIT	NO OF VEHICLES DETECTED	NO OF VEHICLES OVER SPEEDING	% OVER SPEEDING	HIGHEST SPEED RECORDED IN KM/H
60 km/h	44 659	23 479	52.5	173
80 km/h	13 387	4 134	30.8	197
120km/h	4 158	88	2.1	172
TOTAL	62 204	27 701		

POST CRASH CARE

This pillar promotes improvement of health and other systems to provide appropriate emergency treatment and longer-term rehabilitation for crash victims.

Activities to support this pillar include developing pre-hospital care systems, implementation of a single nationwide telephone number for emergencies; providing early rehabilitation and support to injured patients and those affected by road traffic crashes; establishing insurance schemes to fund such initiatives; and encouraging a thorough investigation into crashes and an appropriate legal response.

The Fund works closely with Ministry of Health and Wellness, as well as private Emergency Medical Service providers to ensure the best post-crash care. A collective implementation plan of projects to be undertaken in the remaining three years of the Decade of Action for Road Safety was developed by all key stakeholders and submitted to the National Road Safety Committee.

FIRST AID TELEVISION PROGRAM

In order to improve handling of injured victims of road traffic crashes at the scene by passersby, the Fund developed a television documentary series on First Aid.

The 13 episode First Aid documentary which was aired on Botswana Television came to an end in December 2017. The Fund continues to play the DVDs at its offices and other forums to re-inforce the importance of first aid. In addition, the Fund encourages drivers to carry first aid kit at all times to respond to road accident challenges.

TRAFFIC SAFETY PERFORMANCE

Road Crash Fatalities

The traffic safety performance for the year ended 31st December 2017 shows some slight improvement in terms of fatalities despite the rise in fatal crashes. Total crashes

reduced by 597 crashes or 3.2% from 18 373 in 2016 to 17 786 in 2017.

Fatalities dropped by 1.3% from 450 in December 2016 to 444 in December 2017 while fatal crashes increased by 5.2% from 348 in December 2016 to 366 in December 2017. Serious injuries decreased by 7.3% from 1 243 in 2016 to 1 152 in 2017.

Minor injuries fell by 5.1% from 4 994 in 2016 to 4 739 in 2017. The traffic safety performance is illustrated in Figures 1 and 2 below;

Figure 1: Comparative analysis of traffic safety performance for 2016 and 2017

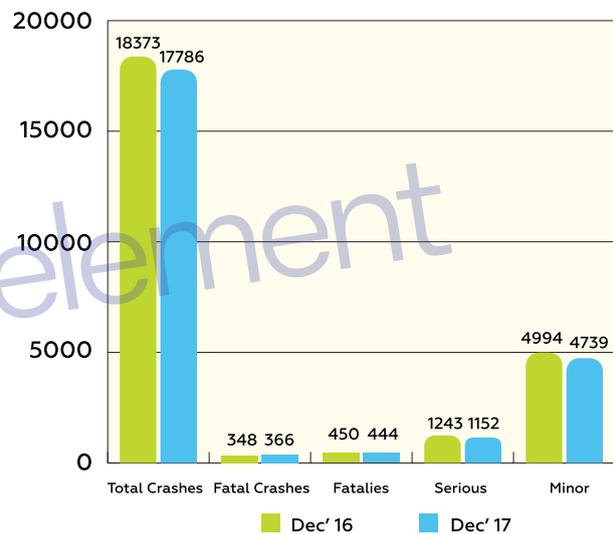
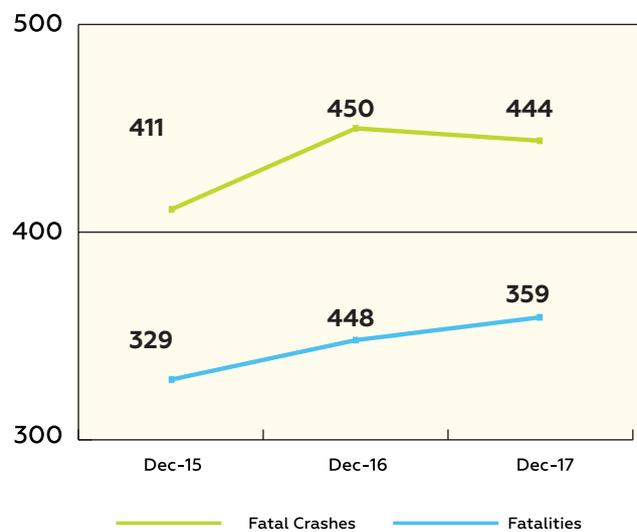


Figure 2: Comparative analysis of fatalities for the past 3 years



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ANALYSIS OF CRASHES ROAD SECTIONS

Table 6: Crash casualties along A1 road

ROAD SECTION	CASUALTY INJURY			TOTAL
	Fatal	Serious	Minor	
Ramatlabama-Lobatse A1	0	1	2	3
Lobatse -Kgale Mall Junction A1	17	27	67	111
Kgale Mall Junction-Airport Junction A1	0	4	36	40
Airport Junction-Palapye A1	41	110	316	467
Palapye-Francistown A1	16	49	129	194
Francistown-Ramokgwebana A1	10	16	21	47
Mogobane Turnoff (on A1)-Ntlhantle B105	3	4	11	18
Odi junction (on A1)-Modipane B135	0	0	5	5
Taupy-Machaneng turnoff (on A1) B145	0	0	1	1
Tutume-Maitengwe B310	0	1	0	1
TOTAL	87	212	588	887

A1 road is the deadliest among all highways in Botswana as it accounts for 19.6% of annual fatalities with majority of crashes happening along Gaborone/ Palapye stretch owing to concentration of vehicular movement along this road. This road links the southern and northern parts of Botswana and passes through major villages, and consequently, there is always high traffic in this road. The road also links Botswana to its neighbouring countries of Zimbabwe and Zambia. More vigilance is therefore required on this road particularly during weekends, month-ends and public holidays.

Table 7: Highway road with high risk

ROAD SECTION	CASUALTY INJURY			TOTAL
	Fatal	Serious	Minor	
Lobatse -Kgale Mall Junction A1	17	27	67	111
Airport Junction-Palapye A1	41	110	316	467
Palapye-Francistown A1	16	49	129	194
Francistown-Ramokgwebana A1	10	16	21	47
Gaborone west Junction-Thamaga A10	22	40	155	217
Molapo Crossing T/lights-Molepolole Hospital A12	21	47	239	307
Nata-Kazungula junction A33	10	22	27	59
TOTAL	137	311	954	1402
Taupy-Machaneng turnoff (on A1) B145	0	0	1	1
Tutume-Maitengwe B310	0	1	0	1

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Table 7 on page 56 shows that A10, A12 and A33 roads are the other high risk highways that require close monitoring. The stretches between Gaborone/Thamaga, and Gaborone/Molepolole have the highest fatality risk considering that they are only about 50km each.

Table 8: Casualty by age, class and injury

AGE										TOTAL CASUALTIES
	Driver			Passenger			Pedestrian			
	Fatal	Serious	Minor	Fatal	Serious	Minor	Fatal	Serious	Minor	
0 - 5	0	0	1	10	14	70	13	24	68	200
6 - 10	0	0	0	5	20	80	8	47	140	300
11 - 15	1	1	4	2	15	91	5	11	109	239
16 - 20	1	2	43	12	33	196	9	14	113	423
21 - 25	9	30	182	19	81	391	11	30	121	874
26 - 30	23	50	284	37	113	364	12	41	117	1 041
31 - 35	27	73	372	25	90	329	16	38	92	1 062
36 - 40	27	67	320	21	55	192	5	28	75	790
41 - 45	10	32	163	11	31	142	13	16	52	470
46 - 50	8	34	123	4	22	69	7	12	30	309
51 - 55	5	6	72	6	22	46	11	9	33	210
56 - 60	5	11	53	6	16	40	7	6	22	166
61 - 65	5	4	29	9	11	21	5	7	8	99
66 - 70	4	3	14	2	11	14	10	3	12	73
71 - 75	0	1	8	2	5	4	2	3	6	31
76 - 80	1	1	1	3	2	4	3	2	8	25
81 - 85	0	0	1	1	2	2	4	3	3	16
86 - 90	0	0	0	1	0	1	1	0	3	6
91 - 95	0	0	0	0	0	1	0	0	0	1
Total	126	315	1 670	176	543	2 057	142	294	1 012	6 335

Analysis of casualty by age depicts that the most affected age bracket is between 21 and 45 years accounting for 60% of fatalities. This is a highly mobile and economically active age bracket hence the need for focused interventions appropriate to the social dynamics of the age group.

Table 9: Fatalities by Nationality, Class, and Gender

Nationality	Casualty Class			Casualty Sex		Total
	Driver	Passenger	Pedestrian	Male	Female	
Botswana	122	164	133	302	117	419
Namibia	-	1	-	1	-	1
South African	-	-	-	-	-	-
Zambian	2	3	-	5	-	5
Zimbabwean	-	7	8	9	6	15
Other African	1	1	1	3	-	3
Others	1	-	-	1	-	1
Total	126	176	142	321	123	444

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Table 9 shows that men are largely affected by road traffic crashes than women. Men accounted for 321 deaths or 72.3% while women accounted for 123 deaths or 27.7%. Men are more likely to be involved in accidents as there are more male drivers than women drivers. Further men are riskier in the road than women and finally, there are usually more male occupants in a car owing to social factors such as entertainment and sporting activities.

Analysis of fatalities by nationality indicates that non-nationals make up 5% of the annual deaths, and they are predominantly Zimbabweans owing to the economic situation in Zimbabwe which forces most of them to cross into the neighbouring countries to seek employment.

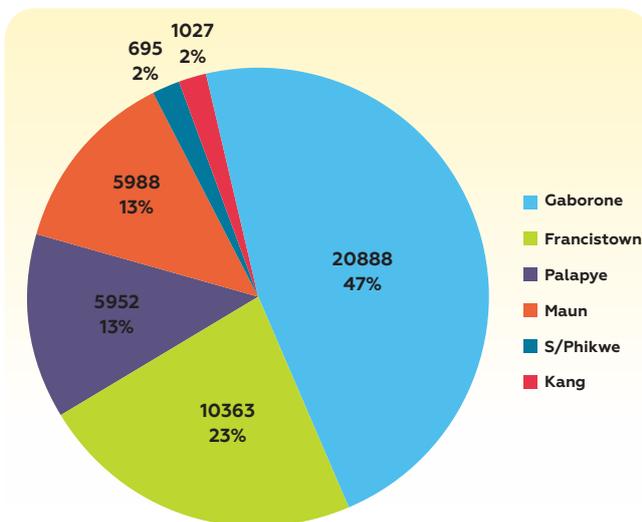
Public Education

The need to educate the public in order to create awareness about the Fund's products and services cannot be overemphasized, since the public has to turn to the Fund during the hour of need. An informed public will easily access the products and services of the Fund at the earliest opportunity, thus enhancing the quality of life of those affected by road traffic accidents.

The Fund participated in exhibitions as they offer the Fund a greater opportunity to interact with a larger populace at minimal costs. During the year, the Fund participated at the Human Resources Development Council career clinic both in Francistown and Gaborone, Business Botswana Northern Trade Fair and the Consumer Trade Fair in Gaborone. The Fund obtained position one at the Gaborone Consumer Trade Fair under the parastatal category.

From the various platforms afore-mentioned the Fund interacted with 44 913 people, with Gaborone, Francistown and Maun having the highest number of interactions.

Figure 3: Public interactions by offices



Advertising

The Fund uses various advertising media to reach out to the public. During the year, the Fund extensively used both print and broadcast media, as well as billboards to communicate its products and services, and promote positive road user behaviour.

In addition, radio interviews were conducted in both private and public radio stations. Television adverts were also flighted to promote knowledge on products and services. The Fund continued to flight the "Situation Right now" strip advert on the Daily News newspaper.

The purpose of the advert was to give the public weekly updates of road safety situation. The Fund also leveraged on technology and used social media platforms to disseminate information on its Facebook page. The messages were viewed by over 40 000 Facebook users.

Figure 4: Situation Right Now Strip advert



Bus Shelter Project

The bus shelter project continues to be a flagship program for the Fund. The purpose of the program is to use bus shelters as advertising mediums for the promotion of road safety as well as raise awareness on our products and services. The initiative is an extension of the Fund's corporate social investment for provision of shelter and shade for commuting members of the communities. It is a cost-effective initiative for the Fund. The Fund has cumulatively erected 112 bus shelters around the country, with 6 new bus shelters placed at Francistown Bus Rank.

OCCUPATIONAL HEALTH AND SAFETY

The Injury Prevention Department is also charged with the responsibility of ensuring a safe work place within the Fund's premises. During the year under review, the Department trained all the Occupational Health and Safety (OHS) committee members made up of staff representatives from other Departments and Branches on OHS and basic firefighting courses for capacity building.

The Department also implemented some of the recommendations made in the previous year's safety audit. Furthermore, the Fund has infused road safety into the OHS Policy as a way of encouraging staff to adhere to road safety rules both on and off duty. During the year under review, there has not been any major incidences recorded.

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OUTLOOK

With two (2) years remaining to reach the end of the UN Decade of Action Plan for Road Safety 2011 – 2020, it is evident that Botswana will not achieve the set target of reducing fatalities and serious injuries by 50%.

Since the start of the Decade of Action to the end of 2017, as a nation, we only managed to reduce fatalities by 7.9% in seven years from an average 462 deaths to 426 deaths.

This reduction is against an overwhelming 71% average growth in vehicle population. On average, vehicle population increases annually by 44 536 vehicles which is not proportional to the road infrastructure development rate.

Fatality rate per 100 000 population is 19.6 compared to the global index of 17.4 (2015 Global Status Report on Road Safety, WHO). Considering an increase in all other factors that increase crash risk such as vehicle population, industrialization, rural-urban migration and others, Botswana will not be able to achieve the 50% reduction.

However, the improvement is commendable given the national economic capacity to fully implement the Safe Systems Approach of road safety management. Moreover, the growing involvement of civil society, and private sector in the promotion of road safety is also encouraging and gives hope for a better Botswana in so far as road safety is concerned.



Corporate Social Investment



MVA Fund gets involved with the community

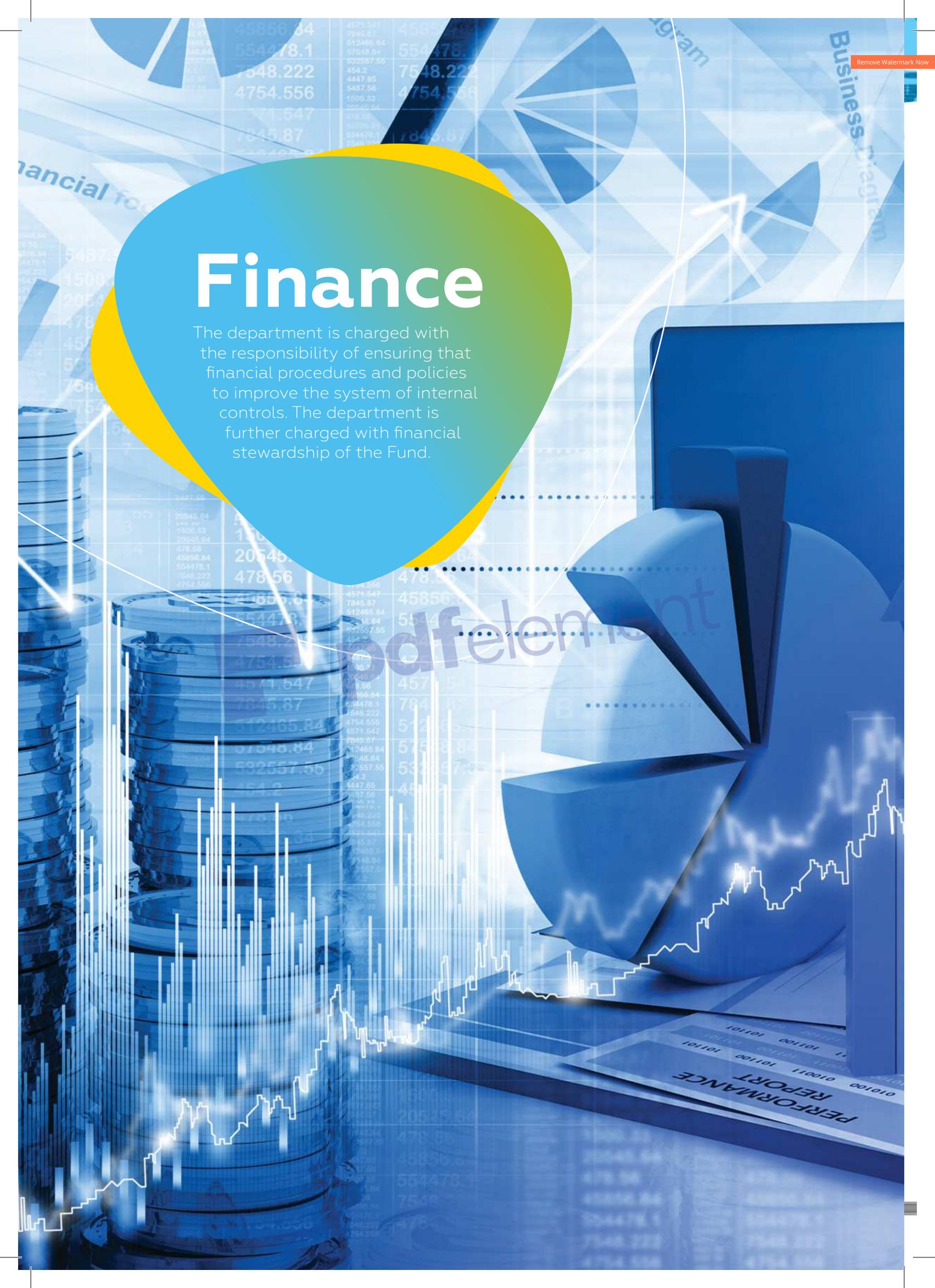


Corporate Social Investment



Finance

The department is charged with the responsibility of ensuring that financial procedures and policies to improve the system of internal controls. The department is further charged with financial stewardship of the Fund.



Departmental Reports

Finance

The Finance Department plays a pivotal role in providing financial support to the operations of the Fund to enable the proper discharge of the Fund's mandate. The department is charged with responsibility of ensuring the existence of sound financial procedures and policies to improve the system of internal controls. The department is further charged with financial stewardship of the Fund.

The Finance department is divided into two (2) functions being Finance Section and Administration Section.

Finance Section

The Finance section is responsible for organisation, management and control of financial and accounting functions of the Fund. It performs the day-to-day transactional accounting and manages the organization's cash flow to ensure that the funds are available to meet the financial obligations of the Fund when they fall due. The Finance Section's functions are undertaken in compliance with MVA Fund Act, Finance Procedures Manual and Tender Regulations and Procurement Procedure Manual and other Fund's policies. The department is also responsible for preparation of the Fund's management accounts and the Annual Audited Financial Statements.

On an annual basis the Finance Section consolidates draft budgets from different departments and ensures that these budgets are aligned to the strategic plan initiatives and departmental operational plans. The draft budgets are then presented to the Budget Committee for consideration and approval. In line with existing corporate governance structures, the draft budget is then presented to the Finance and Audit Committee and then to the Board for consideration and approval.

Once approved by the Board, the budget becomes the Fund's plan for the financial year and the Finance Section closely monitors utilization of the budget by the departments to ensure that the expenditure is undertaken in accordance to the approved budget. On a monthly basis, the section prepares management accounts to track the organization's financial performance and to aid decision making. Management accounts in addition include the analysis of variances between planned and actual expenditure to improve management of the budget. Finance works closely with other departments and on monthly basis, departments are provided with cost centre reports which tracks utilization of their budgets, and where the expenditure is not aligned with budget then departments are encouraged to develop appropriate interventions to bring the situation under control.

Sources of income

The revenue streams of the Fund are the fuel levy, third party cover, investment income and Government subvention.

Fuel Levy Income

Fuel levy income is in accordance with Section 3 of MVA Fund Regulations 2008 charged to importers of petroleum products. The fuel levy rate is 5 thebe per litre of petroleum product sold.

In accordance with Section 17(4) of MVA Fund Act 2007, on a bi-annual basis, fuel importers are required to appoint independent auditors to audit their records to ascertain the accuracy of the levy collected and paid over to the Fund. The auditors at the end of the audit issue a certificate of the audit findings directly to the Fund.

The net fuel levy income increased by 3.6% from P50.1million in 2016 to P52.0 million in 2017.



Government Subvention Funding

The Fund in accordance with Section 17 (1) (b) of the MVA Fund Act is eligible to be funded through government subvention funding. The Fund has to date not accessed this funding, however, should the financial position deteriorate further, the Fund will then approach Government for subvention funding.

Audited Financial Statements

On an annual basis, the Finance department prepares the annual financial statements which comply with International Financial Reporting Standards (IFRS). These financial statements are in accordance with Section 18 (2) of the MVA Fund Act audited by independent auditors. The Fund has a statutory obligation to have its audited financial statements submitted to the Minister within three months after year end and the Fund has complied with the statutory requirement.

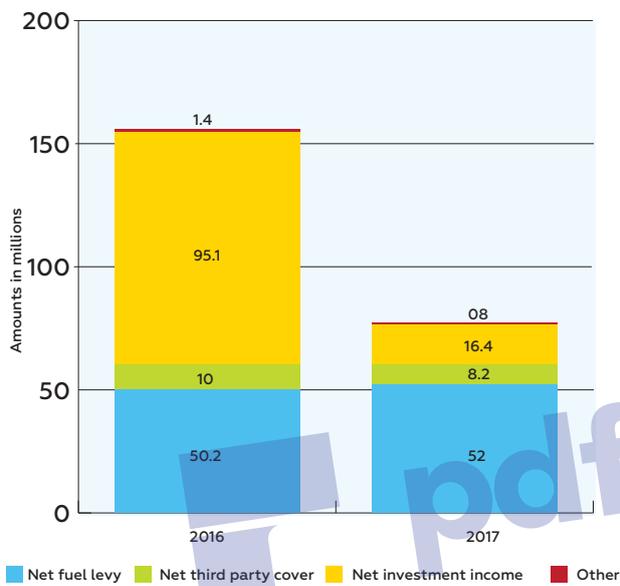
Departmental Reports

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Income Distribution

The income distribution of the various sources of income are shown in Figure 1 below. Total income has decreased by 50% from P156 million in 2016 to P77.4 million in 2017 owing to unrealised foreign exchange losses from investment income.

Figure 1: Net Income Distribution



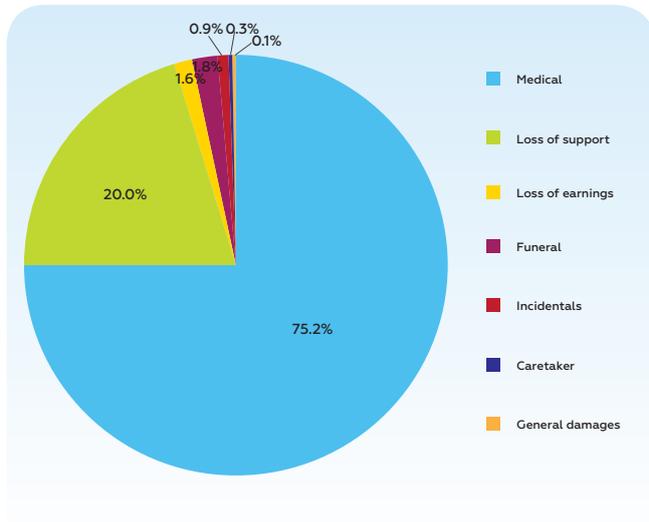
Claim Costs and Payments

The business of the Fund is the provision of compensation, care, benefits and rehabilitation of persons involved in road traffic crashes. Claims costs and payments take a major part of the expenditures of the Fund.

Reserves for claimants

The claims payments for the future benefits are paid into a trust account which are administered by the Fund. During the year, the Fund paid P 179.3 million to the claims trust account comprising of various benefit types. Medical expenses made up the highest percentage of the total claims paid at 75.2%, followed by loss of support at 20% and funeral claims at 1.8%. Incidentals (claimant's transport and accommodation expenses), loss of earnings, caretaker costs and general damages accounted for the remaining 2.9%.

Figure 2: Payments to trust accounts



Administration Section

The Department maintains a fair and transparent procurement process through strict adherence of its tender regulations and procurement procedures.

Procurement Process

The Fund aligns its procurement procedures to those of the Public Procurement and Asset Disposal Board (PPADB) and other directives issued by Government to ensure transparency, accountability, integrity and effectiveness. In its efforts to promote economic empowerment, the Fund supports local and citizen owned companies through government initiatives such as Economic Diversification Drive (EDD), Citizen Economic Empowerment and Youth Owned Companies.

This gives local companies preference in the awarding of tenders provided all requirements are met.

Outlook

In an effort to improve procurement processes, the Department will develop a procurement strategy which will focus on efficient and economic sourcing for the Fund. The Department continues to review policies that enable the carrying out of key organisational processes.

Investment

The Fund undertakes investments in accordance with the Investment Policy Statement in order to grow the asset base to ensure that the Fund attains financial sustainability.

Departmental Reports

Investment

The Investment Department is tasked with prudent management of the Fund's investment portfolio in accordance with the Investment Policy Statement and directives of the Board. The Fund's Investment Policy Statement (IPS) objective is to achieve optimum growth at a moderate risk, bearing in mind the expected volatility in the financial markets. This objective forms the basis for the Fund's Asset Allocation Strategy (AAS) and Tactical Asset Allocation Strategy (TAAS) which ensure that the risk-return tradeoff is maximized within the Fund's risk appetite.

The Fund undertakes investments in accordance with the Investment Policy Statement in order to grow the asset base to ensure that the Fund attains financial sustainability. The investments have been funded through surplus funds accumulated over the years and these have been pivotal in building strong financial reserves for the Fund.

The investment income has over the years exceeded the Fund's primary sources of income (fuel levy and third party cover) and consequently, the Fund now largely depends on investment income to fund its operations. The Fund also invests monies held in trust accounts on behalf of claimants as these funds are not paid out in lump sum to the claimants, but in annual installments.

Portfolio Performance

Management reports the performance of the investment portfolio to the Board through the Board Investment Committee on a quarterly basis. The portfolio constituents are:

- Listed Equities
- Fixed Income/Bonds
- Unlisted Equities/Private Equity
- Cash and Cash equivalents
- Property
- Mutual Societies shares

The MVA Fund's Investment Portfolio was valued at P3.73 billion as at 31st December 2017, recording a marginal increase of P10.0 million from P3.72 billion reported as at 31st December 2016. The overall impact of the negative performance by the local equities as well as the decrease in money market instruments affected the asset growth despite the strong run by the offshore investments. As a result of the inadequate primary source of income (fuel levy), the Fund has had to liquidate some of its investments to pay for the ever escalating claims costs.

Of the P3.73 billion Assets under Management (AUM), 63% was invested locally while the remaining 37% was invested in offshore markets which was slightly misaligned with the Investment Policy Statement. The IPS provides for an onshore asset allocation of 60% and offshore asset allocation of 40%. The offshore investments are managed by local asset management companies being Investec

Asset Management (Pty) Ltd (Investec) and Stanlib Investment Management Services (Pty) Ltd (Stanlib).

Asset Allocation Strategy Performance

The recommended asset allocation weights as outlined in the IPS are meant to assist the Fund to maximize investment returns while at the same time minimizing its risk.

Table 1 below shows overall performance of each asset allocation against the recommended allocation ranges in the IPS as at 31st December 2017.

Table 1: Asset Under Management (AUM) per asset class vs benchmark portfolio ranges for years 2016 and 2017

Asset Class	Asset allocation		Benchmark Range-IPS	AUM (Million) (BWP) 2017	AUM (Million) (BWP) 2016
	2017	2016			
Mutual Society Shares	5.4%	5.5%	3-8%	202.4	202.4
Unlisted Equities/Private Equity	0.2%	0.2%	3-8%	8.8	8.7
Listed Equities	61.1%	60.1%	60-70%	2 276.0	2 238.2
Fixed Income	24.4%	24.8%	15-25%	911.0	923.0
Property Investments	4.2%	3.6%	3-8%	155.5	133.5
Cash & Cash Equivalents	4.7%	5.8%	3-8%	173.3	216.2
Total				3 727	3 722

Table 1 above shows that all assets were within the asset allocation benchmark ranges permitted by the Investment Policy Statement with exception of unlisted equities/private equities owing to fewer investment opportunities in this sector.

Investment

Figure 1 below shows the relative asset allocation of different asset classes. As at December 2017, Listed equities accounted for 61.1% followed by fixed income at 24.4%.

Figure 1: Overall Asset Allocation as at 31st December 2017

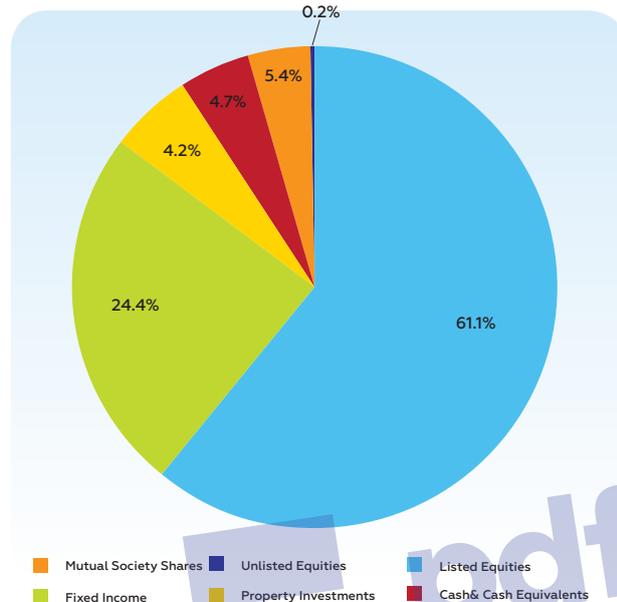
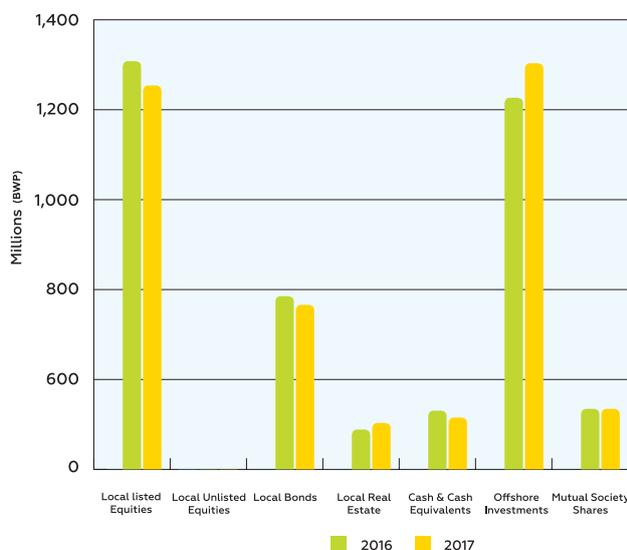


Figure 2 below shows value per asset class for the financial years 2016 to 2017. Local listed equities have been on a downward trajectory owing to plummeting commercial bank and retail stocks prices. The offshore component has shown significant improvement as capital gains offset exchange rate losses experienced over the last two years.

Figure 2: Annual value per asset class



Local Investments

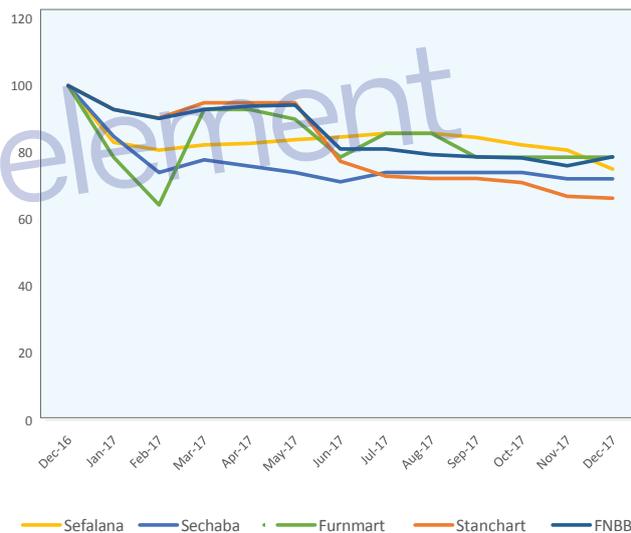
Local listed equities

As at 31st December 2017, local listed equities were valued at P1.282 billion, recording a decline of P80.0 million from P1.362 billion recorded as at 31st December 2016. The reduction in the listed equity value was attributable to the decline in share prices of some securities in the Botswana Stock Exchange.

The main losers were Standard Chartered Bank, Sechaba, First National Bank, Sefalana and Furnmart who lost 33.7%, 27.9%, 21.3%, 25.0% 21.4% respectively during the year.

Figure 3 below shows rebased share price performance for the above mentioned security constituents.

Figure 3: Rebased share prices movement in basis points



The above stocks collectively lost P189.3 million with Sefalana and Sechaba accounting for P81.5 million and P49.5 million respectively while FNBB and Standard Chartered Bank lost P32.2 million and P26.2 million respectively.

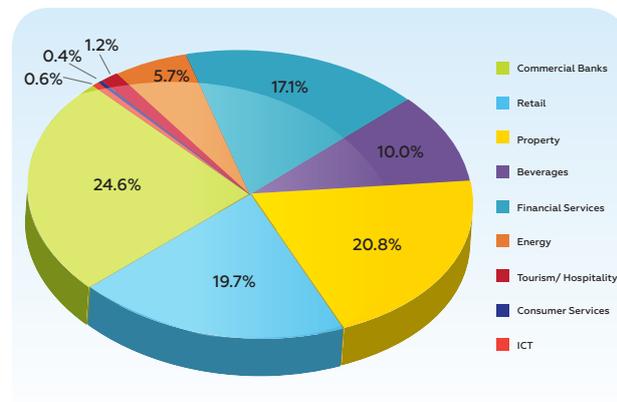
The Fund holds 10% of the issued shares of Sefalana, 4.94% of Sechaba, 1.99% of FNBB and 3.36% of Stanchart hence their impact on the Fund's performance is significant.

To minimize concentration risk and maximize portfolio return, the Fund's equity portfolio remains diversified across industries. Figure 4 shows diversification across industries within the local listed as at 31st December 2017.

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Figure 4: Local Listed equity holdings by Industry



The Fund's local listed equity portfolio recorded a 0.66% loss for the year ended 31st December 2017 but outperformed the Domestic Company Index(DCI) which recorded a 5.75% loss for the year ended 31st December 2017. The negative return was largely attributable to the poor performance by commercial banks, retail and beverage sectors as the operating environment of these sectors continues to be a challenge.

The Central Bank's decision to cut the bank rate down to 5.0% from 5.5% at its Monetary Policy Committee sitting in October 2017 is expected to further exacerbate the situation for commercial banks. The forecast increases in fuel levy will negatively impact the bottom line of companies in the beverage and retail sectors as transportation costs of inputs will rise.

Local Unlisted Equities

The local unlisted portion comprises of investments in MRI Botswana Limited and KYS Investments Limited. The portion has reduced slightly from a value of P8.8 million as at 31st December 2016 to a value of P8.7 million as at 31st December 2017. This portion of the portfolio remains outside the recommended IPS target range of 3-8% as there are limited local investment opportunities in this asset class. However, the Fund continues to explore possible opportunities as and when they are presented in the market.

Local Fixed Income

The Fund's local fixed income portion was valued at P549.4 million as at 31st December 2017, recording a decrease of P29.3 million from P578.7 million reported as at 31st December 2016. The decrease in local fixed income was a result of fair value loss amounting to P7.3 million and the maturity of BW010, NDB001 and BHC017 bonds with a combined value of P22.0 million.

The Fund invests in bonds to provide a stable cash flow and as defense assets against the declining equity market.

In addition, the Fund's participation in Government bond auctions indirectly contributes to national economic growth as the Government uses funds from the bond auctions to fund fiscal spending.

Table 2: Fixed Income Transactions for the year ended 31st December 2017

Description	Date	Nominal Amount (BWP)		
		Purchase	Disposal/ Maturities	Net
BW010	08/03/2017		(10 000 000)	(10 000 000)
NDB001	01/08/2017		(4 000 000)	(4 000 000)
BHC017	10/12/2017		(8 000 000)	(8 000 000)
Fair Value loss 2017			(7 253 395)	(7 253 395)
Total			(29 253 395)	(29 253 395)

Property Investment

The Property portion consists of the MVA Fund Head Office building, residential property investments in Gaborone and Francistown as well as retail partnership properties in Palapye, Francistown and Maun. The portfolio was valued at P155.5 million as at 31st December 2017, recording an increase of P22.0 million from P133.5 million recorded in 31st December 2016. The increase in property investment was a result of annual property revaluation as well as share of partnership profits which were adjusted as per the partnership's Audited Annual Financial Statements 2016 and reclassification of one of the executive residential houses in the Golf Estate to investment property.

As at the 31st December 2017, the residential vacancy rate decreased from 15.11% recorded in December 2016 to 13.87% owing to improved occupancy. As at 31st December 2017, the residential property portfolio yielded 3.87%, the office section yielded 8.02% while the retail properties yielded 9.97% resulting in an overall property portfolio yield of 6.12%. Figures 5 and 6 on page 69 depict the residential value and income respectively by geographical location. For the period under review, 51% of the residential property income was derived from properties located in Phakalane, followed by 25% of properties in Gaborone while the remaining 24% was derived from properties in Francistown.

The vacancy rate for the Francistown property has been increasing owing to the closure of Tati Nickel mine, resulting in the low income recorded as at the end of the year. Phakalane property accounted for 63% of the total value of properties but have not performed well in terms of rental income owing to prolonged periods of vacancy coupled with depressed rental markets owing to oversupply of properties. The Fund reduced rentals of properties in Phakalane to attract tenants resulting in improved occupancy rate as only two (2) houses out of fifteen (15) houses were vacant at the end of the year.

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Figure 5: Property Valuations by Location

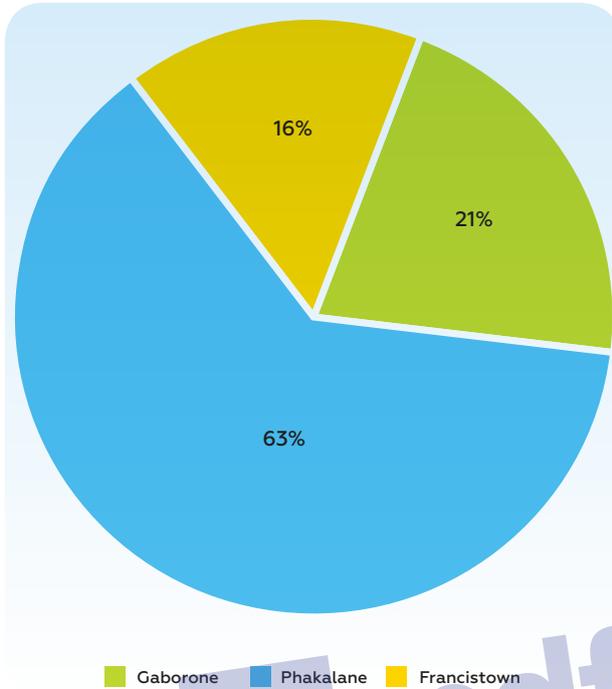
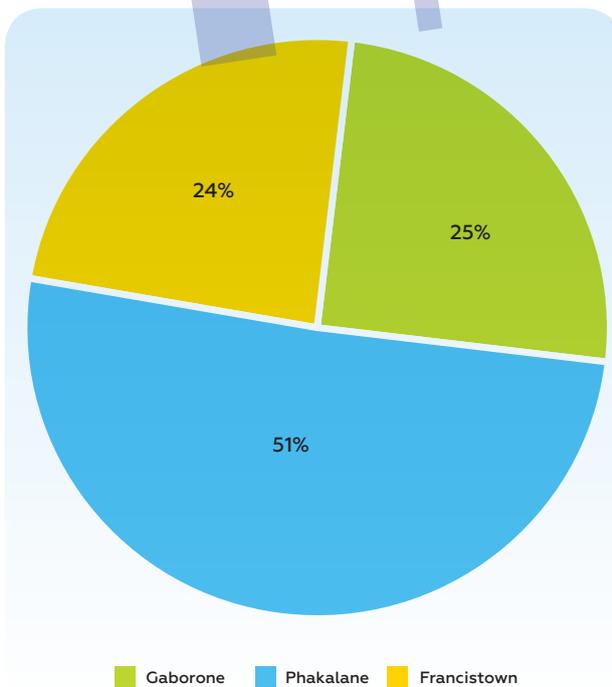


Figure 6: Residential Income by Location



The Head Office building was valued at P60.7 million and the lettable space earned P1.7 million as at 31st December 2017 compared to P1.2 million earned as at 31st December

2016. The increase in the rental earnings is attributable to the 100% occupancy rate achieved during the year 2017.

Table 3 below shows the rental yields for both the office and residential properties against their respective Investment Properties Databank (IPD) benchmarks. Both residential and office properties under performed against their respective benchmarks owing to vacancies during the period.

Table 3: Rental yields vs Benchmark

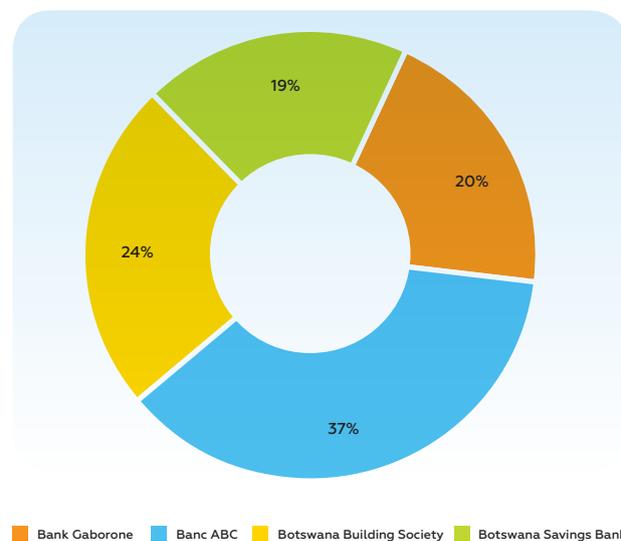
Income Return (Annualized)	MVA Fund	Benchmark (IPD)
Office	8.02%	10.6%
Residential	3.87%	7.65%

Cash & Cash Equivalents

The cash and cash equivalents portion comprises local cash at bank, offshore cash holding and fixed term deposits. The cash balance decreased by P42.9 million or 19.82% from P216.2 million recorded in December 2016 to P173.3 million in December 2017 as the Fund liquidated some of the deposits to finance claims and operational costs. The total cash holding equates to 4.7% of the portfolio which is within the recommended IPS range of 3-8%. As at the 31st December 2017, the Fund had a holding of P137.0 million in local fixed term deposits (including interest accrued).

Figure 7 below indicates how the Fund's cash and cash equivalents were invested with various financial institutions.

Figure 7: Percentage holdings of cash and cash equivalents per financial institution



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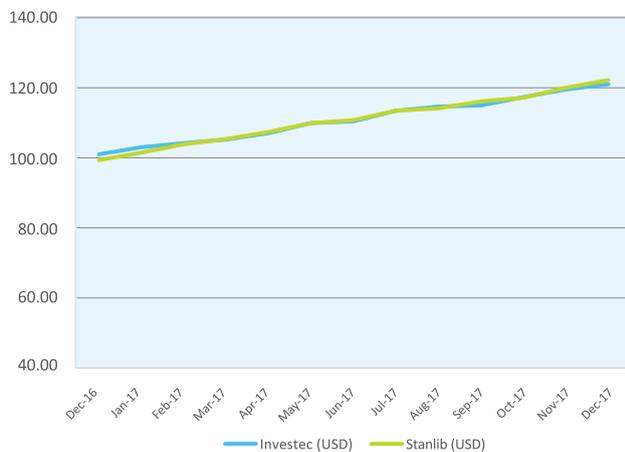
Table 4: Criteria used for placement of fixed deposits with financial institutions in Botswana

Criteria	Rating	Definitions
Moody's	P-3	Issuers (or supporting institutions) have an acceptable ability to repay short term obligations
Standard & Poor's	A-2	The obligor's capacity to meet its financial commitment on the obligation is satisfactory.
Fitch Rating Inc.	F3	The intrinsic capacity for timely payment of financial commitments.
	Sovereign rating	For financial institutions owned by the government.
Deposit Amount		Maximum of 5% of the financial institution's balance sheet.
Financial performance		The financial institution should have strong historical financial performance and certain it will continue as a going concern into the foreseeable future.
Interest rate		The interest rate offered will be considered in line with the risk appetite of the Fund

Offshore Investments

The MVA Fund's offshore component which amounted to P1.39 billion accounted for 37% of the total portfolio in value terms as at 31st December 2017 being an increase of 12% compared to the portfolio value of P1.24 billion recorded as at 31st December 2016 due to capital gains. Graph 1 below shows comparison of the Investment Managers Performance since they were allocated the new mandates in December 2016. The mandates are reviewed periodically in line with the IPS and to comply with good governance.

Graph 1: Offshore Manager Performance in USD



Stanlib mandate increased by P79.6 million or 13.6% from P586.4 million as at 31st December 2016 to P666.0 million as at 31st December 2017.

The portion held by Investec posted an increase of P68.7 million or 10.5% from P654.3 million as at 31st December 2016 to P723.0 million as at 31st December 2017. The positive movement is attributable to the increase in market values of the mandate. In US Dollar terms, the Stanlib's portion recorded an increase of \$13.1 million from \$56.2 million as at 31st December 2016 to \$69.3 million as at 31st December 2017.

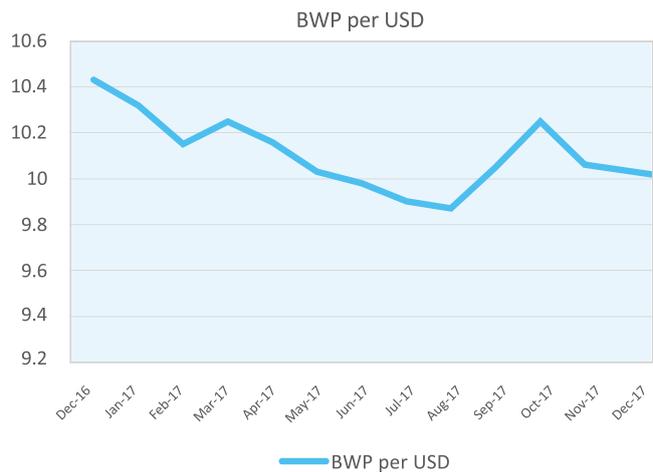
The portion held by Investec posted an increase of P68.7 million in market value from P654.3 million as at 31st December 2016 to P723.0 million as at 31st December 2017 achieving a growth of 10.5%. In US Dollar terms, Investec recorded a \$12.5 million increase from \$62.7 million as at 31st December 2016 to \$75.2 million as at 31st December 2017.

On an annualized basis, the offshore component recorded an increase of P148.2 million as the global markets continue to record positive performance.

The Pula closed the year trading at P9.62 per US Dollar at the end of December 2017 compared to P10.43 as at 31st December 2016.

Graph 2 below shows movement of the exchange rate for Pula against the US Dollar for the twelve months period ended December 2017.

Graph 2: BWP Exchange Rate against USD



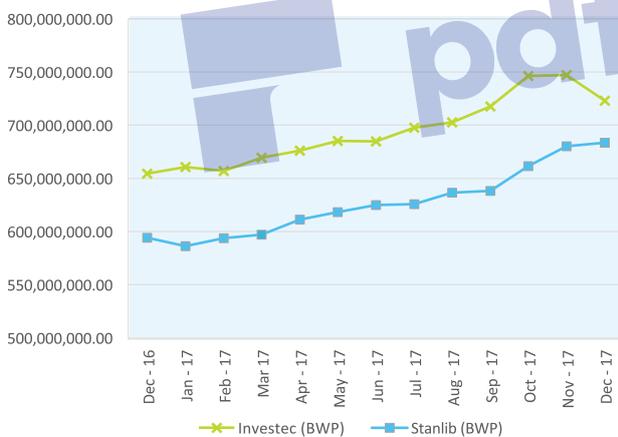
Investment

The market value movements of the Fund's offshore investments for the twelve months' period ended 31st December 2017 in both Pula and USD terms are shown in graphs 3 and 4 below.

Graph 3: Market Value Movements (USD)



Graph 4: Market Value Movements (BWP)



Offshore Manager Performance

Table 5 below shows the offshore managers performances relative to their respective benchmarks. The table shows that both offshore managers outperformed their respective benchmarks testimony to the success of their respective active management strategies.

Table 5: Offshore Manager Performance

	Investec	Stanlib
Overall portfolio Performance (%)	20.77%	23.14%
Benchmark (%)	17.97%	17.05%
Value added	2.80%	6.09%

Overall Portfolio Performance

For the year ended 31st December 2017, the portfolio declined by 0.71% in Pula terms owing to capital loss in the local equity portion of the portfolio as well as losses in the local bonds and declines in the money market instruments.

Economic and Investment Outlook

Global Economic Outlook

According to the International Monetary Fund (IMF) global economic growth for 2018 and 2019 is estimated to reach 3.9%, slightly above the long term average growth rate of 3.5% having been revised upwards from the initial 3.7%. The upward revision reflects increased global growth momentum and the expected impact of the recently approved US tax policy changes which are expected to stimulate activity, with the short term impact in the United States mostly driven by the investment response to the corporate income tax cuts. (IMF, January 2018).

This growth is mainly driven by advanced economies where growth is expected to exceed 2% in 2018 and 2019, reflecting the expectation that favourable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth economies with large exports.

Sub-Saharan Africa Economic Outlook

IMF projects economic growth of 3.3% and 3.5% in 2018 and 2019 respectively thus showing modest economic recovery supported by an improvement in commodity prices and acceleration in global trade. "In particular, the rebound in the region's largest economies of Angola, Nigeria, and South Africa was modest. A recovery in the oil sector, partly due to a decline in militants' attacks on oil pipelines, helped bring Nigeria back to positive GDP growth" (Global Economic Prospects, January 2018).

Botswana Economic Outlook

The domestic economy registered a growth rate of 4.3 percent in 2016, after contracting by 1.7 percent in 2015. This was mainly due to the improved performance of the mining sector because of increased demand for diamonds in the global economy, as well as continued good performance of the non-mining sectors, especially Trade, Hotels & Restaurants; Transport & Communications; and Finance & Business Services.

The domestic economic outlook remains positive, with growth rates of 4.7 percent and 5.3 percent expected in 2017 and 2018, respectively. The positive outlook for both the mining sector and non-mining sectors underpins these growth forecasts. Mining sector performance is

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expected to benefit from the recovery in the global economy, while that of non-mining sectors reflects the impact of Government's interventions in terms of policies and strategies to diversify the country's sources of growth.

In support of Government's efforts to promote growth through investment, Bank of Botswana maintained an accommodative monetary policy stance during 2017, cutting the Bank Rate by 50 basis points in October 2017, from 5.5 percent, to 5.0 percent. The reduction in the Bank Rate is expected to encourage borrowing for investment purposes, and thus, contribute to the promotion of growth and creation of the much needed employment opportunities in the country.

On the back of positive global, regional and local economic outlooks, the Fund expects an improvement in performance from both its local and offshore portfolios. MVA Fund strives to look for new and better investment opportunities in order to grow its assets to be able to meet its liabilities and continue being sustainable. The IPS is also being reviewed to align it to the changes in the markets and the new organisational strategy (2018-22 Strategy).



Strategy

The Strategy Department coordinates the development, implementation and monitoring of the organizational strategy. This is achieved through, research & development, implementation plans, strategy monitoring systems, risk management, change management programs and business process improvement amongst others.



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Departmental Reports

Strategy

The Strategy Department coordinates the development, implementation and monitoring of the organizational strategy. This is achieved through, research & development, implementation plans, strategy monitoring systems, risk management, change management programs and business process improvement amongst others. The year 2017 marked the fifth and final year of the MVA Fund Corporate Strategy 2013 – 2017. This Strategy focuses on service excellence, innovation and cost management. During the year 2017 the Fund commenced the process of developing the Strategic Plan 2018-2022.

Strategic Perspectives

Motor Vehicle Accident Fund adopted the Balanced Score Card Methodology as a foundation for its strategy management process. The Balanced Scorecard as an integrated strategic planning and performance system afforded the Fund an opportunity to communicate with clarity, it's vision, mission and strategy to employees and other stakeholders. The scorecard also allows the Fund to provide a framework for prioritizing programs, projects, services, strategic initiatives and resources. The Balanced Scorecard uses strategic performance measures and targets to measure progress. Below is a summary of how the Fund performed as per the five strategic perspectives.

Customer/Stakeholder Results

This perspective is a leading indicator which predicts overall strategic outcomes for improvement of customer service and satisfaction. Due to its strategic significance, the Fund continuously dedicates resources to solicit objective feedback from its internal and external customers and stakeholders.

In the period under review, the Fund commenced the Brand Audit project and this is anticipated for completion in early 2018. The Brand Audit exercise will enable the Fund to determine the public and claimant's perception of its

brand and also solicit feedback from a bigger spectrum of customers and stakeholders on how they view, receive and rate the service they receive from MVA Fund.

The Brand Audit measures the index of internal customers and external customers (i.e. general public, claimants and industry partners). The Fund recorded brand awareness and engagement levels of 69.8% for internal customers and 70.5% for external customers. The Fund is in the process of implementing the recommendations of the audit to improve service delivery and consequently, to enhance brand equity.

Internal Customer Satisfaction Survey

The Internal Customer Satisfaction Survey is conducted on an annual basis to measure the satisfaction levels of internal customers (employees) and to develop appropriate interventions of low scoring dimensions. The Fund emphasizes that providing superior internal customer service is imperative to its success. An internal customer is anyone who depends on someone else in the organization in order to do their job. It covers the supply of information by one employee to another or any action that can support the achievement of organizational goals.

The focus on developing effective internal customer service helps the Fund to cut costs, increase productivity, boost employee morale, align goals, harmonize processes and procedures. Internal customer service further improves interdepartmental collaboration and communication resulting in improved service delivery to claimants, the general public and stakeholders. The Fund has since 2010 conducted Internal Customer Satisfaction Surveys annually and this has resulted in service improvements.

Table 1 below is a summary of the Fund's customer/stakeholder performance over time, against the targeted index at the end of the Strategy life in 2017.

Table 1: Strategy Objectives Performance

Objective	2016		2017	
	Target	Achieved	Targets	Achieved
Improve Customer Satisfaction				
• Improve Internal Customer Satisfaction	83.3%	73.0%	85.0%	73.4%
• External Customer Satisfaction	83.3%	81.6%	85.0%	*
Improve Service Delivery	93.0%	85.2%	95.0%	81.6%
Improve Service Coverage	93.0%	95.0%	95.0%	95.0%
Improve Stakeholder Relations		*	95.0%	

Note: *Indicates years that the survey was not done.

Departmental Reports

Strategy

Core Business Processes

The Core Business Perspective identifies the most critical internal processes for the organization's strategy to succeed. The perspective examines the following process categories: Innovation, Operations and Service cycles. The Core Business Processes are a set of activities that will accomplish specific business goals that the Fund has set out in the MVA Fund Strategic Plan 2013-2017. The Perspective ensures that all products and services conform to customer expectations and the efficient dispensation of service. The Strategy Office plays a central role in ensuring that these core business processes are aligned to the Strategic Plan.

The process of reviewing service performance is undertaken by the Fund through tracking of Service Standards. The MVA Fund Service Standards is the Fund's undertaking to the public on the standard of service that the Fund renders. The overall performance of the Fund's Service Standards for the year 2017 was 81.6% being a decrease from the 85.2% achieved in 2016. The performance is based on selected services to customers which are quantifiable; funeral claims, medical assistance (emergency and non-emergency), loss of support and loss of earning. The performance for other standards such as stakeholder collaboration, customer satisfaction, communication, regional and international cooperation, is reported and monitored under various Departments in this Report.

Figure 1: Annual Service Standard Performance



Learning and Growth

The Learning and Growth Perspective focuses on areas the organization should learn and improve in order to achieve organizational vision. The perspective explain what the

company has to learn in order to satisfy customers' needs, improve business processes and achieve financial goals. The key focus areas for this perspective are tools & technology, knowledge, skills & abilities, infrastructure, work culture, innovation, leadership and governance.

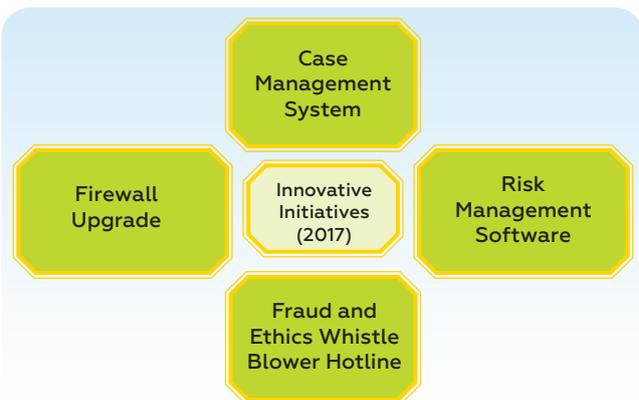
The Fund implemented the Talent Management Strategy to kick start the talent management framework. During the year 2017, the application of the Talent Management Framework has been continuous with activities such as mentoring and coaching, and also application of the nine block grid assessments. This has tied into the organizations Business Continuity plans, in relation to building capacity around succession planning.

Innovation

Innovation is a process of implementing new ideas to create value for an organization and its customers and stakeholders. This may mean creating a new service, system, or process, or enhancing existing ones. Innovation is at the core of the Fund's sustainability and business improvement.

Sustainable growth requires sustainable innovation, which requires that the innovation be part of the organizational culture. During the year, the Fund concentrated on business improvement processes. The Fund initiated the following projects and processes to improve service delivery of the organization;

Figure 2: Innovative Initiatives and Projects for 2017.



Financial Stewardship

The Financial Perspective focuses on financial performance, value, effective use of resources and how the Fund maximize value and the effectiveness of the Fund's vision, mission and core values.

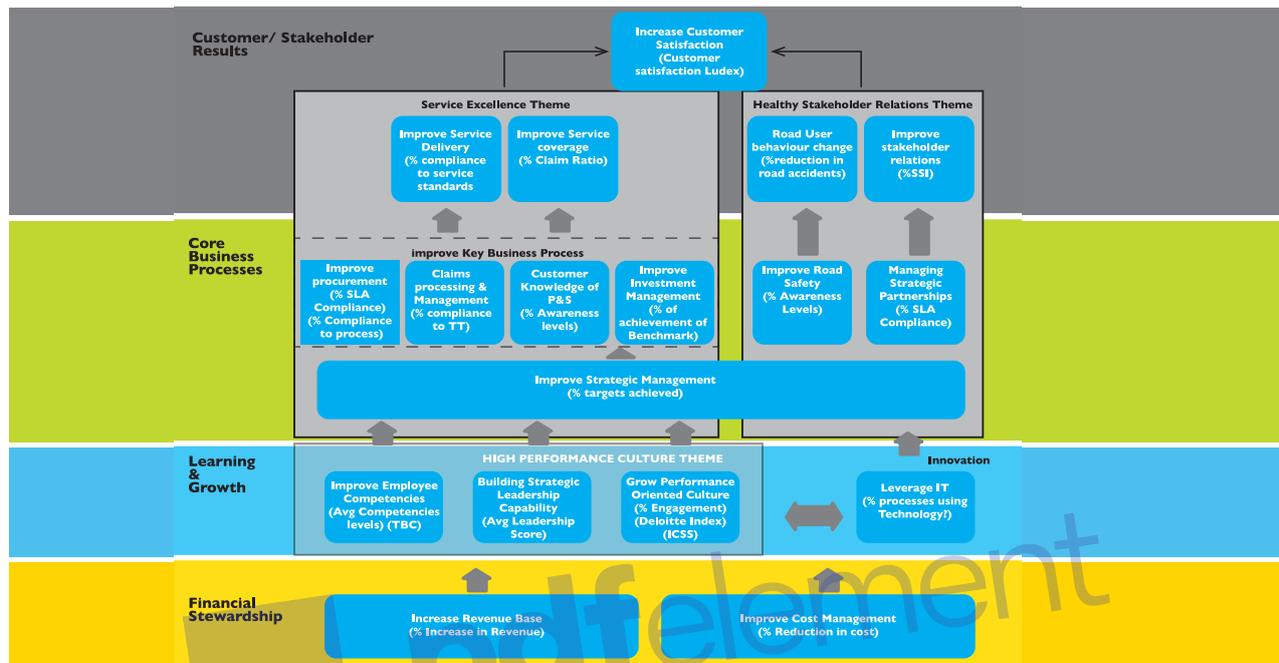
The perspective identifies the key strategic processes that will ensure that the Fund continues to generate the finances that are required for growth and sustainability. For the period under review, the Fund had to effect cost

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containment strategies owing to increased road traffic crashes which resulted in increased claim costs. The Fund also looked at better strategies of addressing revenue leakage.

Figure 3: Strategy Perspectives



Enterprise Risk Management

The MVA Fund has adopted an Enterprise Risk Management (ERM) for its business operations. The ERM are methods and processes used by the Fund to manage risks and seize opportunities related to the achievement of the organizational objectives. The Fund has adopted a Combined Assurance Model of Risk Management, and in conformance to corporate governance requirements, periodic reports on risk management are presented to the Finance and Audit Committee and the Board for appreciation and guidance. This model creates a systematic way in which the Fund identifies, prioritizes and mitigates risks, which contributes to the attainment of the organizations Strategic Objectives.

For the year 2017, the automation of the Risk Management process was implemented. The main objective of Enterprise Risk Management software is to enable the effective handlings of operational risk data, analysis and risk reporting. The Fund procured the BarnOwl Risk Management Software, which shall continue to build the organizations risk management process to align with best practices and compliance.

Research and Development

The Fund values research and development as an important driver on its value chain. The research and development helps the Fund to obtain new knowledge

to improve service delivery. The Department undertakes continuous research to obtain new knowledge applicable to the Fund's business needs and adopts evidence-based and relevant interventions.

One of the notable annual research project undertaken by the MVA Fund is the compilation and publication of the Crash and Claims Report. The 2016 Crash and Claims Report was completed during the year. The report provides a solid base for the development of targeted road safety initiatives and is also a critical planning tool for use by all road safety stakeholders in the country. The overall 2016 road safety performance presents a negative trend when compared to the national and global targets on road safety. Total recorded fatalities increased from 411 in 2015, to 450 in 2016 being an increase of 9.5% while serious injuries decreased by 8.9% from 1 234 in 2015, to 1 243 in 2016.

The Fund also conducted Staff Engagement Survey (Deloitte Survey), and Internal Customer Satisfaction, and the Brand Audit Surveys. The objectives of these surveys were to determine levels of engagement and satisfaction and also gather feedback from respondents on how best the Fund can improve its service.

Multilateral Initiatives

The implementation of Multilateral Agreement which came into effect in 2013, has continued to foster working

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relations among the four Motor Vehicle Accident Funds of Botswana, Namibia, South Africa and Swaziland. The main aim of the agreement is to create a platform for managing issues of common interest among the parties including promotion of road safety, claims management affecting citizens of the four (4) countries, leadership development and cultural exchanges.

The Chief Executive Officer's Forum is held to coincide with the Inter Fund games and enables the CEO's to exchange ideas on how to progress their respective Funds. In April 2017, the Chief Executive Officers met in Botswana to deliberate on their respective Fund's performance and their collective performance within the framework of the Agreement. The Executives unanimously agreed on the relevance and effectiveness of the Agreement, as demonstrated by the success of joint programs held during the year.

Change Management

MVA Fund Management made a conscious decision in 2008 to establish a structure which will support effective management of change across the organization. The steering committee coordinates all change related activities organization-wide.

During the year, the Fund enrolled the change management team in Change Management Certification Programme (in accordance with the PROSCI Methodologies & Tools) in order to build internal capacity in readiness for impending changes which include Organizational Review and Job Evaluation Exercise and introduction of the Strategic Plan 2018-2022.

After careful consideration of MVA Fund's context, including strengths and weaknesses the Fund adopted the PROSCI Change Management Methodology. The Fund preferred the Prosci's change management methodology as it is developed based on research with over 3,400 participants over the last twenty years. What is unique about the methodology is that it comes from real project leaders and teams reflecting on what worked, what did not and what they would do differently on their next project.

Change management enables the organization to successfully implement new projects and adopt new ways of doing things. A comprehensive and structured approach to organizational change management has been and will continue to be critical to the success of projects that have brought about significant change.

Outlook

The year 2018 signify the beginning of the next five year strategy for the organization. In the recent past, the Fund experienced some new trends within its operating environment which affected the Fund negatively being offshore foreign exchange losses, rising road traffic fatalities, subdued local economy.

In order to deal with these challenges and take advantage of other emerging opportunities, MVA Fund has developed the MVA Fund Strategic Plan 2018-2022 which will guide the Fund forward in the next five years.



PROSCI Change Management Process

Phase 1 PREPARING FOR CHANGE

- Define change management strategy
- Prepare your change management team
- Develop your sponsorship model

Phase 2 MANAGING CHANGE

- Develop change management plans
- Take action and implement plans

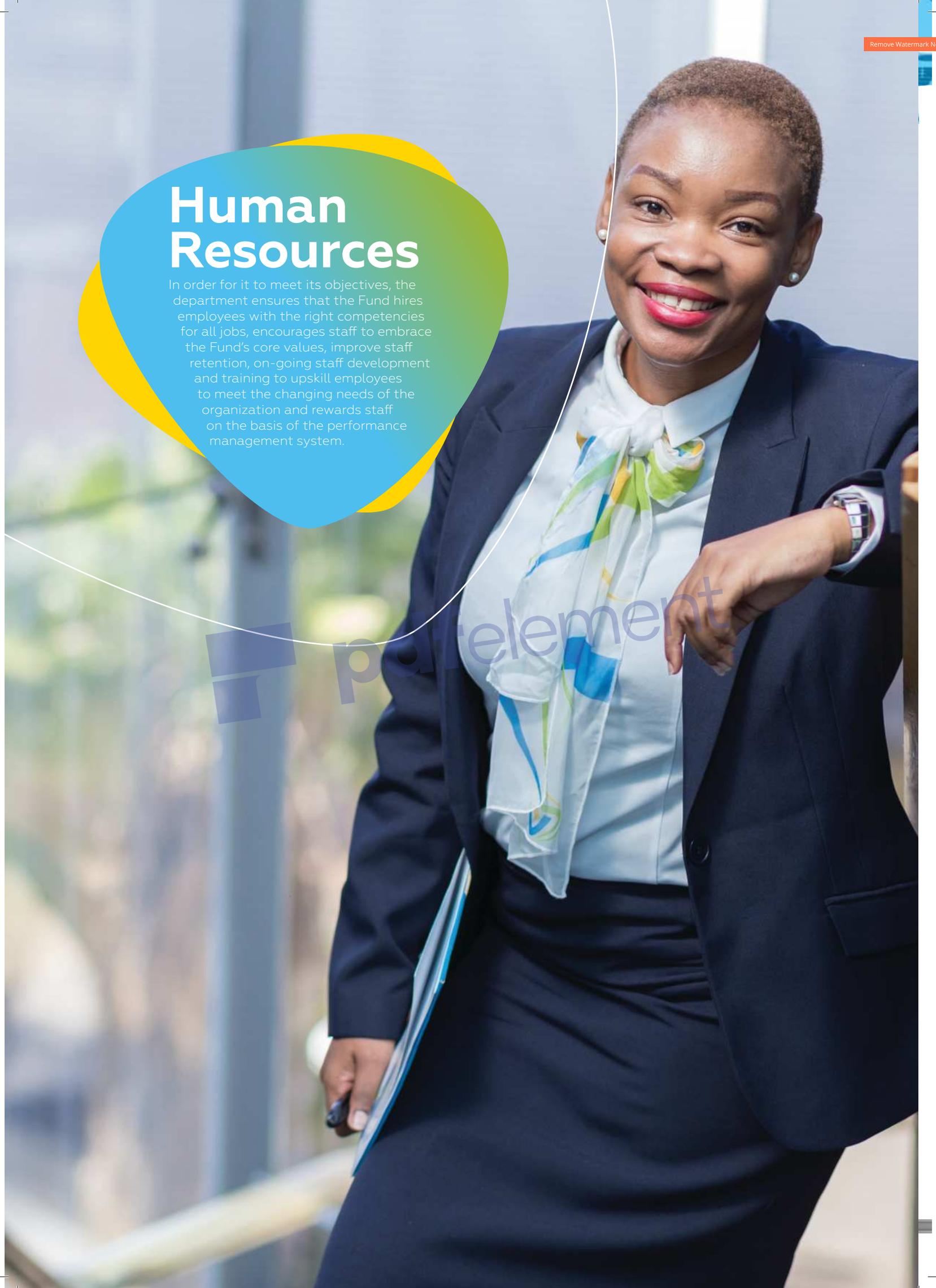
PHASE 3 REINFORCING CHANGE

- Collect and analyze feedback
- Diagnose gaps and manage resistance
- Implement corrective actions and celebrate successes

Human Resources

In order for it to meet its objectives, the department ensures that the Fund hires employees with the right competencies for all jobs, encourages staff to embrace the Fund's core values, improve staff retention, on-going staff development and training to upskill employees to meet the changing needs of the organization and rewards staff on the basis of the performance management system.

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Human Resources

The Human Resources Department is charged with formulating and implementing policies and procedures and management systems that are aligned to the achievement of the MVA Fund's strategic plan. The department further ensures that key human resources policies and procedures such as General Conditions of Employment, Training and Development, Performance Management System, Talent Management System are applied uniformly throughout the organization and there is compliance with all applicable labour laws and best international practices in the human resources sphere.

In order for it to meet its objectives, the department ensures that the Fund hires employees with the right competencies for all jobs, encourages staff to embrace the Fund's core values, improve staff retention, on-going staff development and training to up-skill employees to meet the changing needs of the organization and rewards staff on the basis of the performance management system. The department in addition creates a conducive work environment in realization that employees spend most of their productive hours in the work place and employees should therefore be motivated to come to work all times which enhances productivity. Further, wellness programs are designed to assist the employees to deal with both professional and social challenges as these can have a negative impact on performance of employees and that of the Fund.

The department maintains an open dialogue with employees on all organization matters and developments through staff general meetings and departmental meetings. These forums improve industrial relations and enhance team cohesiveness. In accordance with the General Conditions of Employment, the Chief Executive Officer addresses staff on quarterly basis on the health of the Fund and other developments affecting the Fund.

The department further ensures that key human resources policies and procedures such as General Conditions of Employment, Training and Development, Performance Management System, Talent Management System are applied uniformly throughout the organization and there is compliance with all applicable labour laws and best international practices in the human resources sphere.



The Fund has a broad service distribution network of offices countrywide which are manned by skilled personnel who are able to deliver superior service to customers and the general public.

The department continuously adopts a structured execution of the human resources function that aid the day-to-day running of the Fund's operations. These measures include proper financial budgeting, prudent use of funds, internal business process accountability and service level business partnerships.

The department has capacitated departmental/divisional heads to handle the day to day supervision and empowerment of employees to avoid the department from being inundated with operational matters, thus focusing on key strategic human resources issues.

The Human Resource Department has a staff complement of four (4) suitably qualified employees to service a staff complement of 105 employees resulting in a fair ratio of 3.8%.

To enhance its ability to deliver value to claimants and beneficiaries, the Fund operates its business through various departments and branch locations so that vital and crucial decisions and roles can be executed countrywide, therefore reaching out to customers at a more convenient time.

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Figure 2: Talent Management Philosophy



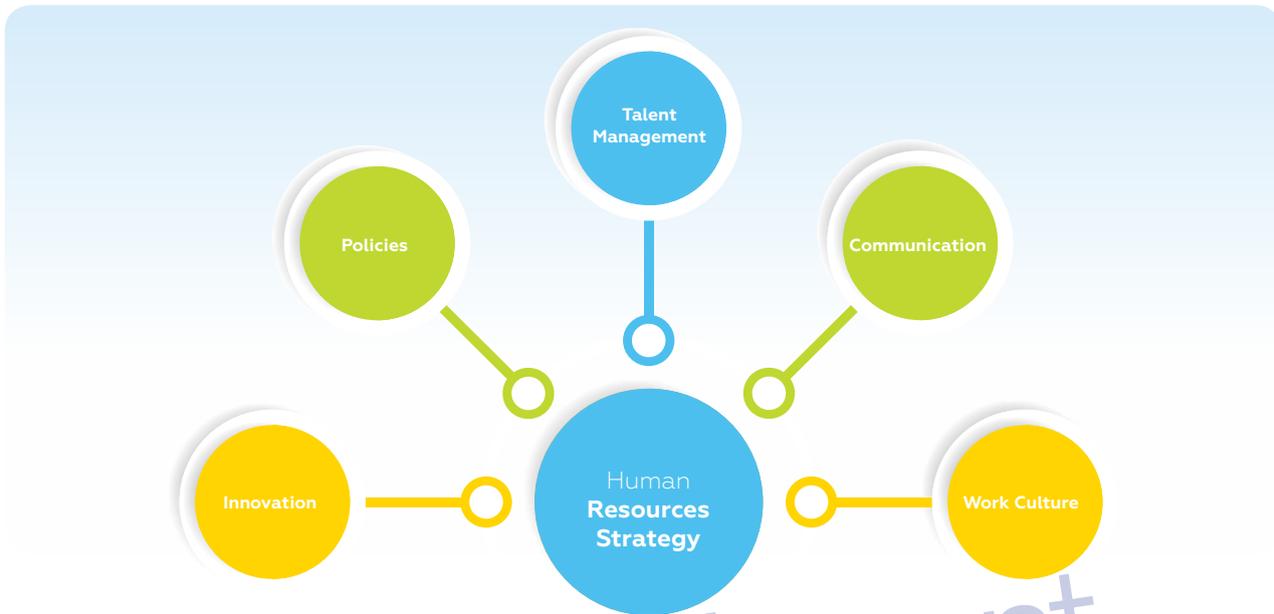
The Fund has adopted a Talent Management Strategy to ensure achievement of the Fund's strategic plan initiatives and further for the Fund to deliver on its mandate.

Figure 3: Talent Management Life-cycle



Human Resources

Figure 4: Human Resource Strategy



The Fund is in the final year of Human Resources Strategy 2013 – 2017 which was developed to support the implementation of the Strategic Plan 2013-2017. The identified priority areas emanating from this Strategy are as follows:

- **Talent Management** – Building culture, engagement, capability, and capacity through integrating talent acquisition through training & development, succession planning, work life integration, staff motivation, recognition awards, retention of skills & employee wellness. The Fund has a Talent Management Committee which is headed by the Human Resources Department to ensure reinforcing of talent management.
- **Communication** – Ensuring timely and effective communication and accountability in order to empower staff and to protect the reputation of the Fund. Communication if unmanaged, may result in establishment of a divergent communication culture which may damage the reputation of the Fund through deliberate dissemination of untrue information about the Fund. The department cashed on the use of technology to conduct a few surveys in order to get feedback from employees. The department encourages open communication throughout the Fund.
- **Work Culture** - Performance excellence, commitment to the implementation of Human Resource Strategy, continuous review of the PMS in order to reinforce ownership and practices that re-focuses assessment criteria and performance rating scores. The Fund introduced a Performance Governance Committee to

improve compliance with performance management system and to address performance gaps.

- **Policies** – Employee engagement and collaboration is key to the improvement of business processes, hence the department embarked on the review of several HR Policies and Procedures in order to align them with the changing operational requirements and labour laws.
- **Innovation** – The department encourages generation of ideas to improve organisational performance. The department has improved the Performance Management System to ensure alignment with organisational objectives and reviewed the rating scores as they were not challenging thus compromising performance improvements.

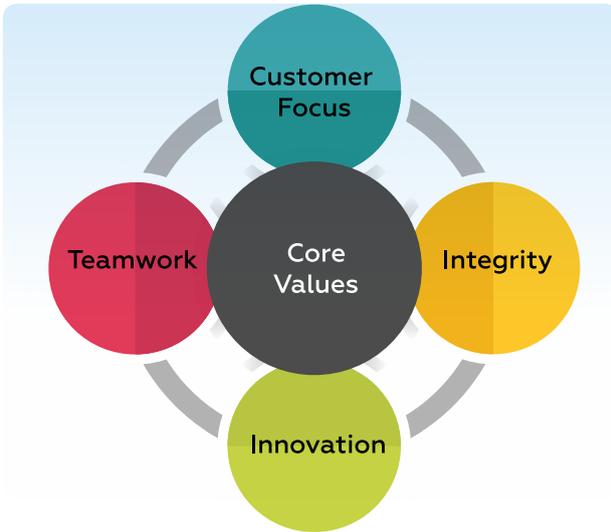
These priority areas have guided the Fund in coming up with the human capital strategic initiatives for implementation. Some of the key Strategic initiatives for the year 2017 included the following:

- Review of the Performance Management System
- Review of the General Conditions of Employment
- Review of the Code of Conduct Policy
- Development of the Remunerations Policy
- Development of the Disciplinary Policy and Procedure
- Inter-fund Activities

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Figure 5: MVA Fund Core Values



The Fund instills the core values by ensuring that they are known, shared and discussed extensively during the engagement fora. The core values have been included in the performance management system in order to reinforce their importance to service delivery. In addition, staff are assessed on a biannual basis for adherence to core values and this forms part of the recognition awards. The core values have been included in the performance management system in order to reinforce their importance to service delivery.

Adherence to core values also forms part of the recognition awards whereby staff is assessed on biannual basis to instill adherence to these core values. These core values drive staff to nurture relationships with customers whilst upholding the highest standards of conduct. All newly recruited employees are taken through an onboarding programme to ensure that they settle with ease while they blend and acculturate with the organization.

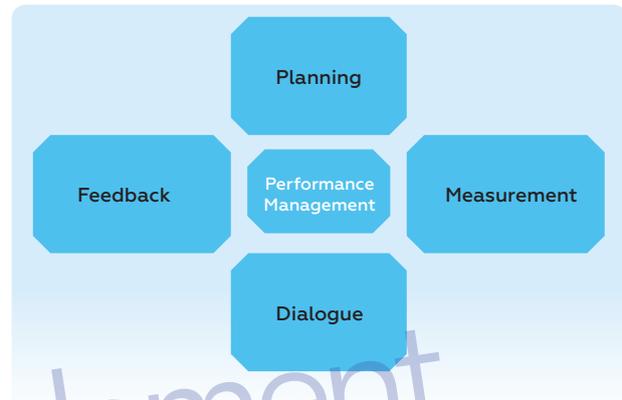


Performance Management System

The Performance Management System remains a critical tool which enables managers and employees to work together to plan, monitor and review employees work objectives, output and contribution to the organization and it applies uniformly to all staff. The Fund has adopted

a bottom up approach where employees initiate their performance contracts and these are then discussed and agreed with line management. The individual contracts are aligned to departmental operational plans which are derived from organizational plans. Performance is measured on a bi-annual basis to ensure that the Fund's objectives are achieved and that performance deviations from plans are addressed immediately.

Figure 6: Performance Management Process



Performance Management System is geared to support achievement of the strategic plan. The Fund has adopted the Balanced Score Card methodology based on the perspectives of Customer/Stakeholder Relations, Core Business Process, Learning and Growth (Including Performance Management), Innovation, Financial Stewardship and Core Values. The link between planning, measurement, dialogue and feedback ensures that there is a robust performance management system.

As part of induction programme, new employees are taken through the performance management system to ensure uniform understanding and application of the performance management system. In addition, the Human Resources Department holds regular workshops and re-enforces understanding of the process. The Fund has adopted the following performance management pillars in order to improve performance.

PERFORMANCE MANAGEMENT PILLARS



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Human Resources

2 AREA

- Performance Oriented Culture
- Aligning personal values to the values of the Fund
- Living the values
- Brand entrenchment
- Integrity

3 AREA

- Objective performance measurement
- Performance recognition of staff members
- Moulding behaviors of the team
- Decision making and accountability
- Talent development and retention

Service and Performance Awards

The Fund continues to recognize employees for their outstanding service and performance through the annual awards ceremony. The awards are in accordance with the Guidelines for the Recognition Awards. The Fund's policy is to recognize employees for positive contribution to the Fund's performance beyond those acknowledged during the performance management evaluation process. The awards provide an incentive for the employees to serve the Fund diligently in furtherance of its mandate. Recognizing the accomplishment of employees contributes to a supportive work environment and enhances the attraction and retention of committed and engaged workforce.

STAFF RECEIVING THE TWENTY (20) YEARS LONG SERVICE AWARD



The awards are centred around below listed categories:

- Best performing members of staff recognized for Service Excellence

- Adherence to MVA Fund Core Values
- Achievement of team efforts in Cross Functional Teams
- Best Branch/Department members
- Staff long service award: five (5), ten (10), fifteen (15), twenty (20), twenty-five (25) years.

STAFF RECEIVING CEO'S AWARD



Career Development and Reward Management

The Fund through Career Development and Reward Management Policy provides a framework that supports career advancement and growth opportunities. The Fund provides multiskilling opportunities to promote workforce diversity and prepare staff for higher roles of responsibilities. The Fund also encourages staff to participate in cross functional activities which assists them to have an in depth knowledge of the operations of the Fund. Employees who meet the minimum requirements and have demonstrated ability to improve organizational performance are considered for growth opportunities within the Fund, either laterally or on promotion.

Communication

The Fund's Communication Strategy provides for an integrated framework for effective and transparent communication that includes face-to-face communication and the use of technology to share important developments at the Fund. Enhancing the communication platform enables staff to access key information on organisational policies and the performance of the Fund.

A number of meetings were held across the Fund including Staff General Meetings, Executive Management Meetings and Departmental Meetings to share valuable information. Line managers were also encouraged to have one-on-one regular meetings with employees to improve communication and deal with peculiar individual challenges. The Fund further used information portals to share information with staff.

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Training and Development

The Training and Development Policy provides a robust framework for a continuous learning and development to improve staff competencies and retention of staff. Training and development is geared towards addressing gaps which were identified on recruitment or during performance appraisal, while other training is for developmental purposes. The Fund encourages staff to take responsibility for their training and development and also assists staff to undertake professional training through the Education Incentive Scheme. The Fund continues to train staff on both soft skills and technical training in order to improve requisite competencies geared towards improving both individual and organizational performance.

Figure 7: Staff training

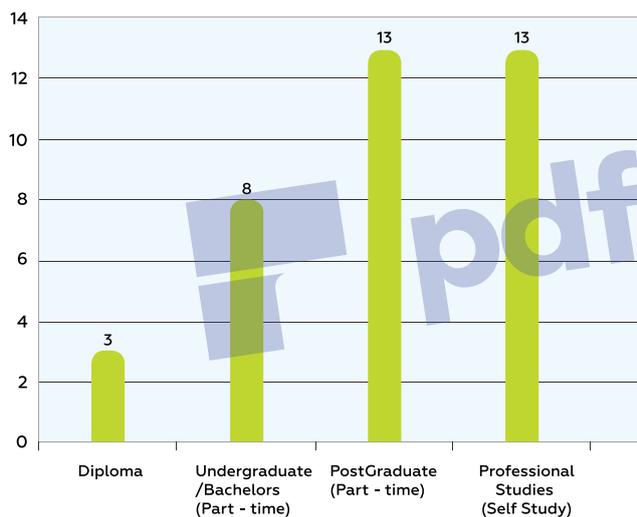


Figure 7 above shows formal training undertaken by the Fund during the year. Thirty-seven (37) employees attended industry specific training at various accredited institutions. Some training was in accordance with the training plans while other employees were on self-study but were assisted by the Fund to pursue various programmes.

Some employees also attended the below mentioned key training, workshops and seminars to improve internal capacity.

Table 1: Other Training

Training	Conference	Workshop/Seminars	Self-Study
Road Safety Management	Talent Management	ACCA Africa Member Convention 2017	Certified Internal Auditor

Table 1: Other Training (continued)

Training	Conference	Workshop/Seminars	Self-Study
Strategic HR Management	IIA Botswana Annual Conference	Taxation	Certified Fraud Examiner
Master Financial Controller	King IV & Corporate Governance	IIA Mandatory Guidance workshop	Middle Management Coaching
Internal Audit Mandatory Guidance	Senior Secretary & Competence Development	Effective Records, Information & Data Management Standards	Prince 2
Customer Service	Case Management	ACL Data Analytics	
Balanced Scorecard Certification		Auditing tools and techniques	

The Fund has widely invested in the soft skills training of staff to enhance their knowledge and skills in various areas such as training on coaching, mentorship and disciplinary procedures which were all held in-house and outsourced to consultants.

Training on Coaching and Mentorship

The program sought to:

- Facilitate a deeper conceptual understanding and ability to translate the understanding into implementation of the Talent Management Strategy by MVA Fund Managers;
- Facilitate Goal setting and action planning in critical areas of Management's individual personal and professional lives with a view to improve performance
- Assist with compilation of the 9 Block Grid mapping to be used as input into and a basis for the Talent Review process.

Training on Disciplinary Procedures

The program sought to;

- Develop practical skills for all Managers to manage workplace discipline;
- Use most recent case laws as learning examples and to encourage participants to discuss issues they currently face in the MVA Fund set up; and
- Integrate best practice and Legislative reviews with the Fund's HR and Disciplinary Policies.

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Human Resources

Staff Surveys

Internal Customer Satisfaction Survey

The purpose of the survey is to measure the satisfaction levels across the various departments and to determine the Overall Internal Customer Satisfaction Index of the Fund. The survey fosters a strong inter-departmental service delivery culture. The Survey results are shared with staff and the Fund develops appropriate interventions to address the service delivery gaps identified through the survey.

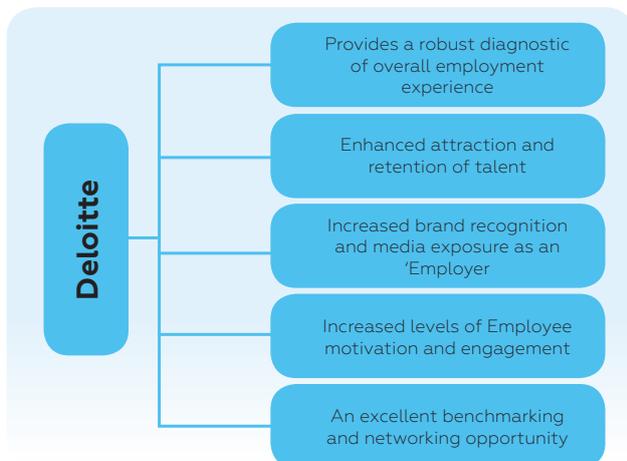
Departmental managers were encouraged to periodically engage staff to ensure improvement in low scoring dimensions. In 2017 the Fund conducted the eighth (8th) Internal Customer Satisfaction Survey (ICSS) and an index of 73.4 % was achieved being a marginal increase compared to an index of 73% achieved in 2016.

Best Company Survey

The Fund seeks to devise effective ways of improving staff engagement levels geared towards staff retention and to improve performance by participating in the annual Deloitte Best Company Survey. The 2017 Survey was revised to incorporate only four (4) dimensions instead of ten (10) dimensions as in the past several years. The survey focused on the following dimensions; Accomplishment & Growth, Fairness & Integrity, Care and Feedback and Values & Culture.

The Fund achieved the Best Company Index of 65.14 and the Engagement Index of 71.74. The Best Company Index measures the overall attraction of the organization among its employees while the Engagement Index measures the overall engagement state of the organization's employees.

The following are the key benefits derived from participating in the Deloitte Best Company to Work for Survey



The above are indications of a clear demonstration that the Fund is committed to ensuring an improvement in matters relating to human capital.

Staff Wellness

The Fund has staff welfare programmes in recognition that a healthy workforce is productive and necessary for the Fund to improve its performance. In addition, staff spend their most productive hours at work, and it is important that the workplace is conducive to enhance performance. Welfare programmes range from motivational talks, spiritual wellbeing, sporting activities, encouraging healthy eating and other habits, confidential counselling sessions and physical well-being. The Fund has a gym facility in Head Office and subscribes to gyms for staff in other branches. Sports day was arranged for Staff and participation was extended to other organizations.

The Fund in addition hosted the Interfund Games which were attended by MVA Fund Botswana, MVA Fund Namibia and MVA Fund Swaziland. The Fund further collaborated with Ministry of Youth Empowerment, Sports and Culture and hosted a wellness day which was well attended. The community was also invited to this activity.

STAFF PARTICIPATING IN WELFARE ACTIVITIES



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Social Club

The Fund's social club provides a relaxed environment where members can form new acquaintances and interact socially at their spare times. Club membership is voluntary and restricted to employees. The club is administered by a committee selected by members on a periodic basis through an elective process. The social club is subject to the regulations by Botswana Registrar of Societies.

The objectives of the social club include among others, to; improve staff collaboration outside the working

hours, undertake corporate social responsibility projects to assist the underprivileged communities, facilitate sporting activities, leisure trips and to support social club members in times of bereavement and weddings.

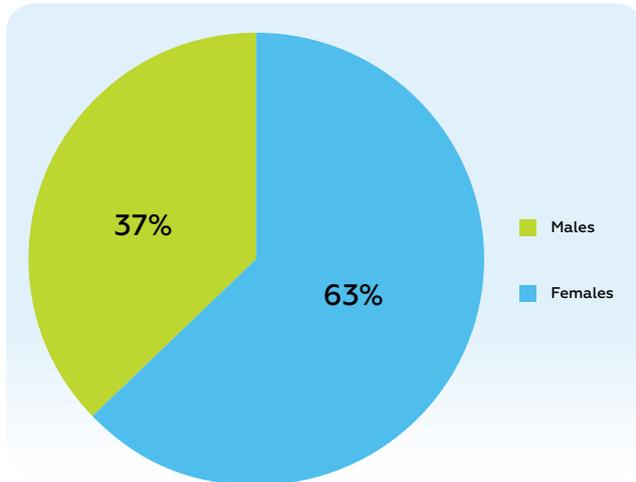
The club is funded through member fixed monthly subscriptions which are determined by the membership. The club has its own bank accounts and manages its financial affairs.

STAFF DURING A NETWORK SESSION



Human Resources

Figure 8: Staff by gender



As at the end of the year, the Fund had a staff complement of 104. Female employees accounted for 63% while male accounted for 37% which is in line with the domestic labour market.

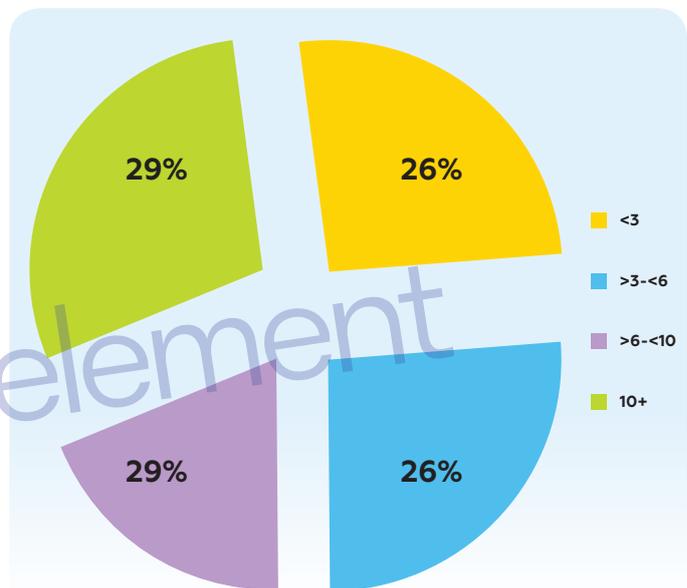
Figure 9: Age profile of the Fund's Staff



The Fund's workforce age is skewed towards the youth and young adults which is aligned with the labour market. The age categories 25 years to 31 years and 32 years to 39 years' accounts for around 60% of the workforce which follows the national profile. These age groups are predominantly graduates as the Fund is a knowledge based organization.

There is a sharp decline between the age category 40 years to 49 years and 50 years and above which is aligned to the national profile. The Fund has invested more on training and development towards the younger generation as part of succession planning and also as these age categories are highly mobile and career ambitious. Counselling is provided for those who are closer to retirement to prepare them for the eventual reality as part of wellness programme.

Figure 10: Staff's length of service (in years)



The above pie chart demonstrates that 29% of employees have been with the Fund for more than 10 years followed by tenures of 3 years to 6 years and less than 3 years at 26% each while above years 6 and below 10 years accounted for the remaining 19%. MVA Fund staff's length of stay of 10 years and above is a competitive advantage as it indicates stability for the Fund which is key for institutional memory and service delivery. The staff engagement and a long service is attributable to the following:

- Belief by employees in the Fund's mandate;
- Compelling desire to improve service delivery to claimants and customers;
- Understanding of each other and the business context in general; and
- Willingness to go "an extra mile" to keep up with the Fund's growth and performance strategies.

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Staff Turnover

The Fund has managed to maintain acceptable levels of staff turnover rate of 1.94 % as at end of December 2017 against the Fund's set benchmark of 7% inclusive of all attritions such as resignations, dismissal, death and retirement.

The low staff turnover is attributable to positive organisational culture, effective performance management systems, staff welfare programmes, training and development, alignment of responsibilities with corporate strategy and improved engagement and communication.

Outlook

PMS automation

The department will in the next financial year automate the Performance Management System in order to effectively manage performance. This is an innovative way of ensuring that there is consistent and efficient system for performance management.

Talent Management Strategy

Talent Management is one of the priority areas of the human resources strategy. In order to strengthen talent management, the Fund looks forward to the review and approval of some Human Resource Policies which are to be aligned with the Talent Management Strategy. The policies shall include;

- Training and Development Policy
- Performance Management Policy
- Attraction and Retention Policy
- General Conditions of Employment
- Code of Conduct
- Disciplinary Policy and Procedures

Organizational Review and Job Evaluation (ORJE) Exercise

The Fund will in 2018 undertake the Organizational Review and Job Evaluation Exercise in order to support the implementation of the Strategic Plan 2018-2022. The development of the Case Management System will further result in alignment of business processes to attain operational efficiency.

Welfare programmes range from motivational talks, sporting activities, counselling sessions and the gym facility which is within the office. Sports day was arranged for Staff and the Fund invited other organizations.

Information Technology

The department is currently operating under the Information Technology Strategy for 2014 - 2018 which provides a roadmap for the Fund to implement and deliver services through the use of technology that support its strategic vision, mission and objectives.

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Information Technology

INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology (IT) Department is charged with developing and implementing efficient and cost effective information technology platforms that supports the Fund's strategic plan. The department protects the organizations' computer assets from intruders to maintain integrity and reliability of the Fund's information. The department is currently operating under the Information Technology Strategy 2014 - 2018 which provides a roadmap for the Fund to implement and deliver services through the use of technology that support its strategic vision, mission and objectives. The IT Strategy also provides a planning process to ensure that:

- A shared vision for information technology is consistent with MVA Fund's vision, mission and goals;
- Technology initiatives are aligned with the Fund's priorities;
- The Fund's business needs are addressed through the use of technology; and
- Appropriate funding is available for enhancement of information technology initiatives.

The IT Strategy 2014 -2018 has identified three key priority areas which the Fund should focus on to benefit from information technology namely: innovation, capacity building and system security.

Table 1: Key IT priority areas

Priority Area	Key Initiatives
Innovation	Implement Customer focused systems.
	Improve level of automation.
Capacity Building	Continuous improvement/ enhancements of IT Systems.
	Focused training & development on SAP skills to ensure self-sufficiency.
	Targeted retention strategies to guard against attrition of key competencies and experience.
System Security	Cascade IT Strategy to ensure staff buy in and effective implementation.
	Realignment of IT Structure to fully meet the requirements of Fund business.
System Security	Evaluate and implement security technologies to protect privacy and integrity of information resources.

Innovation

Innovation is one of the core values of the Fund. The Fund seeks to continuously improve its processes to attain efficiency and cost effectiveness in service delivery to the customers. The I.T department oversees all technology-based projects to ensure alignment with the I.T strategy and efficient allocation of resources. Innovation activities are mainly focused on automating manual processes, improving existing systems and implementing new systems. Below are some of the new systems and enhancements that were carried out in the year 2017.

Firewall upgrade

A Firewall allows business to protect itself against internal/ external threats by defining policies which permit or deny network traffic. The Fund successfully upgraded its Firewall to better protect itself against threats emanating from the internal / external environment. Other measures employed to combat malicious activities include proactive monitoring, logging and analysis of network traffic. The ease with which the Internet has enabled businesses around the world to collaborate on projects has also presented a vector through which malicious actors can cause considerable harm to operations. The year 2017 saw an increase in cyberwarfare aimed at disrupting economic and social activities.

In 2017, governments and business sector were hit with one of the worst computer malware ever discovered known as WannaCry. The WannaCry malware affected millions of devices across the world causing considerable harm to business operations. Owing to these challenges, organizations find themselves having to take proactive measures to guard against external actors seeking to disrupt their operations.

Customer Interaction Portal (CIP)

As a customer service focused organization, the Fund introduced a Customer Interaction Portal (CIP) to improve customer service. CIP is an automated and easy to use system which enables customers to give feedback to the Fund about the timeliness and quality of the service. The portal has been installed in all the Fund's offices. The portal also serves as a queue management system which helps in ensuring customers are served in an orderly manner to avoid unnecessary queue management challenges. The Fund collates feedback from customers to address service delivery gaps and therefore improve service delivery to its customers.

Hardware Expansion

Following the successful completion of server hardware replacement project in 2016, the Fund expanded its hardware resources to accommodate new systems which

Information Technology

were planned to go online during the year. The department actively manages 105 staff computers, 20 servers, 40TB of storage, 105 smartphones and 20 tablets.

Risk Management System

In taking a proactive rather than reactive approach to Risk Management, the Fund implemented a Risk Management System to effectively manage risk. The implementation of the system is on-going and the project is on track and is planned for completion in early 2018. The system will automate the current manual processes of capturing, managing and reporting on risk. End user training has already been conducted to ensure capacity building and minimise system go-live challenges.

System Security

The Fund has taken pro-active steps to ensure that access to customer data is properly secured and monitored against threats from internal / external malicious actors through the use of physical and system based controls. The year 2017 has been one of the worst years on record, with attackers unlawfully gaining access to and exposing millions of customer records. The attacks underline the need to boost systems security and controls in an increasingly hostile cyberwarfare environment. The Fund has put in place measures to improve security of access and sharing customer data. Acceptable system uses and access based security are further supported by the I.T Policy. The Fund has secured its premises and assets by installing a closed circuit television (CCTV) camera system that is able to record and retrieve security footage when required.

Network

The Fund has taken advantage of the Fiber-To-The-x (FTTx) project in which BoFiNet developed a fiber backbone that businesses and homes can tap into for faster network access. The project resulted in the reduction of wholesale bandwidth pricing and faster connection speeds compared to other technologies such as Wireless and Frame Relay. As a result of the switch to fiber, the Fund increased its bandwidth from 2MB/s shared to 26MB/s shared resulting in faster data access and improved customer service.

The Fund operates a Wi-Fi network which extends the wired network. Wi-Fi is only available at the headquarters and will in future be extended to other offices. Staff and visitors to the Fund headquarters are able to connect to the network to get more information on products and services offered by the Fund.

The two mobile offices are also connected by VPN technology and connects remotely to production systems thus enabling officers to lodge claims on-line and offer

other services to claimants across the country.

Disaster Recovery

As part of its business continuity, the Fund has invested in various resources for disaster readiness to mitigate against complete data loss in the event of a disaster. The Fund operates a replica of its main production data centre at one of its remote locations. Data replication occurs at scheduled intervals and ensures data synchronization between production and replica servers. The replica servers are meant to come online only when a disaster has struck the main production site. A backup generator and uninterruptible power supply units ensure operations in times of power outages. Data is also backed up to tape media and stored offsite.

Capacity Building

The Fund continued to develop employees by offering a number of training programmes in 2017. The training is meant to improve system use and support which ultimately results in improved customer service. Training on Case Management System, Customer Interaction Portal and Risk Management System were undertaken in 2017. Capacity building is done through on-the-job training as well as formal training courses in accordance with the Training and Career Development Policy. Employees also enhance their skills by shadowing consultants working on various information technology projects.

The Fund has over the years build capacity in System Administration, Networking, SAP Basis, Workflow and Business Intelligence. The development of in-house expertise in various areas has resulted in reduced costs and less reliance on outsourced I.T services.

Projects currently underway

Case Management System

The Customer Management System Project which started in 2016 is on-going. The system is an overhaul of the current manual based process of managing claimants' clinical data. The system will further improve efficiencies in capturing, managing and reporting on claims data. Other efficiencies to be gained include improved cost management as the system integrates ICD codes on medical costing.

As at the end of 2017, the implementation was at User Acceptance Testing (UAT) where integration with other systems and extensive tests of the components of the system already developed are tested by end users of the system. The UAT informs user acceptance and any modifications to be made to the system. Go-live is scheduled for early 2018.

Corporate Communications

The department enhances the quality of both internal and external communications through communication strategies and processes. The department further liaises with the media to ensure that news about the Fund are accurate while also responding to media queries and enquiries. Corporate communications department furthermore manages the Fund's brand to ensure that it is received positively by the public and key stakeholders and that the brand remains relevant.

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Departmental Reports

Corporate Communications

Corporate Communications Department is responsible to create and enhance public awareness of the Fund's mandate and services and to manage stakeholder relations. The Departments in addition enhance the quality of both internal and external communications through communication strategies and processes. The Department further liaises with the media to ensure that news about the Fund are accurate while also responding to media queries and enquiries. Corporate Communications Department furthermore manages the Fund's brand to ensure that it received positively by the public and key stakeholders and that the brand remains relevant.

STAKEHOLDER MANAGEMENT

The Fund continues to actively collaborate with its key stakeholders to promote road safety and bring about positive road usage behavior and to solicit feedback to improve service delivery.

Table 1: Stakeholder Engagements

Activity	Purpose
Religious community including Evangelical Fellowship of Botswana (EFB), Organisation of African Instituted Churches (OAIC), Botswana Council of Churches (BCC), Seventh Day Adventist (SDA) and Zion Christian Church (ZCC)	To encourage the churches to play a positive role in promotion of road safety since churches as members of the community are also affected by road traffic crashes particularly during the Easter Holidays and other major church activities.
Health Professional Service Providers Interaction Sessions	Meetings were held with the health professionals service providers to improve the working relationships and solicit ideas and to address challenges of service delivery. Health professionals were also encouraged to be ethical at all times in dealing with the Fund and its claimants and to avoid over servicing, over charging and to report those known for malpractice to the Fund and the relevant regulatory bodies.
Botswana Police Service, Department of Roads, Department of Road Transport and Safety, National Road Safety Committee	To promote road safety and enforce compliance with road traffic laws, improve signage on our roads and to undertake maintenance of roads.
Ministry of Health and Wellness	Public education and to improve post-crash care to improve chances of survival following a road traffic crash.
Communities, Schools and Government departments	Public education to promote road safety.
Parastatals and private sector	Promote road safety and encourage these entities to incorporate road safety on their Safety, Health and Environment policies.

The Fund has signed Memoranda of Understandings with the following entities to define parameters within which both parties collaborate; Department of Road Transport and Safety, Botswana Police Service, Department of Roads, Ministry of Health and Wellness.



Corporate Communications



Departmental Reports

Corporate Communications

MEDIA RELATIONS

The Fund uses a wide range of communication channels to reach out to the public to promote its product and services. The media plays an integral part of marketing and brand awareness of the Fund. Traditional media platforms such as television, newspapers and radio, continue to be utilised for information dissemination on the Fund's mandate.

Motsamaisa Bosigo Radio drama is another innovative marketing tool that the Fund employed to sensitize the general public on road safety issues and the available benefits to those affected by road traffic accidents. The radio drama was aired on Yarona FM and RB2 FM respectively and positive feedback on the drama was received. The Fund will in the future consider extending airing the drama in other radio stations to improve coverage of listeners.

The Fund produced the quarterly MVA Fund Today Magazine which promotes road safety and the Fund's products and services and this has improved the Fund's outreach. The magazine which covers a wide range of socio-economic and health issues is distributed free to stakeholders and the general public.

To further augment publicity and visibility of the Fund, the Fund's website was revamped to make it more appealing, informative and interactive. The website serves as a link between the Fund and its varied local and international audiences. It is therefore imperative that it is kept updated and appealing to the consumer to remain relevant.

The page is accessible at <http://www.mvafund.bw/>

SOCIAL MEDIA

Social media has proved to be a powerful tool of

communication and has a great appeal particularly among the younger generation. The Fund has invested in Facebook as an alternative to conventional media in order to market its products and service to a wider audience. This platform provides an interactive and real time mode of communication between the Fund and its stakeholders. The page followers currently stand at 8 946 being a substantial increase from 4 000 followers in the previous financial year.

The Facebook page is also used to improve service delivery as claimants are able to check the progress of their claims using a unique claim number assigned to each claimant. It also helps the organisation to know its audience better and that helps the organisation to implement media strategies that better suits its audience. The Facebook page is also used for advertising purposes and publicise corporate events.

The page is accessible on:

<https://www.facebook.com/MVA Fund Botswana.>

The Fund's YouTube account provides an opportune platform to disseminate information on the Fund through video clips. This platform is linked to both the Facebook page and the website for easy accessibility.

PUBLICITY OF THE FUND

The Fund uses every opportunity to enhance the Fund's visibility and improve awareness of the Fund's products and services. Publicity events helps the Fund to effectively communicate and engage with its external stakeholders. For the year 2017, the Fund participated in the following events, UB Foundation Dinner, Medical Practitioners Annual Dinner Dance, mall and bus stop campaigns, Diacore Gaborone Marathon, World day of Remembrance of Road Traffic victims and International Disability day.



MEDICAL ASSISTANCE

injured in a road crash?

We ensure you get appropriate medical care & rehabilitation.



Corporate Communications

This holiday season, think carefully about what your next round of drinks could cost you.

Drive sober, or pay the price.

This holiday CHOOSE LIFE!

At Easter thousands of people are on the road.

- holiday makers going home with their families
- church groups travelling to places of worship
- travellers in transit through the borders

Take care. Tsamaya sentle.
You are responsible for the lives of all the people you meet on your journey.

PASSENGERS speak out!
Say no to overloading, drunk driving, fatigue and speeding.

- **Stay alert, stay alive.** Fatigue is a killer. Take short rests. Stop often, stretch walk about, then continue your journey.
- **No need for speed.** Speed increases the risk of death or serious injury. If you are not sure that it is safe to overtake – DON'T.
- **Don't drink and drive.** Alcohol dulls your brain and reduces your ability to see danger & affects your judgement at the wheel and slows down your reactions.
- **Watch out for animals** – they don't know the rules of the road.

MVA FUND
Living the promise.

Did you Know?

Wearing a seatbelt reduces the risk of fatalities and severe injuries. Think again. Always wear a seat belt.

STOP



**DISTRACTIONS TAKE YOUR EYES OFF THE ROAD
YOUR HANDS OFF THE WHEEL
YOUR MIND OFF DRIVING
YOUR LIFE TOO!**

AVOID TEXTING WHILE DRIVING

SLOW DOWN

BETTER LATE THAN NEVER

30th Anniversary Celebrations

During 2017 the Fund celebrated its 30 years of existence and the momentous milestones that the organisation achieved throughout the years. The celebrations were held in Mahalapye and were graced by Minister of Finance and Economic Development, Hon. Kenneth O. Matambo. The Fund used this opportunity to celebrate with the public and further sensitize them on its mandate.

Departmental Reports

Corporate Communications



MVA Fund celebrates 30th Anniversary



Internal Audit

In accordance with best corporate governance practices, the department reports functionally to the Board of Directors through the Finance and Audit Committee and administratively to the Chief Executive Officer.



Departmental Reports

Internal Audit

The Internal Audit Department was established by the Board of Directors to improve the Fund's risk management, governance and internal control processes. In accordance with best corporate governance practices, the department reports functionally to the Board of Directors through the Finance and Audit Committee and administratively to the Chief Executive Officer.

Internal Audit and Risk Management

The Internal Audit Department uses a risk-based internal auditing methodology to provide both consultancy and assurance services to enhance the Fund's risk management processes. As a result, the annual internal audit plan was developed based on the risk assessment results of the Fund as per the Fund corporate risk register.

In addition, risk assessments are conducted for each audit engagement. Internal controls systems are used to manage strategic business risks to ensure the fulfilment of the Fund's business objectives. Although no system of internal control can provide absolute assurance that strategic risks will be fully mitigated, the Fund's internal control systems have been designed to provide reasonable assurance to ensure achievement of business objectives. During the year under review, the Fund implemented Barnowl Risk Management software and Internal Audit Department provided consultancy services during the implementation.

The system is intended to add value to the existing processes and will enable the department to provide assurance on the risk management processes. The system will also enhance the Control Self-Assessment (CSA) principles. CSA involves a structured approach to documenting business objectives, risks and controls and having operational management and staff assess the adequacy of controls. The department will conduct a risk management process review in 2018 to assess the maturity of the Fund's risk management process and the outcome of the review will assist Management and the Board to provide strategic improvements to the risk management process.

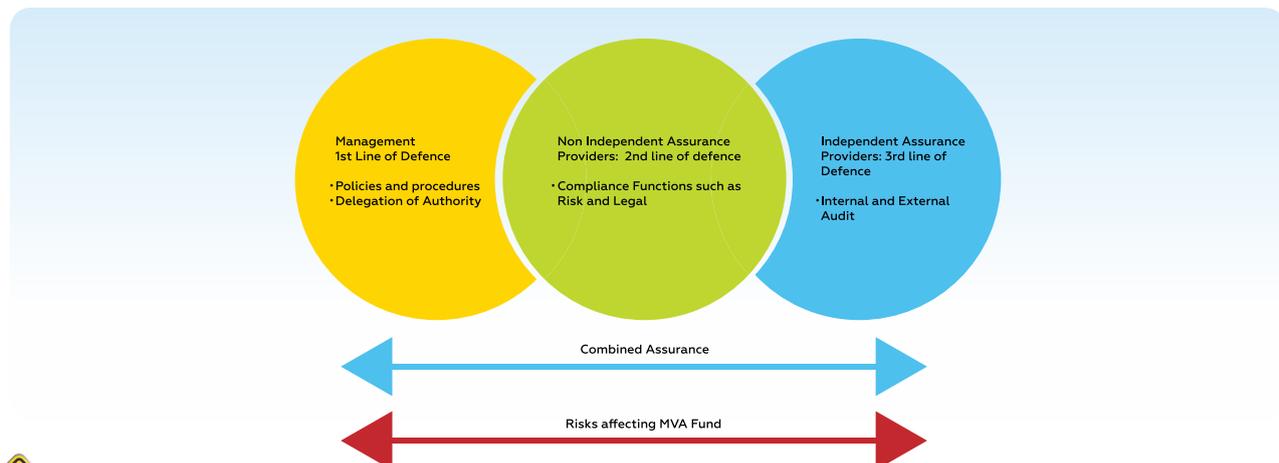
During the year under the review, the department conducted in-house training for employees to raise awareness on risk management, fraud and internal controls. Providing awareness enables staff to have a clear understanding of what is expected of them and to know where to seek assistance and advice on the above matters. This understanding significantly improves the Fund's chances of managing risks, improving the control environment and ultimately improving the chances of achieving the strategic objectives.

Combined Assurance Model

The Fund has adopted the combined assurance approach to coordinate the risk management efforts by different assurance providers. This approach is recommended by King IV Report on Corporate Governance in order to maximise risk and governance oversight and control efficiencies, and to optimise overall assurance to the Board of Directors. Having taken a broader and holistic approach to risk management, the MVA Fund Board of Directors has committed to strategic drivers of performance within the Fund. In order to exercise this fiduciary duty, they rely on the assurance providers (internal and external) to consistently provide assurance on the integrity of information used for decision-making by Management and to enable an effective control environment.

On a quarterly basis, the Internal Audit Department reports to the Finance and Audit Committee and to the Board on areas which carry potential risks to the strategy implementation and to the organisation as a whole. Therefore, the quarterly reports from the department provided assurance on the Fund's control environment during the year. The department also worked closely with Management to improve risk management, governance and internal control processes. The Department also performed work internally which was relied on by the Fund's External Auditors and furthermore, conducted follow ups on management letter audit issues raised by the External Auditors to improve the control environment.

Figure 1: Internal audit assurance



Departmental Reports

Internal Audit

Fraud Management

The Fund has adopted a zero tolerance to fraud. In addition, MVA Fund has established a Fraud Policy which is part of the Fund's network of controls that assist to detect and prevent fraud. The Policy provides awareness to employees on fraud and guidance on reporting fraud, including protection of whistle blowers.

Fraud and Ethics Whistle-blowing Hotline

The Fund has implemented an independent Fraud and Ethics Whistle-blower Hotline administered by Deloitte Anonymous Tip-Offs.



The whistle-blowing hotline is meant to act both as deterrent against fraud and to provide a detection mechanism for wrongful acts by employees and the Public.

The Whistle-blower Hotline was officially launched to the public during the Fund's end of year Stakeholder event held in Mahalapye in December 2017.

During the year under review, the department conducted twelve (12) fraud investigations relating to loss of earnings, loss of support benefits and a medical undertaking benefits.

One (1) of the cases was received through the Fund's Fraud and Ethics Whistle-Blower Hotline.

The investigations resulted in repudiation of three (3) cases, initiation of right of recovery in two (2) cases, two (2) cases were closed on the basis of no fraudulent activity proven while the remaining five (5) are still under investigation.

MVA Fund Fraud Remedies

The Fund is committed to fighting and rooting out fraud. Furthermore, the Fund is prepared to seek redress against those people who commit fraud and is devoted to limiting people from benefiting from their criminal conduct.

Some forms of redress which the Fund may resort to include:

- Revoking any Fund's liability in the case of claimants;
- Recovery of embezzled funds;

- Blacklisting suppliers; and
- Referring cases to national law enforcement agencies.

In addition to the above penalties, unethical service providers will be reported to their respective regulatory bodies or Professional Associations for appropriate action and sanctioning.

The Fund's General Conditions of Employment provide stern measures to address fraudulent behaviour by employees which are meted through its disciplinary processes.

The MVA Fund Act of 2007 also empowers the Fund in many respects to address fraudulent behaviour. The following are some of the examples of remedies from the Act to address fraudulent behaviour:

• Section 22 (4) (5) Loss of support

Any person who being a guardian, curator or caretaker receives monies on behalf of a claimant, who has suffered loss in accordance with the provisions of section 20, commits an offence, if he or she fraudulently misapplies such monies for purposes other than those intended by this Act.

Any person who contravene provisions of this section or who commits an offence under subsection (4) shall;

(a) Be guilty of an offence and liable to a fine not exceeding P 10, 000 or to imprisonment for a term not exceeding seven years or both:

(b) Reimburse the beneficiary all monies misused by him or her; and

(c) Be divested of his or her control over such trust funds.

• Section 26 (6) Lodging False Claims

Any person who willfully makes a false claim or produces false or misleading information or particulars concerning the vehicle accident, injury or death giving rise to the claim for compensation shall be guilty of an offence and shall be liable to a fine not exceeding P 5 000, or to imprisonment for a period not exceeding 12 months or both.

Implementation of Recommendations

The Internal Audit Department periodically performs follow up audits to ensure that Management implements the agreed audit recommendations. These include follow ups of internal control weaknesses identified by the Fund's External Auditors through the Management Letter.

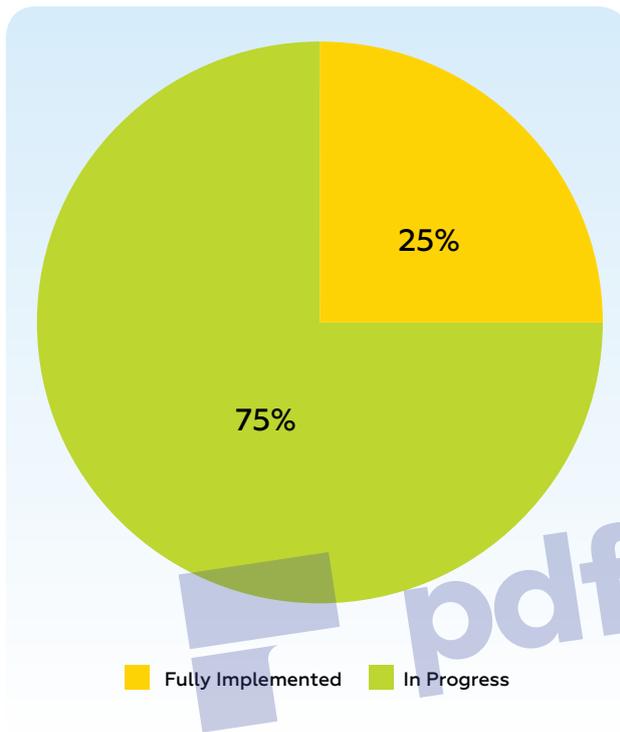
Departmental Reports

Internal Audit

The Finance and Audit Committee is updated on the progress of implementation of audit recommendations on a quarterly basis.

The department will continue to provide input in the risk management processes through the review of the Fund's risk management policies and framework scheduled for the year 2018.

Figure 2: Implementation of recommendations



Internal Audit Software

The Internal Audit Department uses the Teammate Audit Management Software to assist with audit planning and execution. The System allows generation of reports and enables timely follow up of audit recommendations through its real time issue tracking module. The Department also uses the ACL data software for data analysis.

Outlook

In the 2018, the Internal Audit Department will continue to add value by ensuring that the policies guiding the function are aligned to the Organisation's Strategic Plan 2018 – 2022. This will be done through review of key policies and procedures and will include Internal Audit Charter and the Fraud and Whistle-Blowing Policy.

An independent quality assurance review will be conducted in 2018 to enable an assessment of the Internal Audit Department as per the requirements of the Internal Auditing International Professional Practices Framework (IPPF). The review also enables assessment of value add of the department to its stakeholders being Management and the Board.



Corporate Governance Statement

The Fund prides itself with a diversified Board of Directors that has a balanced mix of skills and expertise. The expertise that constitutes the Board enables sustained and effective execution of the oversight role and ensures delivery of the mandate.

Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

The Fund subscribes to the principles of corporate governance and these promotes accountability, responsibility, integrity and transparency. The principles are pivotal in driving the performance of the Fund and ensuring ethical conduct in all the affairs of the Fund. The principles further serve as a check-and-balance mechanism for the Fund, and help in ensuring that good governance is integrated in all the Fund's decision-making processes.

The Board of MVA Fund has committed to the maintenance of the core principles of good governance in all of the business dealings in respect of its shareholder, (Government), customers, the general public and other relevant stakeholders. This commitment remains integral and a norm, hence cannot be overemphasized. During the year under review, the Board complied with best international practices commonly associated with King III Code of Governance Principles, as recognised in the Board Charters.

The Fund adhered to these non-binding governance standards in so far as they are applicable to the business structure. In keeping up with the latest governance developments, the Board will endorse the King Code (King IV), which re-aligns and supplements the propositions of King III Code, with more emphasis on stakeholder inclusion, IT Governance and disclosure. To achieve an effective transition to King IV Code, the Board will be upskilled on the revised Code, and the proposed changes will be formally adopted during the review of Board Charters.

Governance of the Fund

The Shareholder (Government)

The Fund was formed by an Act of Parliament with Government being the sole shareholder. The Shareholder and the Board subscribe to good governance and strive to adhere to its overarching principles. As part of the performance improvement, the Shareholder and the Board signed a Shareholder Compact which represents the terms of agreement between Government and the Board of Directors.

The Agreement reflects the expectations of each party towards the achievement of the Fund's mandate. In addition, the Shareholder Compact strengthens corporate governance, sets out the expectations and harmonizes the relationship between Government and the MVA Fund Board.

The Board of Directors are appointed by the Minister of Finance and Economic Development in line with the provisions of MVA Fund Act of 2007. The Board has thus been entrusted with statutory powers and has a fiduciary duty towards the Fund, the claimants and the general public.

The Board

The Board performs its functions in line with the MVA Fund Act of 2007. It exercises its governance role according to the Act, the Board Charter and other corporate governance best international practices. The Board provides strategic leadership and vision to the Fund in a way that ensures long-term sustainable development and growth to the Fund.

The Fund prides itself with a diversified Board of Directors that has a balanced mix of skills and expertise. The expertise that constitutes the Board enables sustained and effective execution of the oversight role and ensures delivery of the mandate.

A maximum of eight (8) Directors are selected from suitable personnel that possess one or more of the following expertise or industries: Health Practitioner, Investment Skills, Road Accident reconstruction or prevention; or skills from a motor vehicle compensation industry, Attorney or Advocate, and Member of the Road Safety Committee.

Out of the eight members, three of them may hold any qualification and experience as the Minister considers appropriate for the proper functions of the Board. All the Board Directors are non-Executive Directors and the Chief Executive Officer is not a member of the Board. Each member shall be appointed for a term not exceeding three years and shall be eligible for reappointment.

The Minister has authority to remove or suspend from office any Director for instances that may arise where a member has acted improperly or is mentally or physically incapable of performing his/her duties. The Minister may also suspend a member against whom criminal proceedings are instituted for an offence of which a sentence of imprisonment may be imposed. MVA Fund has never recorded any instance of removal, suspension or disqualification of a Board member from office.

Board Composition and Structure

During the year 2017, there were seven (7) Board Directors and one vacancy. The Board and its Committees were constituted as follows;

The Board of MVA Fund has committed to the maintenance of the core principles of good governance in all of the business dealings in respect of its shareholder, (Government), customers, the general public and other relevant stakeholders.

Corporate Governance Statement

Table 1: Membership of the board and its committees

Name of Director	Main Board	Finance & Audit Committee	Board Investment Committee	Board Tender Committee	Human Resources Committee
A Botes (Appointed Chairman 1st July 2017)	✓*				
E Gonsalves	✓		✓	✓	✓
M Molebatsi	✓	✓		✓	✓*
G Bakwena	✓	✓	✓*	✓	
L Thebe	✓			✓*	✓
K Matshediso	✓	✓	✓		✓
P Motlogelwa (Appointed to Board 1st October 2017)	✓	✓*	✓		

* - Chairperson
✓- Member

Delegated Authority

The Board of Directors has delegated the daily administration of the Fund to the Chief Executive Officer. The Chief Executive Officer in turn, is accountable to the Board and reports on the performance of the Fund to the Board on a quarterly basis or more frequently where necessary. The Executive Management team offers support to the Chief Executive Officer in the effective management and administration of the Fund.

Corporate Governance Statement

Board Committees

The Board is empowered to appoint Committees and sub-committees to consider such matters or to perform such duties as it may direct. The Board has therefore, delegated some of its powers to the Committees to assist it in discharging its duties and responsibilities, particularly in highly-specialized areas. The membership of the Committees comprises of four suitably skilled and experienced non-executive Board Directors. Each Committee is chaired by a non-executive member and meetings are held in accordance to the Committee Charters. The Chairman of the Board in accordance with corporate governance practices is not a member of the Committees as he has an oversight role of the the board. The Executive management sits on the meetings of Committees by invitation. The Committees reports to and make recommendations to the Board.

Table 2: Summary of the Committees of the Board

	Board Committee	Roles & Responsibilities	Quorum	Frequency of meetings
1.	Finance & Audit Committee	<p>Recommends to the Board approval of the annual financial statements of the Fund.</p> <p>Recommends to the Board approval of the capital, operating and human capital budgets.</p> <p>Recommends to the Board the appointment of external auditors and approval of the external audit plan.</p> <p>Consults with the external auditors to ensure resolution of issues raised in the Management Letter.</p> <p>Reviews the effectiveness of the internal controls.</p> <p>Considers the Internal Audit Plan.</p> <p>Monitors financial reporting against best practice standards.</p> <p>Manage financial risks.</p> <p>Monitor compliance with legislation.</p> <p>Considers the reports from both the internal and external auditors who have unrestricted access to the Committee.</p>	2 Members present	At least once every Quarter
2.	Board Investment Committee	<p>Formulation and annual review of the Investment Policy Statement (IPS).</p> <p>Recommends the Investment Policy Statement to the Board.</p> <p>Reviews the current market conditions affecting investments and advice the Board on the appropriate investment strategy.</p> <p>Ensures adherence to procedures and effective management of investment risks.</p> <p>Monitors and reviews the effectiveness of the investment strategy.</p>	2 Members present	At least once every Quarter

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Corporate Governance Statement

Table 2: Summary of the Committees of the Board (continued)

3.	Human Resources Committee	<p>Reviews policies relating to human resourcing, remuneration, selection, retention, performance assessment and remuneration of employees.</p> <p>Monitors and reports to Board matters relating to the appointment of the Deputy Chief Executive Officer and senior Management positions as may be necessary for the proper discharge of the functions of the Fund.</p> <p>Monitors the implementation of the human resources policies, and report to the Board on progress.</p> <p>Ensures compliance to labour laws.</p> <p>Management of risks associated with human capital.</p>	2 Members present	At least once every Quarter
4.	Board Tender Committee	<p>Ensures compliance to the Tender Regulations and Procurement Procedures Manual.</p> <p>Approval and award of tenders in accordance with the Tender Regulations and Procurement Procedures Manual.</p> <p>Ensures that high ethical standards are upheld in the award of tenders within the applicable limits and authority defined in the rules.</p> <p>Approves variations in the scope and conditions of previously approved contracts or service level agreements, including extensions, assignment and subletting.</p> <p>Approves the extension of existing contracts within its set limits.</p>	2 Members present	At least once every Quarter

Governance

With the powers and functions of the Fund being statutorily vested on the Board, the Board plays a vital role on governance as it is ultimately accountable for the affairs of the Fund. It is assisted by the integral assurance mechanisms to optimize its oversight role. The Board of the Fund is consensus-oriented, responsive and subscribes to an equitable way of handling the affairs of the Fund. The key role of the members is to endorse the organization's strategy and maintain an effective system of internal controls to ensure compliance with MVA Fund Act, MVA Fund Regulations and other statutory instruments. The members have a fiduciary duty towards the Fund and their duties include the approval of the audited financial statements. By approving the audited financial statements, the Board ensures and assures the accuracy and integrity of related financial information to all the stakeholders. The audited financial statements assist stakeholders to assess the performance of the Fund, its risks and return on investments and its viability. The Fund recognises compliance with the law as part of good corporate governance. The Fund therefore continues to ensure compliance with applicable laws and regulations.

The Board passed the following key resolutions during the year;

- Approval of the Audited Financial Statements for the year ended 31st December 2016.
- Consideration of the Management Letter for the year ended 31st December 2016.
- Approval of the Engagement Letter for the External Auditors.
- Approval of the Audit Strategy & Plan for the year ending 31st December 2017.
- Mid-Term Review of the Financial Year 2017 Budget.
- Approval of the Revised Performance Management System Policy.
- Approval of the Attraction and Retention Policy.
- Approval of the Internal Audit Plan for the financial year 2018.
- Approval of the Proposed Legislative Amendments.
- Approval of the Renewal of Reinsurance Treaty for the Year 2018.
- Approval of the Revised Training and Career Development Policy.
- Consideration of the Project Appraisal for the Development of Francistown Regional Office.

Corporate Governance Statement

Board and Committee Charters

To assist in the Board's efficient functioning and adoption of best practice, the MVA Fund Board has established the Board Charter and the Committees' Charters. The Charters guide the MVA Fund Board and the Committees to discharge their fiduciary duties and outline the Board and Committees' mandate, composition and authority.

Board meetings

The Board meets as often as the business of the Fund dictates. In accordance to section 12(1) of the MVA Fund Act 2007, the Board has to meet not less than once in each quarter of the year. Matters which require expeditious attention and approval of the Board are dealt with by way of Special Board meetings. During the year, the board met on four (4) quarterly sittings of the Main board and its sub committees. One special board meeting was held during the year. The schedule of the Board meetings was planned at the beginning of the year to aid the Board Members in their planning.

A quorum at any meeting consists of any four members of the Board. The Board is consensus-oriented. All the Board decisions for the year 2017 were unanimously made. Nonetheless, in a case where there is no consensus, the decisions are passed by simple majority on open ballot. The Chairperson has a casting vote and presides over meetings of the Board. Where the Chairperson is not in attendance, the Vice Chairperson presides over

the meeting. In the absence of the Chairperson and Vice Chairperson, the quorum may elect any member amongst themselves to chair the meeting. The Chairperson ensures that the meetings are focused and productive. The proceedings of the meeting are recorded, minutes are considered, approved and then passed as a true record of the meetings. This record is then kept by the Fund as a permanent record.

Declaration of Interests

The MVA Fund Board members cherishes the responsibility entrusted upon them. As a result, they strive to maintain a high standard of integrity and public confidence in the Board's activities. Board members are required to disclose in writing at every meeting, any circumstance that could give rise to potential conflict of interest relating to their role as board members. Where there are no interests to declare, the members equally indicate such in writing. At the appropriate time when the Board considers the matter (s), a member who has expressed interest in the subject, recuses himself/herself from the meeting unless the Board otherwise directs.

All the disclosures are recorded in the minutes of the meeting and the declaration forms kept as a permanent record. Contravention or failure to disclose an interest may result in removal from membership and/or penalty of a fine not exceeding P10,000.00 or imprisonment for a term not exceeding 10 years.

Table 3: Attendance Register for Board Directors in 2017

Name of Director	Position	Board meetings	Finance and Audit Committee	Board Investment Committee	Board Tender Committee	Human Resources Committee
A Botes	Chairperson	4 of 5	1 of 4*	2 of 4*	N/A	N/A
E Gonsalves	Vice Chairperson	3 of 5	N/A	2 of 4	3 of 4	3 of 4
L Thebe	Non- Executive Director	2 of 5	N/A	N/A	2 of 4	3 of 4
G Bakwena	Non-Executive Director	5 of 5	4 of 4	4 of 4	1 of 4 (Appointed to Committee in September 2017)	N/A
M Molebatsi	Non-Executive Director	5 of 5	4 of 4	N/A	4 of 4	4 of 4
K Matshediso	Non-Executive Director	3 of 5	3 of 4	1 of 4 (Appointed to Committee in September 2017)	2 of 4	3 of 4
P Motlogelwa	Non-Executive Director	1 of 5 (Appointed to Board in October 2017)	1 of 4 (Attended by invitation as a new Director)	1 of 4 (Attended by invitation as a new Director)	N/A	N/A

Note:

N/A- Not a member of the respective Board Committee

*** - Attended before appointment to Chairmanship**

Corporate Governance Statement

Board Induction and Development

On appointment, the Directors undergo a formal induction programme to enable them to have a better understanding of the Fund's operations and to discharge their duties diligently. The induction covers the MVA Fund Act and MVA Fund Regulations, Board structures and governance, the operations of the Fund, high level organizational structures, strategic plan and overview of the Fund's products and services etc., and the planned dates of Board meetings.

Directors are also offered training on Corporate Governance to improve their knowledge and skills. Board meetings are planned in advance and members are notified timely to facilitate for productive discussions. During the year, the Board continued to realise the value on investment brought by the automation of the Board Pack through the Board Pad solution. The software has enhanced preparation for board meetings as meetings are scheduled electronically and board reports are submitted online through the system. Voting of board resolutions is also done through the system.

Board Remuneration

The Board fees for the Directors are paid in line with Government Policy. Other expenses such as travel expenses (mileage and accommodation where applicable), are also paid in line with Government rates. Government has effective 1st April 2017 revised the board sitting fees as per Table 4 below for Category A parastatals.

Table 4: Board sitting fees

	Prior to 01st April 2017 (BWP)	Post 01st April 2017 (BWP)
Chairman	1 050 per sitting	2 250 per sitting
Director	800 per sitting	1 800 per sitting

During the year 2017, P352, 203 was paid towards Board expenses in accordance with Government rates as per the table above.

Board Secretary

The Fund's Board Secretary ensures that the affairs of the MVA Fund Board are in order and that the Board is adequately resourced to execute its fiduciary duty.

The key roles of the Board Secretary are to:

- Ensure compliance with statutory and regulatory requirements.
- Advise the Board on all corporate governance matters and their fiduciary duties.
- Maintain the Fund's key corporate documents and

records.

- Interfaces between Board and Management.
- Coordinating and attending board and committee meetings and maintaining minutes and resolutions.
- Ensures presentation of high-quality and up-to-date reports to the Board.

Internal Controls

The Board through the Finance and Audit Committee, oversees the adequacy and effectiveness of the internal control environment so as to efficiently manage risk, protect the Fund's assets, and ensure the reliability of financial statements and compliance with laws and regulations. The Board sets the tone and influences the culture of risk management within the Fund. The Finance and Audit Committee oversees risk management processes including the review of key risks. The Internal Audit Department provides assurance of the effectiveness of the Fund's system of internal controls, risk management and corporate governance. The department's assurance role is towards the Management, Finance and Audit Committee and the Board.

The internal audit performs its evaluations to assess the;

- Efficiency and effectiveness of the Fund's operations;
- Reliability and integrity of the Fund's data and records;
- Safeguarding of the Fund's assets; and
- Compliance with applicable laws and regulations.

The Internal Audit follows a risk based methodology as opposed to a compliance based approach. The risk based audit methodology goes further to assess whether the internal controls are effective in managing the risks identified in the Fund's risk log.

External Audit

The Finance and Audit Committee makes recommendations to the Board on the appointment, reappointment or removal of the External Auditors. The purpose of the external auditors is to provide an independent examination of the financial statements prepared by the Fund and to give an objective opinion as to whether the financial statements gives a true and fair view of the operations of the Fund. During the year the committee appointed PricewaterhouseCoopers to provide external audit services.

This appointment follows retirement of the previous External Auditors in line with the Fund's Rotation of External Auditors Policy. External Auditors are appointed for two terms of three years. The external auditor rotation is meant to improve independence and objectivity.

Corporate Governance Statement

Legal Compliance

The Board plays an oversight role to ensure that the Fund complies with relevant legislation, codes, standards and rules recognised both internationally and locally. The Board has delegated the responsibility of compliance to Management and this covers effective governance, risk and legal compliance processes. No breaches of compliance were recorded during the year and the Fund keeps abreast of all new relevant laws to maintain effective compliance.

Code of Conduct

The Board as directed by the King III Report ensures that ethical standards guiding the Fund's internal and external stakeholders are clearly defined. The Board Charters entail a Code of Conduct that governs the conduct of the Board. Employees are governed by the General Conditions of Employment and the supplementary Code of Conduct, which provide a framework to guide them in the conduct of the Fund's business. The Board and employees of the Fund are required to always conduct themselves in the highest ethical standards.

The Board Charters entail a Code of Conduct that governs the conduct of the Board. Employees are governed by the General Conditions of Employment and the supplementary Code of Conduct, which provide a framework to guide them in the conduct of the Fund's business. The Board and employees of the Fund are required to always conduct themselves in the highest ethical standards.



A close-up photograph of a hand holding a single, clear water droplet just above a small, vibrant green seedling. The background is dark and blurred, emphasizing the hand, the droplet, and the plant. The overall image conveys themes of care, growth, and sustainability.

Sustainability Report

The Fund has adopted sustainability reporting and this enables the Fund to assess the economic and social impacts of its business operations on the environment and other areas within which MVA Fund operates.

Sustainability Report

The MVA Fund is committed to attaining best practices for corporate sustainability. The organization recognizes sustainability as key to ensuring the future existence of the Fund and in a way contributing to social, national and global economic sustainability.

The Fund has adopted sustainability reporting and this enables the Fund to assess the economic and social impacts of its business operations on the environment and other areas within which MVA Fund operates. The report is an integral component of the Motor Vehicle Accident Fund business; it helps the Fund to improve operational efficiency, facilitating the sharing of values on which to build a more cohesive society and natural resource stewardship.

Sustainability reporting remains a vital component of shareholder, employee, and stakeholder relations. The wide coverage of sustainability reporting practices, creating transparency, helps MVA Fund to function more efficiently and indicate the health of the Fund in relation to the national economy; and help drive progress towards a smart, sustainable and inclusive economic growth. Sustainability reporting informs MVA Fund risk analysis strategies, drive innovation and boost business.

The Board and Management of the Fund have adopted the quadruple bottom line which incorporates sustainability into four main areas of business decisions. The quadruple bottom line sustainability report emphasises that companies need to make returns on four key areas of environment, society, economy and financial returns to shareholders.

The quadruple bottom line is an extension of the traditional triple bottom line and it recognizes the four dimensions; social (people), financial (profits), environmental (planet) and the future-oriented approach (purpose/progress) as the key factors that determine the sustainability of an organization. The Fund is aware that its performance measure should not only be confined to financial performance, but should also include other non-financial critical performance measures.

Financial Sustainability

During the year, MVA Fund directed its efforts towards maintaining sound financial sustainability as evidenced by improved balance sheet from P3.82 billion in 2016 to P3.83 billion in 2017. This slight improvement was mainly attributable to increase in the value of investment properties and investment in associates.

Investment income, fuel levy and third party cover insurance premiums are key to ensuring that the Fund has both the ability and capability to fulfil its short and long term debt obligations.

Although highly solvent, the Fund's solvency as measured by the asset to debt ratio took a 38% dip from 345% in December 2016 to 307% in December 2017 on the back of a 12.6% increase in total liabilities in the same period. However, at 307%, the organization's assets are sufficient to cover its long term obligations as they fall due.

The Fund's liquidity recorded a slight improvement as the current ratio improved from 0.36 in December 2016 to 0.44 in December 2017 on the back of a 16% increase

Figure 1: Sustainability Reporting



Sustainability Report

in debtors and prepayments. The alignment of operations and risk management to a culture of cost management is also critical in enhancing the sustainability of the Fund. MVA Fund has an effective budgeting mechanism to help monitor and contain costs without compromising the quality of service offered to claimants. On an annual basis, the Fund applies sound and precise forecasting methodologies to devise an annual operating, manpower, road safety and capital expenditure budget. The budget will then serve as the basis for a robust cost management control structure which assists to avoid unjustified and unnecessary expenditure.

The MVA Fund was formed as a social security scheme of Government to provide compensation to people affected by road traffic crashes. In order to achieve its social mandate, the Fund also explores investment opportunities that are outside the traditional asset classes as a way to grow its assets and improve financial sustainability. The Fund is therefore able to engage in strategic partnership geared towards social development whilst at the same time maximizing asset growth.

The Fund continued engaging the Ministry of Health and Wellness for a possible collaboration in the development of a rehabilitation centre to reduce cost of referring claimants to private medical service providers within the country and internationally. Through this collaboration, the society will benefit from a local facility that allows claimants to enjoy the support of their families and other community members whilst reducing the costs of rehabilitation.

Road Safety

Escalation of road crashes in the country poses a real threat to both the national economy and sustainability of the Fund. The Fund has adopted road safety promotion and injury prevention strategies as one of its key sustainability measurers. The MVA Fund investment in road safety has increased over the past years and there is improved collaborative work with key stakeholders in road safety management.

The expected sustainability outcomes in road safety improvement are in two folds; being the reduction in claims payout by the MVA Fund while the second benefit will be improvement in social welfare. The reduction in road crashes will reduce the Fund's claims payout therefore enabling the Fund to invest more monies locally or offshore, thus resulting in growth of the Fund's assets. During the year 2017, the general road safety performance was positive with reductions in fatalities, injuries and total recorded crashes.

The total recorded crashes went down by 3.2% from 18 373 in 2016 to 17 786 in 2017. Fatalities decreased marginally

by 1.3% from 450 deaths in 2016 to 444 deaths in 2017. Total crashes and fatalities decreased despite a 5.8% annual increases in registered vehicles per annum from 50 075 in 2016 to 52 960 in 2017. These performance indicators though not favorable, points to improvements in the road safety landscape as the proportional growth in vehicle population did not result in the same growth in car crashes and casualties.

The results show that claims lodged per 1 000 vehicles (claims/1000 vehicles) decreased by 0.5% from 5.1% in 2016 to 4.5% in 2017, which is a favorable performance and is positive for the fund's sustainability as less people claimed from the fund.

During the year, the Fund continued its preventative measures in road safety, and also improved provision of medical care and rehabilitation assistance to members of the public involved in road crashes. The Fund adopted an aggressive road safety promotion and injury prevention strategies.

The Fund continued strategic partnerships with its key partners for optimal utilization of resources in the fight against road crashes and the provision of medical and rehabilitation care to the claimants. The Fund continued collaborations with the following entities as a way of enhancing road safety management in the country; Botswana Police Service, Department of Road Traffic and Safety, Roads Department, Community Groups, Emergency Service Providers and Youth Clubs as well as other key stakeholders.

People

The Fund is committed to human capital development which enables the Fund to provide superior service delivery to the claimants and stakeholders. The driver to human capital development is the implementation of the Human Development Strategy 2014 - 2018. The Strategy is a critical document in creating an enabling environment for staff members to perform. During the year key initiatives implemented from the Strategy were Talent Management, Succession Planning, Communication, Work Culture, Policies and Innovation.

The Human Resources Value Proposition of creating an enabling environment for high performance demonstrates the Funds commitment to human resource development. This in essence relates to ensuring reciprocity between the employer and employees. At a structural level, the Fund ensures that its business policies and practices are aligned with best labor practices hence making the work environment conducive for employees. Staff welfare practices like work-life balance, staff training and career progression, communication and a sense of inclusion are emphasized, to attain optimal staff engagement levels.

Sustainability Report

The Fund participated in the 2017 Deloitte Best Organization to Work for Survey. The Survey measures two components, the Best Company to Work for Index and the Staff Engagement Index. The Best Company to Work for Index measures the overall attraction of the organization among its employees. It is an expression of the employee's alignment with their organization's internal brand which supports employee retention. The Engagement Index measures the overall engagement state of the organization's employees. It reflects employee's particular state of mind which maximizes their work related behaviors and associated discretionary effort.

The Fund attained an index of 65.14 on Best Company to Work for against the Benchmark of 62.20 and an index of 71.74 on staff Engagement which was above the Benchmark of 67.78.

Corporate Social Investment

The Fund prides itself as a responsible corporate citizen as it continues to give back to the communities it operates in. The Corporate Social Investment policy provides the Fund with a framework for such engagements and interventions. Throughout the years, the Fund has cultivated a culture of giving back to the community and below are some of the initiatives undertaken;

Adopt - a - School

The Fund recognizes the importance of education as a catalyst of human development which is aligned to Government's policy. Since the inception of the 'Adopt A School Program', a Government program aimed at improving the quality of education in the country, Motor

Vehicle Accident Fund has been contributing positively to this programme. The Fund has forged partnerships with schools around the country, with the ultimate goal of improving the academic performance of students in communities it operates in, thus making a positive, real and lasting impact on the lives of people in those communities.

Through the programme the Fund has assisted a number of schools with computers and fully equipped libraries. The programme has enabled the schools to excel in their academic performance and also gaining an insight on road safety education at a tender age.

New Xanagas and Inalegolos Primary Schools benefited from this gesture as they both received fully equipped libraries. Libraries are a central point to access information, helping in knowledge building and fostering a reading culture among the students. The school's academic performance has also improved as compared to the previous years. This collaboration will be managed by all stakeholders involved to ensure that it benefits the students and the local communities.

Connecting Classrooms

The Fund collaborated with Lotsane Senior School through the Annual MVA Fund/ Lotsane Charity Fund Raising Cycling Event to raise funds for the school's Connecting Classroom Student Exchange Programme.



Sustainability Report

This noble initiative is aimed at providing educational and cultural exchange between Lotsane Senior School and Charleston Academy students in Scotland. The programme facilitates student benchmarking by enabling students from two academic institutions, with different learning environments, education systems and cultures to learn from one another.

In 2017, the Fund and Lotsane Senior School organized a return 400km cycling expedition from Gaborone to Palapye and managed to raise funds to sponsor 10 students and 3 teachers to travel to Charleston Academy in Scotland. This annual event continues to positively contribute to the academic success of the school and has seen the academic performance improving annually as the school is now amongst the top 10 high performing schools in Botswana.

Environment

The Motor Vehicle Accident Fund's operations do not have direct impact on the environment but the primary source of funding comes from fuel consumption which has direct impact on environment due to car carbon emissions.

The Fund is committed to its moral and corporate obligation to uphold the basic beliefs of green economy. The Fund encourages other modes of transport which are environmentally friendly such as cycling. The MVA Fund is one of the main sponsors of SHELL Cycle the City campaign which encourages safe cycling within Gaborone by providing safe cycling paths along local road networks.

The Fund participates in road safety policies which indirectly assist to prevent pollution as part of its advocacy for safe environment. It has adopted the pillars of the UN Decade of Action for 2011-2020 which encourage advocacy around safe road infrastructure designs, vehicle safety designs, post-crash care etc. Post-crash care which encourages emergency medical attention of the injured within the golden hour also ensures minimal loss of blood at the crash-scene.

The Fund also complies strictly with both water and energy conservation instructions as advised by both Water Utilities Corporation (WUC) and Botswana Power Corporation (BPC). All Funds' gardens are maintained through recycled water, while all lights and air conditioners are always switched off whenever offices are not in use. The Fund also encourages proper disposal of waste in order to avoid pollution. Further, the architecture of the Fund's head office building, which is walled in translucent glass, allows the use of natural light as an energy conservation measure.





Annual Financial Statements

For the year ended 31 December 2017

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Life element

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MVA Fund General Information

For the year ended 31 December 2017

The Directors have pleasure in submitting their report and the annual financial statements for the year ended 31st December 2017.

Formation

MVA Fund was created by an Act of Parliament in 1986 and began operating on 1 January 1987. Its operations are governed by the Motor Vehicle Accident Fund Act No. 15 of 2007.

Nature of business

Promotion of road safety, the provision of compensation, care, benefit, medical management and rehabilitation of persons involved in road crashes, and provision of third party insurance cover to drivers and owners of motor vehicles, and other matters incidental thereto and connected therewith.

Financial results

The financial results are reflected in the financial statements set out on pages 124 to 162.

Events after the reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not dealt with in the report or financial statements that would significantly affect the operations of the Fund or the results of its operations.

Chief Executive Officer

As per section 15 of the Motor Vehicle Accident Fund Act No. 15 of 2007, the Chief Executive Officer of the Fund is appointed by the Minister of Finance and Economic Development.

Board members

F Modise - Chairperson - Retired 30th June 2017
 A Botes - Chairperson - 1st July 2017
 E Gonsalves- Vice Chairperson
 G Bakwena
 M Molebatsi
 L Thebe
 B Tobedza - Deceased - 21 August 2017
 K Matshediso
 P Motlogelwa - Appointed - 1st October 2017

Board Secretary

Onthatile Ogotseng

Registered office

MVA Fund House
 Plot 50367
 Fairgrounds Office Park
 Gaborone

Auditors

PricewaterhouseCoopers
 Plot 50371
 Fairground Office Park
 Gaborone

Bankers

Barclays Bank of Botswana Limited
 Barclays house
 Central Business District, Plot 74358
 Gaborone

Bank Gaborone
 Plot 5129
 Pilane/ Queens Road
 Gaborone

Standard Chartered Bank Botswana
 Floor 6, Queens Road
 Main Mall
 Gaborone

Attorneys

Armstrongs Attorneys
 Acacia House, Plot 54358
 New CBD
 Gaborone

Directors' responsibility **Statement**

for the year ended 31 December 2017

The Directors are responsible for the preparation and fair presentation of the annual financial statements, comprising the statement of financial position as at 31st December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Motor Vehicle Accident Fund Act.

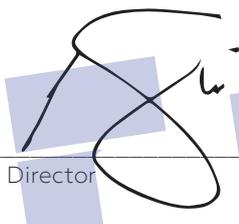
The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

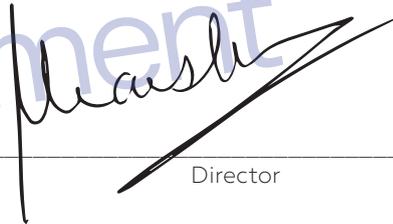
The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of Motor Vehicle Accident Fund, as identified in the first paragraph, were approved by the Board of Directors on 28th March 2018 and signed on its behalf by:



Director



Director

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of Motor Vehicle Accident Fund

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Motor Vehicle Accident Fund (the "Fund") as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Motor Vehicle Accident Fund's financial statements set out on pages 124 to 164 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Fund in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report which includes General Information, Directors' Responsibility Statement and Detailed Statement of Profit or Loss and Other Comprehensive Income (which we obtained prior to the date of this auditor's report), and Key Performance Indicators, Performance Highlights, Value Added Statement, Chairman's Report, Chief Executive Officer's Report, Departmental Reports, Corporate Governance Statement and Sustainability Report, which is expected to be made available to us after the-date of this auditor's report. Other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's

Independent Auditor's Report



report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Practicing member: Rudi Binedell
Membership number: 20040091

Gaborone
29 March 2018

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2017
In Pula

	Note	2017	2016
Fuel levy income		51 996 794	50 181 259
Third party cover income		8 156 551	10 038 531
Investment income	2	123 791 683	155 168 223
Change in fair value of investment property	10	7 506 548	(660 000)
Change in fair value of investments at fair value through profit and loss	14	(7 253 395)	1 453 943
Foreign exchange losses		(107 535 908)	(61 544 764)
Other income	3	755 230	1 411 564
Total operating income		77 417 503	156 048 756
Net increase in claims provision	4	(142 500 827)	(239 530 834)
Reinsurance premium		(1 946 629)	(1 257 987)
Investment management fees		(9 396 221)	(7 820 736)
Property management fees		(4 985 997)	(2 769 230)
Interest expense		(89 192 705)	(78 209 473)
Administrative expenses		(74 719 549)	(71 023 898)
Road safety campaign expenses		(8 327 011)	(6 770 735)
Total expenses		(331 068 939)	(407 382 893)
Deficit for the year before share of profits from associates	5	(253 651 436)	(251 334 137)
Share of profit from associates	11	8 657 972	2 596 267
Deficit for the year		(244 993 464)	(248 737 870)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Gain on revaluation of land and buildings		-	1 800 000
Items that are or may be reclassified to profit or loss			
Change in fair value of available for sale investments	12	118 501 719	(13 685 637)
Total other comprehensive income /(loss)		118 501 719	(11 885 637)
Total comprehensive loss		(126 491 745)	(260 623 507)

Statement of financial position

at 31 December 2017
In Pula

	Note	2017	2016
Non-current assets		3 103 148 727	3 008 616 549
Property and equipment	8	19 223 644	22 281 305
Intangible assets	9	1 811 789	1 953 389
Investment properties	10	127 280 000	113 980 000
Investment in associates	11	28 202 845	19 544 873
Available-for-sale financial assets	12	2 881 799 231	2 813 895 142
Other receivables	15	44 831 218	36 961 840
Current assets		727 210 256	808 739 490
Held-to-maturity investments	13	137 036 805	190 118 979
Financial assets at fair value through profit or loss	14	549 400 161	578 653 556
Trade and other receivables	15	37 533 110	34 071 571
Cash and cash equivalents	16	3 240 180	5 895 384
Total assets		3 830 358 983	3 817 356 039
Equity			
Reserves		2 583 234 901	2 709 726 646
Fair value and other reserves	17	2 230 550 332	2 120 375 624
Accumulated surplus		352 684 569	589 351 022
Non-current liabilities			
Trust liabilities	18	999 924 550	794 662 912
Current liabilities		247 199 532	312 966 481
Trust liabilities	18	53 037 779	98 083 859
Outstanding claims	19	146 695 531	170 479 781
Trade and other payables	20	47 466 222	44 402 841
Total equity and liabilities		3 830 358 983	3 817 356 039

Statement of cash flows

for the year ended 31 December 2017
In Pula

		2017	2016
Cash flows from operating activities			
Cash flows from operations	24	(36 358 704)	(56 681 127)
Effects of exchange rate changes in valuation of available for sale financial assets	12	107 666 451	61 189 814
Net cash generated from operating activities		71 307 747	4 508 687
Cash flow from investing activities			
Purchase of equipment	8	(7 082 603)	(6 650 446)
Purchase of intangibles	9	(788 574)	-
Proceeds on disposal of property and equipment		376 970	1 322 280
Profit received from associates	11	-	1 000 000
Proceeds on disposal of investments		-	23 010 808
Purchase of investments		(66 468 744)	(49 669 706)
Net cash used in investing activities		(73 962 951)	(30 987 064)
Net decrease in cash and cash equivalents		(2 655 204)	(26 478 377)
Cash and cash equivalents at beginning of year		5 895 384	32 373 761
Cash and cash equivalents at end of year	16	3 240 180	5 895 384

Statement of changes in equity

for the year ended 31 December 2017
In Pula

	Fair value and other reserves	Accumulated surplus	Total
Balance at 01 January 2016	2 123 852 516	846 843 084	2 970 695 600
Total comprehensive income			
Deficit for the year	-	(248 737 870)	(248 737 870)
Property Plant and Equipment Refer to Note 8		(345 447)	(345 447)
Other comprehensive income			
Revaluation gain on property	1 800 000	-	1 800 000
Road safety campaign costs	8 408 745	(8 408 745)	-
Net fair value loss on available-for-sale financial assets	(13 685 637)	-	(13 685 637)
Total other comprehensive loss	(3 476 892)	(8 408 745)	(11 885 637)
Balance as 31 December 2016	2 120 375 624	589 351 022	2 709 726 646
Total comprehensive income			
Deficit for the year	-	(244 993 464)	(244 993 464)
Other comprehensive (loss) / income			
Road safety campaign costs	(8 327 011)	8 327 011	-
Net fair value gains on available-for-sale financial assets	118 501 719	-	118 501 719
Total other comprehensive income/(loss)	110 174 708	(236 666 453)	(126 491 745)
Balance at 31 December 2017	2 230 550 332	352 684 569	2 583 234 901

Significant accounting policies for the year ended 31 December 2017

General information

Motor Vehicle Accident Fund is a statutory body formed under an Act of Parliament. The address of its registered office and nature of business are disclosed in the general information.

1. Summary of significant policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Motor Vehicle Accident Fund Act. These financial statements represent the Fund's statutory financial statements.

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

1.1 Basis of preparation

The financial statements are presented in Botswana Pula, which is also the functional currency. All financial information presented has been rounded to the nearest Pula.

The financial statements are prepared on the historical cost convention, except for the revaluation of certain assets being investment properties and financial instruments which are disclosed at fair value. These policies have been consistently applied in the current and previous financial year, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the Fund'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. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

New and Amended Standards adopted by the Fund

The Fund has applied the following standards and amendments for the first time for its annual reporting period commencing 1st January 2017.

Amendments to IAS 7- Cash flow statements (applicable to 2017 Financial Statements)

- Annual improvements to IFRSs 2012-2014 Cycle-various standards (applicable to 2017 Financial Statements).

The adoption of these amendments did not have any impact on the current period or on prior periods.

Adoption of standards in future financial periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated;

New and amended standards not yet applicable to the current period and not yet adopted by the Fund

- IFRS 9 – Financial Instruments (2009 & 2010), Financial liabilities; Derecognition of financial instruments; Financial assets; General hedge accounting - (Annual periods beginning on or after 1 January 2018)

Significant accounting policies (continued) for the year ended 31 December 2017

- Amendment to IFRS 9 'Financial instruments', - on general hedge accounting (Annual periods beginning on or after 1 January 2018)
- IFRS 15-Revenue from contracts with customers (Annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 15 Revenue from contracts with customers (Annual periods beginning on or after 1 January 2018)
- IFRS 16 – Leases (Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied).
- IFRS 17- Insurance contracts (Annual periods beginning on or after 1 January 2021) Early application permitted for entities that apply IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' at or before the date of initial application of IFRS 17
- IAS 40, 'Investment property'-(Annual periods beginning on or after 1 January 2018)
- Amendment of IFRS 2 – 'Share based payments' Clarifying how to account for certain types of share-based payment transactions (Annual periods beginning on or after 1 January 2018)
- Amendment to IFRS 4 Insurance Contracts-Regarding the implementation of IFRS 9, 'Financial instruments' (Annual periods beginning on or after 1 January 2018)
- IFRIC 22, 'Foreign currency transactions and advance consideration (Annual periods beginning on or after 1 January 2018)
- IFRIC 23 'Uncertainty over income tax treatment' (Annual periods beginning on or after 1 January 2017)
- Annual improvements 2014-2016 (Annual periods beginning on or after 1 January 2017 and 2018)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets (Effective date postponed (initially 1 January 2016)

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the Fund's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the Fund's financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Fund in the current and future reporting periods and on foreseeable future transactions.

1.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Assets and liabilities denominated in foreign currencies are translated to the measurement currency at the rates of exchange ruling at year-end. Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

1.3 Investments in associates

Associates are those entities in which the Fund has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Fund holds between 20% and 50% of the voting power of another entity and has no control over the entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The financial statements include the Fund's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases.

When the Fund's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further

Significant accounting policies (continued) for the year ended 31 December 2017

1.3 Investments in associates (continued)

losses is discounted except to the extent that the Fund has an obligation or has made payments on behalf of the investee.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in note 1.7.

1.4 Property and equipment

Items of property and equipment except for freehold and leasehold land and buildings are measured at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Cost includes all costs directly attributable to bring the asset to working condition for their intended use.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property and equipment, and are recognised in profit or loss.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	Lower of 40 years or remaining period of the lease
Buildings	40 years
Office furniture and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Any revaluation increase arising on the revaluation of property and equipment is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Decreases that offset previous increases of the same asset are charged against revaluation reserves; all other decreases are charged to profit or loss.

Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Fund. Major renovations are depreciated over the remaining useful life of the related asset.

Property and equipment and other assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Significant accounting policies (continued) for the year ended 31 December 2017

1.5 Intangible assets

Intangible assets consist of computer software which is stated at cost, less amortisation and provisions of impairment, if any.

The identifiable and directly associated external and internal costs of acquiring software are capitalised where the software is controlled by the Fund, and where it is probable that future economic benefits that exceeds its costs will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense when incurred. Capitalised computer software is amortised over three to ten years on a straight line basis.

1.6 Investment properties

Investment properties, principally comprising office buildings and residential plots are held for long-term rental yields. These properties are treated as long-term investment and are carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss.

1.7 Impairment of assets

Property and equipment and other non-current assets are reviewed for impairment losses 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 carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

1.8 Financial assets

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and advances, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost such as loans and advances to customers;
- Certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated as fair value through profit or loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated as fair value through profit or loss.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities are included in 'change in fair value of investments at fair value through profit or loss'.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the financial position date. These are classified as non-current assets. The fund's receivables comprise trade and other receivables and staff receivables at the financial position date.

Loans and receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of loans and receivables is established when there is objective evidence that the Fund will

Significant accounting policies (continued) for the year ended 31 December 2017

1.8 Financial assets (continued)

not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. If the fund was to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale financial assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

The fair values of quoted financial assets in active markets are based on current bid prices. If there is no active market for a financial asset, the Fund establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

1.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.10 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Fund as the lessor

Assets leased out under operating leases are included in property and equipment and investment properties in the statement of financial position. The assets included under property and equipment are depreciated over their expected useful lives on a basis consistent with similar owned property and equipment and the assets held under investment properties are stated at fair values. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Significant accounting policies (continued) for the year ended 31 December 2017

1.11 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call accounts with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.12 Staff costs

Pension obligations

The Fund has a pension scheme, which falls under the category of a defined contribution plan, and this is funded through payments to a privately administered Fund. A defined contribution plan is a pension plan under which the Fund pays fixed contributions into a separate entity (a pension plan) and will have no legal or constructive obligations 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. For this contribution plan, the Fund contributes 20% of staff salary cost every month to a privately administered defined contribution plan on a contractual basis in respect of staff members who are in the scheme. Once the contributions have been paid, the Fund has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

1.13 Claims

The Fund is required by applicable regulations and IFRS to recognise a liability for payment of claims. This liability represents the estimated ultimate cost to settle claim occurring prior to but still outstanding as of the financial position date. Claim liabilities fall into two categories: liability for reported losses and liability for incurred but not reported (IBNR) losses.

The Fund's liability for reported losses is based on estimates of future payments to settle reported claims. The Fund generally establishes these liabilities on an undiscounted basis to recognise estimated costs of bringing pending claims for final settlement taking into account inflation as well as other factors. The Fund reviews and re-evaluates claim liabilities on a regular basis. Amounts ultimately paid for claims can vary from the estimates initially made. The Fund has established a liability for IBNR claims to recognise the estimated cost of loss for events which have already occurred but which have not yet been notified. As those losses have not yet been reported, the Fund relies upon historical information to estimate its IBNR liability. The Fund also uses reported claim trends and other factors in estimating its IBNR liability.

This liability is revised as additional information becomes available and claims are actually reported. Recoveries on claims paid either through right of recourse or from reinsurers are recognised on receipt.

1.14 Claims reserve

The claims reserve is maintained at a sum equivalent to 1.5 times of the amount calculated based on the complementary loss ratio method. The required amount is appropriated out of accumulated surplus into the insurance reserve every year. If the annual complementary loss ratio calculation results in a reduction in the insurance reserve, the brought forward insurance reserve balance is not adjusted.

1.15 Trust liabilities

General damages

General damages reflect the claim costs incurred in respect of minors. The Fund estimates the current value of the claims and thereafter proceeds are transferred to interest bearing accounts where it will be held until it is paid to the claimant upon attainment of an age of 21 years. The amount of trust account liability falling due within twelve months of the statement of financial position date is shown as current liability.

Undertaking liabilities

The liability of undertaking is in respect of future medical costs for claims, where future medical expenses are anticipated. The Fund has undertaken to meet these medical expenses in the future as and when they are incurred. The Fund estimates the present value of future medical costs and the necessary funds are deposited into separate

Significant accounting policies (continued) for the year ended 31 December 2017

1.15 Trust liabilities (continued)

interest bearing accounts from which payments are made. The amount of undertaking liability falling due within twelve months of the statement of financial position date is shown as a current liability.

Loss of support/income liabilities

The liability for loss of support or income is in respect of future financial benefits for claims, where the claimant lost income or support due to car crash. The Fund estimates the present value of future payments and the necessary funds are deposited into separate interest bearing accounts from which payments are made. The amount of undertaking liability falling due within twelve months of the reporting date is shown as current liability.

1.16 Road safety campaign reserve

The Road Safety Campaign Reserve is established to cater for any road safety initiatives that could be undertaken to support in the course of the Fund's business. During 2017 the actual expenditure on road safety initiatives amounts to P8 327 011 (2016: P6 770 735).

1.17 Impairment of financial asset

a) Assets carried at amortised cost

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Fund uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower/investee (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's/investee's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

b) Assets classified as available-for-sale

The Fund assesses at each financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent

Significant accounting policies (continued) for the year ended 31 December 2017

1.17 Impairment of financial asset (continued)

period, the fair value of an instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1.18 Revenue recognition

Fuel levy

Fuel levy revenue comprises fuel levy charged to fuel importers into Botswana. This levy income is accounted for on an accrual basis. The current fuel levy rate is 5 thebe per litre.

Third Party cover

Third party cover comprises of premiums charged on foreign registered vehicles which enter the country.

Investment income

Investment income consists of the following:

(a) Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Fund.

(b) Dividends Income

Dividends are recognised when the right to receive payment is established. These relate to investments in local and offshore investments.

(c) Rental income

Revenue includes gross rental income, service charges and management charges from properties and income from property trading. Rental income is accrued on a straight-line basis over the contractual periods as and when the Fund becomes entitled to the income.

1.19 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access. The Fund measures the fair value of an instrument using the quoted price in an active market for that instrument, where available. If there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Fund measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Significant accounting policies (continued) for the year ended 31 December 2017

Key sources of estimation uncertainty

Use of estimates and judgements

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

Claims

The Fund establishes claim liability accounts, which comprise estimates of future payments for reported (known) claims and unreported claims ('IBNR') with respect to events which could result in an expense to the Fund. Provisioning is a complex process dealing with uncertainty requiring the use of informed estimates and judgements. Any changes in the estimates are reflected in profit or loss in the period in which estimates are changed.

Incurred But Not Reported (IBNR) Claims

The Fund engaged QED Actuaries & Consultants (Pty) Ltd to determine the IBNR Provision as at 31st December 2017.

The IBNR Provision was calculated on the basis of an actuarial reserving method which relies on past claims experience. The Bornhuetter-Ferguson (BF) method was applied for the 2017 and comparative years.

Impairment of available-for-sale financial assets

The Fund determines that available-for-sale financial assets are impaired where there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Residual values of property and equipment

Residual values are based on expected future circumstances measured at current prices. Land and buildings are shown at fair values, based on annual valuations by external independent valuers, less subsequent depreciation for buildings.

Basis for determining fair values of financial assets

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions or other valuation techniques commonly used by market participants.

Notes to the Financial Statements for the year ended 31 December 2017

1 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Board is ultimately responsible to ensure that the Fund is not exposed to risks which may have a negative impact on its financial performance, and which may ultimately have an adverse effect on the continued operations of the Fund. Compliance with a set of comprehensive risk management policies are an integral part of the Fund's day-to-day activities and systems of internal controls have been implemented to prevent and detect risks.

The Fund is exposed to the following significant risks:

1.1 Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Fund by failing to discharge an obligation. Credit risk is one of the important risks for the Fund's business; the Fund therefore, carefully manages its exposure to credit risk. Credit exposures arise principally on trade and other receivables, staff receivables and cash at bank. The credit risk management process and controls are monitored by the Board regularly.

Credit risk measurement

Financial assets that are potentially subject to credit risk consist principally of cash and cash equivalents, trade receivables, other receivables and staff receivables. The Fund is exposed to this risk in the event that a counter party fails to meet its repayment obligations as and when they fall due.

In the Fund's endeavour to control credit risk, investment and disbursement procedures ensure that disbursement decision making is rigorous, controlled, documented and in compliance with agreed policies and operating guidelines as specified by the board.

Trade and other receivables

Trade and other receivables predominantly represent interest receivable on short term investments included in cash and cash equivalents and other investment income receivables.

Staff receivables represent loans given to staff. The Fund has a number of schemes under which staff may apply for loans or guarantees.

Cash and cash equivalents and investments

Cash and cash equivalents represent short term investments of surplus funds from the Fund as well as claimants monies in trust accounts. The Fund holds short term investments in various financial institutions based on the individual risk limits set based on limits set by the Board. Cash and cash equivalents and deposits are placed only with reputable institutions. The investment department of the Fund takes decisions in this regard to create value for the Fund by investing prudently in a variety of investment vehicles. During the year the Fund had placed these financial assets with African Banking Corporation of Botswana Limited, Bank Gaborone Limited, Standard Chartered Bank Botswana Limited, and Barclays Bank of Botswana Limited, Botswana Building Society and Botswana Savings Bank.

Risk limit control and mitigation policies

The Fund manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties. The Fund is guided by the Investment Policy Statement in terms of how the Fund's assets are to be invested and to which institutions. The loans given to employees are in accordance with the General Conditions of Employment. The total amount of any loan, or loans granted by the Fund will be limited to an amount, or amounts under which the total monthly deductions do not exceed 50% of the employee's net monthly salary. Provisions have been made for doubtful debts where necessary.

Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Management determine that objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Fund:

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Financial risk management (continued)

1.1 Credit risk (continued)

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (eg; equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;

The Fund's policy requires the review of individual financial assets that are significant at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Based on the objective criteria set out above, no provision for impaired assets is recognised at the reporting date. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Fund resulting from both its investment and receivables based on the following:

Trade and other receivables

	2017	2016
	P	P
Fuel levy receivables	5 596 193	5 499 414
Third-party receivable	2 814 693	2 746 443
Other receivables	23 885 814	18 905 297
Staff receivables	50 067 628	43 882 257
	82 364 328	71 033 411
Analysis of trade and other receivables		
Neither past due nor impaired	80 939 211	68 596 314
Past due but not impaired	1 425 117	2 437 097
	82 364 328	71 033 411

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Financial risk management (continued)

1.1 Credit risk (continued)

Trade and other receivables (continued)

	2017 P	2016 P
Aging of past due but not impaired trade and other receivable		
As at 31 December 2017		
Rent receivable		
Not later than 90 days	702 956	-
Later than 90 days	722 161	2 437 097
	1 425 117	2 437 097

Debt securities, treasury bills and other investments

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2017, based on various credit rating organisations such as Fitch, Global Credit Rating, Moodys.

	Financial assets at fair value through profit or loss	Available for sale financial assets	Cash and cash equivalents	Held to maturity investments	Total
As at 31 December 2017					
A- to A+	133 790 355	315 693 209	3 189 680	-	452 673 244
Lower than A-	35 000 000	45 225 929	-	-	80 225 929
Unrated	380 609 806	2 520 880 093	50 500	137 036 805	3 038 577 204
	549 400 161	2 881 799 231	3 240 180	137 036 805	3 571 476 377
As at 31 December 2016					
A- to A+	357 842 305	438 814 700	5 829 924	-	802 486 929
Lower than A-	101 117 924	265 708 290	-	-	366 826 214
Unrated	119 693 327	2 109 372 152	65 460	190 118 979	2 419 249 918
	578 653 556	2 813 895 142	5 895 384	190 118 979	3 588 562 162

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Financial risk management (continued)

Industry sectors

The following table breaks down the fund's main credit exposure at their carrying amounts, as categorised by the industry sector of our counterparties.

	Financial sector	Real estate	Wholesale & retail trade	Public sector	Health care	Technology & Energy	Beverages	Other	Total
Available-for-sale financial assets	832 927 478	315 002 867	312 351 713	202 377 042	63 424 276	518 033 819	152 260 770	485 421 266	2 881 799 231
Held-to-maturity investments	137 036 805	-	-	-	-	-	-	-	137 036 805
Financial assets at fair value through profit or loss	386 019 202	21 420 278	-	141 960 681	-	-	-	-	549 400 161
Fuel levy receivables	-	-	5 596 193	-	-	-	-	-	5 596 193
Third party cover	-	-	-	2 814 693	-	-	-	-	2 814 693
Other receivables	11 271 150	-	-	-	-	-	-	12 614 664	23 885 814
Cash and cash equivalents	3 240 180	-	-	-	-	-	-	-	3 240 180
As at 31 December 2017	1 370 494 815	336 423 145	317 947 906	347 152 416	63 424 276	518 033 819	152 260 770	498 035 930	3 603 773 077
Available-for-sale financial assets	745 273 617	312 663 826	507 927 491	316 964 156	114 522 881	380 687 379	190 045 513	245 810 279	2 813 895 142
Held-to-maturity investments	190 118 979	-	-	-	-	-	-	-	190 118 979
Financial assets at fair value through profit or loss	292 618 082	38 729 081	48 812 036	174 507 587	-	-	-	23 986 770	578 653 556
Fuel levy receivables	-	-	5 499 414	-	-	-	-	-	5 499 414
Third party cover	-	-	-	2 746 443	-	-	-	-	2 746 443
Other receivables	12 068 756	-	-	-	-	-	-	6 836 541	18 905 297
Cash and cash equivalents	5 895 384	-	-	-	-	-	-	-	5 895 384
As at 31 December 2016	1 245 974 818	351 392 907	562 238 941	494 218 186	114 522 881	380 687 379	190 045 513	276 633 590	3 615 714 215

Notes to the Financial Statements (continued) for the year ended 31 December 2017

1.2 Market risk

Foreign exchange risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Fund is guided by the Investment Policy Statement in terms of how the Fund's assets must be invested offshore. The table below summarises the Funds' exposure to foreign currency exchange rate risk at 31 December 2017. Included in the table are the Fund's financial instruments at carrying amounts, categorised by currency.

As at 31 December 2017	BWP	US Dollar (BWP equivalent)	Total
Assets			
Available-for-sale financial assets	1 492 875 264	1 388 923 967	2 881 799 231
Held-to-maturity investments	137 036 805	-	137 036 805
Financial assets at fair value through profit or loss	549 400 161	-	549 400 161
Fuel levy receivables	5 596 193	-	5 596 193
Third party receivable	2 814 693	-	2 814 693
Other receivables and prepayments	23 885 814	-	23 885 814
Staff receivables	50 067 628	-	50 067 628
Cash and cash equivalents	3 240 180	-	3 240 180
	2 264 916 738	1 388 923 967	3 653 840 705
Liabilities			
Trust liabilities	1 053 535 981	-	1 053 535 981
Outstanding claims	146 695 531	-	146 695 531
Accounts payable	47 466 222	-	47 466 222
	1 247 697 734	-	1 247 697 734
Net long position	1 017 219 004	1 388 923 967	2 406 142 971
As at 31 December 2016			
Assets			
Available-for-sale financial assets	1 573 246 854	1 240 648 288	2 813 895 142
Held-to-maturity investments	190 118 979	-	190 118 979
Financial assets at fair value through profit or loss	578 653 556	-	578 653 556
Fuel levy receivables	5 499 414	-	5 499 414
Third party receivable	2 746 443	-	2 746 443
Other receivables and prepayments	18 905 297	-	18 905 297
Staff receivables	43 882 257	-	43 882 257
Cash and cash equivalents	5 835 384	-	5 835 384
	2 418 888 184	1 240 648 288	3 659 536 472
Liabilities			
Trust liabilities	892 746 771	-	892 746 771
Outstanding claims	170 479 781	-	170 479 781
Accounts payable	44 402 841	-	44 402 841
	1 107 629 393	-	1 107 629 393
Net long position	1 311 258 791	1 240 648 288	2 551 907 079

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Sensitivity analysis

The following sensitivity analysis is monitored on the following major currencies of non-equity instruments, had a 5% increase arising on the various currencies.

	Effect on (deficit)/ surplus for the year	
	2017	2016
US Dollar/Botswana Pula	69 446 198	62 032 414
As a percentage of accumulated surplus	19.7%	10.5%

Concentration of financial assets with market risk exposure

Geographical sectors

The following table breaks down the Fund's main US Dollar credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2017. For this table, the Fund has allocated exposures to regions based on the country of domicile of the counterparties.

	Europe	Canada and USA	Other countries	Total
Available-for-sale financial assets	346 997 316	645 224 348	396 702 303	1 388 923 967
As at 31 December 2017	346 997 316	645 224 348	396 702 303	1 388 923 967
Available-for-sale financial assets	320 321 886	737 463 798	182 862 604	1 240 648 288
As at 31 December 2016	320 321 886	737 463 798	182 862 604	1 240 648 288

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Investment Policy Statement sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Investment Department.

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Interest rate risk (continued)

	Up to 1 month	1 - 3 months	3 - 12 months	1-5 years	Over 5 years	Total
As at 31 December 2017						
Assets						
Held-to-maturity investments	15 016 984	68 162 879	53 856 942	-	-	137 036 805
Financial assets at fair value through profit or loss	-	-	45 039 650	365 084 482	139 276 029	549 400 161
Staff receivables	700 535	1 401 069	6 282 634	18 476 350	23 207 040	50 067 628
Cash and cash equivalents	3 240 180	-	-	-	-	3 240 180
Total interest reprising gaps	18 957 699	69 563 948	105 179 226	383 560 832	162 483 069	739 744 774
Assets						
Held-to-maturity investments	-	43 711 170	146 407 809	-	-	190 118 979
Financial assets at fair value through profit or loss	-	10 231 000	56 860 595	396 266 692	115 295 269	578 653 556
Staff receivables	473 402	1 072 008	5 375 007	13 842 646	23 119 194	43 882 257
Cash and cash equivalents	5 895 384	-	-	-	-	5 895 384
Total interest reprising gaps	6 368 786	55 014 178	208 643 411	410 109 338	138 414 463	818 550 176

The fund does not have variable interest rate liabilities at reporting date.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

Interest rate risk (continued)

Sensitivity of net interest income

	2017	2016
Net interest arising from a shift in yield curves of -100 basis points (P'000)	(2 801 770)	(3 418 745)
As a percentage of accumulated surplus	(0.8%)	(0.6%)
Net interest arising from a shift in yield curves of +100 basis points (P'000)	2 801 770	3 418 745
As a percentage of accumulated surplus	0.8%	0.6%

1.3 Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace Funds when they are withdrawn. The consequence may be the failure to meet obligations towards payment of claims.

Liquidity risk management process

The Fund's liquidity management process is carried out within the Fund by the Finance Department, which includes;

- Day-to-day funding, managing and monitoring of future cash flows to ensure that requirements are met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow, and
- Monitoring the statement of financial position liquidity ratio against internal and regulatory requirements.

Non - derivative cash flows

The table below presents the cash flows payable by the Fund under non-derivative financial liabilities by remaining contractual maturities at the financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Fund manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 December 2017	Up to 1 month	1-3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Trust liabilities	13 336 772	7 218 365	32 482 642	137 267 213	862 657 337	1 052 962 330
Outstanding claims	7 434 839	15 221 856	124 038 836	-	-	146 695 531
Accounts payable	10 320 392	-	37 145 830	-	-	47 466 222
Total liabilities	31 092 004	22 440 221	193 667 308	137 267 213	862 657 337	1 247 124 083

Notes to the Financial Statements (continued) for the year ended 31 December 2017

1.3 Liquidity risk (continued)

Non - derivative cash flows (continued)

As at 31 December 2016	Up to 1 month	1-3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Trust liabilities	12 409 160	15 577 218	70 097 481	171 813 229	622 849 683	892 746 771
Outstanding claims	18 048 497	22 667 573	129 763 711	-	-	170 479 781
Accounts payable	12 350 285	-	32 052 566	-	-	44 402 841
Total liabilities	42 807 942	38 244 791	231 913 748	171 813 229	622 849 683	1 107 629 393

1.4 Items not included in the statement of financial position

Capital commitments and operating lease commitments

Capital commitments for the acquisition of property and equipment disclosed in note 21 are summarised in the table below.

Where the Fund is the lessee, the future minimum lease payments under cancellable operating leases, as disclosed in note 21, are summarised in the table below.

1.4 Items not included in the statement of financial position (continued)

As at 31 December 2017	Not later than one year	1 - 5 years	Total
Capital commitments	470 013	-	470 013
Operating lease commitments	464 591	134 205	598 796
	934 604	134 205	1 068 809
As at 31 December 2016			
Capital commitments	1 171 723	-	1 171 723
Operating lease commitments	774 454	1 119 957	1 894 411
	1 946 177	1 119 957	3 066 134

Notes to the Financial Statements (continued) for the year ended 31 December 2017

1.5 Fair value measurement

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Botswana Stock Exchange Aggregated Bond Index and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other information used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management's judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates. The table below analyses assets and liabilities measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
31 December 2017				
Investment properties	-	-	127 280 000	127 280 000
Available-for-sale financial assets	2 873 039 960	7 939 598	819 673	2 881 799 231
Financial assets at fair value through profit or loss	347 479 882	201 920 279	-	549 400 161
	3 220 519 842	209 859 877	128 099 673	3 558 479 392

Notes to the Financial Statements (continued) for the year ended 31 December 2017

1.5 Fair value measurement (continued)

31 December 2016				
Land and buildings	-	-	6 645 307	6 645 307
Investment properties	-	-	113 980 000	113 980 000
Available-for-sale financial assets	2 805 135 871	7 939 598	819 673	2 813 895 142
Financial assets at fair value through profit or loss	377 153 556	201 500 000	-	578 653 556
	3 182 289 427	209 439 598	121 444 980	3 513 174 005

Level 3 fair value measurement

(i) Reconciliation

The following table shows reconciliation from the beginning balance to the ending balance for fair value measurement in level 3 of the fair value hierarchy.

	2017	2016
Balance at 1 January	121 444 980	119 993 285
Additions	-	-
Transfers to land and buildings	(851 855)	428 040
Total gains recognised in profit and loss	7 506 548	1 023 655
Closing balance	128 099 673	121 444 980

(ii) Unobservable input used in measuring fair value

The fair value of available for sale investments of **P 819 673** (2016: P819 673), being investment in unlisted equity instruments is determined using internal models. The unobservable data used in the valuation is the net assets value of the investee.

The fair value of Investment Property and land and buildings was determined by external valuers, having appropriate recognised professional qualification and relevant experience in the location and cost of property being valued. The properties were independently valued on the basis of open market value.

	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment Property and land and buildings	<p>Market yield of between 8 – 10%</p> <p>Prime rentals of office space between P70 – P120 s.q.m</p>	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> · Higher/lower market yields · Increase/decrease in rental per s.q.m.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

	2017	2016
2 Investment income		
Interest income	48 553 791	57 101 202
Dividend income	70 876 812	74 382 438
Profit on sale of investment securities	-	19 918 207
Rental income	4 361 080	3 766 376
	123 791 683	155 168 223
3 Other income		
Profit on disposal of equipment	253 190	751 239
Sundry income	488 107	632 068
Interest on fuel levy	13 933	28 257
	755 230	1 411 564
4 Net increase in claims provision		
Increase in claims provision (Note 19)	145 515 673	241 645 667
Right of recourse recoveries	(119 741)	(241 091)
VAT claimed on claim payments	(2 895 105)	(1 873 742)
	142 500 827	239 530 834
5 (Deficit)/ Surplus for the year		
The following items have been charged/(credited) in arriving at the (deficit)/ surplus for the year:		
Depreciation on property and equipment (Note 8)	3 686 245	3 721 129
Auditors' remuneration - audit fees	297 100	297 100
Directors' emoluments - board sitting fees and expenses	352 203	189 352
Repairs and maintenance - property and equipment	153 276	247 218
Profit on disposal of equipment	(253 190)	(751 239)
Operating lease rentals paid - property	938 140	873 556
Staff costs (Note 6)	50 846 532	45 047 793
6 Staff costs		
Salaries and wages	38 221 412	33 936 692
Pension costs - defined contribution plan	4 216 737	3 927 538
Leave pay and gratuity	5 884 102	5 328 591
Staff welfare	2 524 281	1 854 972
	50 846 532	45 047 793

7. Taxation

The income of the Fund is exempt from income tax in terms of Part One of the 2nd schedule of the Income Tax Act. Therefore no provision has been made in respect of income tax.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

8. Property and equipment

	Freehold land and buildings	Office furniture and equipment	Computer equipment	Motor vehicles	Work in Progress (WIP)	Total
Year ended 31 December 2017						
Net book amount at beginning of year	6 645 307	1 516 585	1 549 615	4 256 905	8 312 893	22 281 305
Additions	-	338 088	194 836	380 355	6 169 324	7 082 603
Transfer to Intangibles					(536 786)	(536 786)
Transfer to Investment Property	(5 793 452)	-	-	-	-	(5 793 452)
Disposal		(19 739)	(3 884)	-	(100 158)	(123 781)
Depreciation	(302 648)	(483 791)	(959 860)	(1 939 946)	-	(3 686 245)
Net book amount at end of year	549 207	1 351 143	780 707	2 697 314	13 845 273	19 223 644
At 31 December 2017						
Cost/valuation	1 243 751	4 505 917	5 472 669	10 355 096	13 845 273	35 422 706
Accumulated depreciation	(694 544)	(3 154 774)	(4 691 962)	(7 657 782)	-	(16 199 062)
Net book amount	549 207	1 351 143	780 707	2 697 314	13 845 273	19 223 644

Notes to the Financial Statements (continued) for the year ended 31 December 2017

8. Property and Equipment (continued)

Year ended 31 Dec 2016						
Net book amount at beginning of year	4 865 192	942 608	1 840 976	3 925 568	6 824 293	18 399 357
Additions	-	911 127	763 506	2 557 251	2 418 561	6 650 446
Revaluation	1 800 000	-	-	-	-	1 800 000
Transfer	428 040	73 137	(73 137)		(428 040)	-
Transfer from intangible assets					69 119	69 119
Previously accounted for in retained earnings	-	-	-	(345 447)	-	(345 447)
Disposal	-	-	-	-	(571 041)	(571 041)
Depreciation	(448 645)	(410 287)	(981 730)	(1 880 467)	-	(3 721 129)
	6 645 307	1 516 585	1 549 615	4 256 905	8 312 893	22 281 305
Net book amount at end of year						
Cost/valuation	8 143 751	6 884 343	9 211 312	10 466 265	8 312 893	43 018 564
Accumulated depreciation	(1498 444)	(5 367 758)	(7 661 697)	(6 209 361)	-	(20 737 259)
Net book amount	6 645 307	1 516 585	1 549 615	4 256 905	8 312 893	22 281 305

Assets with total original cost of **P491 526** (2016: P1 490 535) and net book value of nil (2016: nil) were disposed off during the year.

Transfer from Property Plant and Equipment

Land and Building with a Net Book Value of P5 793 451 was transferred to Investment Property during the year. The property Plot 53645 in Phakalane Golf Estate was previously owner occupied but was leased out effective 1st May 2017.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

9. Intangible assets

	Software
Cost As 1st January 2017	17 916 429
Additions	788 574
Reclassification from Work in Progress	536 786
At 31 December 2017	19 241 789
Accumulated amortisation	
As 1st January 2017	(15 963 040)
Amortisation charge	(1 466 960)
At 31 December 2017	(17 430 000)
Net book value	1 811 789
Cost	
At 1st January 2016	17 985 548
Reclassification to property and equipment	(69 119)
At 31 December 2016	17 916 429
Accumulated amortisation	
At 1st January 2016	(14 492 823)
Amortisation charge	(1 470 217)
At 31 December 2016	(15 963 040)
Net book value	1 953 389

Notes to the Financial Statements (continued) for the year ended 31 December 2017

10. Investment properties

	Leasehold Properties	Freehold Properties	Total
Year ended 31 December 2017			
Balance at 1 January 2017	77 880 000	36 100 000	113 980 000
Transfer from Property Plant and Equipment	-	5 793 452	5 793 452
Fair value gain	7 000 000	506 548	7 506 548
	84 880 000	42 400 000	127 280 000
Year ended 31 December 2016			
Balance at 1 January 2016	77 930 000	36 710 000	114 640 000
Fair value loss	(50 000)	(610 000)	(660 000)
	77 880 000	36 100 000	113 980 000

10.1. Details of the leasehold properties are as follows;

		Date of acquisition	Lease Period (years)	2017	2016
MVA Fund House	Land	Feb-94	50	60 700 000	56 000 000
	building	Jan-99			
Plot 16413 Gaborone	Land	Dec-84	99	2 800 000	2 400 000
	building	Sep-90			
Sheraton Houses	Land	Jan-91	50		
	Completion of building	Nov-93		11 400 000	9 000 000
Plot 19465 and 19466	Building			800 000	630 000
Plot 24559 Francistown	Building			980 000	750 000
Tati River Francistown	Residential houses			8 200 000	9 100 000
				84 880 000	77 880 000

Notes to the Financial Statements (continued) for the year ended 31 December 2017

10. Investment properties (continued)

10.2 Freehold properties are as follows;

Phakalane Acacia Park

Plot numbers 54171, 54172, 54173, 54174, 54175, 54176, 54177, 54178 and 54179

Phakalane Segodi Park

Plot numbers 55614, 55616, 55618, 55624 and 55640

Phakalane Golf Estate

Plot number 53628, 53645

Total value of investment properties

15 000 000	15 100 000
17 000 000	14 600 000
10 400 000	6 400 000
42 400 000	36 100 000
127 280 000	113 980 000

10.3 The fair value measurement

The fair value of investment properties was determined by external Valuers, having appropriate recognised professional qualification and relevant experience in the location and cost of property being valued. The properties were independently valued on the basis of open market value. The properties are located in Gaborone and Francistown, and are revalued annually. The fair value of investment in properties is categorised into level 3 of the fair value hierarchy.

11. Investment in associates

At the beginning of year

Share of net results for the year

Profits distributed

At end of year

	2017	2016
At the beginning of year	19 544 873	17 948 606
Share of net results for the year	8 657 972	2 596 267
Profits distributed	-	(1 000 000)
At end of year	28 202 845	19 544 873

Investments in associates comprise of the following:

Name of associate	Nature	Fund's share of Investment
Engen – Maun partnership	Property letting	25% (2015 – 25%)
Engen – Palapye partnership	Property letting	20% (2015 – 20%)
Francistown retail partnership	Property letting	25% (2015 – 25%)

The partnerships are exposed to property market risk and changes in the general economic environment could have an impact on the rentals charged and property values.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

11. Investment in associates (continued)

The Fund's share of assets and liabilities and the results of the associates are summarised below:

	2017	2016
Non-current assets	21 731 207	20 809 177
Current assets	7 031 383	5 079 194
Current liabilities	(492 095)	(407 789)
Net assets	28 270 495	25 480 582
Revenue	3 413 825	3 193 844
Expenses	(601 201)	(597 577)
Accumulated profit adjustment	5 845 348	-
	8 657 972	2 596 267

There were no commitments or contingent liabilities on the associates at the year end.

12. Available-for-sale financial assets

	2017	2016
At the beginning of the year	2 813 895 142	2 848 864 202
Foreign exchange loss	(107 666 451)	(61 189 814)
Local additions	66 468 744	49 669 706
Disposals (Local equity)	-	(2 871 602)
Fair value gain/ (loss) transferred to equity	118 501 719	(13 685 637)
Revaluation of those disposed	-	(221 000)
Management fees and other expenses	(9 399 923)	(6 670 713)
	2 881 799 231	2 813 895 142

Available-for-sale financial assets comprising principally domestic marketable equity securities and units in foreign unit trust schemes are valued annually at the close of business on 31 December in accordance with IAS 39. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. There were no provisions for impairment on available-for-sale financial assets in 2017 (2016: nil).

Notes to the Financial Statements (continued) for the year ended 31 December 2017

12. Available-for-sale financial assets (continued)

	Number of shares		Fair value	
	2017	2016	2017	2016
Barclays Bank of Botswana Limited	23 736 440	23 736 440	144 792 284	119 631 661
Botswana Insurance Holdings Limited	10 735 164	10 735 164	199 029 941	188 402 128
Chobe Holdings Limited	536 727	536 727	4 921 787	4 132 797
Engen Botswana Limited	6 858 692	6 858 692	72 702 135	67 215 182
First National Bank of Botswana Limited	51 053 910	51 053 910	118 955 610	151 119 574
Furnmart Limited	14 021 365	14 021 365	7 711 751	9 814 956
G4S Botswana Limited	1 257 300	1 257 300	5 016 627	5 129 784
KYS Investments Limited	8 019 796	8 019 796	7 939 598	7 939 598
MRI Botswana Limited	738 444	738 444	819 673	819 673
RDC Properties Limited	17 308 693	12 867 650	40 675 429	34 742 655
Sefalana Holdings Company Limited	25 083 138	25 083 138	244 560 591	326 080 788
Sechaba Brewery Holding Limited	6 568 980	6 568 980	127 898 041	177 362 460
Standard Chartered Bank Botswana Limited	10 027 700	10 027 700	51 542 378	77 714 675
Turnstar Holdings Limited	27 449 863	27 449 863	90 310 049	89 212 055
Primetime Property Holdings Limited	5 472 438	2 558 914	17 238 183	7 932 633
Cresta Marakanelo Limited	9 250 010	9 250 010	10 452 511	11 840 013
New African Properties Limited	36 768 853	26 768 853	118 028 018	78 700 428
Letshego Holdings	10 700 000	3 900 000	20 116 000	8 931 000
Botswana Telecommunications Corp Limited	4 232 400	4 232 400	7 787 616	4 147 752
Botswana Building Society	202 377 042	202 377 042	202 377 042	202 377 042
Total domestic equity investments			1 492 875 264	1 590 733 266
Offshore investments			1 388 923 967	1 258 130 936
Total available-for-sale financial assets			2 881 799 231	2 848 864 202

Offshore investments are managed by independent Fund managers in a variety of offshore investments which includes money market and equity investments. The investment guidelines to the Fund managers are to achieve growth through moderate risk investments. At 31 December 2017 the portfolio composition was as follows:

Equity investments	72% (2016 – 71%)
Cash and cash equivalents	2% (2016 – 0%)
Bonds	29% (2016 – 27%)

The offshore investments consisted of investments with the following Fund managers:

	2017 US\$	2016 US\$
Investec Asset Management-Botswana	75 188 526	62 744 106
Stanlib Investment Management Services Botswana	69 259 598	56 236 959

Notes to the Financial Statements (continued) for the year ended 31 December 2017

13. Held-to maturity investments

Fixed deposits - at cost

	2017	2016
	137 036 805	190 118 979
	137 036 805	190 118 979

The effective interest rate on Fixed Deposits was between 1.40% and 7.5% per annum (2016: 1.75% and 7.5%).

14. Financial assets at fair value through profit or loss

At beginning of year

Additions

Matured

Changes in fair value

At end of year

	2017	2016
	578 653 556	561 585 863
	-	35 613 750
	(22 000 000)	(20 000 000)
	(7 253 395)	1 453 943
	549 400 161	578 653 556

Financial assets at fair value through profit and loss are classified as current assets because they may be realised within 12 months of the statement of financial position date. In the statement of cash flows, these investments are presented within the section on operating activities as part of changes in working capital (Note 24).

The details of held for trade investments are as follows:

	Maturity amount	Maturity Date	Interest rate	2017	2016
Botswana Building Society	7 300 000	Dec-23	11.20%	9 124 180	9 133 030
Botswana Building Society	10 000 000	Nov-19	11.10%	10 210 777	11 733 366
Botswana Building Society	45 500 000	Oct-22	7.75%	45 500 000	45 500 000
Botswana Building Society	10 000 000	Dec-16	12%	-	-
Botswana Building Society	8 213 000	Aug-18	1.5% above BOBC rate	8 282 591	8 212 179
Stanbic Bank Botswana Limited	14 500 000	Jun-20	8.00%	14 697 867	14 616 000
Standard Chartered Bank Botswana Limited	20 000 000	Jun-22	1.5% above BOBC rate	20 049 541	20 049 540
Debt Participation Capital Funding Limited	10 000 000	Jun-16	10.45%	-	-
Furnmart Limited	42 500 000	Oct-25	8.20%	47 666 381	48 812 036
National Development Bank	4 000 000	Aug-17	11.25%	-	4 167 426
Botswana Vaccine Institute	7 800 000	May-18	11.23%	8 170 325	8 541 498
Barclays Bank of Botswana Limited	30 000 000	Oct-19	8%	30 645 828	31 452 383
Stanbic Bank Botswana Limited	40 000 000	Oct-19	7.54%	40 938 414	41 832 732
National Development Bank	100 000 000	Nov-19	Prime rate less 2.5%	100 000 000	100 000 000
Balance carried forward				335 285 904	344 050 190

Notes to the Financial Statements (continued) for the year ended 31 December 2017

14. Financial assets at fair value through profit or loss (continued)

	Maturity amount	Maturity Date	Interest rate	2017	2016
Balance brought forward				335 285 904	344 050 190
Botswana Housing Corporation	8 000 000	Dec-20	10.10%	9 095 513	9 680 522
Botswana Housing Corporation	8 000 000	Dec-17	1.7% above BOBC rate	-	8 048 559
Letshego Holdings Limited	35 000 000	Nov-20	7.75%	35 000 000	35 000 000
Prime Time (PPHL)	21 000 000	Jun-24	8.50%	21 420 278	21 000 000
Botswana Development Corporation	14 613 750	Jun-19	Prime Plus 2.25%	14 808 111	15 445 273
Government Bonds BW005	25 750 000	Sep-18	10.00%	28 586 734	29 443 111
BW007	75 000 000	Mar-25	8.00%	93 923 459	94 285 140
BW008	10 000 000	Sep-20	7.75%	11 280 162	11 469 761
BW010	10 000 000	Mar-17	7.75%	-	10 231 000
				549 400 161	578 653 556

15. Trade and other receivables

	2017	2016
Fuel levy receivable	5 596 193	5 499 414
Third-party receivables	2 814 693	2 746 443
Dividends	4 212 690	4 512 046
Interest	7 058 460	7 556 710
Other receivables and prepayments	12 614 664	6 836 541
Staff receivables	5 236 410	6 920 417
Total current-trade and other receivables	37 533 110	34 071 571
Staff receivables non-current	44 831 218	36 961 840
Total trade and other receivables	82 364 328	71 033 411

16. Cash and cash equivalents

	2017	2016
Cash on hand	50 500	65 460
Cash at Bank	3 189 680	5 829 924
	3 240 180	5 895 384

Notes to the Financial Statements (continued) for the year ended 31 December 2017

17. Fair value and other reserves

	Fair value reserves		Other reserves		Total
	Available for sale investments	Freehold property	Insurance reserve	Road safety campaign	
Balance at 1 January 2016	1 340 971 879	1 384 075	716 618 095	64 878 467	2 123 852 516
Revaluation gain	-	1 800 000	-	-	1 800 000
Transfer to road safety reserve	-	-	-	8 408 745	8 408 745
Net fair value gains during the year in other comprehensive income	(13 685 637)	-	-	-	(13 685 637)
Balance at 1 January 2017	1 327 286 242	3 184 075	716 618 095	73 287 212	2 120 375 624
Revaluation gain	-	-	-	-	-
Transfer from accumulated surplus	-	-	-	(8 327 011)	(8 327 011)
Net fair value gains during the year in other comprehensive income	118 501 719	-	-	-	118 501 719
Balance at 31 December 2017	1 445 787 961	3 184 075	716 618 095	64 960 201	2 230 550 332

18. Trust liabilities

18.1

Undertaking liabilities for future medical expenses
Liabilities for financial support

	2017	2016
	584 854 937	460 796 882
	468 107 392	431 949 889
	1 052 962 329	892 746 771
Current liability portion	53 037 779	98 083 859
Non-current liability portion	999 924 550	794 662 912
	1 052 962 329	892 746 771

18.2

Opening Balance
Claims reserved
VAT on Reserves
Payments
Interest

	892 746 771	720 946 410
	162 725 975	186 427 803
	18 458 924	21 859 565
	(110 153 638)	(114 725 603)
	89 184 297	78 238 596
	1 052 962 329	892 746 771

Notes to the Financial Statements (continued) for the year ended 31 December 2017

19. Outstanding claims	2017	2016
Balance at the beginning of the year	170 479 781	122 571 641
Claims paid	(169 299 923)	(193 737 527)
	1 179 858	(71 165 886)
Increase in provision for the year	145 515 673	241 645 667
Balance at end of year	146 695 531	170 479 781
Comprising of:		
Known claims	27 020 982	17 488 259
Estimated unreported claims (IBNR)	119 674 549	152 991 522
	146 695 531	170 479 781

The Fund establishes a claim liability account, which is estimates of future payments for reported (known) claims and unreported claims (Incurred But Not Reported, 'IBNR') with respect to events which could result in an expense to the Fund. Provisioning is a complex process dealing with uncertainty, requiring the use of informed estimates and judgements. Any changes in the estimates are reflected in the comprehensive income in the period in which estimates are changed.

Delays occur in notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the statement of financial position date. The liability for claims is determined on the basis of information currently available. However it is inherent in the nature of the business that the ultimate liability may vary as a result of subsequent developments.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

20. Trade and other payables

	2017	2016
Trade payables	4 562 541	4 086 608
Fuel levy refund	25 913 560	24 617 604
Accrued expenses	4 429 896	6 906 683
Other payables	1 327 955	1 356 994
Leave pay and gratuity payables	11 232 270	7 434 952
	47 466 222	44 402 841

21. Commitments and contingencies

Litigations

In the ordinary course of business, the Fund is a defendant in various litigations and claims with respect to compensation claims. Although there can be no assurance the Fund believes based on information currently available that the ultimate resolution of these legal proceedings would not have a material adverse effect on the results of its operations, financial position or liquidity given the provisions already in place.

Capital commitments

Capital expenditure approved at the financial position date and contracted for but not recognised in the financial statements is as follows:

	2017	2016
Property and equipment	470 013	1 171 723

Operating lease commitments - where the Fund is the lessee

Leases are negotiated and renewed on an annual basis. The future aggregate minimum lease payments payable under cancellable operating leases are as follows

Notes to the Financial Statements (continued) for the year ended 31 December 2017

21. Commitments and contingencies (continued)

Not later than 1 year
Later than 1 year and not later than 5 years

	2017	2016
Not later than 1 year	464 591	774 454
Later than 1 year and not later than 5 years	134 206	1 119 957
	598 797	1 894 411

Operating lease commitments - where the Fund is the lessor

Leases are negotiated and renewed on an annual basis. The future aggregate minimum lease payments receivable under cancellable operating leases are as follows:

Not later than 1 year
Later than 1 year and not later than 5 years

	2017	2016
Not later than 1 year	1 729 415	1 525 158
Later than 1 year and not later than 5 years	360 900	2 151 860
	2 090 315	3 677 018

22. Related party transactions

Directors' remuneration

Board members' fees and expenses

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	2017	2016
Board members' fees and expenses	352 203	189 352
	352 203	189 352

23. Events after reporting date

There were no events that occurred after the financial position date which require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

24. Cash flows from operating activities

	2017	2016
Net deficit	(244 993 464)	(248 737 870)
Adjustments for:		
Depreciation on property and equipment	3 686 245	3 721 129
Amortisation of intangible assets	1 466 960	1 470 217
Fair value gain/(loss) on investment properties	(7 506 548)	660 000
Share of associates profits	(8 657 972)	(2 596 267)
Profit on disposal of property and equipment	(253 190)	(751 239)
Profit on disposal of investments	—	(19 918 207)
Management Fees	9 399 923	6 670 713
	(246 858 046)	(259 481 524)
Movements in current assets and liabilities		
Trade and other receivables	(11 330 917)	(9 542 140)
Financial assets at fair value through profit and loss	29 253 395	(17 067 693)
Held-to-maturity investments	53 082 174	15 153 374
Outstanding claims	(23 784 250)	47 908 140
Trade and other payables	3 063 381	(5 451 644)
Trust liabilities	160 215 559	171 800 360
	210 499 342	202 800 397
Cash flows from operating activities	(36 358 704)	(56 681 127)

Detailed Statement of Profit or Loss & Other Comprehensive Income for the year ended 31 December 2017

In Pula

	2017	2016
Net fuel levy income		
Fuel levy income	60 232 448	58 619 362
Less: rebate	(1 782 177)	(2 157 457)
Less: VAT on fuel levy	(6 453 477)	(6 280 646)
	51 996 794	50 181 259
Net third party cover		
Third party cover	10 287 575	12 182 611
Less: VAT on third party cover	(1 028 784)	(1 305 280)
Third party expenses	(1 102 240)	(838 800)
	8 156 551	10 038 531
Investment income		
Interest	48 553 791	57 101 202
Dividends	70 876 812	74 382 438
Net gain from sale of investments	-	19 918 207
Rental income	4 361 080	3 766 376
	123 791 683	155 168 223
Change in fair value of investment property	7 506 549	(660 000)
Change in fair value of investments at fair value through profit and loss	(7 253 395)	1 453 943
Foreign exchange losses	(107 535 908)	(61 544 764)
Other income	755 231	1 411 564
	77 417 505	156 048 756
Total operating income		
Net increase in claims provision	(142 500 827)	(239 530 834)
Reinsurance premium	(1 946 629)	(1 257 987)
Investment management fees	(9 396 221)	(7 820 736)
Property management fees	(4 985 997)	(2 769 230)
Interest expense	(89 192 705)	(78 209 473)
Administrative expenses		
Advertising	1 930 140	2 157 374
Audit Fees	297 100	297 100
Amortisation costs	2 908 743	5 043 398
Bank Charges	304 138	281 065
Custodial Fees	108 414	116 104
Directors Expenses	352 203	189 352
Data Processing Expenses	1 167 110	756 475
Office Cleaning & Consumables	513 454	499 383
Entertainment	29 523	27 826
	7 610 825	9 368 077

Detailed Statement of Profit or Loss & Other Comprehensive Income (continued) for the year ended 31 December 2017

In Pula

	2017	2016
Administrative expenses (Continued)		
Brought forward from previous page	7 610 825	9 368 077
Depreciation	3 686 245	3 721 129
Insurance	1 240 560	1 213 502
Legal Fees	269 038	288 410
Library	44 121	42 848
Motor Vehicle Expenses	497 986	579 677
Postage & Telephone	989 269	1 568 858
Printing & Stationery	379 280	218 097
Professional Fees	1 312 252	872 721
Rent & Rates	938 140	873 556
Recruitment Expenses	115 238	156 739
Repairs & Maintenance	153 276	247 218
Salaries	38 221 412	33 936 692
Medical Aid	874 888	740 487
Pension Costs	4 216 737	3 927 538
Leave Pay & Gratuity	5 884 102	5 328 591
Security	72 694	93 881
Other Staff Costs	1 649 393	1 114 485
Subscriptions & Licences	2 634 407	1 830 929
Travel	1 266 054	1 793 985
Training	2 023 098	2 401 180
Training Levy	128 812	138 057
Road Safety Campaign Expenses	8 327 011	6 770 735
Utilities	511 722	567 241
	(83 046 560)	(77 794 633)
Total expenses	(331 068 939)	(407 382 893)
Deficit for the year before share of profits from associates	(253 651 436)	(251 334 137)
Share of profit from associates	8 657 972	2 596 267
Deficit for the year	(244 993 464)	(248 737 870)
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Gain on revaluation of land and buildings	-	1 800 000
Items that are or may be reclassified to profit or loss		
Change in fair value of available for sale investments	118 501 719	(13 685 637)
Total other comprehensive income/ (loss)	118 501 719	(11 885 637)
Total comprehensive loss for the year	(126 491 745)	(260 623 507)

"This detailed statement of profit or and other comprehensive income does not form part of the audited financial statements covered by the audit opinion on pages 122 - 123"

GLOSSARY OF TERMS

AAS	Asset Allocation Strategy
ADLs	Activities of Daily Living
ALS	Advanced Level Of Support
AUM	Assets Under Management
BLS	Basic Level Of Support
BPS	Botswana Police Service
CCTV	Closed Circuit Television
CIP	Customer Interaction Portal
CMS	Case Management System
CSA	Control Self-Assessment
DCI	Domestic Companies Index
EDD	Economic Diversification Drive
EMS	Emergency Medical Service
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FTTx	Fiber-To-The-x
GDP	Gross Domestic Product
IBNR	Incurred But Not Reported
ICD	International Classification of Diseases
ICSS	Internal Customer Satisfaction Survey
ICT	Information Communication Technology
ILS	Intermediate Level Of Support
IMF	International Monetary Fund
IPD	Investment Properties Databank
IPPF	Internal Audit International Professional Practices Framework
IPS	Investment Policy Statement
LOS	Loss of Support
MOHW	Ministry of Health and Wellness
MVA Fund	Motor Vehicle Accident Fund
NRSC	National Road Safety Committee
PEEPA	Public Enterprises Evaluation and Privatisation Agency
PMS	Performance Management System
RTW	Return To Work
SADC	Southern African Development Community
SAP	Systems Application Product
SCI	Spinal Cord Injuries
TAAS	Tactical Asset Allocation Strategy
UAT	User Acceptance Testing
USD	United States Dollar
VPN	Virtual Private Network
WCC	Workers' Compensation Commission
WHO	World Health Organisation

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