

Annual Report 2018

*Always buckle up,
its the right choice*

*Kill speed,
Speed kills*

*Avoid fatigue
driving, stop, rest
- live*

*Be wise,
share the
road, it
belongs to
all of us*

*Don't let distracted
driving end your life,
wise up!*

*Drunk
driving impairs your
judgement, don't mix
the two*

More life > No life



SEAT BELTS SAVE LIVES BUCKLE UP

Our 2018 theme of "Seat belts saves lives- Buckle Up" underpins the Fund's continued clarion call for consistent usage of seat belts and child restraints devices.

Seat belts are an important vehicle safety feature that protects vehicle occupants in the event of a collision and minimize chances of death or sustaining severe injuries. Empirical evidence shows that vehicle occupants who do not wear seat belts are at a greater risk of sustaining severe injuries or even death in the event of a collision. Wearing seat belts also prevent excessive injury when a vehicle breaks abruptly.

Statistics obtained from Botswana Police Service shows that failure to wear seat belts is the second prevalent offence after over speeding which is regrettable hence our theme "Seat belts saves lives- Buckle Up". The theme is intended to encourage behavioral changes.

Motor Vehicle Accident Fund encourages all vehicle occupants to buckle up at all times when in a moving vehicle to avoid traumatic consequences associated with failure to wear a seat belt.

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About MVA

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 promote road safety and provide support to our customers in order to heal the wounds inflicted by road crashes.

Empathy

We provide emotional and physical support to our claimants in a rational and objective manner, to help them reach their health and economic goals. We do understand claimants experience from road crashes and placing ourselves in their situations.

Teamwork

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

Integrity

We do business in a transparent manner and treat everyone with respect by displaying consistent moral and ethical standards.

Innovation

We exploit our potential by continuously improving on what we do and how we do it, in pursuit of service excellence.

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

Submission

For the year ended 31 December 2018

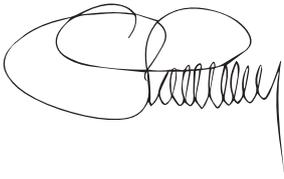
Honourable O K Matambo
Ministry of Finance and Economic Development
Private Bag 008
Gaborone

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 2018 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



MVA FUND
Living the promise.

2017 PROFILE & STRUCTURE

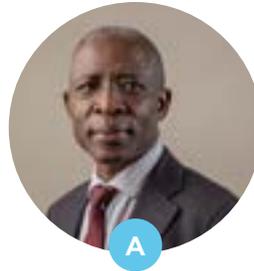
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VEHICLE ACCIDENT FUND

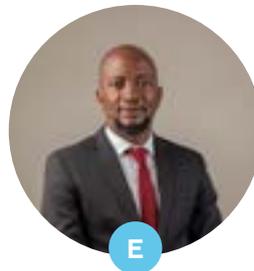
مؤسسة حوادث السيارات





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Board of Directors



"As the Board of MVA Fund, we fully acknowledge the fiduciary duty bestowed upon us to guide the Fund in the right direction for the benefit of both the claimants, the public and our shareholder." - Dr Mompoti Oganne Mmalane



**A Dr Mompoti Oganne Mmalane****Board Chairman**

Dr. Mmalane obtained his medical degree from the University of Tuebingen, West Germany, in 1986 and came to work as a medical officer at Princess Marina Hospital (PMH). He subsequently trained as a surgeon becoming a Fellow of the Royal College of Surgeons of Edinburgh in 1996. In 2002 he obtained a M.Sc. degree in Orthopaedics from the University College London. He practiced medicine for 18 years before being appointed to administrative positions of PMH's Hospital Superintendent, then elevated to the position of Director of Clinical Services at the Ministry of Health.

Dr Mmalane currently works as Deputy Director at the Botswana Harvard AIDS Institute (BHP). He has served in a number of Boards, including the MVA Fund Board (1997 – 2008), national committees and task-forces. Currently he is a member of the University of Botswana Council and Trustee Member of the Cancer Association of Botswana. His special interest is in Strategic Management and Quality Management Systems.

B 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.

C 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.

D Mr Keolebogile Pele Moleta**Board Director**

Pele obtained his bachelor's degree, majoring in economics and accounting from the University of Botswana in 1992 and started his career with FNBB as a finance officer. He subsequently obtained his associate diploma in banking in 1994 with Botswana Institute of Bankers.

He has served in various management and leadership roles in both the private and public sector. Pele served as corporate affairs executive and board secretary for the then Botswana IFSC, head corporate banking at FNBB and as director general and CEO of Botswana Postal Services. He leads the business development team at Hollard Insurance since January 2019.

He has served in a number of Boards, including the BSB, STANLIB Investment Management, Southview, Botswana Couriers & Logistics and is currently the chairman of the board of trustees of the Cancer Association of Botswana. His special interests are wellness, leadership and SMME growth.

E Mr Thamsanqa Majova**Board Director**

Mr Thamsanqa Majova graduated from the University of Botswana with a B.Com (Management) Degree in 1990. Upon completion, he joined the National Development Bank where he served for a year. He then joined the insurance industry where he served in various capacities. Some of the companies he worked for include Regent Insurance, Marsh and Botswana Insurance Company Limited where he was Executive General Manager

- Business Development. He was once a member of the Botswana Short Term Insurance Underwriters Association (BSTUIA)

Mr Majova also studied Management Development Program and Leadership Development Program with the University of Stellenbosch in 2010 and 2011 respectively.

F 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.

G 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.

H Prof. Bugalo Maripe**Board Director**

Prof Bugalo Maripe is a graduate of the University of Botswana, where he obtained a Bachelor of Laws (LLB) Degree. He also obtained a Masters in Laws Degree from the University of London, Kings College. Prof Maripe is a member of the Law Department of the University of Botswana, where he teaches law. He is also a practising attorney under the name and style, B. Maripe and Company. He is a member of the Board of Adjudicators of Botswana.

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Executive Management

"Through our sustained commitment to excellence, we have over the years built trust and created value for our customers. It is this trust that connects us and continues to encourage us to look for better ways of improving our customers' experience."
- Mr Michael M. Tlhagwane



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1 Mr Michael M. Tlhagwane
Chief Executive Officer

5 Ms. Onthatile T. Ogotseng
Board Secretary

9 Mr. Phenyo B. Mogae
Strategy Manager

2 Ms. Mpule Ditirwa
General Manager-
Customer services

6 Mr. Tshepiso Mmoleke
Investment Manager

10 Ms. Lydia Masilo-Nkhoma
Case Manager-
Rehabilitation

3 Ms. Colleen Motswaiso
General Manager-
Corporate Services

7 Ms. Bona Ramotlhwa
Customer Services
Manager

11 Ms. Precious Motlhlogi
Internal Audit Manager
(Acting)

4 Ms .Keetsemang Nkoko
Chief Investment Officer

8 Ms. Susan Motswaedi
Chief Claims assessment &
Investigations Officer

12 Mr. Thomas Brandy
Information Technology
Manager



13 Mr. Lesesa H.Mtonga
Case Manager -
Welfare

14 Mr. Mompoti Bontsibokae
Chief Injury Prevention
Officer

15 Ms. Poppy C. Sechele
Human Resources Manager

16 Ms. Martha B. Seipato
Finance Manager



17 Mr. Thabo Morotsi
Corporate Communications
Manager



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Profile &
Structure

**Key
Performance
Indicators**

Total expenses/claimants

100,814

2018

Net fuel levy/total
income

2018

17%

Net third party
cover income/
total income

2018

2%

Net investment
income/total
income

81%

Total costs/total
income

2018

67%



Claims expenses/net fuel levy and third party cover 2018



235%

Return on equity



-10%

Free assets ratio



62%

Solvency ratio

2018



264%





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Profile &
Structure

Performance Highlights

Payments to medical claimants

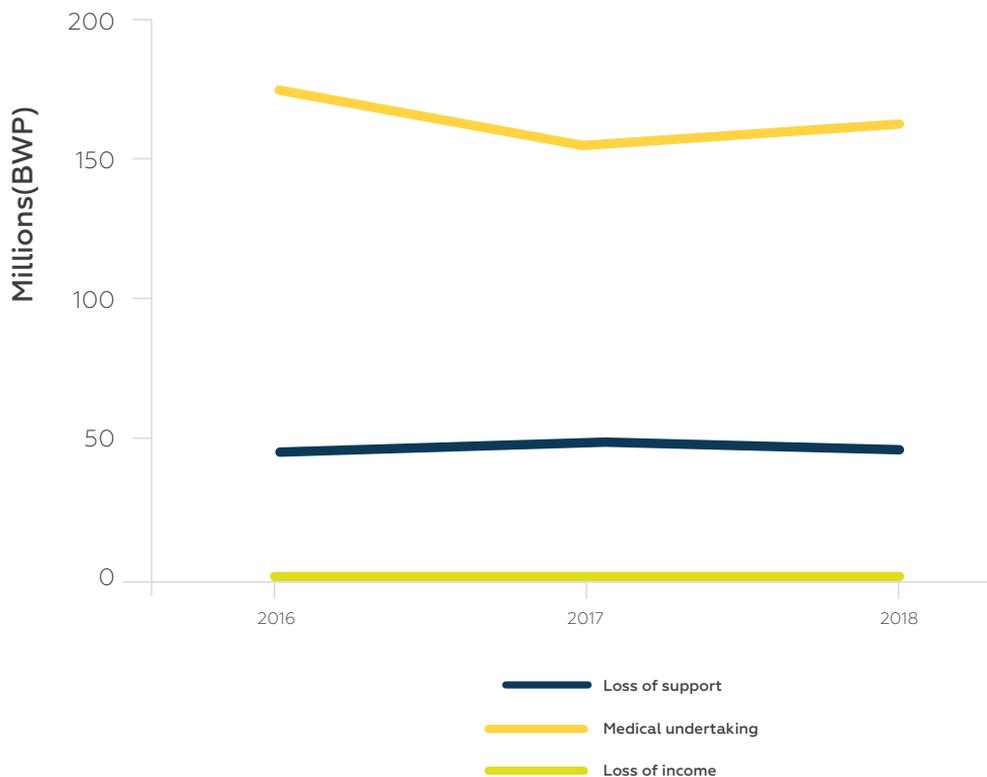
2018

63.7M

2017

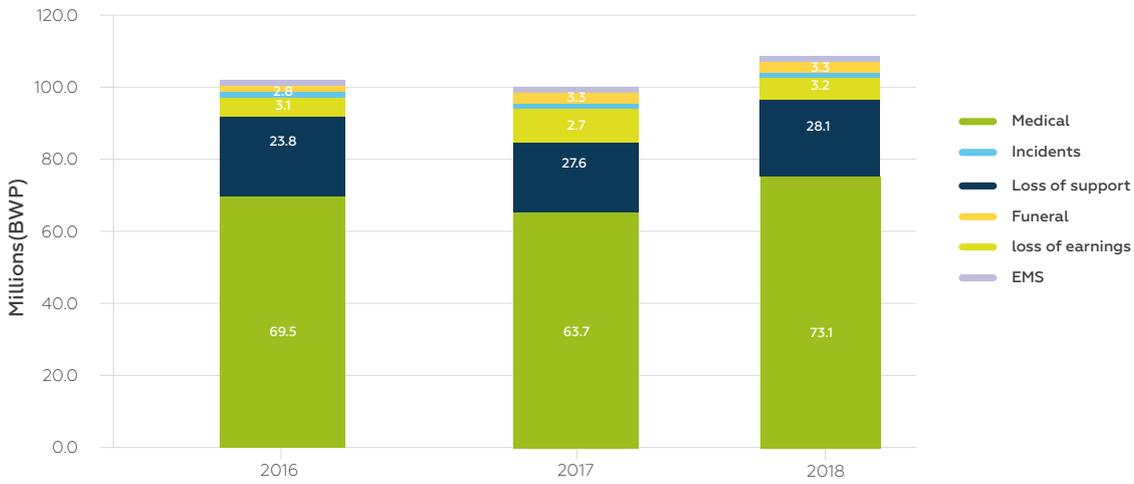
73.1M

Monies set aside for future payments (2016-2018)

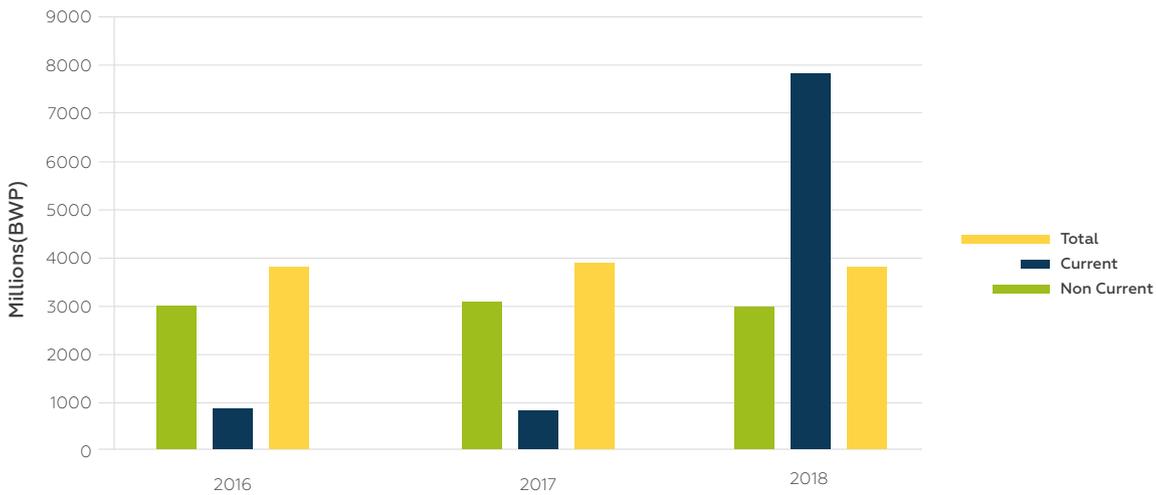




Payments to Claimants and service providers
(2016 - 2018)



Assets (2016-2018)



Source : MVAIF Investment Data

Key Financial Indicators (2016-2018)



Source : MVAIF Financial Data

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Profile &
Structure

**Value Added
Statement**

Employee Value Applied

2018

56.0M

2017

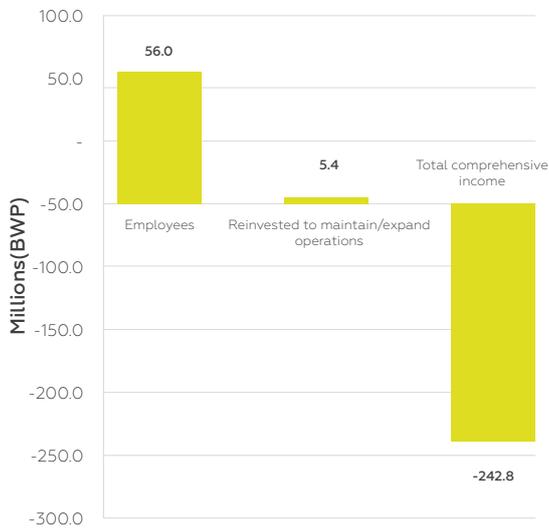
50.8M



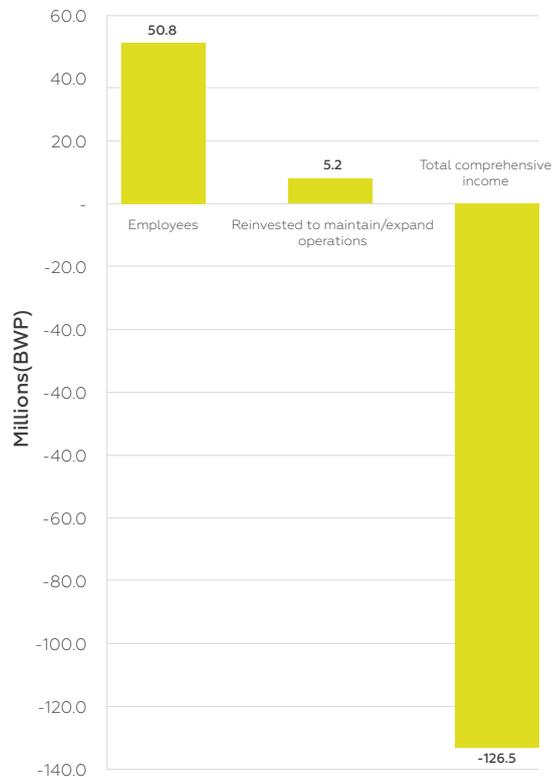


| | 2018 | 2017 |
|--------------------------------------------------------------|----------------------|---------------------|
| Net fuel levy income | 66 350 493 | 51 996 794 |
| Third Party | 8 926 663 | 8 156 551 |
| Investment income | 321 656 248 | 16 508 928 |
| Share of Profit from Associate | 10 828 634 | 8 657 972 |
| Other income | 369 596 | 755 230 |
| | 408 131 634 | 86 075 475 |
| Net fair value (loss)/gain on available-for-sale investments | (266 484 649) | 118 501 719 |
| Claims paid and cost of others | (323 262 206) | (275 069 202) |
| | (181 615 221) | (70 492 008) |
| VALUE APPLIED | | |
| Employee benefit | 55 751 957 | 50 846 532 |
| Depreciation | 4 080 775 | 3 686 245 |
| Amortisation | 1 330 743 | 1 466 960 |
| Total comprehensive (loss) | (242 778 696) | (126 491 745) |
| | (181 615 221) | (70 492 008) |

VALUE APPLIED 2018



VALUE APPLIED 2017



I am pleased to report on yet another eventful year in which MVA Fund, despite challenging financial situation, performed satisfactorily in most areas of its operations.

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Chairman's Report

Strategic Plan Initiatives

Target

84.3%

Achieved

83.8%

The Fund continues to collaborate effectively with key stakeholders being Botswana Police Service, Emergency Medical Service providers and hospitals (private and government) in order to achieve its strategic plan initiatives.

I am delighted to present to you, our valued stakeholders the Motor Vehicle Accident Fund Integrated Annual Report 2018 which gives the Fund's performance for the financial year 2018.

As the Board of MVA Fund, we fully acknowledge the fiduciary duty bestowed upon us to guide the Fund in the right direction for the benefit of both the claimants, the public and our shareholder. I am pleased to report on yet another eventful year in which MVA Fund, despite challenging financial situation, performed satisfactorily in most areas of its operations.

MVA Fund came through with fortitude and resilience that has come to define the Fund's culture. The Fund's resolve to uphold the highest standards of service delivery resonates well with its mantra of 'Living the promise' remains the driving force upon which all our efforts are directed to discharge its mandate.

This integrated report accords us the opportunity 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'. It is this resolute focus that enables us to deliver on our noble mandate of providing compensation, rehabilitation and supporting those affected by road traffic crashes.

The Board notes, with concerns, worsening inappropriate road usage behavior by our drivers, apparent presence of vehicles which are seemingly not roadworthy on our roads, inadequate availability of road-side Emergency Medical Services, and inadequate rehabilitation facilities in the country.

The notable increase in the number of road traffic crashes which resulted in increased rehabilitation costs continues

to negatively affect the Fund's financial performance. However, as a Fund we remain committed to the adoption of cost saving measures and cost effective initiatives to counter the negative effects of the foregoing.

Strategy

The year 2018 was first year of the implementation of the Kgogamasigo Strategic Plan 2018-2022. The Strategy just like its precursor focuses on service excellence, innovation and cost management. The Strategic Plan is premised on the Balanced Score Card Methodology which is a tested methodology for strategy development and execution.

The Fund took a bold decision in the current Strategic Plan to, amongst others, compensate 100% of those eligible for the Fund's compensation. This move is intended to ensure that the Fund achieves its mandate of compensation and support



of those affected by road traffic crashes. However, the Fund realized that some people were slow to submit claims to the Fund which compromised service delivery, negatively impacted the quality of life of the minors in particular, following loss of support due to death of their parents in road traffic crashes. The Fund has therefore stepped up its follow-up programs to ensure that all eligible claimants are offered compensation in line with the service standards.

The Fund continues to collaborate effectively with key stakeholders being Botswana Police Service, Emergency Medical Service providers and hospitals (private and government) in order to achieve its strategic plan initiatives. Despite financial challenges, the Fund managed to achieve an actual performance of 83.8% against a performance target of 84.3% which was commendable.

Economic Performance

The Bank of Botswana's accommodative monetary stance's main aim is price stability with a medium term inflation objective of 3% to 6%. According to the Bank of Botswana, inflation was estimated at 3.4% in 2018, up marginally from 3.3% in 2017. However, it is important to note that a low interest environment has had negative implications on the Fund's investments. Bond yields which are a direct derivative of the interest rates as set by the Central Bank have been on downward trajectory thus affecting investment returns.

The People Agenda

The Board recognizes that the positive performance of the Fund is attributable to its employees who continue to devote their energy towards ensuring that the Fund achieves its noble mandate and the



> **Continued**

strategic plan initiatives. MVA's CEO and his Executive Committee, guided by this Board, are therefore committed to creating a work environment that is conducive for employees to excel and unleash their creativity towards service improvements. The Fund's investment in its people was stepped up, with more targeted training plan and succession plan in place.

Governance

The Fund complies with best international principles of good governance as enshrined in King III Code of Governance. Our approach to Corporate Governance is to ensure that the Fund maintains ethical and effective leadership in furtherance of its mandate. The Board exercises its fiduciary responsibility to ensure oversight, management of business risk and optimal utilization of our resources to benefit our claimants and stakeholders. 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 revised King IV Report which emphasizes on stakeholder inclusion, IT Governance and disclosure.

As a firm commitment to ensuring that effective governance exists, the Board revised its charters during the year to align them with best practices. The Fund is also in the process of developing assessment tools for Director performance evaluations geared towards continuous improvements.

The Future

The Fund remains committed to working collaboratively with its key stakeholders in the road safety sphere to reduce road traffic crashes and road traffic fatalities by 50% by 2020 in accordance with the National Road Safety which is aligned to the United Nations Decade of Action for Road Safety 2011-2020. We firmly believe our newly adopted strategic direction as documented in our Kgogamasigo Strategic Plan 2018-2020, which may need to be supported by enabling legislature review with regards to driver licensing and vehicle roadworthiness testing in particular, places us in a better position to strive for the attainment of reduced road traffic crashes and road fatalities by 2020.

On the back of a reinstated fuel levy rate back to 9.5 thebe effective October 2018 and positive economic outlook, we commit to do all possible within our means, to reverse our current financial deficits, and re-build the strength of our financial reserves. The Fund will also review its investment

strategies to align with the prevailing market conditions to improve returns within acceptable risks.

The Fund will continue to review its legislative framework to improve claims administration geared towards improved service delivery and financial sustainability. The Fund as an arm of government, will align its operations to support key government policies geared towards making Botswana a better place to live in.

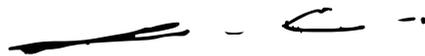
Acknowledgment

On behalf of the Board, I would like to take this opportunity to thank and encourage our employees, the management team and all our stakeholders for their immense support as we strive to discharge our noble mandate with resilience and empathy. We believe it is this collective will, that will yield desirable results in future years.

On behalf of my fellow Board of Directors, I wish to acknowledge the immense contributions made by the Board of Directors whose tenure in the Board ended during the year namely; Mr Abraham Botes (former Board Chairperson), Ms. Kegomoditswe Matshediso, Mr. Geoffrey Bakwena and Dr Kealeboga Bojosi. Your sacrifice, commitment and professionalism will forever be cherished by the Fund and its stakeholders.

We also recognize our key stakeholders who continue to offer a helping hand in the operations of the Fund, namely the Ministry of Transport and Communications, Ministry of Health and Wellness, Botswana Police Service, Private Emergency Medical Services providers, Bokamoso Private Hospital and Gaborone Private Hospital and others who continue to offer superior service and support to the Fund.

Re a leboga.



Dr. Mompoti O. Mmalane
Board Chairman



MVA FUND
Living the promise.

RE GO FA THUSO KA NAKO E O E TLHOKANG THATA.

A o amegile mo kotsing ya koloi kana o itse mongwe o o amegileng mo kotsing ya koloi. MVA Fund e ka go thusa fela thata go go busetsa mo botsogong jo bo eletsegang.

Re tlhaloganya thata seemo sa motho yo o amegileng mo kotsing ya koloi, re itse fa a tlhoka thuso ya potlako ebile e le maleba, ke moo re itlamileng go go fa thuso e e tshwanetseng mo nakong e e khutshwane.

Mongwe le mongwe yo o amegileng mo kotsing ya koloi o ka bona dithuso tse di latelang:

MEDICAL ASSISTANCE / THUSO YA BONGAKA

E ke thuso e e fiwang ba ba bonyeng dikgobalo mo kotsing ya koloi. Maikaelelo magolo a thuso e ke go busetsa yo o gobetseng mo botsogong jo bo eletsegang. Re go thusa mo Oureng e le nngwe fa ele thuso ya potlako kana malatsi a le matlhanano fa e se ya potlako.



FUNERAL ASSISTANCE / THUSO YA DITSHENYEGELO TSA PHITLHO

A ke madi a a ntshiwang go thuso mo phitlhong ya motho yo o tlhokafetseng mo kotsing ya koloi. Madi a a ka se fete P7 500. Re go thusa mo di Oureng tse di ferang bobedi.



LOSS OF EARNINGS / THUSO YA TATLHEGELWANG KE MOTLHOKOMEDI

Thuso e e fiwa ba dikgobalo tsa kotsi ya koloi di bakileng gore ba latlhegelwe ke pereko kana ba seka ba tlhola ba kgona go itshetsa. Re go thusa mo bekeng tse thataro.



LOSS OF SUPPORT / THUSO YA BA BA LATLHEGETSWENG KE MOTLHOKOMEDI

Thuso e e fiwa ba ba latlhegetsweng ke motlhokomedi mo kotsing ya koloi. E ka nna bana, batsadi, monna kana mosadi, kana mongwe le mongwe fela yo o ka supang gore one a tlhokomelwa ke moswi. Re go thusa mo kgweding tse pedi.



MVA Fund Botswana

The Fund has also added “Empathy” in the core values in realisation that in assisting those affected by road traffic crashes the Fund should also provide emotional support.

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CEO's Report

Operating Income



The increase in income was due to a higher investment income owing to higher profit on disposal of local listed equities as well foreign exchange gains on offshore investment.

The year 2018 though challenging in terms of the Fund's financial performance was eventful owing to a number of key initiatives that the Fund successfully implemented.

The Fund for the third successive year recorded a high comprehensive loss owing to depressed revenue as a result of subdued local economy resulting in low investment income and unrealised foreign exchange losses on offshore investments. Claims costs continued to increase owing to increases in road traffic fatalities.

Following fruitful engagements with the Government through Ministry of Finance and Economic Development, the fuel levy rate was restated to 9.5 thebe per litre and this could not have come at a better time, especially looking at the ever escalating road traffic crashes and medical costs and underperforming investments.

We thank our Government for this support and as an arm of Government, the Fund will continue to support key Government initiatives geared towards improving the livelihood of Batswana.

The year 2018 marked the first year of implementation of Kgogamasigo Strategic Plan 2018- 2022. Through this strategic plan the Fund aims to discharge its mandate while at the same time positioning the Fund to maintain financial sustainable, assist all eligible claimants, improve post-crash care and reduce fatalities and injuries.

The Fund has also added “Empathy” in the core values in realisation that in assisting those affected by road traffic crashes the Fund should also provide emotional support.

Service Delivery

Through our sustained commitment to excellence,

we have over the years built trust and created value for our customers. It is this trust that connects us and continues to encourage us to look for better ways of improving our customers' experience. The year 2018 also marked the first year of our Strategic Plan 2018-2022, which also prioritises service delivery.

The Fund's noble mandate of promoting road safety and providing care and support to those affected by road traffic crashes, sets a tone for us to be compassionate and to administer the Fund's benefits with utmost integrity.

Despite the financial challenges of the past three years, the Fund remained focused on ensuring that the quality of service offered to claimants and the public was not compromised. The Fund continues to offer superior services to its customers by leveraging on technology. The Fund's



queue management portal enables the Fund to obtain feedback from the customer on service delivery gaps towards continuous improvement. The Fund's interactive website also enables claimants to check the progress of their claims without the need to make visitations to the offices.

The Fund's physical presence in the major towns which is complemented by two (2) mobile offices enables the claimants and the public to access the Fund's services. The mobile offices have seen an increase in claims lodged from 148 in 2017 to 214 in 2018 as the Fund adopted new strategies to effectively use the mobile offices to improve outreach to claimants to lodge claims.

Promotion of Road Safety

Promotion of road safety in one of the Fund's mandates geared towards reducing road traffic accidents and associated fatalities and serious injuries. The financial sustainability of the Fund is to a greater extent dependent on the reduction of road traffic crashes to avoid high claims costs.

Road traffic fatalities has been on the increase in the past five years, which is regrettable considering the investment made by the Fund and other key stakeholders in road safety promotion and law enforcement. The road traffic accidents have a negative impact on the socio-economic factors of the country. At a social level, many families are left without bread winners and the quality of their lives deteriorates, children are left without parents and are exposed to all social ills while some family members are traumatized following the deaths of relatives. On the economic side the Fund continues to incur high claim costs while government also have to provide health care for



> Continued

the injured. In addition, government and private companies do not realize the return on invested as some beneficiaries of the training programs die at a younger age while there is also loss of productivity owing to absence during the period of recuperation.

The Fund therefore continues to undertake road safety initiatives in an endeavor to reverse the escalating rate of road crashes in the country through collaboration with other key stakeholders including Botswana Police Service, Ministry of Transport and Communications, Ministry of Health, World Health Organisation and the community.

In the year 2018, the Fund conducted the Road Safety Risk Awareness Survey and Road User Compliance Observational Study. The objective of the two surveys was to evaluate road risk perception levels of road users as well as their behavior on the road in response to road safety interventions. The Road Safety Risk Awareness Survey measured the following; road user knowledge of road rules, safe road use practices and positive perceptions of elements that contribute to road crashes. The Road User Compliance Observational Study measured compliance to road signs, traffic lights, seatbelt use, distractions and pedestrian use of the road. The results from the surveys will greatly assist the Fund in coming up with targeted mitigations particularly when it comes to the content of its public education messages.

According to Botswana Police Service Annual Accident Report 2018, the traffic safety performance is improving in relative terms despite an increase in fatalities. Road traffic crashes declined by 2.5% from 17 786 in 2017 to 17 341 in 2018. Fatalities however increased by 4.1% from 444 deaths in 2017 to 462 deaths in 2018. One of the major contributing factors to increased fatalities is multiple casualties resulting from a single crash and 6 fatal accidents were recorded which cumulatively claimed 38 lives. Statistics further reveals reductions in both serious and minor injuries. Serious injuries declined by 4.6% from 1 152 in 2017 to 1 099 in 2018, whereas minor injuries declined by 1.2% from 4 739 in 2017 to 4 682 in 2018. The Fund's public education initiatives will target the age category of 21 years to 40 years as the category is largely affected by road traffic accidents and associated fatalities due to behavioral challenges.

Claims Processing & Management

Claims lodged declined by 3% from the 2 934 claims received in 2017 to 2850 received in 2018.

As at December 31st 2018, the Fund settled 2 191 and repudiated 271 claims. Offers that were awaiting acceptance by claimants were 165 while 223 claims were outstanding for various reasons. The Fund attained a claims completion ratio of 91% and will continue follow-up those who have not yet submitted information that will enable the Fund to progress outstanding claims. The decrease in claims received is attributable to the decline in total crashes during the year.

To underscore our commitment to the discharge of this mandate, the Fund has taken a bold decision in the Kgogamasigo Strategic Plan 2018 – 2022 to compensate all eligible people. The Fund through collaborating with Botswana Police Service now follows up all families of the deceased and assists them to lodge claims funeral claims and loss of support where applicable.

Case Management

The Fund recognizes that timely medical attention and rehabilitation results in improved claimants' outcomes hence the Fund's improved collaboration with health service providers to ensure that injured are evacuated timely from the scene of accidents to the most appropriate health facilities for early medical attention and rehabilitation.

The Fund has also stepped up case management to ensure that the injured claimants complies with the treatment plans and avoid further health complications. Hospital/home visits and collaboration with families of those injured will be improved for improved rehabilitation outcomes.

The Fund continues to enhance its Case Management section by implementing a number of initiatives aimed at attaining positive claimants' rehabilitation. The Fund has started to enjoy the benefits of the case management system which went live at the beginning of the year. The system enables the Fund to manage claimants' clinical and welfare data for improved claimants' follow-ups and management. The system has also enhanced the quality of reporting which improves strategic decision making.

Organisational Review

In order to support the implementation of the Kgogamasigo Strategic Plan 2018 – 2022 the Fund initiated an organisational review and job evaluation exercise geared towards placing the right people in the right positions for organisational efficiency. The exercise will be completed early in 2019. The Fund on a continuous basis informed employees about the progress of the exercise. The fund through



outsourced service providers arranged for staff psychosocial counselling to mitigate against uncertainty brought by the exercise .

Regional Integration

The Fund continues to support government initiatives by participating in the Trans-Kalahari Corridor Joint Operation which is in support of SADC Protocol on Transport, Communication and Meteorology. The Trans-Kalahari Corridor is managed by an Executive Secretary based in Namibia working with transport authorities in Botswana, Namibia, and South Africa. The aim is to improve trade facilitation through efficient harmonized processes and safe transportation system.

The Trans Kalahari Corridor (TKC) is a tripartite trans-boundary Corridor Management Institution that was established with a political and economic vision to pursue or contribute towards deeper regional integration programs of SADC, SACU and NEPAD.

The Fund participated in all the three campaigns which are held on a rotation basis by each member country. Botswana hosted the campaign in May 2018, followed by Namibia in September 2018, and then South Africa in November 2018. The MVA Funds of Botswana and Namibia and Road Accident Fund of South Africa are involved in promotion of road safety and informing the public about their products and services and how the public can access assistance from these compensation bodies.

MVA Fund Botswana is also part of a multi-lateral agreement between motor vehicle accident funds of Botswana, Namibia, Swaziland and Road Accident Fund of South Africa. The agreement allows the funds to cooperate in areas of mutual interest and for capacity building within the compensation bodies.

Our People

Employees play a pivotal role in executing various responsibilities geared towards achieving the Fund's mandate and strategic plan initiatives. The Fund's talent management strategy is to employ people with the right competencies and retain them. The Fund continues to train staff on various accredited training courses in order to close the gaps noted on performance appraisals while other training is for developmental purposes. Employees who are not on the Fund's training plan are encouraged to pursue self-study with the assistance of the Fund.

In 2018 the Fund conducted the ninth (9th) Internal Customer Satisfaction Survey (ICSS) and

achieved an index of 72.2 % which was a slight decrease from 73.2% achieved in the previous year.

The Fund also participated in Deloitte Best Company To Work For Survey in order to determine staff engagement levels. The Fund achieved the Best Company Index of 60.75 which was a decline compare to 65.14% attained in 2017 while Engagement Index also dropped from 71.74% in 2017 to 68.99% in 2018. The Fund will address the low scoring dimensions in order to improve the results of the surveys.

Financial Highlights

The Fund recorded a comprehensive loss of P242.8 million for the year ended 31st December 2018 being a significant decline in performance compared to the comprehensive loss of P126.5 million recorded as at 31st December 2017. The comprehensive loss was largely attributable to fair value losses of available for sale investments.

Income

The Fund recorded total operating income of P397.3 million being a significant increase in comparison to total operating income of P77.4million recorded in 2017. The increase in income was due to a higher investment income owing to higher profit on disposal of local listed equities as well foreign exchange gains on offshore investment.

Investment income for the year was P204.5 million being an increase of 65% from P123.8 million recorded in 2017. The increase in investment income was due to profit on disposal of First National Bank Botswana and Sechaba Brewery Holdings Limited shares.

Foreign exchange gains of P127.3 million recorded in 2018 was significantly higher than the foreign exchange loss of P107.5 million recorded in December 2017 as the Pula depreciated against the US Dollar.

Fuel Levy Income of P66.4 million increased by 27.5% from P52.0million recorded in 2017 owing to reinstatement of fuel levy rate from 5 thebe per litre to 9.5 thebe per litre effective 15th October 2018.

Costs

Total expenses increased by 16.1% from P331.1 million recorded in 2017 to P384.4 million in 2018 primarily due to increase in net claims provision, interest expense and administrative expenses. Claims provision increased by 24% from P142.5 million in 2017 to P176.6 million in 2018 owing to increase in high value claims as well as medical

> **Continued**

inflation. The Fund also intensified follow up of funeral and loss of support claims to encourage those affected by road traffic accidents to lodge claims with the Fund for compensation. The increase in interest expenses from P89.2 million in 2017 to P106.3 million in 2018 is attributable to the increase in claims expenses as the Fund holds the money for claimants in interest earning account.

Administrative expenses increased from P74.7 million to P78.1 million as result of increases in staff costs, information technology expenses and inflationary pressures.

Financial Position

Despite the comprehensive losses reported above, the Fund’s total assets marginally declined from P3.83 billion as at December 31st 2017 to P3.76 billion as at December 31st 2018.

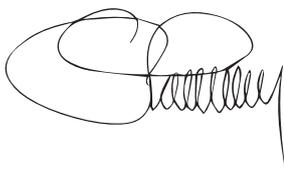
Outlook

As we begin the next chapter of the new Strategic Plan 2018 - 2022, 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.

The provision of compensation, medical and rehabilitative assistance to our claimants will remain our priority. We will continue to exploit resources at our disposal to ensure that all eligible claimants are assisted through making follow-ups and encouraging such claimants to submit their claims.

Re a leboga.



Michael Mooketsi Tlhagwane
Chief Executive Officer







MVA FUND
Living the promise.

DEPARTMENTAL REPORTS

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The Fund embraces the philosophy of 'Botho', as the foundation of its service delivery.

2

Customer Services Division

Customer Interactions

2018

52 266 PEOPLE

The Head Office recorded the highest interactions at 16 232 or 31% followed by Rail Park Branch at 14 183 or 27% and Francistown Branch at 9 136 or 17%

The Fund is a customer focused and service oriented organisation, addressing its customers' needs through efficient, professional, courteous and equitable service. The Customer Services Division is charged with delivering the Fund's mandate of medical care and rehabilitation and supporting those affected by road traffic crashes.

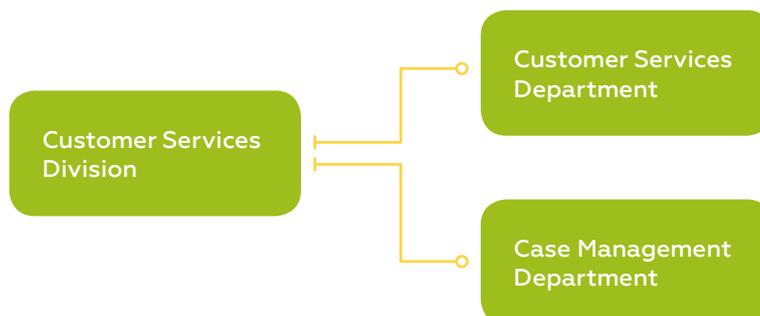
The Division consists of two Departments as illustrated in the Figure 1 below;

Customer Services Department

The Fund embraces the philosophy of 'Botho', as the foundation of its service delivery. The Fund is also cognizant of the fact that its claimants 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. Botho, as a social contract of mutual respect, responsibility and accountability also underpins the Fund's core values;

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

Figure 1: Departments of the Customer Services Division



The Customer Services Department is the first point of contact with the Fund and interfaces directly with the customers and the general public. It is through this

Department that the Fund is able to deliver comprehensive and integrated quality products and services hence living its promise of giving its claimants best chance to normal life. The primary objective is always to exceed customer expectations.

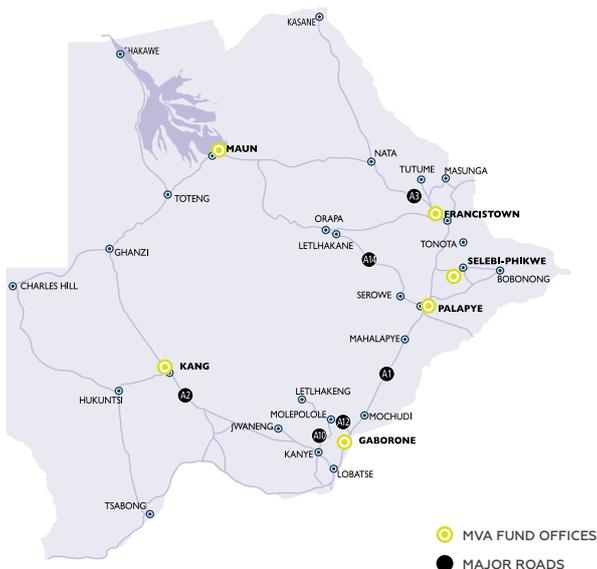
Figure 2: Illustration of the Key functions of the Customer Services Department:



Service Distribution Network

The Fund in its quest to deliver on its promise of improved service accessibility, expanded its service distribution network. The Fund now has seven (7) offices across the country and these are augmented by two (2) mobile offices which assist in outreach programmes. The mobile offices have improved accessibility to the Fund's products and services especially in the remote areas.

Figure 3: Geographical Representation of the MVA Fund Offices



Claims Received

The Fund received 2 850 claims for the year ended 31st December 2018 being a decrease of 3% from 2 934 claims received during the year ended 31st December 2017. Loss of income claims declined by 25% from 113 claims in 2017 to 85 claims in 2018 owing to decline in road traffic crash casualties and the effective return to work programme which enables the injured to be rehabilitated and then return to work resulting in non-payment of loss of income. The Fund recorded a 10% decline in medical claims lodged which is attributable to the decline in total road traffic crash casualties and non-submission of claims by those who suffered minor injuries as there was no further medical treatment required by the injured. Funeral expenses and loss of support claims increased by 6% and 17% respectively in 2018 compared to 2017 as a result of intensified follow up of families of the deceased and assisting them to lodge claims.

Table 1: Claims Received per office by year

| Offices | 2017 | 2018 | Increase/ Decrease |
|----------------|--------------|--------------|--------------------|
| Head Office | 1 022 | 916 | -106 |
| Rail Park | 823 | 738 | -85 |
| Francistown | 391 | 360 | -31 |
| Palapye | 256 | 287 | 31 |
| Mobile Offices | 148 | 214 | 66 |
| Maun | 150 | 179 | 29 |
| Selibe-Phikwe | 78 | 84 | 6 |
| Kang | 66 | 72 | 6 |
| TOTAL | 2 934 | 2 850 | 84 |

For the year ended 31st December 2018, Head Office, Rail Park and Francistown recorded a decrease in new claim submissions compared to the year ended 31st December 2017. The increase in claims received in other offices is attributable to accidents in which multiple fatalities were recorded hence the increase in both funeral expenses and loss of support claims. The Mobile Offices recorded an increase of 45% in claims received from 148 claims in 2017 to 214 claims in 2018 owing to new strategies adopted to follow up claimants through the Mobile Offices. The Mobile Offices are targeting areas with high number of potential claimants in order to optimise their use and improve claims lodgment.

Claims Received by Benefit Types

Table 2 below shows a comparison of claims received by benefit type for the financial years 2017 and 2018. There was an increase in funeral expenses and loss of support claims in 2018. The increase in both categories was as a result of increase in road traffic fatalities as well as the Fund's efforts through the assistance of Botswana Police Services to proactively locate family members of the deceased to lodge funeral expenses and loss of support claims. It is part of the organisational drive to ensure that all people affected by road traffic crashes are compensated to avoid prescription of claims and carry-over of unknown liabilities. It is also part of the Fund's strategic objective to assisting all eligible claimants.

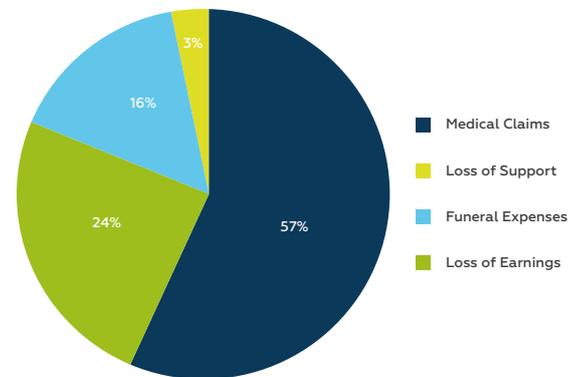
The loss of income benefit claims declined owing to the Fund's rigorous implementation of the Return to Work programme. Through this programme, the Fund works with the rehabilitation service providers, the claimant and his/her family and the claimants' employer to rehabilitate claimants and ensure they return to employment, hence gaining their economic independence. Table 2 below shows a representation of the claims received by benefit type for the year ended 31st December 2018.

Table 2: Claims received by Benefit Type Per Year

| Benefit Type | 2017 | 2018 | Increase/Decrease |
|--------------------|--------------|--------------|-------------------|
| Funeral Expenses | 432 | 456 | 24 |
| Loss of Support | 594 | 697 | 103 |
| Medical Assistance | 1 795 | 1 612 | -183 |
| Loss of Income | 113 | 85 | -28 |
| Total | 2 934 | 2 850 | 84 |

Figure 4 shows categorisation of claims received in 2018 by benefit type.

Figure 4: Categorisation of claims received in 2018 by Benefit Type



Medical Claims

Figure 4 above shows that medical claims accounted for 57 % of the claims lodged and is the highest category as most of the claimants suffer physical injuries. In addition, the Fund's arrangement with Emergency Medical Service providers to evacuate injured people from the scene of a road traffic crash to the most appropriate health facility ensures that the majority of the injured access medical intervention on a timely basis hence the higher proportion of medical claims.

Funeral Claims

The Fund enjoys good working relationships with the Botswana Police Services (BPS) and it is through this effective collaboration that the Fund is able to identify families of those who died in road traffic crashes and assist them to lodge funeral expenses claims.

For the year ended 31st December 2018, the Botswana Police Services (BPS) recorded 462 road traffic fatalities. The Fund however received a further six (6) funeral expenses claims where the deceased passed on after reporting period cut off by Botswana Police Service but within the validity period to lodge the claim with the Fund. The additional deaths bring the total number of fatalities recorded by the Fund for the year ended 2018 to 468. Of the 468 fatalities, 410 were adults and the remaining 58 were minors. The fatalities comprised of 449 citizens, 18 visitors and 1 non-citizen with residence permit. All the 449 citizens and 1 non-citizen with a residence permit were eligible for funeral expenses benefit resulting in eligibility rate of 96%. The 450 eligible for Funeral Expenses benefit comprised of 392 adults and 58 minors. For the year ended 31st December 2018, the Fund received 456 Funeral Expenses Claims.



The categorization of funeral claims by year of accident, nationality and age is depicted in Tables 3 to 4 below.

Table 3: Funeral Expenses claims received in 2018 by year of accident

| Year of Accident | 2008- 2017 | 2018 | Total |
|------------------|------------|------|-------|
| No. of Claims | 29 | 427 | 456 |

For deaths that occurred during the year ended 31st December 2018, the Fund received 427 claims which included two claims for visitors. The families of two (2) deceased visitors were in accordance with section 23(2) not eligible to claim compensation from the Fund. As at the end of December 2018, 425 claims out of the eligible 450 claims were lodged translating to a lodgment rate of 94.4% while 25 claims were outstanding. The Fund has located the 25 families of the deceased and is assisting them to lodge funeral expenses claims.

Table 4: Funeral Expenses claims received by nationality and age

| Description | Nationality | | Age | |
|-----------------|-------------|--------------|-------|--------|
| | Citizen | Non Citizens | Minor | Adults |
| Claims Received | 454 | 2 | 61 | 395 |
| Total | 456 | | 456 | |

The 454 eligible for funeral expenses claims lodged comprised of 393 adults and 61 minors. One hundred and twelve (112) deceased adults did not have dependents and therefore no loss of support arose and the claim files were closed after payment of funeral claims. Those deceased adults whose dependents were eligible for loss of support claims were 281.

Loss of Support Claims

For the year ended 31st December 2018, 227 families from 281 eligible families for loss of support claims submitted 697 claims. On average, one (1) deceased person has three (3) dependents hence the number of loss of support claims received is higher at 697 claims relative to the 227 deceased persons. The Fund actively follows up and assists potential claimants to lodge loss of support claims.

There is a significant improvement in lodgment of loss of support claims owing to rigorous follow up of dependants to lodge claims through mobile

offices. Table 5 below shows the loss of support received in 2018 by year of accident.

Table 5: Loss of Support claims received by year of accident

| Year | No. Of Claims |
|-----------|---------------|
| 2006-2016 | 76 |
| 2017 | 122 |
| 2018 | 499 |
| Total | 697 |

For the year 2018, there were 265 deceased whose dependents are eligible for loss of support and 211 families of the deceased lodged 499 claims while 54 families are yet to lodge claims. The Fund is actively following up and assisting the remaining 54 families to lodge loss of support claims.

The Fund continues to be proactive in identifying loss of support beneficiaries by collecting information about the deceased’s dependants during lodgment of funeral claims. This initiative will ensure that the Fund compensates those affected by road traffic crashes within a reasonable time thus improving service delivery to the claimants and further reduce the Fund’s liability on the Incurred But Not Reported (IBNR) claims.

Loss of Income claims

For the year ended 31st December 2018, the Fund received 85 loss of income claims as categorised by year of accident in the table below.

Table 6: Loss of Income claims by year of accident

| Year | No. of Claims |
|-----------|---------------|
| 2018 | 42 |
| 2017 | 26 |
| 2001-2016 | 17 |
| Total | 85 |

Customer Interactions

For the year ended 31st December 2018, the Fund interacted with 52 266 people. The Head Office recorded the highest interactions at 16 232 or 31% followed by Rail Park Branch at 14 183 or 27% and Francistown Branch at 9 136 or 17%. Kang Branch recorded the lowest interaction of 1 493 owing to fewer claimants in Kang and the surrounding villages. The interactions were as per the Table 7 below

Table 7: Customer Interactions

| Customer Interactions | | | |
|-----------------------|---------------|---------------|---------------|
| Office | Visits | Telephone | Total |
| Head Office | 13 190 | 3 042 | 16 232 |
| Rail Park | 12 890 | 1 293 | 14 183 |
| Francistown | 6 320 | 2 816 | 9 136 |
| Palapye | 2 582 | 1 650 | 4 232 |
| Maun | 1 995 | 775 | 2 770 |
| Selebi- Phikwe | 1 732 | 470 | 2 202 |
| Mobile Offices | 1 431 | 587 | 2 018 |
| Kang | 457 | 1 036 | 1 493 |
| Total | 40 597 | 11 669 | 52 266 |

The Fund recorded more walk-in interactions than telephone interactions in offices that are easily accessible. Kang recorded more telephone interactions than walk-in interactions due to the vastness of the area. The Head Office and Rail Park branch have the highest number of visits (64%) since the majority of the claimants live in and around Gaborone.

Service Management

The Fund utilizes the queue management system to improve efficiency in servicing customers to obtain feedback from customers at the point of interaction. The components measured through the queue management system include average waiting times for customers to be served and the average time taken to serve customers. The service level in 2018 was rated at 64% against a target of 80% in five (5) offices that have installed the queue management system. Management continues to explore new strategies to improve the service offered to customers and therefore improve the service rating levels. The branch service level comparison is indicated in Table 8 below.

Table 8: Service Level per Branch

| Branch Name | No. of counters | Tickets Served | Tickets Served Within Target Wait Time | Tickets Served After Target Wait Time | % service Level |
|-------------|-----------------|----------------|----------------------------------------|---------------------------------------|-----------------|
| Palapye | 2 | 2 147 | 1 936 | 211 | 89% |
| Maun | 1 | 1 573 | 1 201 | 372 | 73% |
| Francistown | 2 | 5 839 | 3 814 | 2 025 | 65% |
| Rail Park | 2 | 12 840 | 8 371 | 4 469 | 65% |
| Head Office | 2 | 12 859 | 3 604 | 9 255 | 27% |

Table 8 above gives an account of the tickets issued by each branch to the customers. On average, the counters are manned by two officers except Maun branch which is manned by one officer. The interactions per branch correlate with the number of claims received by the five offices. Most customers within and around Gaborone prefer to use the head office for funeral expenses claim lodgment and collection of payments because processing of all claims and payments is centralized at Head Office, hence the extended service times that translate to lower service levels recorded at Head Office. This situation will be addressed by the organizational review and job evaluation exercise. The Francistown branch has two officers but one counter was in active for the majority of the time because the other officer operates the mobile office and was out in the field for most of the year. The queue management system therefore provides an insight of the efficiency levels per office, which informs management in making decisions to allocate resources to support the strategic objective of improving customer satisfaction.

MVA Fund Service Standards

The Service Standards continue to be pivotal in propelling the Fund to deliver quality and timely service to its customers. The Service Standard Charter provides a declaration to the public, of the Fund's commitment to service delivery. 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 average performance rate for 2018 was 84.7% being 1.3% below the target of 86%. The current years performance shows a 3.4% increase compared to 2017 performance of 81.3%. This performance improvement is attributable to the rigorous of claims movement through the SAP system. The performance of service standards for each benefit type is reflected in Table 9 below.

Table 9: Service Standards Performance

| Benefit Type | Service Standard | Achievement |
|----------------------------------|------------------|-------------|
| Funeral Expenses | Within 8 hours | 99.8% |
| Medical Expenses (non-Emergency) | Within 5 days | 92.5% |
| Loss of Income | 6 weeks | 77.9% |
| Loss of Support | 2 months | 68.2% |

The Fund maintains a simplified claims process to promote efficiency and continuously improve customer satisfaction.



Figure 5: MVA Fund service standards



"We are totally committed to the challenges of meeting these standards indeed, they are a reflection of our shared aspirations to serve our customers."

Customer Complaints and Queries

The Fund recognises that an effective complaints management system is an essential part of the provision of quality service. An efficient and effective system for handling complaints ensures that customers view the Fund as a transparent organisation, which handles their complaint fairly.

Customer queries are resolved by front line officers. The queries acknowledgment timeline is two (2) days and the length of resolution of the query will depend of the nature and complexity of the query. The Fund however endeavors to resolve queries in a timely manner to avoid disgruntled customers. The Fund has adopted a three- tier complaint handling system as per Figure 6 below.

Figure 6: Complaints handling process



Customer Complaints

The customer complaints resolution service standard is seven (7) working days. The complaints are considered by a Review Panel chaired by the Chief Executive Officer. The Panel comprises of officers with technical expertise required to deliberate on the complaints from claimants and guide on the resolution of the matters. The turnaround time for complaints resolution was rated at 53% in 2018. This was owing to a number of factors such as matters that had to be deferred pending further investigations and assessments.

Table 10: Customer Complaints and Queries handled and resolved in 2018

| Description | Number |
|-------------|--------|
| Complaints | 22 |
| Queries | 200 |
| Total | 222 |

CASE MANAGEMENT DEPARTMENT

The Case Management Department facilitates medical care, rehabilitation and psychosocial wellbeing of claimants in order to enhance their quality of life in line with the Fund’s Vision; “Best Chance To Normal Life”. A collaborative approach between the Fund, the claimant, the claimant’s family, the service providers and other stakeholders enables the Fund to assist claimants to recover speedily and attain functional independence. As per the MVA Fund Vision “Best Chance To Normal Life”, the Fund’s goal is to ensure that the quality of life for those affected by road traffic crashes is enhanced by improving the physical and the psychosocial wellbeing of claimants.

The Department is made up of three (3) sections namely; Rehabilitation, Welfare and Bill Audits.

Figure 7: Case Management Sections



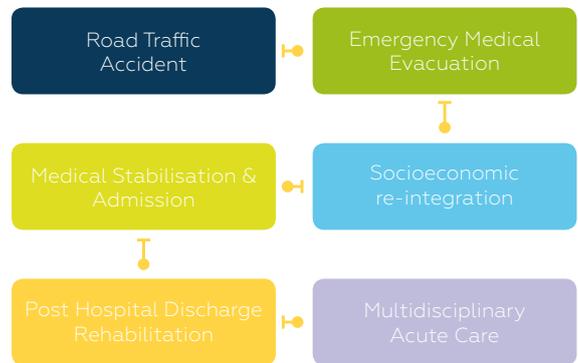
MEDICAL CARE AND REHABILITATION

The Section coordinates the medical care and rehabilitation of claimants starting at the scene of road traffic accident which ensures that those injured in road traffic crashes are timely evacuated by appropriately trained medical professionals to the nearest appropriate medical facility to attain the golden hour rule. Timely medical intervention improves the chances of recovery of those injured in road traffic accidents thus contributing positively to enhancing quality of life post road traffic accidents.

Those injured in road traffic accidents are attended on an in-patient or out-patient basis depending on the severity of injuries sustained. In-patient claimants’ rehabilitation continues until discharge and post discharge management is coordinated until the claimants have reached the maximum level of recovery and functionality.

Figure 8 below details the Departmental process-flow;

Figure 8: Continuum of Care



Pre-Hospital Trauma Management

The basic principle of pre-hospital trauma management is the preservation of life, preventing further injury and complications and promoting positive medical and rehabilitation outcomes. The formal relationship that the Fund has with the private Emergency Medical Service (EMS) providers through the Memorandum of Agreement provides for a well-coordinated assistance that ensures that claimants are evacuated to the nearest appropriate health facility within the “golden hour” for immediate medical attention.

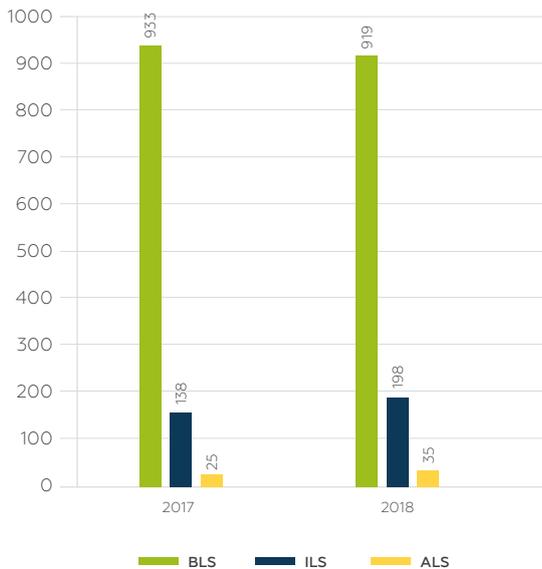
To effectively manage pre-hospital care, the Fund entered into a formal relationship through the Memorandum of Agreement with Private Emergency Medical Services and Ministry of Health and Wellness through Memorandum of Understanding. These relationships assist in optimising the achievement of the ‘golden hour’. During evacuation, appropriate level of care is administered by qualified Emergency Medical Services personnel based on the severity of injuries and clinical judgment. In accordance with the service level agreement between the Fund and Emergency Medical Services providers, evacuations are done by air or by road, depending on the nature and severity of the injuries and the condition of the patient. Air evacuation if done by private EMS is pre-approved by the Fund based on motivations by the service providers. If however the injured is a non citizen who requires air evacuation then the fund gives pre approval. Continuous engagement with these providers provides a platform for a good working relationships.

The Fund leverages on Pillar 5 “Post-Crash Care” of the “United Nations Decade of Action for Road Safety 2011 -2020” which advocates for pre-hospital care, trauma care and rehabilitation and quality assurance. This is evidenced by its active



coordination and participation in the provision of resources to ensure proper management and improved recovery of those affected by road traffic crashes.

Figure 9: Claimants evacuated by private emergency medical services



During the year, the Fund recorded a 5% increase in the number of casualties evacuated by Private Emergency Medical Service Providers from 1 096 evacuations recorded in 2017 to 1 152 recorded in 2018. The Fund continues to educate the public about the existence of the service level agreements between the Fund and the emergency medical service providers resulting in increase in medical evacuations and further a reduction in evacuations done by passer-by's which often worsened the claimant's injuries as a result of poor handling of the injured.

The cost of evacuating the injured from the accident scene to the health facility by private emergency service providers increased from P1,492,543 in 2017 to P1,755, 207 in 2018 as a result of increase in Intermediate and Advanced Life Support which are more expensive.

Evacuations by Government EMS

The Ministry of Health and Wellness (MOHW) facilitates evacuations from the accident scene to the nearest appropriate health facility through the Government EMS. In 2018, the Government EMS evacuated 1 294 casualties from the accident scene being a 19% decrease compared to 2017. The decrease in number of evacuations is attributable to the decline in severe and moderate injuries outside the urban areas. Injured claimants are evacuated from the scene of road traffic accident to the nearest appropriate health

facility where they will be attended to as either outpatient or inpatient depending on the extent of injuries.

Hospital Admissions

Triaging of patients takes place upon arrival at the receiving health facility to ensure that the level of care is administered as per the severity of injuries and for medical stabilisation. At private facilities, on admission the Fund is notified of the people injured in road traffic crashes and treatment plans are shared to enable proper monitoring of the claimants' care plan. Hospital visits are also conducted at both private and public facilities to monitor the claimants' care plan and progress as well as to engage with the Treating Specialists/ Doctors and family. These visits allow the Fund to establish and strengthen its relationship with claimants and their families, hence making it easy to keep track of the claimants' progress and ensure they achieve positive rehabilitation outcomes.

During the year, the Fund visited 1 611 claimants in both public and private hospitals around the country to identify potential claimants to lodge medical claims and for effective case management.

Figure 10 below shows a 2 year comparison in hospital interactions in private and public hospitals.

Figure 10: Public / Private Hospitals Claimants

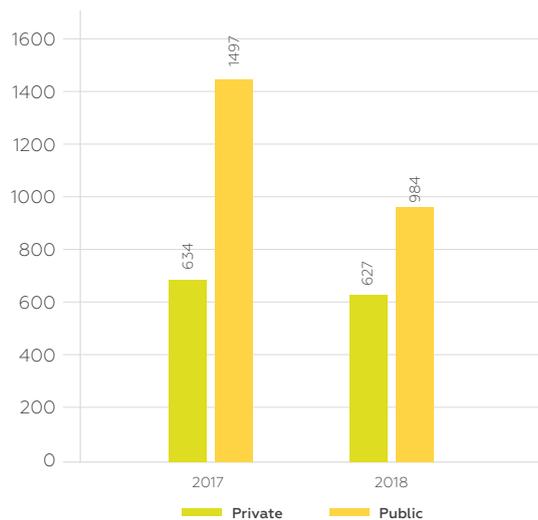


Figure 10 above shows that in 2017, 70% of the patients were admitted in public hospitals while only 30% were in private hospitals which reinforces the need to improve collaboration with Ministry of Health and Wellness. There was a decline in number of claimants seen in hospitals in 2018 owing to fewer casualties.

Medical Claims Management

The Fund manages the medical undertaking reserves (funds) on behalf of the claimants by holding the funds in a trust account and payment is made from the trust accounts whenever a claimant requires medical intervention. This arrangement ensures that the money set aside for the claimant is used for the intended purposes as the withdrawal of funds from the medical undertaking is pre-authorized by the Fund.

In 2018, the Fund received 1 612 medical claims being a 10% decrease compared to 1 797 claims received in 2017. The decrease is attributable to a decline in the number of road traffic crashes from 17 786 in 2017 to 17 341 in 2018. The cumulative medical claims from inception to the year ended 31st December, 2018 stands at 11 095. The Fund continuously monitors the medical claims until the claimants are fully rehabilitated. In cases where claimants die or a fully rehabilitated their claim files are closed and any unused funds revert to MVA Fund in accordance with section 21(2).

Figure 11 below illustrates the distribution of medical claims per office.

Figure 11: Number of claimants with medical undertaking by Office

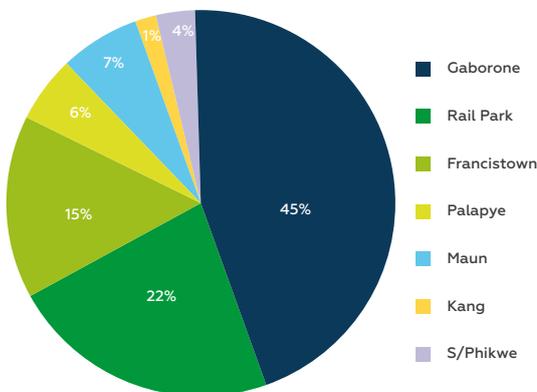


Figure 11 above shows that Gaborone Head Office handles 45% of the claimants followed by Rail Park office at 22% which is consistent with the number of road traffic crashes in Gaborone and its catchment areas. The remaining 33% medical undertaking claims is distributed between other offices. Kang office continues to handle the least number of claimants which is consistent with the lower number of road traffic crashes in the area.

Medical undertaking claims are categorised according to the extent of injuries being minor, moderate and severe. Categorisation of injuries is done based on the medical assessments, current

diagnosis, age of injured, past medical history and cor-mobidities. Out of the 1 612 medical claims received, 650 were minor injuries, 538 moderate injuries and 424 severe injuries. The figure below depicts categorisation of injuries for claims received as at 31st December, 2018.

Figure 12: Injuries by severity

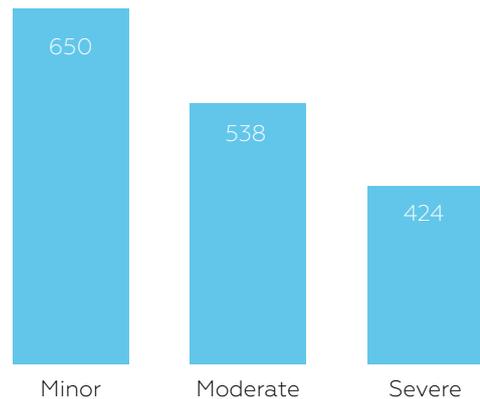
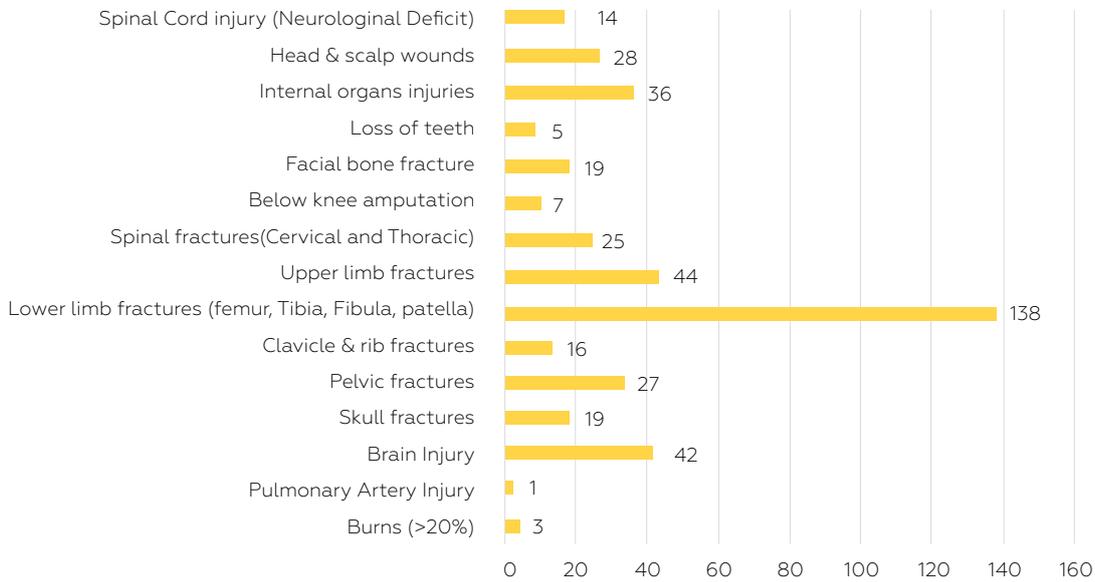




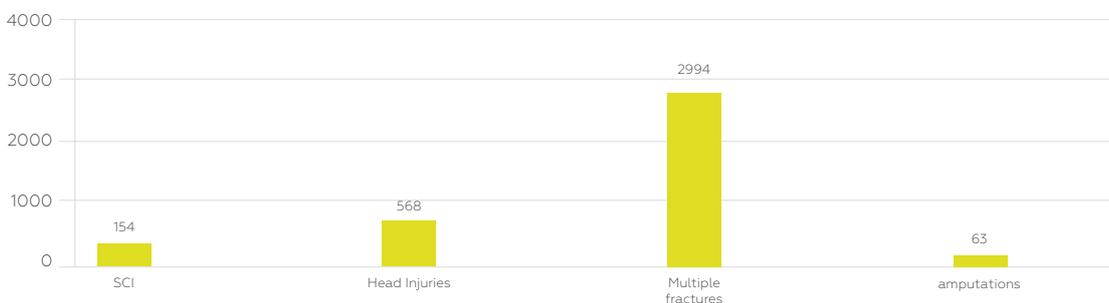
Figure 13: Severe injuries sustained during the year ended 31st December 2018



The figure above shows that the top four injuries suffered by claimants are lower limb fractures at 33%, followed by head injuries (brain injuries scalp injuries and skull fractures) which account for 17%, upper limb fractures at 10% and internal organs injuries at 8%.

For the year under review, 42 claimants suffered severe head injuries (mainly brain injuries) while 14 claimants suffered spinal cord injuries with neurological deficit. Head and spinal cord injuries are high cost claims because of the complexity and sensitivity of the required surgeries and the long-term neuro-rehabilitation associated with the injury. Most of these claimants are referred to South African hospitals for intensive rehabilitation owing to inadequate facilities and specialists in Botswana.

Figure 14: Cumulative severe injuries



The figure 14 above shows cumulative statistics of severe injuries since inception. Claimants with polytrauma such as multiple fractures and multiple organ injuries make up the larger portion (80%) of severely injured claimants. Claimants with head injuries constitute 14%, spinal cord injuries 4% and amputations 2%. The nature of injuries is directly related to the type of accidents encountered; the spinal cord injuries are mostly attributable to loss of vehicle control and rollover due to 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, failure to wear seatbelt.

Claimant Management Post -Hospital Discharge

In order to realise positive rehabilitation outcomes, the Case Management Section undertakes follow ups of severely injured claimants at home after they have been discharged from the hospital. The purpose of the home visit is to check on claimants rehabilitation progress and ensure they adhere to the Health Practitioner's post-discharge orders and rehabilitation plans. Furthermore, an assessment of the claimant's psychosocial needs and physical environment is done during home visits in order to holistically determine the claimants' rehabilitation needs.

Caretaker Training and Counselling

Caretakers are essential in the post discharge management of severely injured claimants as the caretakers ensure that the claimants are assisted with their day to day activities at home to enhance their rehabilitation outcomes. The Fund provides caretaker training and counselling which is essential for the psychosocial well-being of the caretakers and claimants as it promotes a good working relationship between the caretakers and claimants.

Caretaker assistance forms part of the rehabilitation programme as the caregivers are trained on caregiver skills and undergo psychosocial support in order to deal with the challenges they encounter in assisting claimants. The training involves safe transfers, lifting techniques, self-care and pressure relief techniques and psychosocial counselling. The training is done in collaboration with the rehabilitation specialists; physiotherapists, occupational therapist, psychologist and social workers for a more customer focused approach. 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 and attain optimal level of functioning.

During the year, the Fund conducted four (4) caregiver training and counselling workshops and these were attended by 122 severely injured claimants and their caretakers.



The above picture shows a clinical psychologist training claimants and caregivers on psychosocial interventions.



The above pictures show Caretakers sharing their personal experience and motivating each other during caretaker training and counselling workshop.

Management of severely injured claimants

The Fund continues to manage severely injured claimants to ensure early medical intervention and realisation of medical and rehabilitation outcomes. The Fund has over the years incurred high claims cost of severely injured claimants and therefore, effective case management of these claimants improves cost management as they have a direct impact on claims costs. The quality of life for the rehabilitated claimants is also enhanced and some progress positively and are able to make economic gain and contribute positively to the welfare of their family and to the country's economy. The primary goal of rehabilitation is to maximise functional capacity and reintegrate the claimants back into the society.



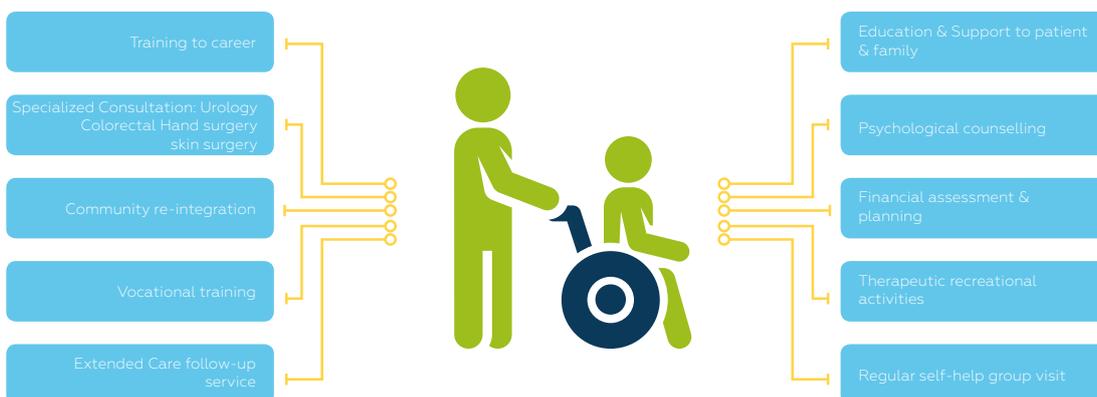
The severely injured include those claimants who sustained head injuries, spinal cord injuries, amputations and polytrauma. Owing to limited rehabilitation centers in Botswana, the Fund continues to refer claimants with severe head injuries to rehabilitation centres outside the country for intensive rehabilitation while claimants with spinal cord injuries are rehabilitated locally at Spinalis Centre - Botswana, based at Princess Marina Hospital. The Fund in this case provides the primary interface between the rehabilitation team, the patient and his or her family. Those who suffered amputations and require prosthesis are either referred to South Africa for fitting or treated locally depending on complexity of the stump.

Table 11: Rehabilitation Outcomes for Spinal Cord Injured Claimants

| 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 | 53 | 61 | 9 | 1 | 124 | 81 |
| Still Rehabilitating and gained functionality/independence | 2 | 4 | 1 | 0 | 7 | 5 |
| Intensively Rehabilitating and not yet gained functionality/independence | 2 | 3 | 0 | 0 | 5 | 3 |
| Unable to gain functionality/independence/OLOF | 7 | 11 | 0 | 0 | 18 | 11 |
| TOTAL | 64 | 79 | 10 | 1 | 154 | 100 |

As at 31st December 2018, the Fund had a cumulative of 154 claimants with spinal cord injuries. Out of these, 124 claimants (81) were fully rehabilitated and had gained functionality/independence and occasionally seek medical attention and rehabilitation, seven (7) claimants (or 5%) have gained functionality/independence though still under rehabilitation while five (5) claimants or 3% have not gained functionality/independence and are still undergoing intensive rehabilitating. The remaining eighteen (18) claimants (11%) are unable to return to functionality/independence due to the extent of their incapacitation.

Figure 15: Amputees and their prosthesis fitting



The Fund engages the Prosthetics and Orthotics Specialists to assist claimants who have sustained amputations of either lower limbs and or upper limbs. The Specialists assess and make customised artificial limbs (prosthesis) for the claimants to compensate for the lost function of the limb and increase independence in their activities of daily living. As at 31st December 2018 the Fund reported a cumulative total of 63 amputees; comprising of 18 single upper limbs, 43 lower limbs and 2 bilateral of lower limbs. The Fund assisted 57 claimants to fit artificial limbs comprised of 15 with single upper limbs, 40 with lower limbs and 2 bilateral of lower limbs. The remaining 6 claimants are still undergoing management of the stumps and once healed, will be fitted with prosthesis.

Table 12: Amputees and their prosthesis fitting

| Year | Cumulative number of amputees | Number of claimants fitted with prosthesis | % Achievement |
|------|-------------------------------|--------------------------------------------|---------------|
| 2017 | 56 | 45 | 80 |
| 2018 | 63 | 57 | 90 |

Rehabilitation Outcomes

In an endeavour to achieve functional outcomes, the Fund monitors and evaluates the rehabilitation of claimants to facilitate the claimants' return to work/school/independence and reach their optimal level of function after the road traffic crash. For the year ended 31st December 2018, 1 612 new medical undertaking claimants were rehabilitated. The rehabilitation outcomes for these claimants are indicated in Table 13 below.

Table 13: Rehabilitation Outcomes for Medical Undertaking Claims received in the period ended 31st December 2018

| 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 | 275 | 688 | 120 | 10 | 1 093 | 68 |
| Still Rehabilitating and gained functionality/independence | 109 | 162 | 38 | 12 | 321 | 20 |
| Intensively Rehabilitating and not yet gained functionality/ | 80 | 75 | 34 | 9 | 198 | 12 |
| TOTAL | 465 | 925 | 192 | 31 | 1 612 | 100 |

The table above shows that 68% 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 20% whilst the remaining 12% have not yet gained functionality/independence and are still undergoing medical treatment and rehabilitation. The overall performance of claimants who have gained functionality is 88% which shows positive rehabilitation outcomes.

WELFARE SECTION

The Case Management Welfare section is responsible for facilitating the provision of welfare services to injured claimants, provision of compensation and support to dependents who have lost their breadwinners as a result of road traffic crashes.

Welfare Of Injured Claimants

Welfare of Injured Claimants is achieved through the following programs:

- Psychosocial Support (psychotherapy, counselling and social support)
- Return To School (special education, tuition and enhancement services)
- Enhancement Of Quality Of Life (modifications i.E. Home, car & work)

Psychosocial Support

Psychosocial support addresses the ongoing psychological and social problems of road traffic crashes survivors, their partners, families and caregivers. The section assists all claimants who have suffered severe injuries resulting in reduced quality of life. Severe injuries include spinal cord injured claimants, head injury claimants, amputees and polytrauma (multiple fractures & organ injuries) claimants. Claimants are referred for psychosocial assessment to determine appropriate interventions such as counseling/psychotherapy, modifications and return to work/school.

A total of 207 injured claimants were referred to psychologists, social workers and community based caregivers in their local communities to offer counselling and therapy. During the year, 41 claimants and their families were offered psychosocial interventions to help them cope with the new life challenges and for the family to be empowered to support the claimants.

Return to School Programme

MVA Fund supports students whose cognitive function is compromised as a result of the severe head injuries sustained from road traffic crashes to undergo individualised learning to maximise their functionality. The children benefit from various special education services such as enrollment with appropriate special education schools, vocational training, tutorial services and other assistive devices.

During the year, nine (9) students who sustained spinal cord injuries were fully rehabilitated and gained optimal level of functioning or independence and have returned to school and occasionally seek medical care and rehabilitation for maintenance purposes. One (1) student is still undergoing rehabilitation though independent and back to school. The Fund had also successfully rehabilitated and enrolled a minor child in a pre-school who had suffered a head injury and the child occasionally goes for medical reviews and is responding well to treatment.

Enhancement of Quality of Life (Modifications, Return to Work)

The Fund undertakes modifications to a claimant's home, car and workplace and these are a key aspect of social rehabilitation and go to the core of the Fund's vision of "best chance to normal life". The primary purpose of modifications is to assist a claimant to live independently given the limitations imposed by their injury and by the environment.

Modifications to houses include fitting of ramps on doorways for ease of access to the house, widening door entrances, fitting of rails, widening bathroom to enable wheel chair accessibility, fitting showers where necessary, lowering counter tops and paving outdoor areas to allow full access to surrounding areas. Where necessary, the Fund modifies motor vehicles to allow for people with disabilities to drive independently.

In relation to workplace adaptations, the Fund collaborates with employers to modify work place environments such as toilets, permanent or temporary ramps, desk adjustments as well as procurement of assistive devices to enable the employee to function optimal.

> **Continued**

In addition to the adaptation, additional on-boarding intervention is provided to sensitise coworkers on the importance of accommodating and supporting claimants post rehabilitation.



The Fund hosted the Second Return to Work Conference on the 26th – 27th November 2018 in Gaborone under the theme “Return To Work: Building an all Inclusive Workplace”.

The conference was officially opened by Hon. Nonofa Molefhi : Minister of Presidential Affairs, Governance and Public Administration who is also member of Parliament for Selibe-Phikwe East.



The objectives of the Conference were to promote inclusiveness and equality for persons with disabilities in the workplace, establish a platform for professionals and all stakeholders to engage in group interactions, networking, research and best practices. The conference was followed by a workshop exclusive to Regional Funds. The objectives of the workshop were to promote effective case management of return to work following an injury, to raise awareness on

the return to work process, successes, challenges and to influence policy making at national level in light of the African Union and United Nations Protocols and the Convention on Rights for Persons with Disability.



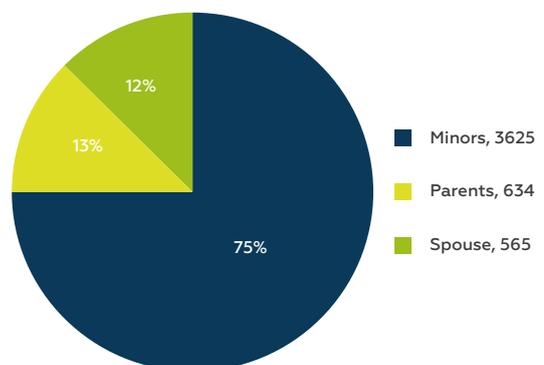
Compensation and support to dependants

Dependants of people killed in road traffic crashes need continued support to maintain the quality of life they enjoyed before they suffered loss. Only persons who were financially dependent on the deceased for livelihood and can prove financial dependency are eligible to claim loss of support. Dependants can be a spouse or minor child of such person, or a person with disabilities or indigent person who is entitled upon proof of financial dependency, to monetary support from such person.

Loss of Support Claims Database

The cumulative loss of support undertaking files was 3 995 files comprising of 4 824 beneficiaries. The majority of the beneficiaries are minor children who accounted for 3 625 (75%) files, followed by parents at 634 (13%) files and spouses at 565 (12%) files.

Figure 16: Loss of Support Claims by beneficiaries



The Welfare section coordinates provision of this benefit through the following activities:

Pre Settlement Activities

These activities are meant to establish eligibility of dependants claiming loss of support as per the loss of support guidelines, indigence assessment guidelines and other statutory regulations governing social services benefits. Recommendations from these pre settlement activities are then considered by claims assessment to determine eligibility for compensation by the Fund.

Paternity Investigations

Minor children of the deceased are entitled to loss of support. The Fund undertakes in-depth investigations which include among others social paternity investigations and engaging the families of the deceased to ensure that the right beneficiaries are offered loss of support benefit. A total of 261 social paternity investigations were carried out and 259 were recommended for the loss of support benefit whilst 2 did not qualify for loss of support.

Indigence Assessments

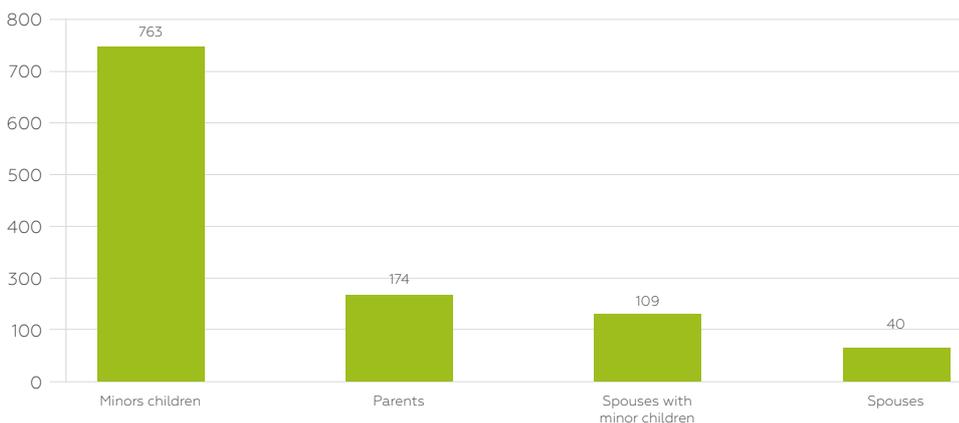
Indigence assessments are conducted through home visits to establish eligibility of parents and other persons claiming loss of support as per the indigence assessment guidelines. During the year, 349 indigence assessments were conducted and 101 (29%) families were eligible for loss of support benefit whilst 248 (71%) families were not eligible to claim loss of support.

Post Settlement Activities

Loss of Support Follow ups

Subsequent to completion of a loss of support offer, the Fund is mandated to make follow up visits to claimants to curb misappropriation of funds and further to ascertain whether dependents are alive and still meet the qualification criteria to continue with loss of support benefit. As per the MVA Fund Act no.15 of 2007, benefits will cease if a widow/widower remarries. Minor children were visited to check on their welfare status with a view of assessing whether the funds disbursed for them are utilized for their maintenance and whether other social issues are appropriately addressed.

Figure 17: Post settlement visits as at end of December 2018



During the year the Fund conducted 1 086 loss of support visits comprising of 763 minors, 174 parents, 40 spouses and 109 spouses with minor children. The Fund continues to place priority on visiting minors as they are the most vulnerable beneficiaries. During the follow up visits, all the minors were found still eligible to continue benefiting from their undertaking.

Cessation of Benefit

For the year ended December 31st 2018, twelve (12) minors attained the age of maturity and have since graduated from the scheme, two (2) spouses had re-married and three (3) parents were deceased resulting in the Fund ceasing benefits in accordance with the MVA Fund Act. Three (3) misappropriation files were identified and are still under investigation.

BILL AUDITS

Figure 18: Bill Audits Process



The Fund continues to manage invoices received from service providers and ensures that payments are made in accordance with agreed tariffs and further to guard against over-servicing. The Fund received 30 875 medical service provider invoices amounting to P63, 348, 605 for the period ended 31st December 2018. The Fund continues to engage service providers to discuss compliance to billing rules and accurate billings in order to improve the quality of submitted bills. There has been notable improvement in adherence to billing rules. Appropriate action is taken against medical service providers who are involved in mal-practices.

Case Management Processes

Figure 19: Case Management Processes

In an effort to improve service delivery, the Fund developed and implemented the Case Management System for efficient and effective case management. Figure 19 below gives a summary of the case management processes.



The Case Management System (CMS) went live on the 16th January 2018. The system has improved the efficiency of Customer Services operations and clinical data management. The claims are now categorised by benefit type at lodgement, which ensures that appropriate benefits are awarded for each claimant. Key reports are automatically produced by the system. The medical undertaking claims can further be reported on specific diagnosis using the International Classification of Diseases (ICD) coding. This further improves data management and hence decision making in the management of the claimants.

Development of the Case Management Strategy

In 2018, the department developed a Case Management Strategy to bring about the desired outcomes that will enhance achievement of the mandate and goals. The objective is to improve service delivery and ensure that customer expectations and needs are met. The Strategy implementation will be rolled out in the year 2019.

Figure 20: Business functions used to develop the Strategy



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. The Fund believes in creating an enabling environment which recognised human capacity, infrastructure and legal mandate.

Future Outlook

Implementation of the Case Management Strategy

Following the development of the case management strategy, the Fund will be implementing the Strategy to continue to improve the efficiency and effectiveness of its processes and hence service delivery.

Review of the Service Standards

The Fund will review its service standards in 2019 to identify bottlenecks in the service processes with a view to increase efficiency of the claims processing value chain, thus improving service delivery. The review is also necessary to align the service standards charter to the corporate strategy.



Claims Assessment and Investigations Department plays a key role in the assessment of the appropriate benefits and monetary compensation to be awarded to the claimants.

2

Claims Assessment and Investigations

Number of Claims Handled

2018

3489

The total number of claims handled for the year ended 31st December 2018 was 3 489 which comprised of 639 (18%) claims brought forward from 2017 and prior years while 2 850 (82%) claims were lodged in 2018

The department consists of three (3) units namely; Claims Assessments, Claims Investigations and Right of Recovery & Review.

Claims Assessment Unit

Compensation of people affected by road traffic accidents is one of the core mandates of the Fund. Claims Assessment unit plays a key role in the assessment and the determination of the appropriate benefits and monetary compensation to award to the claimants.

This unit has the responsibility for assessment of claims lodged with the Fund and is guided by the MVA Fund Act No. 15 of 2007, MVA Fund Regulations 2008 and internal policies to assess and offer compensation to claimants. The Unit determines whether the Fund is liable to compensate or not and where the Fund is found to be liable to compensate, to determine the extent of the liability.

The facts surrounding each accident determine whether the Fund will be fully liable or only liable to a limited extent. Where the Fund is fully liable, the claimant's compensation for all benefits is cumulatively capped at P1 million while the cap for limited claims is P 300 000.00. Section 22 of the Act outlines the factors that may lead to limitation of a claim whilst section 23 lays out instances in which the Fund will not be liable to compensate.

The Fund in accordance with Section 23(1) shall not be obliged to pay compensation for the following;

- In respect of a 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 claims'; and
- In respect of a road traffic crash that occurs in a restricted area such as an aerodrome, mining area etc.

Compensation Benefits

The benefits offered by the Fund are prescribed in the Motor Vehicle Accident Fund Act no 15 of 2007 (the Act) and the Motor Vehicle Accident Fund Regulations of 2008 (the Regulations). There are six types of benefits that are provided for by the MVA Fund Act being; medical treatment and rehabilitation, incidental expenses, enhancement of quality of life, loss of income, funeral expenses and loss of support. The Act and the Regulations lay down the parameters of each of these benefits.

Medical and rehabilitation

Where a claimant has suffered



injuries as a result of a motor vehicle accident, the injured claimant is in accordance with Section 22(13) of MVA Fund Act 2007, entitled to medical assistance and rehabilitation. In accordance with Regulation 19 of the MVA Fund Regulations 2008 which lays down the order of precedence of benefits payable to an injured party, the medical and rehabilitation benefit takes precedence over other benefits.

Upon accepting the liability for the injuries sustained in a road traffic crash, the Fund will pay for the past cost of medical treatment or management and rehabilitation administered by a health practitioner and provide for future medical expenses. As the Fund is a secondary insurer, the claimant will only receive medical and rehabilitation assistance upon exhaustion of their private medical aid benefit or their workers compensation. The Fund will reimburse the claimant for the co-payments made to cover medical expenses incurred. Claimants without private medical aid cover automatically qualify for assistance by the Fund. Foreign nationals with residence and work permits are entitled to medical assistance in a similar way to citizens. However, visitors are only entitled to medical assistance and rehabilitation only whilst they are in Botswana in accordance with section 23(2) of the Act.

Incidental Expenses

This benefit, as its name suggests, is supplementary to the medical treatment and rehabilitation benefit. It covers expenses that are incidental to suffering injuries as a result of road accidents such as accommodation, transport and subsistence costs incurred or to be incurred during the treatment or rehabilitation of the claimant. The Regulations require the Fund to pay incidental expenses that are considered to be reasonable in the circumstances of each particular case.

Enhancement of Quality of Life

A motor vehicle crash normally has long lasting and unpleasant effects on the victims which may be short term, medium term or long term/permanent and have a negative impact on the lifestyle of the injured claimant. As a result, the Fund is mandated to offer special support to the claimants to ameliorate the difficulties that are a result of the road traffic crash. The support includes, but is not limited to provision of assistive devices such as wheelchairs, crutches, specialized beds, shoe raises, housing modification, office modification and vehicle modifications to make the environment conducive for the claimant and enable the claimant to be independent.

Loss of Income

This benefit is offered to claimants who have lost the capacity to earn income and those that have actually lost income as a result of injuries sustained in a road traffic crash. Depending on the nature and severity of the injuries, this benefit could either be short or long term. Where the injuries sustained by the claimant are severe and the claimant requires a prolonged period of rehabilitation, the Fund conducts thorough medical assessments of the injured claimant, including functional capacity evaluations (FCEs) to accurately determine the compensation to offer the injured claimant. The injured claimant and employers are also engaged with a view to finding long lasting solutions to the claimant's situation. This process includes making considerations on whether the employee can be fully rehabilitated to resume his duties. In instances where the claimant cannot be fully rehabilitated, the employer is encouraged to retain and deploy the employee to a suitable role.

Funeral Expenses

The funeral expenses benefit is awarded to assist with the burial costs of a person who died as a result of injuries sustained in a motor vehicle accident. The death must be causally linked to the motor vehicle accident for the benefit to be awarded and dispensed. The Fund relies on medical evidence such as post-mortem reports, death notifications or death certificates to ascertain that the death was as a result of a road traffic crash. This benefit is payable upon proof of funeral expenses. The maximum amount payable for this benefit is P 7, 500. This funeral benefit however is not payable to visitors to Botswana.

Loss of Support

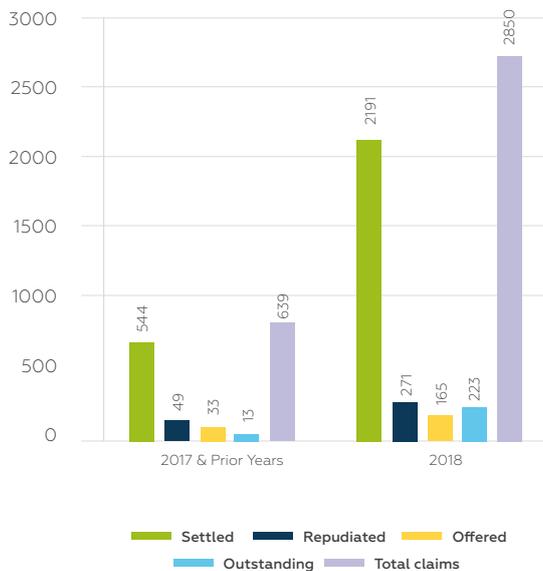
The loss of support benefit is awarded to dependents of a deceased who died as a result of a road traffic crash. This benefit is awarded to spouses, children below the age of 21 years, parents and/or other family members upon proof of indigence and financial dependency on the deceased. The income of the deceased is capped at a maximum of P6000.00 per month for the calculation of the loss of support benefit while the maximum amount payable to each dependent is limited to P 300 000.00, subject to a maximum limit of P1 million for all dependents.

Claims Assessment Performance

The Fund received 2 850 claims in 2018 being a decline of 3% from the 2 934 claims received in 2017. The decrease in claims received is attributable to the decline in severe and moderate injuries though fatalities increased by 4.1% from 444 in 2017 to 462 in 2018.

The total number of claims handled for the year ended 31st December 2018 was 3 489 which comprised of 639 claims brought forward from 2017 and prior years while 2 850 claims were lodged in 2018. As indicated in Figure 1 below, the Fund settled 2 735 claims comprising of 544 claims which were brought forward from 2017 and prior years and 2 191 claims were lodged in 2018. The Fund repudiated 320 claims out of which 49 were lodged in 2017 and prior years while 271 were lodged in 2018. As at 31st December 2018, 198 claims were offered and awaiting acceptance by claimants while 236 claims were outstanding for various reasons.

Figure 1: Claims status as at year end.



Notes

Settled: Claims offered, accepted and compensation paid to the claimant.

Repudiated: Claims that have been rejected by the Fund as it is not liable to compensate.

Offered: Offer made to claimants and not yet accepted.

Outstanding: Refers to claims which are pending finalisation.

Claims Investigations Unit

For the Fund to come to a fair and equitable conclusion in its assessment of claims, it needs to have at its disposal, adequate facts and evidence about the occurrence of the road traffic crash giving rise to a claim. Bearing in mind the fact that not all lodged claims come with adequate information, the Claims Investigation Unit plays a critical role in ensuring that such information is obtained and availed to the assessors. Investigation requests are sent to this unit either in the normal course of claims assessment or as quick response claims, which are referred to as on-call investigations. The on-call investigations are those in which an investigator attends to the scene of the accident to gather evidence of the occurrence. Evidence gathered enables the Fund to properly authorise medical facilities to timely assist claimants. The Unit works closely with Botswana Police Service on investigations of road traffic accidents to determine the causes of such accidents. The Fund also relies on the cooperation of the members of the public who volunteer information as witnesses to road traffic accidents and such information greatly assists the investigators in accident reconstruction.

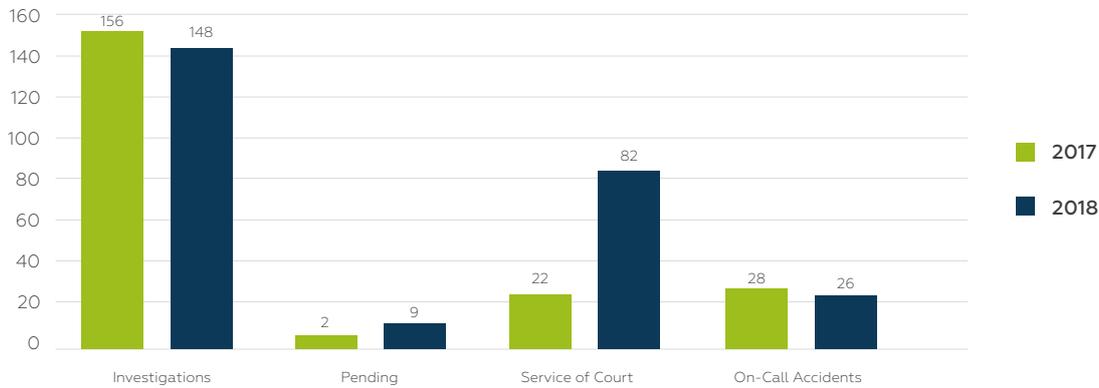
The Unit also assists in the service of court process particularly those relating to the Fund's Right of Recovery (RoR).

Claims Investigations Performance

A total of 148 claims were investigated in 2018 compared to 156 claims investigated in 2017 representing a decline of 5%. As at 31st December 2018 there were nine (9) claims pending conclusion compared to two (2) claims in 2017. In addition, 82 Right of Recovery court documents were served on various debtors compared to 22 which were served in 2017 representing a significant increase in the service of court processes for the Right of Recourse defaulters. The increase in the service of court process was attributable to the intensified efforts by ROR unit to follow debtors. As at 31st December 2018, a total of 26 on - call accidents were investigated compared to 28 investigated in 2017 representing a decline of 7% of on-call accidents investigated during the period.



Figure 2: Investigations as at 31st December 2018.



Right of Recourse & Review Unit

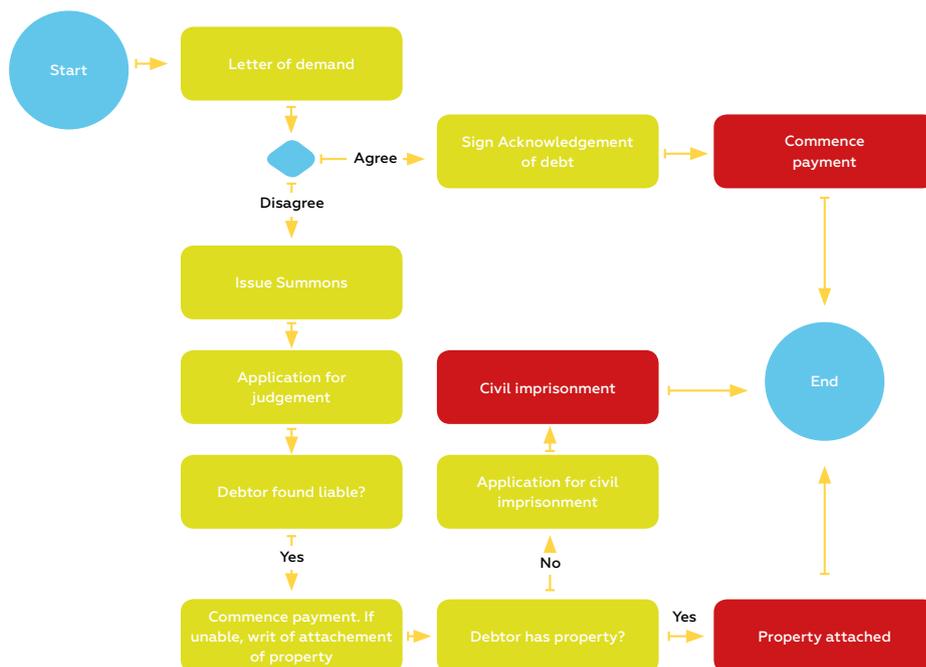
Right of Recourse

Section 30 of the MVA Fund Act gives the MVA Fund a right of recovery where a driver causes an accident in which the Fund ends up compensating the injured. The whole essence of this principle is to discourage inappropriate road usage by drivers. The following are the instances which will attract the right of recovery,

- where the driver who caused the accident was driving under the influence of alcohol or drugs to the extent of being incapable of having proper control of the vehicle;
- where the driver caused the accident as a result of driving recklessly;
- where the driver who caused the accident was not a holder of a valid driver’s licence;
- where the driver who caused the accident was driving a defective motor vehicle and the said defect led to the accident;
- where the driver who caused the accident was driving a stolen vehicle; and
- where being the owner, or lawful possessor of the vehicle, permitted the vehicle to be driven in any of the above mentioned instances.

At assessment stage, potential right of recovery claims is flagged and at settlement a notification is sent to alert the recovery team to commence the recovery process.

Figure 3: below is an illustration of the recovery process flow



Claims Review

Section 27(2) of the MVA Fund Act makes it mandatory for any claimant who disputes the offer of benefits awarded by the Fund to first submit a written statement to the Fund setting out their reasons for dissatisfaction or complaint before approaching the courts of law. The Fund has set up a Review Panel which handles such grievances to avoid costly and lengthy litigation. The Review Panel is made up of some executive members of the Fund who are not directly involved in the claims assessment process and is chaired by the Chief Executive Officer. This panel is the highest authority in so far as the internal claims appeal process is concerned and as such it has the authority to either uphold the initial decision taken at assessment or overrule that decision.

Outlook

The department strives to always meet and exceed the expectations of the claimants in order to improve service delivery. During 2018, the department commenced the review of the claims management policies and guidelines to align them with the changing needs of the Fund to enable the Fund to carry out its processes efficiently and effectively. This exercise seeks to consolidate all the policies and manuals which relate to claims assessment into one policy document called the Claims Assessment Procedure Manual. This will ensure consistency and uniformity in the assessment of claims and will eliminate unnecessary issues which normally give rise to complaints and appeals. The policy will be completed early in 2019.





The Fund embraces the philosophy of 'Botho', as the foundation of its service delivery.

2

Injury Prevention

Road User Risk Awareness Study

In total, 2 890 road users participated in the survey consisting of 1 482 drivers, 2 539 passengers, 2 554 pedestrians and 592 cyclists. Some road users in the survey responded in more than one category resulting in high individual numbers.

Promotion of road safety is one of the Fund's core mandates and it is geared towards reduction of road traffic crashes and associated fatalities and serious injuries. This function is coordinated by Injury Prevention Department and it is done through a multifaceted approach in partnership with other stakeholders. In addition, the Department is responsible for raising public awareness on the MVA Fund's products and services, as well as coordination of occupational health and safety.

The Department comprise of three (3) sections, namely Campaigns, Community Projects, and Public Education. The Campaigns section is responsible for the promotion of road safety to encourage adoption of safe behavioral practices. In recognition that the community plays an important role in the promotion of road safety, it is the responsibility of the Community Projects section

to mobilise the civil community to actively participate in the fight against road traffic crashes. The Public Education section is responsible for the marketing of the Fund's products and services to improve the utilization of MVA Fund's services by those eligible. This is done in partnership with the Corporate Communications Department.

MVA FUND ROAD SAFETY APPROACH

Botswana is a signatory to the United Nations Decade of Action for Road Safety 2011-2020, and Botswana National Road Safety Strategy 2011-2020 is aligned to the United Nations' Decade of Action Plan. The National Road Safety Strategy is driven by National Road Safety Committee which MVA Fund is a member. Consequently, MVA Fund's approach to road safety promotion is aligned to the National Road Safety Strategy 2011 – 2020, and

embedded on the principles of the Safe Systems Approach as articulated in the UN Decade of Action Plan for Road Safety 2011 – 2020. The Fund's strategic intent supports the national strategy which aims to reduce fatalities and injuries by 50% by the year 2020. Reporting of road safety performance and activities is done according to the five pillars of the UN Decade of Action for Road Safety 2011 – 2020. Figure 1 below illustrates the five (5) strategic pillars of the Decade of Action.

Figure 1 Five Pillars of the Decade of Action Plan 2011 - 2020

| The five pillars of a decade of action | | | | |
|----------------------------------------|--------------------------|----------------|------------------|----------------------|
| Pillar 1 | Pillar 2 | Pillar 3 | Pillar 4 | Pillar 5 |
| Road Safety Management | Safer Roads and Mobility | Safer Vehicles | Safer Road Users | Post-Crash Responses |

PILLAR 1: ROAD SAFETY MANAGEMENT

This pillar focuses on road safety management at a national level and is led by the National Road Safety Committee (NRSC), which is a statutory body established under the Road Traffic Act. The pillar covers policy formulation, coordination, research, reporting, monitoring and evaluation, and funding of road safety initiatives. MVA Fund is a member of the National Road Safety Committee (NRSC) and is actively involved in advocacy for adoption of policies and practices that are aligned to best practice for effective delivery of a safe road transport environment.

Multi-sector partnerships

The Decade of Action Plan for Road Safety 2011 – 2020, on which principles Botswana road safety strategy hinges, provides that effective road safety management requires multi-faceted and integrated approach. The road transport system involves many stakeholders. Therefore, provision of a safe road transport system ordinarily demands collaborative effort from system designers, politicians, law enforcement agencies, legislative bodies, road managers, road users, and the civil society, hence the need for effective multi-sector partnerships.

Stakeholder Engagement

Effective road safety promotion requires collaboration by all key stakeholders. The Fund partnered with stakeholders on a variety of road safety activities including commemoration of World Day of Remembrance for Road Traffic Victims, an international event which is commemorated annually on the third Sunday of November. The event was held in Maun under the theme ‘Roads Have Stories’.



Source: twitter @WDRemembrance

Trans-Kalahari Corridor Joint Operation

The Fund also participated in the Trans-Kalahari Corridor Joint Operation. The Trans-Kalahari Corridor is managed by an Executive Secretary based in Namibia working with transport authorities in Botswana, Namibia, and South Africa. The aim is to improve trade facilitation through efficient harmonised processes and safe transportation system. The campaign was organised by the local national organising committees of which MVA Fund is a member, and was hosted by Botswana in May 2018, followed by Namibia in September 2018, and then South Africa in November 2018. The operation further enhances stakeholder collaboration and also provides a platform for information sharing among the three member states.



Botswana Christian Aids Intervention Programme (BOCAIP) partnership

The Fund has partnered with Botswana Christian Aids Intervention Programme (BOCAIP) with a view to reach out to religious community particularly the Christian faith. This religious community is highly mobile as it undertakes various church activities and is exposed to road traffic crashes. Through BOCAIP, the Fund was able to reach amongst others various faith groups such as Evangelical Fellowship of Botswana, Botswana Christian Council, Seventh Day Adventists and Zion Christian Church. As a result of this relationship, churches have become active in the promotion of road safety using their various platforms and eleven road safety activities were done in the year under review. Partnership with religious community is also important as the churches often play a meaningful role in influencing positive behavioral change, which in the long run will improve the road safety situation since around ninety percent of road traffic crashes are attributable to behavioral factors.

Botswana Social Studies Association (BOSSA) Partnership

The Fund also partnered with the Ministry of Basic Education through Botswana Social Studies Association (BOSSA) in order to take road safety to schools and to instill a safety culture in the students at an early age through the social studies subject. At the end of 2018, twenty (20) activities and 2 798 interactions were achieved through the strategic partnerships as shown in Table 1 below.

Table 1: MVA Fund collaborative activities with other stakeholders

| Government | Purpose | Type of Activity | |
|--------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--|
| Department of Road Transport and Safety | Road safety awareness | District Road safety Committees educational campaigns, Road safety capacity building workshops, media campaigns | |
| Botswana Police Services | Road user compliance to safety rules | Roadside Campaigns, Bus Stop campaigns, Sobriety campaigns | |
| Ministry of Youth Empowerment, Sports and Culture Development | Road safety and wellness | Wellness Day | |
| Multilateral | | | |
| Trans-Kalahari Joint Law Enforcement Operation (TKC) between Botswana, Namibia & RSA | Cross Border Education and Law Enforcement | Roadside educational campaign and law enforcement along A2 road | |
| Civil Society | | | |
| Botswana Christian AIDS Intervention Programme (BOCAIP) | Church involvement in road safety | Pastors workshops, hotspots prayers, awareness services | |
| Pledge 25 | Blood donation for post-crash intervention | Cycling tour for blood donation | |
| Botswana Social Studies Association | Road safety at grassroots | Teachers' workshops on child safety | |
| Private Sector | | | |
| Botswana Chamber of Mines | First Aid Awareness | First Aid simulations | |
| Design Surgery | Road safety awareness | 3600 Road Safety Show | |
| Vivo Energy | Road safety awareness | Passenger Safety Activation at Gaborone Bus Rank | |
| Scania | Road safety awareness | Fatigue management campaign | |
| Total interactions | | | |

Community engagement

The involvement of the civil community in the promotion of road safety is invaluable. Communities are better placed to develop interventions that can make their roads safer as they have knowledge and experience of the road safety challenges prevalent in their localities. In recognition of the important role played by the community, the Fund developed several programmes that encourage community involvement in the promotion of road safety such as Community Road Safety Grant Scheme and Youth Clubs.

Community Road Safety Grant Scheme

The scheme aims to provide financial support for the implementation of road safety projects at community level. The communities can be involved in the promotion of road safety through established and registered road safety NGOs or youth road safety clubs. As at 31st December 2018, the Fund partnered with twelve (12) road safety NGOs, and ten (10) road safety youth clubs around the country, with an investment of P1.4 million on community road safety projects. The Fund uses a systematic criterion to select projects eligible for funding. Amongst other requirements, the project proposal should;

- be supported by empirical evidence that it will reduce the risk of crash involvement in the area of interest;
- have initiatives aligned to the identified high-risk factors; and
- have projects targeting special groups such as children, the elderly and people with disabilities.

Youth clubs and out of school community groups

The youth is the most vulnerable age group and contributes significantly to road traffic accidents. The Fund continues to engage the youth to participate in road safety initiatives geared towards adopting desirable behaviour on the road. As at end of 2018, there were twelve (12) NGOs registered with MVA Fund, ten (10) of them conducted 158 road safety activities and interacted with 24 710 people. Table 2 below lists the Community Road Safety NGOs that were active in 2018 as well as the number of activities they conducted and interactions.

Table 2: Community road safety NGOs activities and interactions

| NAME OF GROUP | TARGET ROAD USER GROUP | PROJECT BRIEF | ACTIVITY LOCATIONS | NUMBER OF ACTIVITIES | NUMBER OF INTERACTIONS |
|---------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------|------------------------------|----------------------|------------------------|
| Botswana Association of the Blind and Partially Sighted | Visually Impaired Pedestrians Drivers | Awareness for road users for the blind. Empower the blind to use the road safely | Gaborone Serowe Mochudi | 9 | 383 |
| Diphalana Empowerment Centre | Farmers, Passengers | Promotion of road safety through bus stop campaigns, & sporting competitions | Gathwane Goodhope | 25 | 3 162 |
| Legae La Mega Theatre Group | Student Pedestrians | Promotion of road safety awareness through theatre performances in schools | Makwate, Mahalapye Machaneng | 6 | 1 169 |
| Moch Bima Club | Farmers | Awareness for farmers to keep cattle safe & visible | Mochudi Artesia | 4 | 218 |

> Continued

| NAME OF GROUP | TARGET ROAD USER GROUP | PROJECT BRIEF | ACTIVITY LOCATIONS | NUMBER OF ACTIVITIES | NUMBER OF INTERACTIONS |
|-----------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|------------------------|
| Namane Ya Moroba | Drivers Passengers | Road safety awareness through theatre performances in schools and shopping malls | Thamaga Moshupa Kumakwane | 59 | 6 896 |
| Remmogo Organisation | Drivers Passengers | Promotion of road safety through political and tribal leaders | Gaborone Molepolole Jwaneng Tonota | 12 | 393 |
| Society of Road Safety Ambassadors | Passengers, Pedestrians Drivers | Road safety awareness through school outreach, mall campaign, alcohol workshop farmers' outreach | Gaborone Radisele Palla Road | 21 | 9 709 |
| Tse Dikgolo House of Theatre | Passengers Pedestrians | Promotion of road safety through theatre performances public spaces and shopping malls | Mmankgodi Gabane, Ramotswa | 15 | 989 |
| Voice of Women | Farmers | Road safety awareness through farmers' outreach | Mahalapye Palla Road | 4 | 194 |
| Zero Road Traffic Accident Organisation | Drivers Passengers | Promotion of road safety through awareness walks, road blocks & church and school outreach | Gaborone Dibete, Serule Tati Siding | 3 | 1057 |
| TOTAL | | | | 158 | 24710 |

In the reporting period, ten (10) Youth Clubs conducted 91 road safety activities and interacted with 38 102 people. Cumulatively, 249 activities were conducted by both community groups and clubs in 2018 reaching out to 62 812 people, as shown on Table 3 below:

Table 3: Community Groups and Youth Road Safety Clubs activities in 2018

| Description | No. of Activities | | No. of Attendees | |
|-------------------------|-------------------|------|------------------|--------|
| | 2017 | 2018 | 2017 | 2018 |
| Community Groups | 97 | 158 | 23 074 | 24 710 |
| Youth Road Safety Clubs | 25 | 91 | 10 853 | 38 102 |
| Total | 122 | 249 | 33 927 | 62 812 |

In-school road safety clubs

The Fund continues to promote road safety amongst school going children by collaborating with schools to encourage formation of road safety clubs and participation of children on road safety topics through debates. The initiatives are undertaken to inculcate a culture of road safety among the learners at an early age so that they grow up as responsible road users. The Fund collaborates with Botswana Social Studies Association (BOSSA) to reach out to schools. The Fund has helped to establish twenty-one (21) in-school road safety clubs around the country and most of the clubs are located in Gaborone and Francistown.

Table 4: In-school road safety clubs

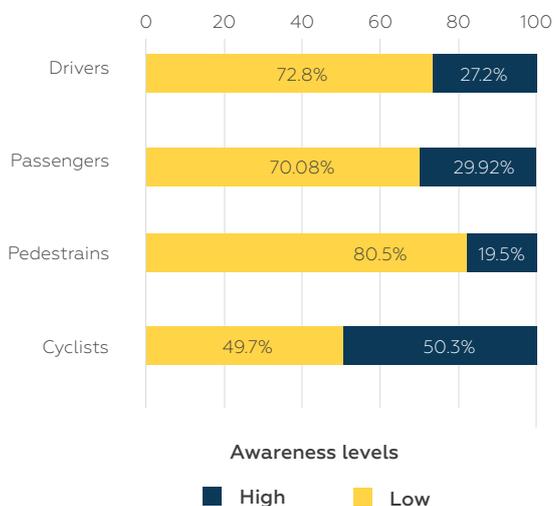
| TYPE OF SCHOOL | NUMBER OF CLUBS | | INTERACTIONS | | MAJOR 2018 ACTIVITIES |
|------------------|-----------------|-----------|--------------|-------------|------------------------------------------------------------------|
| | 2017 | 2018 | 2017 | 2018 | |
| PRIMARY | 13 | 15 | 348 | 1 090 | Scholar Patrols |
| JUNIOR SECONDARY | 2 | 3 | 1 089 | 2 290 | Awareness and Capacity Building Workshops Debate Competitions |
| SENIOR SECONDARY | 0 | 1 | 0 | 254 | Debate Competitions |
| TERTIARY | 1 | 2 | 78 | 342 | Awareness and Capacity Building Workshops |
| TOTAL | 16 | 21 | 1515 | 3976 | |

RESEARCH

MVA Fund conducted Road User Risk Awareness Survey and Road User Compliance Observational Study in 2018. The Risk Awareness Survey was outsourced to a consultancy company, while Compliance Observational Study was done in-house in collaboration with youth road safety clubs. The objective of the two surveys was to evaluate road risk levels of road users as well as their behavior on the road in response to road safety interventions through two different approaches. The Road Safety Risk Awareness Survey was conducted in Gaborone, Palapye, Selebi Phikwe, Francistown and Maun. The Road User Compliance Observational Study was only done in Gaborone and Francistown because the two cities have higher vehicle population and accident rates compared to other areas.

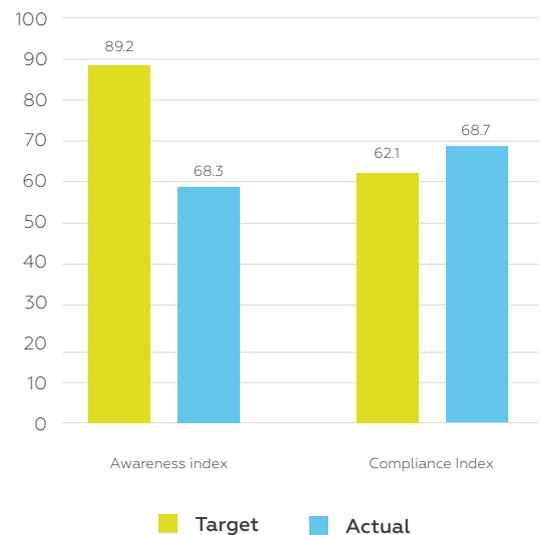
In total, 2 890 road users participated in the Road User Risk Awareness Study consisting of 1 482 drivers, 2 539 passengers, 2 554 pedestrians and 592 cyclists. The high numbers of those who participated in the study as passengers and pedestrians was because some participants appeared under more than one category of road users. An index of 68.3% was obtained in the User Risk Awareness Survey. The Index is a measure of road user knowledge of road rules, safe road use practices and positive perceptions of critical elements such as seatbelt use, speed, driving drunk, fatigue, use of mobile phone while driving, and pedestrian use of the road. Risk awareness levels categorised by road user category is as illustrated in Figure 2 below. The Fund will therefore focus efforts on variables that rated lowest.

Figure 2: Risk awareness levels by road user category



The Road User Compliance Observational Study was focused on the use of seatbelt, usage of mobile phone while driving, obeying traffic signs and traffic lights, as well as pedestrian use of the road. The compliance index obtained was 68.7% which corresponds with the results of the Road Safety Risk Awareness survey road user perception on compliance which scored 67.6%. The results indicate that pedestrians and children aged 5 years and below are exposed to high road accident risks. Figure 3 below summarizes the results of the Study against MVA Fund targets. The compliance index of 68.7% is above the 2018 MVA Fund target of 62.1%. However, the risk awareness score of 68.3% falls below the Fund's target of 89.2%. Therefore, the Fund commits to intensifying its public education campaigns on lowly rated areas in order to raise risk awareness, which should consequently improve road user behavior and reduce crash risk exposure.

Figure 3: Comparative analysis of Actual Indices against MVA Fund targets



PILLAR 2: SAFER ROADS AND MOBILITY

MVA Fund continued to engage other stakeholders to advocate for safer and forgiving roads to minimize preventable injuries and deaths caused by unsafe road infrastructure. As a result, there was an improvement in signage particularly along A1 road and in major cities. The local authority intensified road safety promotions around schools. Botswana Railways in collaboration with national road safety committee installed speed calming humps at all major level crossings from Ramatlabama to Ramokgwebana. The District Road Safety Committee in Maun conducted a mini road audit during the World Day of Remembrance commemoration in November 2018, which resulted in the Department of Roads donating road signage to be placed at high risk

areas. The National Road Safety Audit Team (RoSAT) was also established to audit existing roads for improvement of high-risk locations.

PILLAR 3: SAFER VEHICLES

Botswana continues to experience unprecedented growth in vehicle population, a phenomenon that increases the risk of road traffic crashes on the national roads. In 2018, 55 431 vehicles were registered bringing the total number of registered vehicles at year end to 757 469, being an increase of 8% from 702 038 vehicles registered in 2017 (DRTS report). To mitigate against this challenge, the Fund continues to educate the public on vehicle safety, particularly tyre safety. This is in view of the fact some motorists who buy used import vehicles do not replace tyres with new ones despite weather compatibility risk. Similarly, there is a booming business of resale of used tyres which also increases the risk of road traffic crashes. Consequently, the Fund advocates for improved regulation on vehicle safety with regards to vehicle age and compulsory replacement of tyres prior to vehicle registration for imports, as well as resale of used tyres.

At an operational level, the Fund collaborated with Motovac Botswana on vehicle safety educational campaign in Gaborone and Lobatse where motorists were sensitized on the importance of conducting regular checks on their vehicle suspension, including shock absorbers and brakes. Motovac did free shock and brakes testing among other things in order to enhance vehicle safety. Moreover, mobile vehicle roadworthiness testing was done by the Department of Road Transport and Safety (DRTS) during the Trans-Kahalari Corridor operation along the A2 road. MVA Fund had a joint fatigue management campaign with Scania in Palapye in recognition that the trucking industry contributed to road traffic crashes as most of the times the drivers travel long distances resulting in fatigue. The Fund also participated in the World Day of Remembrance commemoration held in Maun.



PILLAR 4: SAFER ROAD USERS

The 2018 Road User Risk Awareness Survey results indicate that different road users have relatively lower road risk perception. As a result, there is a corresponding low compliance to road safety rules with a 31.7% exposure to the risk of road traffic crashes. It is in this context that MVA Fund has come up with targeted educational programmes that seek to close the gap particularly for children and pedestrians.

Child Safety Education

One of the flagship programs of the Fund is child safety education which is conducted through the use of the Mobile Children Traffic School (MCTS). This program targets primary school going children aged between 6 years and 13 years, who are not regularly exposed to traffic scenarios experienced in towns. Pupils are given both theoretical information, and simulations are conducted through the use of quad bikes to make the learning entertaining. The delivery of this programme is done by simulating the road environment in order to expose kids to reality on the roads. In the reporting year, the Fund visited twenty-eight (28) schools to promote road safety at grassroots level and reached 7 326 children as shown in the Table 5 below:

Table 5: Statistics of Mobile Children Traffic School interactions by Areas

| ACTIVATION | NUMBER | INTERACTIONS |
|-------------------------------|--------|---------------|
| Schools | | |
| Kumakwane/ Thamaga Schools | 12 | 6 633 |
| Molepolole Schools | 5 | 2 098 |
| Maun Schools | 4 | 3 700 |
| Westwood Primary School | 1 | 450 |
| Alnur Primary School | 1 | 377 |
| Mahalapye schools | 5 | 1 899 |
| Other Platforms | | |
| 360 Road Safety Expo | 1 | 390 |
| Consumer Fair | 1 | 1 166 |
| Ghanzi Show | 1 | 175 |
| Serowe Show | 1 | 300 |
| Tsabong Show | 1 | 138 |
| TOTAL | | 17 326 |

Road Safety Educational Campaigns

During the year, the Fund conducted various road safety campaigns around the country. The campaigns focused on high risk factors such as driving at inappropriate speed, drinking and driving, non-use of safety belts and child restraints, distractive behavior on the road by both drivers and pedestrians regarding use of mobile phones. The Fund reached out to 84 555 road users as depicted in Table 6 below. As a result of the collective efforts with other stakeholders, there was a reduction in number of crashes and total casualties when compared to the previous year as reported under traffic safety performance.

Table 6: Road safety educational campaigns interactions

| Activity | Frequency | Interactions |
|---------------------------------------------------|-----------|---------------|
| Bus Stops | 11 | 2 518 |
| Mall Campaigns (general public) | 4 | 2 106 |
| Bus Rank (Passenger/ Public transport) | 2 | 2 626 |
| Roadside Holidays Campaigns (Drivers/ Passengers) | 4 | 54 720 |
| Desert Race | 1 | 2 800 |
| Road Show | 5 | 5 100 |
| Bar campaigns (Drunk driving) | 1 | 289 |
| TKC | 3 | 10 482 |
| Major Regional road safety campaigns | 3 | 3 914 |
| Total | 34 | 84 555 |

TRAFFIC SAFETY PERFORMANCE

Road Crash Fatalities

According to Botswana Police Service Annual Accident Report 2018, the traffic safety performance is generally improving in relative terms despite an increase in fatalities. There was a 2.5% decrease in the number of road crashes from 17 786 in 2017 to 17 341 in 2018. The number of fatalities however increased by 4.1% from 444 deaths in 2017 to 462 deaths recorded in 2018. Statistics further reveals declines in both serious and minor injuries. Serious injuries declined by

4.6% from 1 152 in 2017 to 1 099 in 2018, whereas minor injuries declined by 1.2% from 4 739 in 2017 to 4 682 in 2018. One of the major contributing factors to increased fatalities is multiple casualties resulting from a single crash. There were six (6) crashes that each claimed between five (5) and eight (8) lives as tabulated below:

Table 7: Crashes claimed 5 or more lives

| POLICE STATION | NO. OF PEOPLE DIED IN ONE CRASH |
|----------------|---------------------------------|
| Bainesdrift | 5 |
| Pandamatenga | 6 |
| Letlhakeng | 6 |
| Bobonong | 6 |
| Sehithwa | 7 |
| Maunatlala | 8 |
| TOTAL | 38 |

The Fund's concentration on pedestrian safety campaigns has yielded positive results. Pedestrian casualties reduced by 12% from 1 447 in 2017 to 1 274 recorded in 2018. Pedestrian fatalities also declined by 11.3% from 142 deaths to 126 deaths, while serious injuries decreased by 23.5% from 294 in 2017 to 225 in 2018. **Figure 4 and 5** below shows comparative analysis of road crashes for 2017 and 2018.

Figure 4: Comparative analysis of crashes and casualties

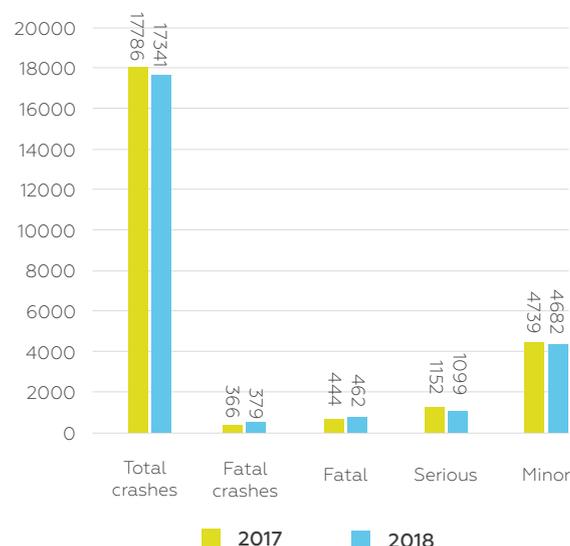


Figure 5: Three years' comparative analysis of fatalities

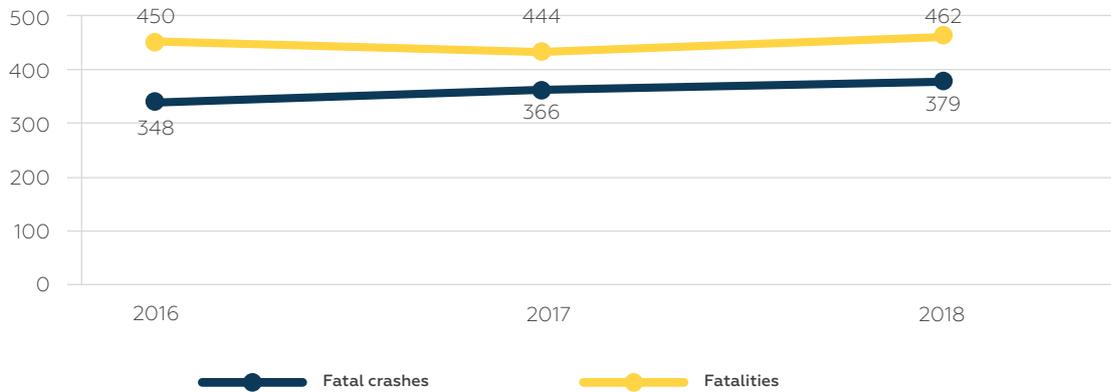


Figure 5 above indicates that there has been a steady increase in absolute terms in the number of fatal crashes since 2016 from 348 to 379 in 2018 which is an increase of 8.9%. The fatalities also increased from 450 in 2016 to 462 in 2018 being an increase of 2.7%. Deaths per fatal crash reduced marginally from 1.29 deaths in 2016 to 1.22 deaths in 2018.

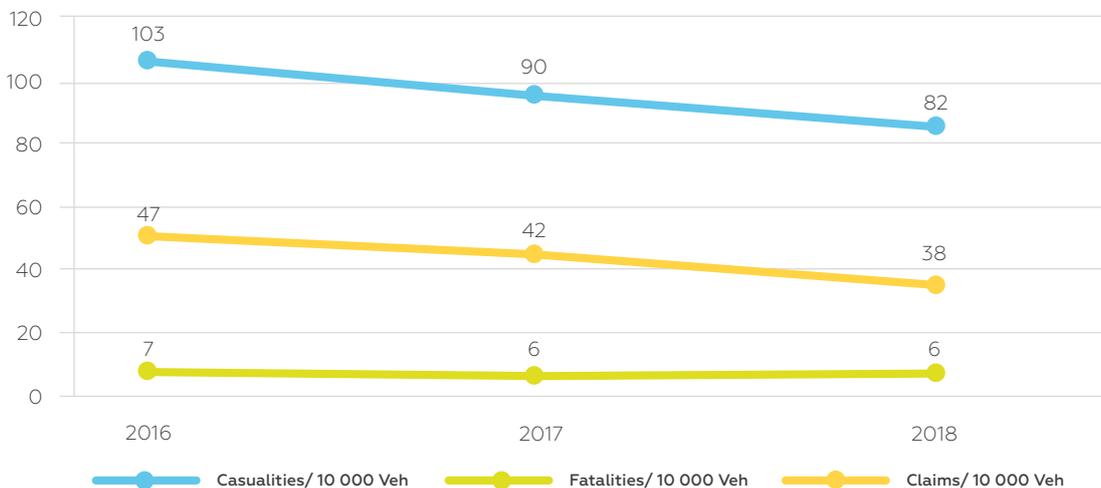
Crashes by vehicle population

Growth in the number of motor vehicles generally increases the risk of road traffic crashes. There was a decline in both road crashes and resultant casualties despite an 8% increase in registered vehicles. Traffic casualties per 10 000 vehicles decreased by 8.7%, and resultant claims lodged per 10 000 vehicles also declined by 10%. This positive achievement has been recorded in the past three (3) years as illustrated in Table 9 and Figure 3 below. The decline in traffic casualties is an indication that road safety interventions are paying dividends.

Table 8: Crashes, casualties and claims lodged relative to vehicle and population growth

| Year | Crashes | Casual | Fatal | Claims Lodged | Reg. Vehicle | Est. Pop | Crash/ 10 000 Veh | Casual/ 10 000 Veh | Fat/ 10 000 Veh | Fat/ 100 000 Veh | Claims/ 10 000 Veh |
|------|---------|--------|-------|---------------|--------------|-----------|-------------------|--------------------|-----------------|------------------|--------------------|
| 2016 | 18 373 | 6 687 | 450 | 3 019 | 648 925 | 2 226 040 | 28.3 | 103 | 6.9 | 20.2 | 47 |
| 2017 | 17 786 | 6 335 | 444 | 2 934 | 702 128 | 2 264 993 | 25.3 | 90 | 6.3 | 19.6 | 42 |
| 2018 | 17 341 | 6 243 | 462 | 2 850 | 757 469 | 2 304 238 | 22.9 | 82 | 6.1 | 20.1 | 38 |

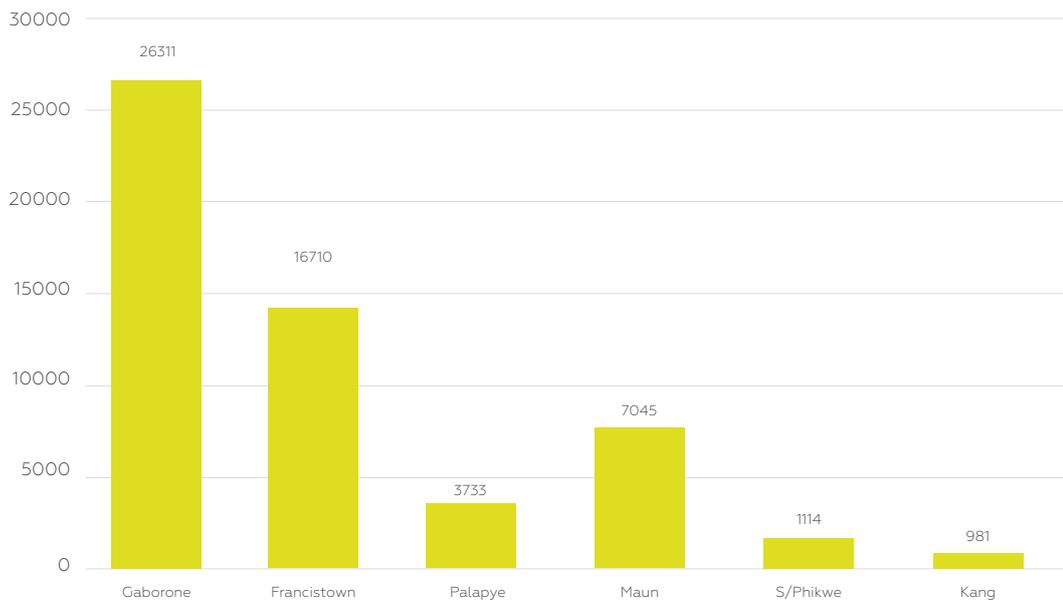
Figure 6: Analysis of casualties and claims lodged per 10 000 vehicles



PUBLIC EDUCATION AND PUBLICITY OF THE FUND SERVICES

Injury Prevention Department is responsible for educating the public on MVA Fund products and services in order to raise awareness levels and improve claims lodgment. Educating the public is done through a variety of platforms such as media advertising, corporate presentations, exhibitions, kgotla meetings, presentations at full council meetings. The Fund interacted with 55 894 people during the year through face to face interactions. The interactions include both activities initiated by the Fund and where the Fund was invited to participate in activities organised by other key stakeholders.

Table 9: Statistics of Public Education Interactions by MVA Fund Offices



Multimedia Campaign

In order to reach out to a wide audience, the Fund further leverages on media, both the traditional print and broadcast media, and digital media such as Facebook and website. Our messages reached around 542 888 people through the MVA Fund Facebook page. For the period ended 31st December 2018, the Fund's Facebook page registered 14 972 likes and 51 017 followers, and road safety posts reached 542 888 people

OCCUPATIONAL HEALTH & SAFETY

Workplace safety remains pivotal in the daily operations of the Fund. In the reporting period, the Fund capacitated its Occupational Health and Safety marshals on Safety Health and Environment. The team carries out routine inspections as well as fire drills to ensure compliance to the Occupational Health and Safety Policy. Furthermore, all MVA Fund vehicles have been fitted with fire extinguishers and first-aid kits to be used in case of emergency. No incident related to workplace safety was recorded during the year.

OUTLOOK

Although Botswana is less likely to achieve the 50% reduction in road traffic fatalities by 2020 as targeted by the UN Decade of Action for Road Safety 2011 – 2020, positive strides have been made towards reduction of road accidents and associated fatalities. Despite exponential growth of 110% in registered vehicles from 361 308 in 2010 to 757 469 in 2018, fatalities per 10 000 vehicles reduced by 45% from 11.0 in 2010 to 6.1 in 2018. Fatalities per 100 000 population also reduced by 9.1% from 22.1 in 2010 to 20.1 in 2018.

The Fund commits to collaborate effectively with other key road safety stakeholders to improve the road safety performance geared towards saving lives. The Fund will continue to participate in all government initiatives to improve road safety by playing an active role in the National Road Safety Committee. The Fund will further capacitate communities through community based projects to encourage all road users to adopt positive road usage behaviour. The Fund will further step up its advocacy role for policy improvement and buy-in by both the civil society and the political front.

To further contribute towards the improvement of road safety in Botswana, the Fund will conclude the development of Road Safety Television Educational Programme which is expected to start airing around July 2019. The programme seeks to improve road user knowledge and awareness of critical risk factors on Botswana roads in order to influence voluntary adoption of safer road user behaviour and practices. The Fund will further launch its 5-year Road Safety Strategic Plan with a vision of creating a road safety culture by 2023.

The Fund will in 2019 procure road safety promotion vehicles which will be equipped with surveillance cameras to help in capturing road user practices that will be analysed and later used to come up with appropriate interventions to improve safety on the roads. The vehicles will also improve the Fund's brand as a road safety agency.

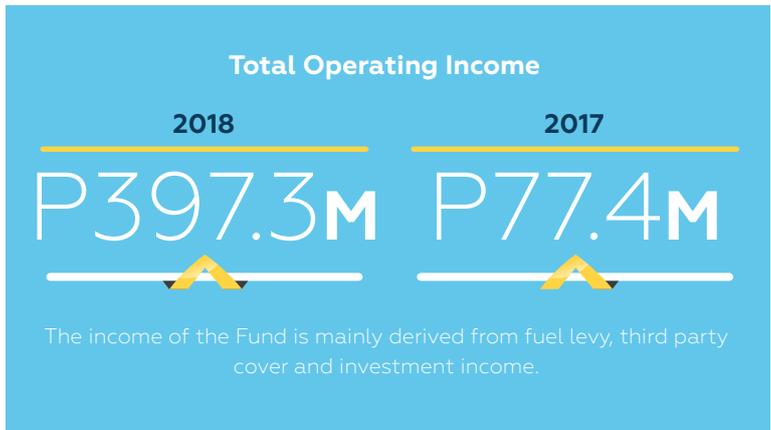
The Fund will in partnership with National Road Safety Committee undertake a project to assess the impact of road safety initiatives in Botswana with the aim of improving monitoring and evaluation, for evidence-based planning and interventions. The project will be undertaken by Johns Hopkins University – a world renowned public health research Institute. The result will further assist in the development of the next Botswana National Road Safety Strategic Plan.



The department is charged with the responsibility of ensuring the existence of sound financial procedures and policies to protect the assets of the Fund

2

Finance and Administration



The Finance department plays a pivotal role in maintaining a sound system of internal controls and providing financial expertise to enable the Fund to make strategic decisions to discharge its mandate. The department is charged with the responsibility of ensuring the existence of sound financial procedures and policies to protect the assets of the Fund and the uniform application of such policies and procedures. Furthermore, the department ensures that financial information is accurate to enhance decision making.

The Finance department comprises of two (2) units being Finance and Administration.

Finance unit

The Finance unit is responsible for managing the accounting functions of the Fund. It ensures the recording of accurate information in the accounting system and compilation of management accounts

on a monthly basis. The management accounts enable the Fund to assess performance against set targets and further provides information to aid decision making. The unit's functions are undertaken in compliance with the provisions of the MVA Fund Act, Tender Regulations and Procurement Procedure Manual, Financial Policies and Procedures Manual and other Fund's policies.

The Unit coordinates the annual external audit of the Fund to ensure that the audit is completed within the statutory period of three months from the end of the financial year. The Unit also produces Annual Audited Financial Statements in compliance with International Financial Reporting Standards (IFRS).

The Finance Unit is also tasked with the co-ordination of the annual corporate budget process. The draft budget is recommended to Finance

and Audit Committee for consideration and approval and then to the Board.

On a quarterly basis, the Finance Unit produces departmental cost centre reports, which report on utilisation of the departmental budgets and liaises with departments to pro-actively manage costs and ensure that corrective action is taken on a timely basis for optimal use of the budget.

Sources of income (Monies of the Fund)

In accordance with Section 17(1) of the MVA Fund Act, 2007, The Fund has various revenue streams being; fuel levy, third party cover, investment income and government subvention.

Fuel Levy Income

Fuel levy income which is the primary source of income is charged to all importers of petroleum products. The levy is included in the pump price



of petrol and diesel and is collected at source by importers and resellers. In accordance with Section 17(2) of MVA Fund Act 2007, fuel importers and resellers have to submit the fuel levy income to the Fund by the 25th day of the next month following the month of sale or importation.

Following fruitful engagements between the Fund and the Government, the fuel levy rate was effective October 15th 2018 reinstated to 9.5 thebe per litre from 5 thebe per litre. The increase in the levy rate is expected to improve the Fund's revenue and cushion the effect of unrealised foreign exchange losses on offshore investments.

In accordance with Section 17(4), fuel importers and resellers shall on an annual basis appoint independent auditors, at their own cost to audit their records to ascertain the accuracy of the fuel levy income collected and paid over to the Fund. The auditors shall at the end of such audit, issue a certificate directly to the Fund of the audit findings. The audit ensures that there is no revenue leakage. During the year, there were no adverse audit findings picked by independent auditors which bears testimony to the fact that importers and resellers are complying with the MVA Fund Act, 2007.

Third Party Insurance Cover

Third Party Insurance Cover income is in accordance with Section 7(1) of the MVA Fund Regulations 2008 collected from every person who drives a foreign registered vehicle into the country. The collection of Third Party Insurance Cover is outsourced to Botswana Unified Revenue Services (BURS) and the income is remitted to the Fund on a quarterly basis.

Investments Income

The secondary source of funding is investment income and the Fund has invested in various asset classes in accordance with the Fund's Investment Policy Statement. Detailed investment income report is contained in the Investment Department section of the annual report.

Government Subvention

As a Parastatal, the Fund can also be funded through government subvention in accordance with Section 17 (1) (b) of The MVA Fund Act. Owing to the Fund's strong balance sheet, the Fund has to date not requested subvention funding.

Audited Financial Statements

On an annual basis, the Finance department produces Audited Annual Financial Statements which comply with International Financial Reporting Standards (IFRS). The Fund has

complied with statutory obligation to have its Annual Financial Statements Audited and submitted to the Ministry of Finance and Economic Development within three (3) months after its financial year end.

Income Distribution

The income of the Fund is mainly derived from fuel levy, third party cover and investment income.

Figure 1: Net Income Distribution

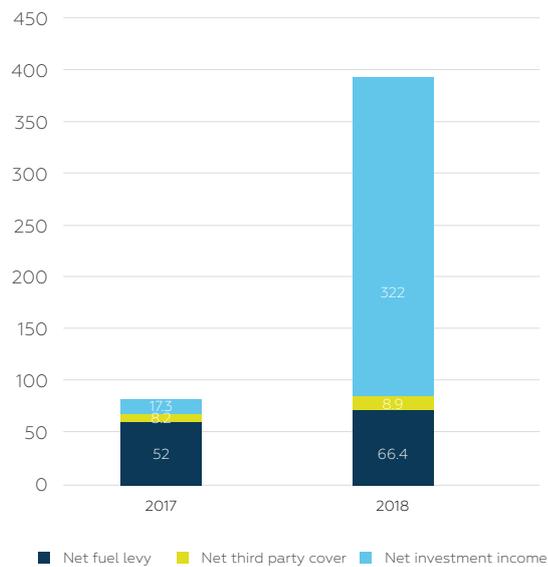


Figure 1 shows that Total operating income has increased significantly from P77.4 million in 2017 to P397.3 million in 2018 as a result on substantial increase in investment income.

Claim Costs and Payments

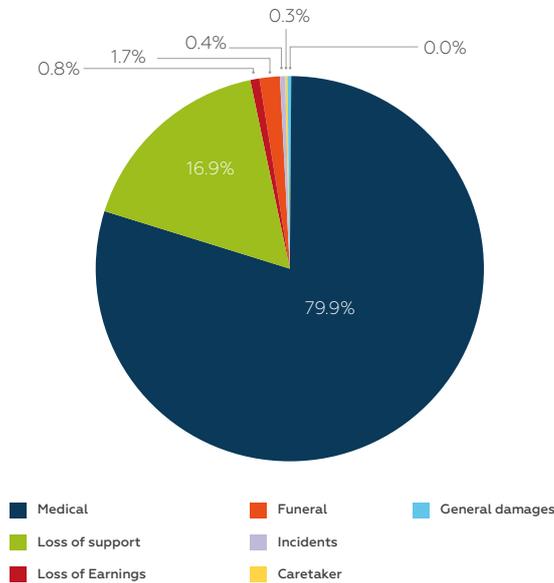
The Fund's mission is to enhance the quality of life by promoting road safety, compensating, rehabilitating and supporting those affected by road crashes. In this regard, claims costs contribute a major part of the expenditure of the Fund.

Reserves for claimants

The Fund paid out a total of P 190.0 million to the claims trust account in 2018 in comparison to P179.3 million paid out in 2017. The trust accounts payment is for various benefit types arising from effects of motor vehicle accidents. Medical expenses made up the highest percentage of the total claims paid at 79.9%, followed by Loss of Support at 16.9% and Funeral Expenses claims at 1.7%. Incidentals, Loss of Income, Caretaker Costs, General Damages accounted for the remainder of the 1.5% of total claims paid. The funds reserved

for the claimants are held in trust by the Fund in an interest bearing account.

Figure 2: Payments to trust accounts in 2018



Administration Unit

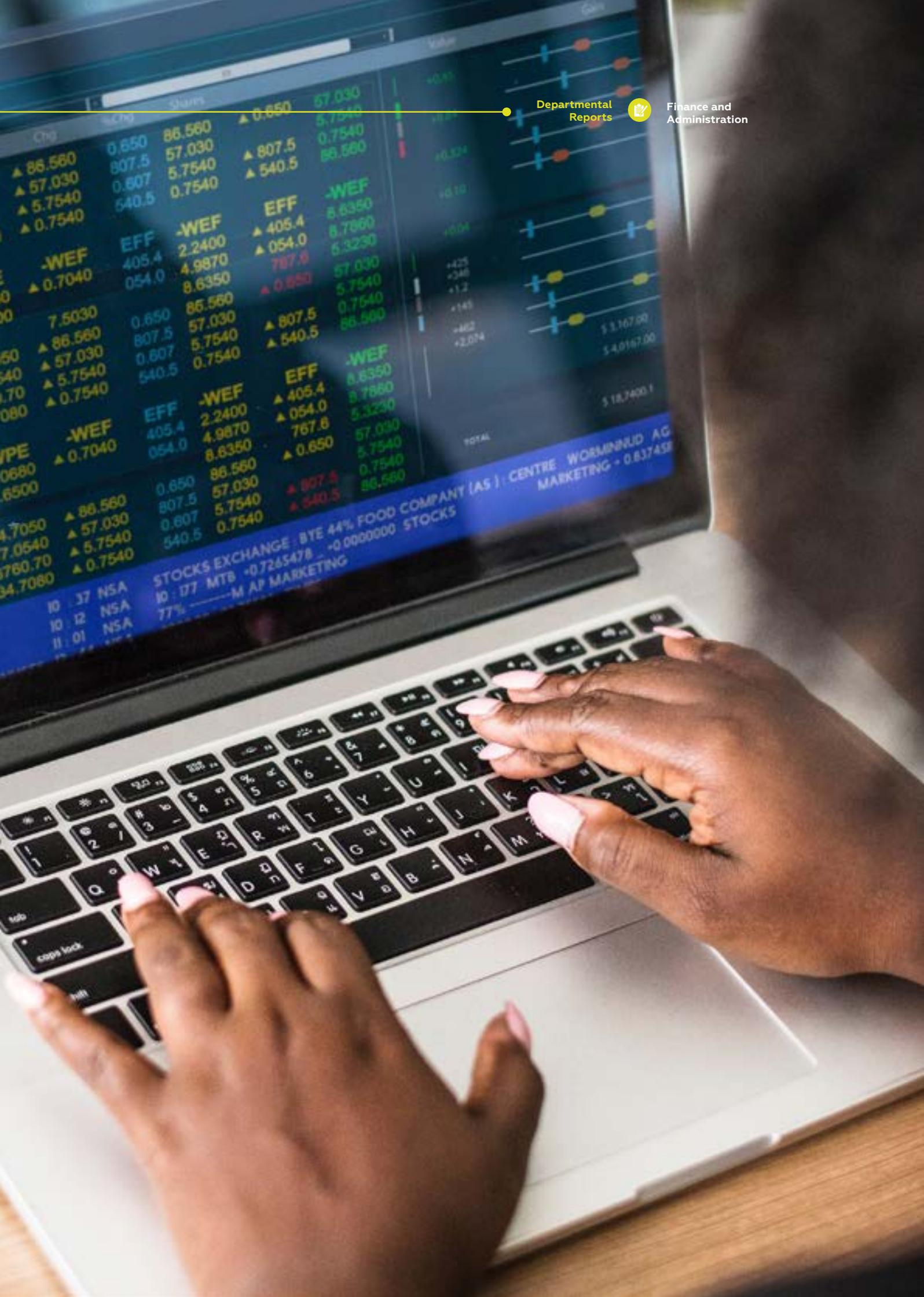
The principal purpose of this unit is to ensure compliance to the Tender Regulations and Procurement Procedure Manual. This relates to ensuring adherence to principles of fairness, transparency and value for money during the procurement and disposal of the Fund's assets. The Unit is also responsible for the management of fleet and outsourced services, e.g telecommunications facilities and maintenance of movable assets.

Procurement Process

The Fund has aligned its Tender Regulations and Procurement Procedure Manual 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 the procurement process.

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. Out of a total of ten (10) tenders considered in 2018, six (6) were awarded to local companies which are 100% citizen owned.





Departmental Reports



Finance and Administration

| Chg | %Chg | Shares | Value |
|-----------------------------------------------------------------|-------|--------|----------------|
| ▲ 86.560 | 0.650 | 86.560 | ▲ 0.650 57.030 |
| ▲ 57.030 | 807.5 | 57.030 | ▲ 807.5 5.7540 |
| ▲ 5.7540 | 0.607 | 5.7540 | ▲ 540.5 86.560 |
| ▲ 0.7540 | 540.5 | 0.7540 | |
| -WEF | EFF | -WEF | EFF |
| ▲ 0.7040 | 405.4 | 2.2400 | ▲ 405.4 8.6350 |
| | 054.0 | 4.9870 | ▲ 054.0 8.7860 |
| | | 8.6350 | ▲ 0.650 57.030 |
| 7.5030 | 0.650 | 86.560 | ▲ 807.5 5.7540 |
| ▲ 86.560 | 807.5 | 57.030 | ▲ 540.5 86.560 |
| ▲ 57.030 | 0.607 | 5.7540 | |
| ▲ 5.7540 | 540.5 | 0.7540 | |
| ▲ 0.7540 | | | |
| -WEF | EFF | -WEF | EFF |
| ▲ 0.7040 | 405.4 | 2.2400 | ▲ 405.4 8.6350 |
| | 054.0 | 4.9870 | ▲ 054.0 8.7860 |
| | | 8.6350 | ▲ 0.650 57.030 |
| 7.5030 | 0.650 | 86.560 | ▲ 807.5 5.7540 |
| ▲ 86.560 | 807.5 | 57.030 | ▲ 540.5 86.560 |
| ▲ 57.030 | 0.607 | 5.7540 | |
| ▲ 5.7540 | 540.5 | 0.7540 | |
| ▲ 0.7540 | | | |
| 10 : 37 NSA | | | |
| 10 : 12 NSA | | | |
| 11 : 01 NSA | | | |
| STOCKS EXCHANGE - BYE 44% FOOD COMPANY (AS) CENTRE WORMIND AG | | | |
| 10 : 07 MTB -0.7265478 -0.0000000 STOCKS | | | |
| 77% -M AP MARKETING | | | |
| TOTAL | | | |
| +425 | | | |
| -346 | | | |
| +1.2 | | | |
| +145 | | | |
| -462 | | | |
| +2,074 | | | |
| \$ 3,167.00 | | | |
| \$ 4,0167.00 | | | |
| \$ 18,7400.1 | | | |

The investments are core to the operations of the fund as they are managed to enable the Fund to attain financial sustainability.

2

Investment

Investment Portfolio

2018

P3.67B

2017

P3.73B

The movement in the portfolio was primarily attributable to capital losses in local listed equities and offshore investments. The P60 million decrease was made up of P146.9 million reductions in offshore investments.

The Fund is empowered by Section 17(c) of Motor Vehicle Accident Fund Act 2007 to invest any monies, not immediately required for the conduct of its business, in such manner as may be for the benefit of the Fund. The Investment Department is tasked with prudent management of the Fund's investments portfolio in accordance with the guidelines and directives of the Board and the Investment Policy Statement (IPS).

The investments are core to the operations of the Fund as they enable the Fund to attain financial sustainability and these have been pivotal in building the Fund's strong financial reserves. The investment portfolio comprises surplus funds accumulated over the years and monies held in trust accounts on behalf of claimants.

The objective of the IPS is to achieve optimum returns at

a moderate risk, bearing in mind the expected volatility in the financial markets. The Investment Policy Statement is used to guide all investment related transactions and to ensure that there is proper governance in making investment decisions.

The Fund has over the past years experienced a significant increase in road traffic accidents which has resulted in a rise in claims expenses resulting in claims expenses exceeding the Fund's primary sources of income being fuel levy and third party cover. The Fund now largely depends on investment income to fund its operations which is not an ideal situation as investments, particularly offshore and listed stocks are volatile.

Portfolio Performance

The Fund's investment portfolio comprises of the following assets classes;

- Listed Equities;

- Fixed Income/Bonds;
- Unlisted Equities/Private Equity;
- Cash and Cash equivalents; and
- Property.

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

The MVA Fund's Investment Portfolio was valued at P3.67 billion as at 31st December 2018, recording a decrease of P60.0 million (-1.6%) from P3.73 billion reported as at 31st December 2017. The movement in the portfolio was primarily attributable to capital losses in local listed equities and offshore investments. The P60 million decrease was made up of P146.9 million reductions in offshore investments, P20.7 million capital loss in the local equity portfolio while P202



million was demutualized at Botswana Building Society and invested in different assets classes. On the positive side, there was a P15.3 million increase in local fixed income, P41.8 million increase in cash and cash equivalents, P253.5 million increase in property due to new investment in Feune (Pty) Ltd

Of the P3.67 billion Assets under Management (AUM), 66% was invested locally while the remaining 34% was invested in offshore markets. The IPS provides for a limit in the offshore allocation to a maximum of 40% of the total portfolio. 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 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.

Table 1: Asset Under Management (AUM) per asset class vs benchmark portfolio ranges for year 2017 and 2018

| Asset Class | Asset allocation | | 2018 | 2017 | AUM (Million) | AUM (Million) |
|--------------------------------------|------------------|-------|---------------------|---------------------|----------------|----------------|
| | 2018 | 2017 | Benchmark Range-IPS | Benchmark Range-IPS | (BWP) 2018 | (BWP) 2017 |
| Mutual Society Shares | - | 5.4% | - | 3-8% | | 202.4 |
| Unlisted Equities/ Private Equity | 0.2% | 0.2% | 0-5% | 3-8% | 8.8 | 8.8 |
| Listed Equities | 55.6% | 61.1% | 45-65% | 60-70% | 2 034.7 | 2 276.0 |
| Fixed Income | 23.9% | 24.4% | 20-40% | 15-25% | 871.6 | 911.0 |
| Property Investments | 10.9% | 4.2% | 5-15% | 3-8% | 397.9 | 155.5 |
| Cash & Cash Equivalents | 9.40% | 4.2% | 3-13% | 3-8% | 343.6 | 173.3 |
| Total | | | | | 3 656.5 | 3 727.0 |

Figure 1 below shows the relative asset allocation of different asset classes. Listed equities accounted for 55.6% followed by fixed income at 23.9%, property investments at 10.9%, cash and cash equivalents at 9.40% while unlisted equities accounted for the remaining 0.2%.

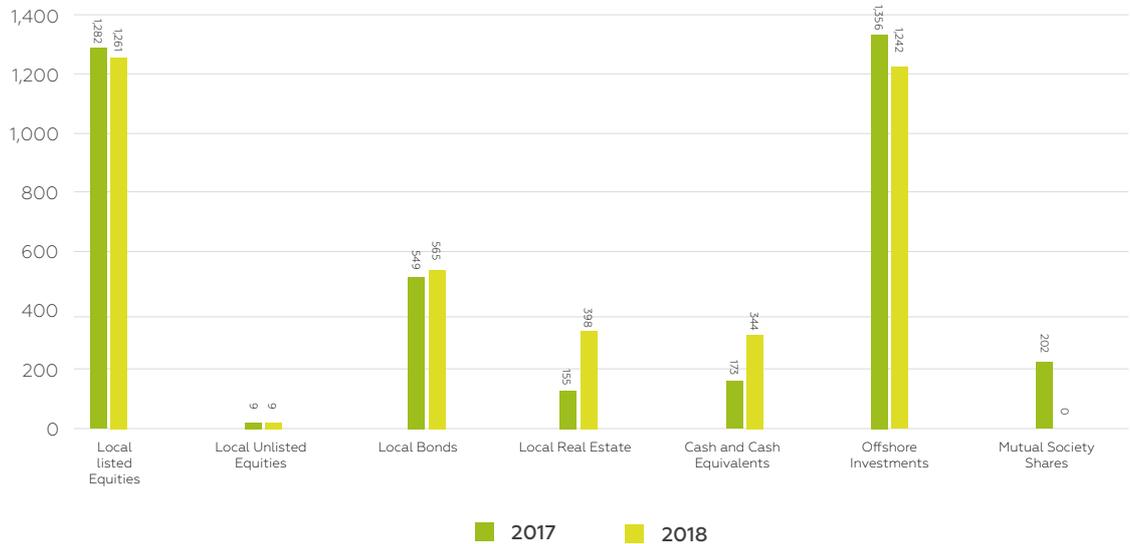
Figure 1: Overall Asset Allocation as at 31st December 2018



> Continued

Figure 2 below shows value per asset class for the financial years 2017 and 2018. Local listed equities declined during the period owing to the negative performance of commercial banks and retail stocks listed in Botswana Stock Exchange while P144 million was withdrawn from offshore markets and invested local retail property.

Figure 2: Annual value per asset class

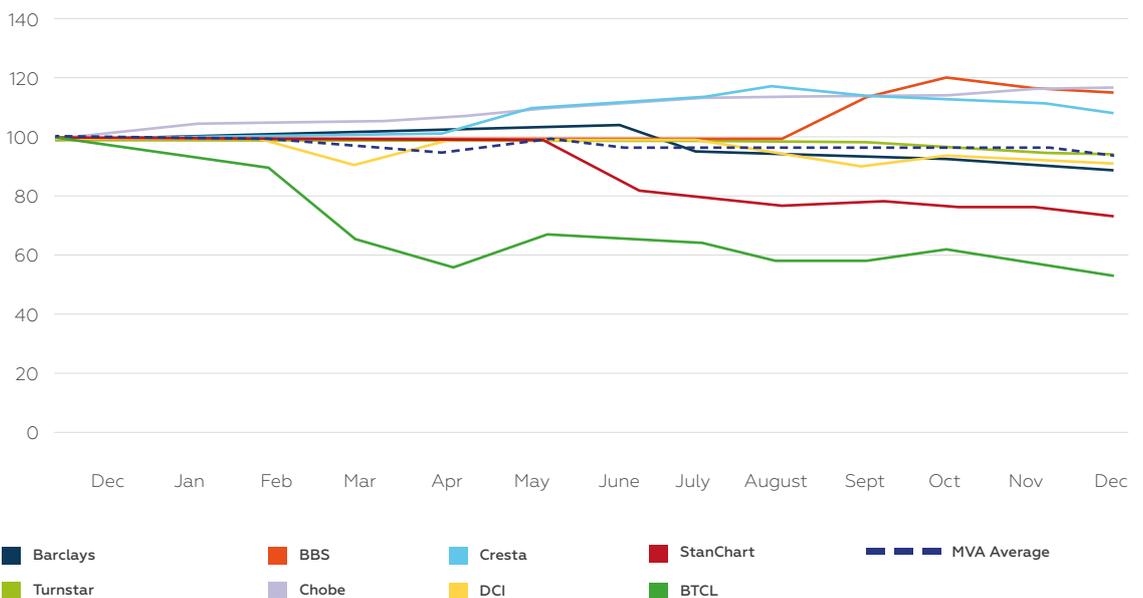


Local Investments

Local listed equities

As at 31st December 2018, local listed equities were valued at P1.261 billion, recording a decline of P21.0million from P1.282 billion recorded as at 31st December 2017. The reduction in the listed equity value was attributable to the decline in share prices of some securities in the Botswana Stock Exchange. In order to reduce its exposure to sectors with increased volatility, the Fund reduced its holdings in commercial banks as well as holdings in some retail stocks.

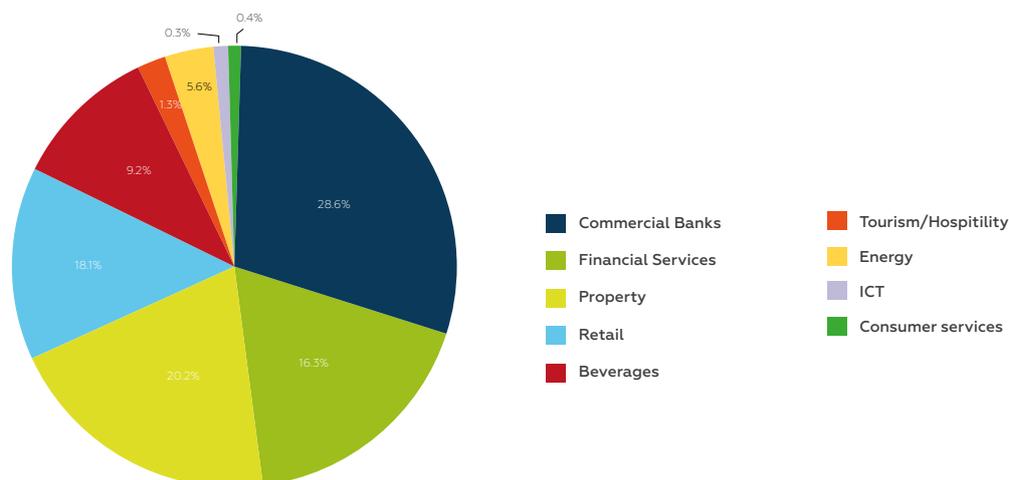
Figure 3: Rebased share prices movement in basis points



The Fund's equity portfolio remains diversified across industries to minimize concentration risk and maximize portfolio returns.

Figure 4 below shows diversification across industries within the local listed equities as at 31st December 2018.

Figure 4: Local Listed equity holdings by Industry



The Domestic Company Index (DCI) recorded a 11.4% loss for the year ended 31st December 2018. 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.

Local Unlisted Equities

The Fund continues to look for alternative investment opportunities in the private space in order to diversify its investment portfolio. As at end of the financial year, the local unlisted portion comprised of investments in MRI Botswana Limited and KYS Investments Limited. These companies were previously listed on Botswana Stock Exchange but delisted for various reasons. The unlisted equities had a total value of P8.7 million as at 31st December 2018, and has remained unchanged since 2016 due to inactivity of the stocks.

Local Fixed Income

The Fund invests in Bonds to provide a stable cash flow and as defense assets against the declining equity market. The local fixed income portion was valued at P564.7 million as at 31st December 2018, recording an increase of P15.3 million compared to a value of P549.4 million reported as at 31st December 2017. The Fund increased the section by P41.0 million worth of BBS Debenture and purchased a Botswana Housing Corporation (BHC) bond worth P30 million. Bonds worth P42.5 million matured during the period under review.

The table 2 below shows local fixed income transactions for the year ended 31st December 2018.

Table 2: Fixed Income Transactions for the year ended 31st December 2018

| Description | Date | Nominal Amount (BWP) | | |
|----------------------|------------|----------------------|-------------------------|-------------------|
| | | Purchase | Disposal/ Maturities | Net |
| BBS Debenture | 26/04/2018 | 41 000 000 | | 41 000 000 |
| BVI 001 | 07/05/2018 | | (7 800 000) | (7 800 000) |
| BBS006 | 04/08/2018 | | (8 213 000) | (8 213 000) |
| BW005 | 12/09/2018 | | (25 750 000) | (25 750 000) |
| BHC025 | 10/12/2018 | 30 000 000 | | 30 000 000 |
| Fair Value loss 2018 | | | (13 927 095) | (13 927 095) |
| Total | | 71 000 000 | (55 690 095) | 15 309 905 |

Property Investment

The Property portion consists of the MVA Fund Head Office building, residential property investments in Gaborone and Francistown as well as retail properties in Palapye, Francistown, and Gaborone. The portfolio was valued at P397.9 million as at 31st December 2018, recording an increase of P242.4 million from P155.5 million recorded in December 2017. The increase in the portfolio was primarily attributable to the investment in Feune (Pty) Ltd which owns Airport Junction Mall as well as property revaluation gains and share of partnership profits.

The property portfolio vacancy rate decreased from 13.87% recorded in December 2017 to 7.64% in December 2018. Only 600 square meter in the first floor of head office building was vacant owing to failure to attract tenants as most of the companies are relocating to Central Business District. The Fund continues to use various platforms to advertise the vacant office space and unoccupied residential properties.

Figures 5 and 6 below shows the residential income and value respectively by geographical location. For the period under review, 57% of the residential property income was derived from properties located in Phakalane, followed by 23% of properties in Gaborone while the remaining 20% was derived from properties in Francistown.

Figure 5: Residential Income by Location

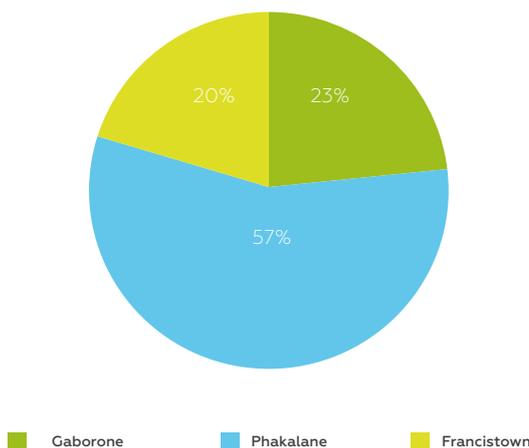
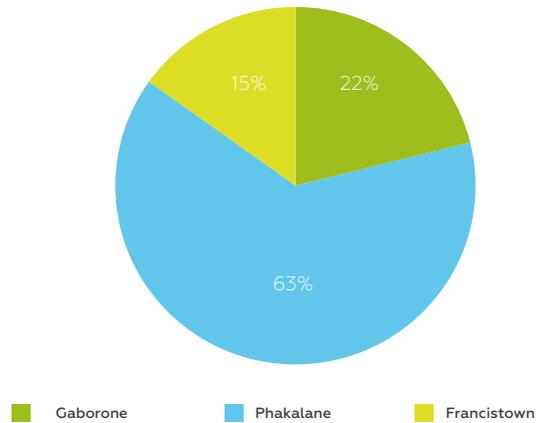


Figure 6 below shows that as of 31st December 2018, 63% of property value was derived from properties located in Phakalane, 22% from properties located in Gaborone and 15% from properties located in Francistown.

Figure 6: Property Valuations by Location

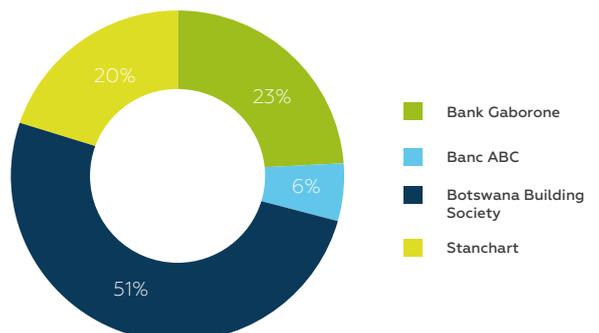


Cash & Cash Equivalents

The cash and cash equivalents portion of the investment portfolio comprises local cash at bank, offshore cash holding and local fixed term deposits. The cash balance increased by P170.3 million from P173.3 million recorded as at 31st December 2017 to P343.6 million as at 31st December 2018 owing to the conversion of some of the Botswana Building Society Indefinite Period Shares into fixed deposits following the demutualization of Botswana Building Society. The cash held offshore by Investec was also increased to P161.5 million compared to the December 2017 balance of P33.0 million. The mandate managed by Investec was underweight in equities owing to underperformance in the asset class. As such the manager maintained high cash balances to take up opportunities as and when they arise. The total cash holding of P343.6 million was equivalent to 9.4% of the portfolio and was within the recommended IPS range of 3-13%.

As at the 31st December 2018, the Fund had a holding of P171.6 million in local fixed term deposits (including interest accrued).

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



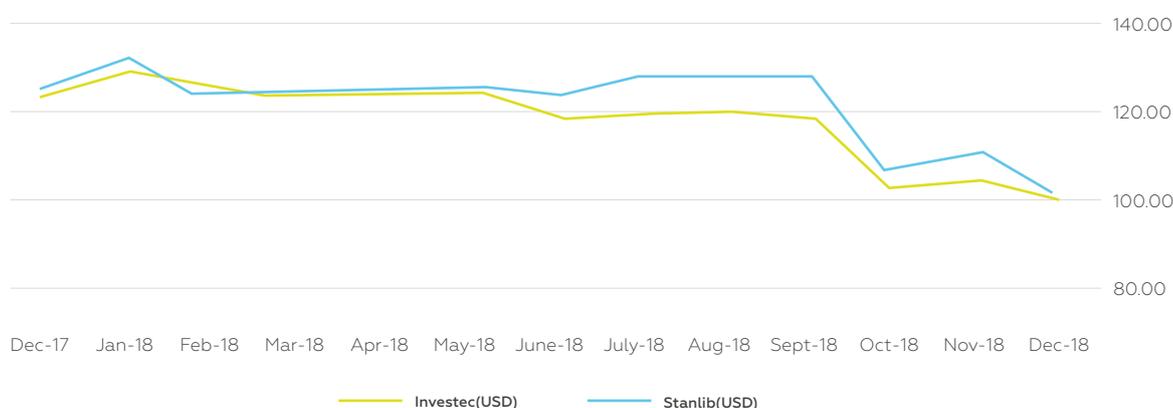
As per Figure 7, all banks were within their fixed deposits limit of 25% except BBS Limited. The high amount of fixed term deposit in BBS Limited was a result of the demutualization exercise which was approved by the Board.

Offshore Investments

The MVA Fund’s offshore component was valued at P1.24 billion as at 31st December 2018 and accounted for 34% of the overall portfolio. The offshore investment is managed by Investec Asset Management Botswana (Pty) Ltd and Stanlib Asset Management Service (Pty) Ltd. The total offshore holding reduced in value as some funds were withdrawn in October 2018 to finance the investment in Feune (Pty) Ltd.

Graph 1 below shows a comparison of the market value movements of the two offshore mandates in US Dollar since December 2017. The mandates are reviewed periodically in line with the IPS and to ensure good governance.

Graph 1: Offshore Market Value movements per Offshore Manager in USD



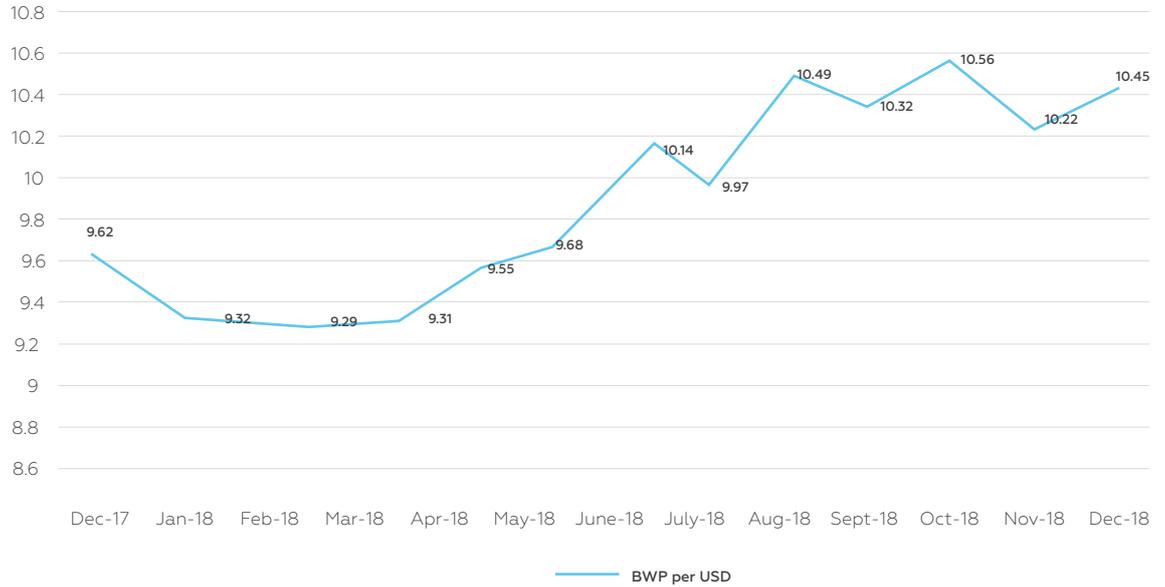
Stanlib mandate decreased by P72.0 million or 10.8% from P666.0 million as at 31st December 2017 to P594.0 million as at 31st December 2018. The decrease in Stanlib mandate was mainly attributable to withdrawal of P71.6 million in October 2018 to fund the Feune transaction while the balance was attributable to overall decline in international markets. In US Dollar terms, the portion decreased by \$12.4 million from \$69.3 million as at 31st December 2017 to \$56.8 million as at 31st December 2018.

The portion held by Investec posted a decrease of P75.0 million or 10.4% in market value from P723.0 million as at 31st December 2017 to P648.0 million as at 31st December 2018. The Fund withdrew P72.5 million from Investec to finance the Feune transaction. In US Dollar terms, the holding declined by \$13.2 million from \$75.2 million recorded in December 2017 to \$62.0 million as at 31st December 2018.

The Pula closed the year trading at P10.45 against US Dollar at the end of December 2018 compared to P9.62 as at 31st December 2017 resulting in exchange gain of P127.3 million.

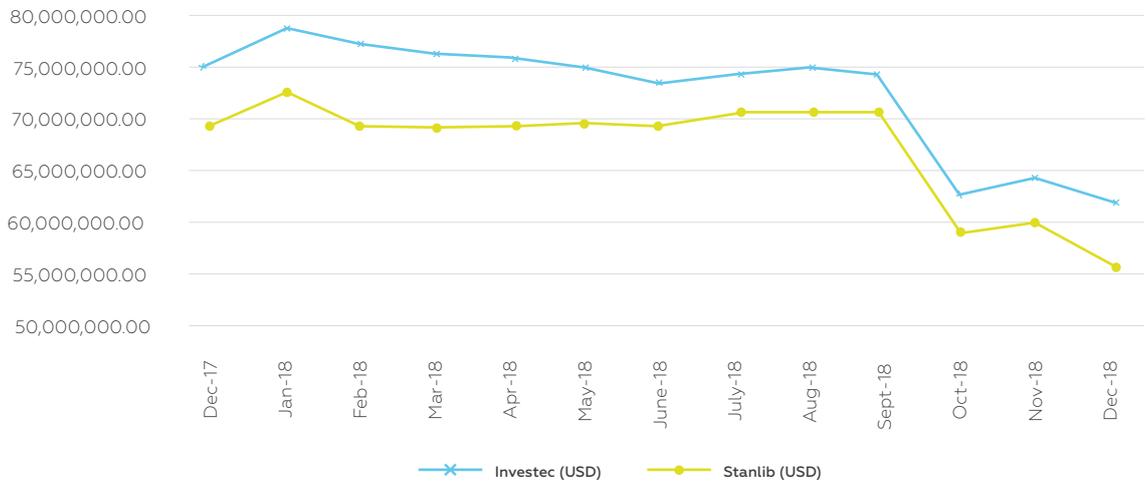
Graph 2 below shows movement of the exchange rate for Pula against the US Dollar for the year ended December 2018. The offshore portfolio is exposed to currency risk due to investments in the offshore market. Management monitors exchange rates movement and the amount of exposure on a daily basis to avoid over exposure to currency risk.

Graph 2: BWP Exchange Rate against USD

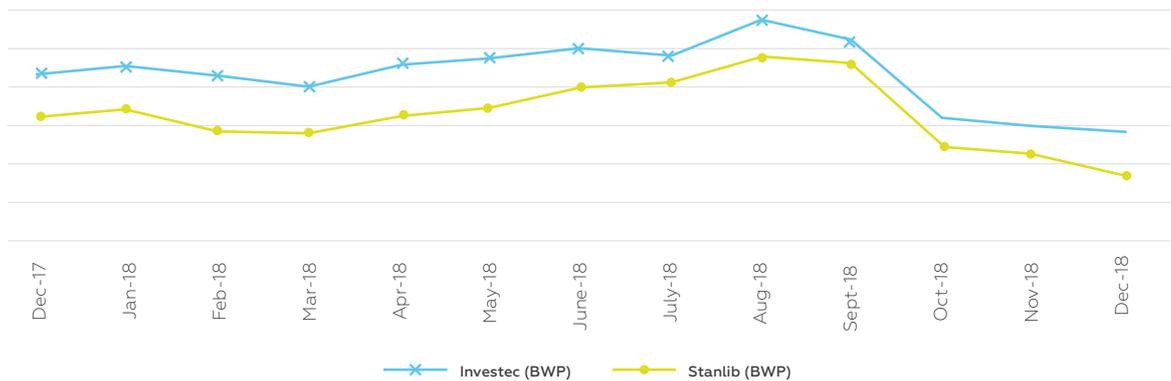


The market value movements of the Fund's offshore investments for the year ended 31st December 2018 in both Pula and USD terms are shown in graphs 3 and 4 overleaf

Graph 3: Market Value Movements (USD)



Graph 4: Market Value Movement (BWP)





Performance of Offshore Managers

Table 5 below shows that both offshore managers performances relative to their respective benchmarks. From the table it is deduced that both offshore managers underperformed their respective benchmarks mainly due to the negative performance of international markets.

Table 5: Performance of Offshore Managers

| Description | Investec | Stanlib |
|------------------------------------------------------|----------|---------|
| Overall portfolio Performance (%) | -8.16% | -8.7% |
| Benchmark (%) | -5.67% | -6.82% |
| Value added | -2.50% | -1.88% |
| Roadside Holidays Campaigns (Drivers/ Passengers) | 4 | 54 720 |

Economic and Investment Outlook

Global Economic Outlook

According international monetary Fund's World Economic Outlook (April 2019) the global economic growth is estimated to decline from 3.6% in 2018 to 3.3% in 2019 and is expected to rebound to 3.6% in 2020.

Botswana Economic Outlook

According to Statistics Botswana real GDP growth for 2018 was estimated at 4.5% in 2018, up from 2.9% in 2017. This was largely attributed to water and electricity, mining, transport and communication sectors.

Non-mining expansion was driven by accommodative fiscal and monetary policies as well as recovery in the downstream diamond industries. The outlook for the mining sector is positive owing to anticipated increase in demand for Botswana's rough diamonds. Driven by structural reforms, the non-mining sectors are expected to also contribute significantly to GDP growth.

In support of Government's efforts to promote growth through investment, Bank of Botswana maintained an accommodative monetary policy stance during 2018, maintaining the bank rate at 5% throughout the year

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.



The Strategic Plan was developed within the context of declining income, escalating road traffic crashes and claims costs.

2

Strategy

Strategy implementation rate

2017

81.6%

2018

83.8%

The overall strategy implementation rate for 2018 was 83.8% compared to 81.6% in 2017 being a marginal improvement of 1.26%.

The Strategy Department coordinates the development, implementation and monitoring of the corporate strategy. The process is achieved through research & development, performance monitoring and evaluation, risk management, change management and business process improvement initiatives.

The Strategic Plan (2018 – 2022)

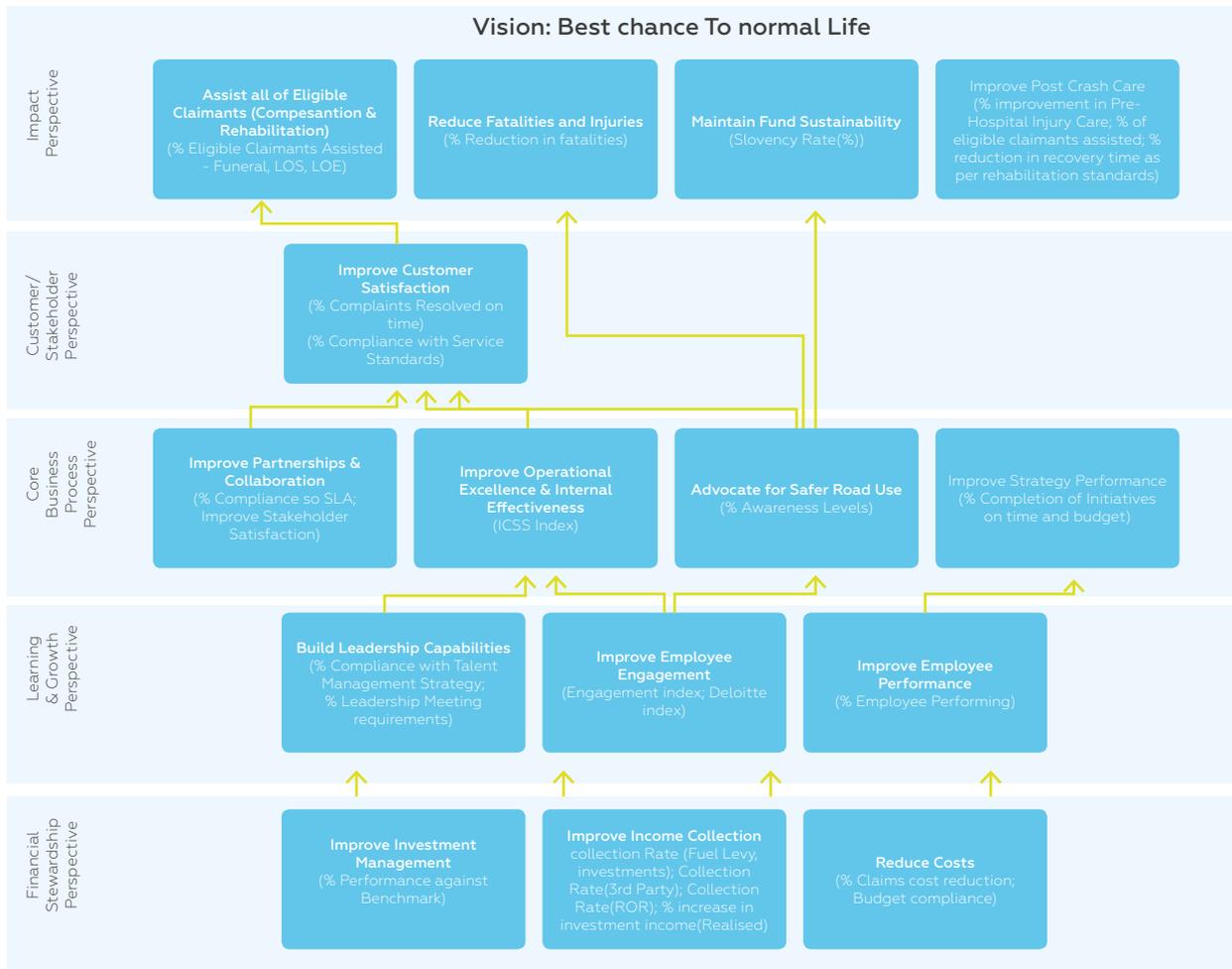
The Board mandated Management to initiate the

development of a new Strategic Plan for the Fund. The process was facilitated by an external consultant and was concluded in December 2017. The five-year Strategic Plan (2018 – 2022) was named Kgogamasigo, a Setswana name for Morning Star. The Strategic Plan was developed within the context of declining income, escalating road traffic crashes and rising claims costs. It is envisaged that the challenges named above are a precursor to major strategic and operational breakthroughs

given the purposefulness of the Plan, hence the adoption of the name Kgogamasigo star, which normally appears before or at sunrise. The Strategic Plan which was developed in accordance with Balanced Scorecard Methodology, focuses on service excellence, innovation and cost management. Figure 1 below captures the MVA Fund's Strategy Map for the year 2018 to 2022.



Figure 1: MVA Fund Strategy Map



According to this Map, the Fund aspires to deliver on four areas which will have the most impact on its business being; universal accessibility, safer roads, financial sustainability and post-crash care.



Strategy Performance

On a quarterly basis, Strategy Department coordinates the review of the Fund's performance against the set targets. Below is the Fund's summary performance for the period ended December 31, 2018.

Table 1: Performance Update as at December 2018.

| Perspective | Strategic Objective | Strategic Objective | | Thresholds | Objective Performance Assessment | Variences (From Actual Target) |
|-----------------------------------------------|--------------------------------------------------------------------|----------------------|--------------------|------------|----------------------------------|--------------------------------|
| | | Targeted Performance | Actual Performance | (+/-) | | |
| Impact Perspective | Assist all of Eligible Claimants (Compensation and Rehabilitation) | 91.1 | 90.3 | 9.0 | ↔ | -0.9 |
| | Improve Post Crash Care | 92.5 | 90.2 | 10.0 | ↔ | -2.3 |
| | Reduce Fatalities and Injuries | 100.0 | 96.1 | 5.0 | ↔ | -3.9 |
| | Maintain Fund Sustainability | 100.0 | 86.0 | 10.0 | ↓ | -14.0 |
| Customer/ Stakeholder Results | Improve Customer Satisfaction | 76.5 | 68.8 | 8.3 | ↔ | -7.7 |
| Core Business Process Perspective | Improve Partnerships and Collaboration | 83.0 | | 10.0 | * | - |
| | Improve Operational Excellence | 77.0 | 72.2 | 5.0 | ↔ | -4.8 |
| | Advocate for Safer Road Use | 75.1 | 68.5 | 5.0 | ↓ | -6.6 |
| | Improve Strategy Performance | 95.0 | 89.7 | 10.0 | ↔ | -5.3 |
| Learning and Growth | Build Leadership Capabilities | 97.5 | 98.8 | 10.0 | ↑ | 1.3 |
| | Improve Employee Performance | 100.0 | 100.0 | 10.0 | ↔ | 0.0 |
| | Improve Employee Engagement | 81.2 | 64.9 | 10.0 | ↓ | -16.3 |
| Financial Stewardship | Improve Investment Management | 91.7 | 132.8 | 50.0 | ↑ | 41.2 |
| | Improve Income Collection | 100.0 | 106.5 | 5.0 | ↑ | 6.5 |
| | Reduce Operational Costs | 100.0 | 88.7 | 10.0 | ↓ | -11.3 |
| Weighted Performance Target and Actual | | 84.3 | 83.8 | | | -0.5 |

| Key | |
|---------------------|---|
| Above Target Range | ↑ |
| Within Target Range | ↔ |
| Below Target Range | ↓ |
| Not Measured | * |



The weighted performance target for the Motor Vehicle Accident Fund for 2018 was 84.3%. The calculation excludes performance of the objective Improve Partnership and Collaboration which was not measured during the year. In relation to the above target, The Fund achieved an actual performance of 83.8% despite the challenging financial environment.

Table 2: Summary Performance per Objective

| Performance Range | Number of Objectives |
|-------------------|----------------------|
| Above Target | 3 |
| Within Target | 7 |
| Below Target | 4 |
| Not Measured | 1 |
| Total | 15 |

RISK MANAGEMENT

Risk Management forms an important part of MVA Fund's approach to Strategy delivery. The risk management framework ensures that all risks management processes focus on improving the Fund's ability to manage key risks while taking advantage of emerging opportunities to deliver the Fund's strategic plan initiatives. During the year, the Board approved the review of the risk management policy to align it with international practices. The review process drew heavily from the International Organization for Standardization (ISO) 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework. The review further elevated the MVA Fund Risk Management Processes from the Traditional Risk Management approach to the Enterprise Risk Management Approach. The process produced three key documents, being the Enterprise Risk Management Policy, Enterprise Risk Management Guidelines and Risk Management Appetite Statement, which were approved by the Board in October 2018.

Further to this, the Risk Management processes were automated through a software called BarnOwl. The benefits of this software are improved risk data management, enhanced risk process controls and effective risk reporting.

Research and Development

The Fund values Research and Development as an important driver on its value chain. The Research and Development function helps the Fund to obtain new knowledge that is used to develop processes to improve service delivery. The Department conducts various research undertakings to obtain new knowledge applicable

to the Fund's business needs and the adoption of evidence-based and relevant interventions.

One of the notable annual research undertaken by the MVA Fund is the compilation and publication of the Crash and Claims Report. The 2017 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 2018 Road Safety performance presents a negative trend when compared to the national and global targets on road safety. Total recorded fatalities increased from 450 in 2017, to 462 in 2018 being an increase of 4.1% while serious injuries decreased from 1152 in 2017 to 1099 in 2018.

The Fund also conducted the Internal Customer Satisfaction Survey in 2018. The objective of this survey is to assess the satisfaction levels of the MVA Fund internal customers. The survey also establish the indices for departments and branches and further identifies areas for improvement.

Change Management

MVA Fund made a conscious decision in 2008 to establish a committee to support effective management of change across the organization. The committee is mandated to coordinate all organization-wide change related activities. To capacitate this committee and improve its effectiveness, the Fund enrolled all its members on a PROSCI Change Management Methodology training, and the members subsequently qualified as PROSCI Change Management Practitioners. Going forward, a tailor made Change Management Framework for the Fund will be developed to guide the change initiatives across the organization.

Multilateral Initiatives

The implementation of the Multilateral Agreement, continues to foster positive working 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 being road safety promotions, claims management, leadership development and cultural exchanges.

> **Continued**

The CEO'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. The Executives of all the Funds unanimously agreed on the relevance and effectiveness of the Agreement, as demonstrated by the success of joint programs held during the year like the Trans Kalahari Corridor joint operation.





IA FUND
600 739

*The cost of not following
the rules can be deadly.
Be smart. Be safe.*



The department ensures that the Fund achieves a healthy and an enabling environment that supports high performance.

2

Human Resource

Best Company To Work For Survey

Best Company index

65.14%

Engagement Index

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 Human Resource Department is charged with people management and to ensure that the work place is conducive to foster improved individual and organizational performance. The Department is responsible for implementing the organizational structure to support the implementation of the Strategic Plan 2018-2022. The Department in addition develops policies and procedures for effective management of talent and further to ensure that the policies and procedures are uniformly applied throughout the organisation.

The key human resources policies and procedures are the drivers of human resources to ensure that the Fund performs optimally and for employees' conduct to be aligned with the requirements of the Fund. The following are the key Human Resources policies and procedures; General Conditions of Employment,

Code of Conduct, Attraction and Retention, Training and Development, Disciplinary Policy and Grievance Procedure, Talent Management and Performance Management. These policies are reviewed periodically to ensure that they remain relevant for the operations of the Fund and are aligned with developments in the labour market and complies with current labour legislation.

The department ensures that the Fund achieves a healthy and an enabling environment that supports high performance. A conducive environment is critical given that employees spend much of their productive time at work and therefore the Fund addresses all work place challenges that may negatively impact employees. The Fund channels resources towards employee retention, training and development to ensure an appropriately skilled and performance oriented workforce to drive individual

and organizational performance in furtherance of the Fund's mandate.

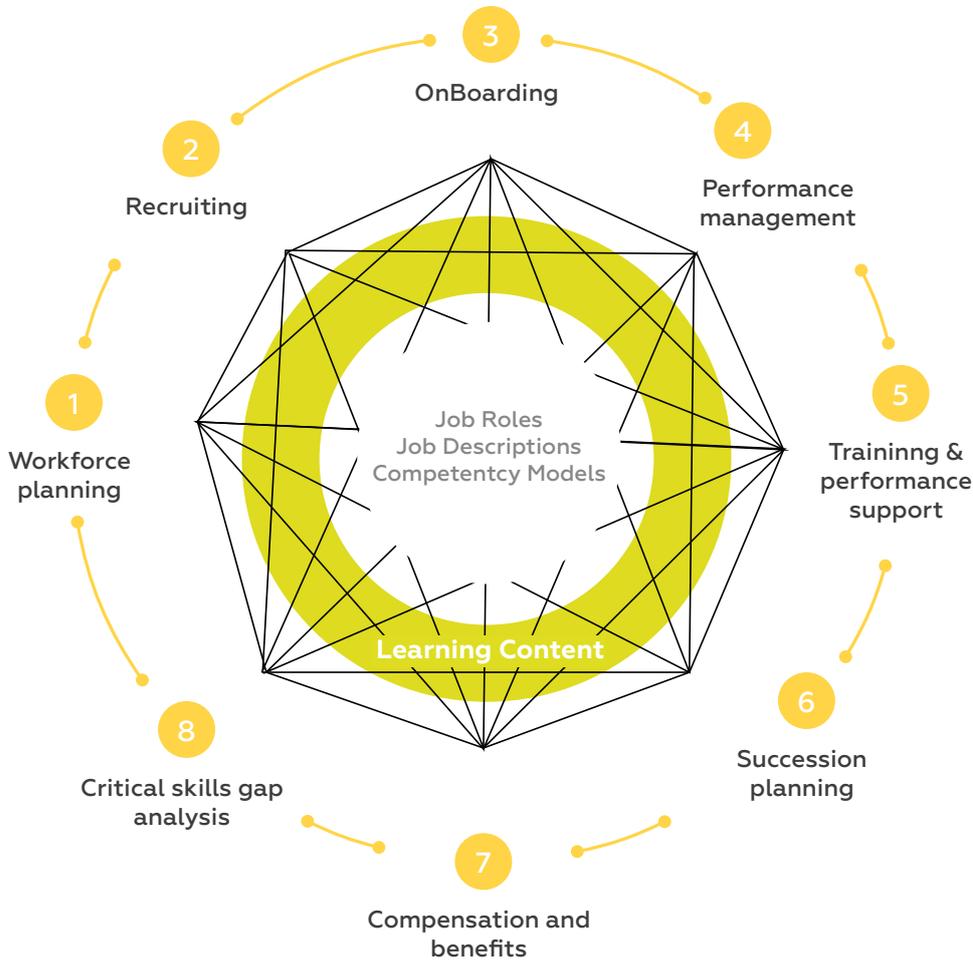
The Human Resource Department has a staff complement of four (4) suitably qualified employees to serve the Fund's total staff compliment of 105 employees resulting in a ratio of 3.8%.

Figure 1: Human Resource Function



<https://www.edukart.com>

Figure 2: Talent Management Philosophy



www.pinterest.com/forshay/talentmanagement

Talent Management Philosophy

Talent Management

The Fund’s Talent Management philosophy in line with the Talent Management Strategy and seeks to ensure achievement of the Fund’s strategic plan initiatives and delivery of its mandate. This is achieved by ensuring that talent pool is defined, identified, nurtured and retained through an effective use of Talent Management tools and succession planning process. The talent management process promotes dialogue and development conversations between employees and their supervisors during performance assessments in line with the Performance Management Policy. The Human Resource Department facilitates employee growth strategy through organizational design model which thrives in inclusivity & diversity.

Workforce Planning

On an annual basis the department determines the workforce plan and the required skills in furtherance of the Fund’s mandate. The plan is advised by critical skills gaps in order to deliver quality service to the customers. During the year the department embarked an Organisational Review and Job Evaluation Exercise to ensure that an appropriate organisational structure exists to support the implementation of the Kogomasigo Strategic Plan 2018 – 2022. The exercise is expected to complete early in 2019.

Attraction

Attraction of the employees with the right competencies is critical to ensure that appropriate skilled employees are placed in the right positions at the right time for achievement of the Fund’s mandate. The Human Resource department is responsible for recruitment and selection of employees. Recruitment is done in line with the Attraction and Retention policy which is employee centered.

Onboarding

Once employees have been recruited, the Fund put them through a rigorous on-boarding programme. The programme is intended to familiarize new employees with the operations and team dynamics of the Fund. On-boarding enables newly recruited employees to gain an understanding of their new environment and to enable them to easily integrate and work collaboratively with the existing employees. At the end of the on-boarding programme, newly recruited employees produce an evaluation report which is used to identify gaps in the programme and areas of improvement.

Communication

The Fund’s Internal Communication Strategy provides an integrated framework for timely, accurate and transparent communication with employees to share important information on the Fund’s developments. The Human Resource Department provides a platform to enable staff to access key information on organisational policies and the performance of the Fund with a view to encourage open communication.

The available platforms for communication are face to face and the use of information technology platforms. Face to face communications include management meetings, staff general meetings, departmental meetings and cross departmental meetings. Line managers hold regular one-on-one meetings with employees to improve communication and deal with peculiar individual challenges. In addition, there are various cross functional teams and committees set up to pursue the mandate of the Fund through established linkages and information sharing and knowledge management. Besides face to face platforms, the intranet and information portals are utilised to disseminate information to the workforce.

Figure 3: Maintaining Employee Communication and Staff Engagement

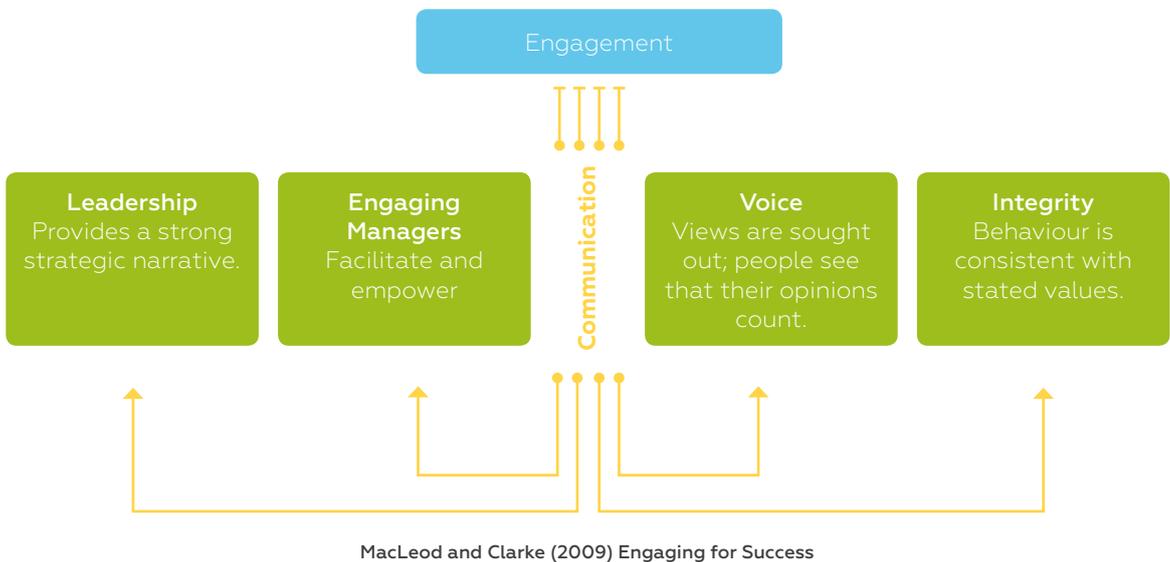


Figure 3 above demonstrates how the Fund values communication in order to ensure that staff engagement is at high levels.

Work Culture

The Fund’s culture is premised on performance excellence driven through the Performance Management Policy and commitment to the implementation of Talent Management Strategy. In order to improve on the work culture, the Performance Management Policy was reviewed and implemented in the current year. The emphasis is on effective planning and performance improvement through an open dialogue and engagement.

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 on performance are considered for growth opportunities within the Fund, either laterally or on promotion.

Core Values

The Fund has a set of five (5) core values which reflect the principle of "Botho" in the broader context of providing "Best Chance to Normal Life". The values serve as a commitment of the Fund's service delivery to the claimants and the public.

These core values as below depicted are widely shared within the organization.

Table 1: Core Values

| Core Value | Meaning |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Focus | We promote road safety and provide support to our customers in order to heal the wounds inflicted by road crashes. |
| Empathy | We provide emotional and physical support to our claimants in a rational and objective manner, to help them reach their health and economic goals. We do understand claimants' experience from road crashes and placing ourselves in their situation. |
| Teamwork | Our environment provides opportunities for us to develop team spirit and work together to create more value for our customers. |
| Integrity | We do business in a transparent manner and treat everyone with respect by displaying consistent moral and ethical standards. |
| Innovation | We exploit our potential by continuously improving on what we do and how we do it, in pursuit of service excellence. |

Figure 4: MVA Fund Core Values- "Singing the Same Song"



<https://www.strategy-business.com/Principles of organizational culture>

Core values serve to instill shared knowledge, direction and purpose among employees. The core values are held with high regard and are therefore an integral part of the Fund's culture. These core values have been included in the Performance Management System (PMS) in order to reinforce their importance to service delivery. The recruitment process also assesses whether the prospective employee's values are aligned to the core values of the Fund and the extent thereof. Adherence to core values also forms part of the recognition awards whereby staff is assessed on biannual basis to instill professionalism in their carrying out of duties. The core values drive staff to nurture relationships with customers whilst upholding the highest standards of conduct.

Policies

Review and implementation of human resources policies and procedures remains key in ensuring improvements of business processes with a view to remain relevant in the ever changing labour environment. The Fund reviewed key human resource policies during the year and these include; the General Conditions of Employment, Code of Conduct, Disciplinary Policy and Grievance Procedure, Training and Development

> **Continued**

Policy, Performance Management Policy and Attraction and Retention Policies.

Performance Management

The Fund revised the Performance Management Policy to improve both individual and organizational performance geared towards achieving the Fund’s mandate and the strategic plan initiatives. The performance management process emphasizes that managers/supervisors and staff should jointly develop performance contracts at the beginning of the year which are aligned with departmental operational plans. Alignment of individual performance contracts to departmental operational plans improves achievement of the corporate strategy due to synergies. Performance progress should then be monitored on a periodic basis and corrective action taken to address performance gaps if any. Performance assessments are carried out on bi-annual basis and the outcome of the bi-annual scores consolidated at the end of the year to determine the annual performance score which is the basis for performance awards.

The performance management cycle has been adopted in order to improve performance. Performance management includes the following:

- Annual Performance Planning and Contracting;
- Continuous Performance Monitoring; and
- Bi-annual and End of year Performance Rating and Evaluation.

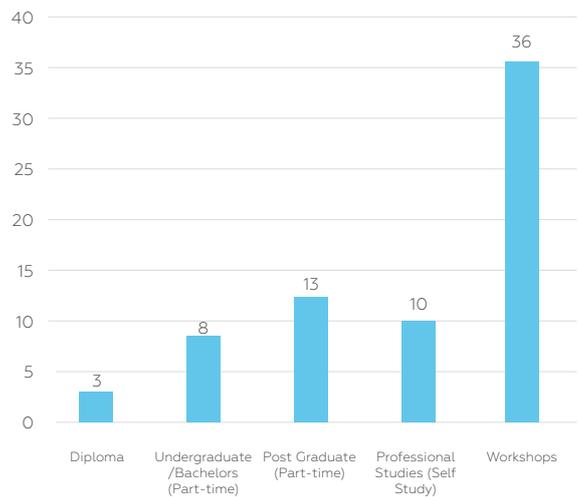
Training and Development

The Fund’s Training and Development Policy which provides a robust framework for continuous learning and development to improve internal capacity and improve staff competencies is geared towards improving individual and organizational performance as well as staff retention. Training and development is intended to address gaps which are mainly identified during performance assessment. Other training is done for developmental purposes or where changes in the Fund’s operations requires new skills. The Fund encourages staff who are not on the annual training plan to take responsibility for their training and development. The Fund also assists staff to undertake professional training through the Education Incentive Scheme. The Fund continues to offer staff training on both soft skills and technical training in order to improve requisite competencies and improve on performance.

Figure 5 below shows training pursued by staff during the year. Seventy (70) 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.

Figure 5: Staff Training



Succession Planning

Succession plan development and implementation is one of the Fund’s strategic imperatives and key initiatives and it ensures that there are employees who are ready to take up positions of higher responsibilities should there be vacancies. Succession planning can only be achieved by developing and managing talent and having employees who can readily take up positions of higher responsibilities in the Fund.

Succession planning is critical for the following;

- There is a need to compliment and ensure business continuity, professionalism and accountability;
- Development and sustenance of the Fund’s culture;
- Drive employee attraction and retention strategy;
- To build a high performing organisation with well-defined people processes;
- Succession planning and management is critical to ensure
 - Leadership continuity;
 - Organisational sustainability as well as;
 - Productivity enhancement.
- To ensure focused employee development and prepare them for logical next move.

Compensation & Benefits

The Fund has adopted employee welfare and



benefits incentives geared towards attracting and retaining employees. These include medical aid cover, funeral benefit, group life cover insurance, counselling sessions and staff social activities.

Staffing

As at the end of the year, the staff complement was one hundred and three (103) compared to the Fund’s approved staff complement of one-hundred and five (105) employees resulting in two vacancies.

The diagrams below provide an analysis of staff by Gender, Age, Department and Length of Service.

Figure 6: Staff by gender

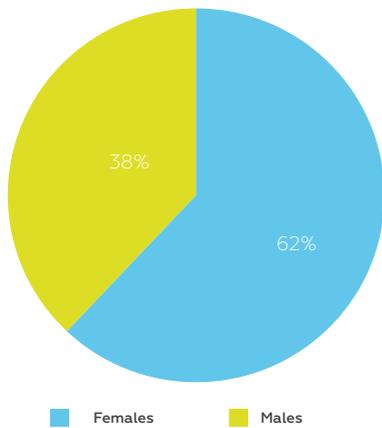


Figure 6 above shows that female employees accounted for 62% of the workforce while male employees accounted for 38%. The Fund continues to monitor the gender balance of its workforce to promote diversity among staff and to help ensure that there is no gender bias. The Fund offers equal opportunities to all those who meet the position profiles requirements and competencies.

Figure 7 below show that the age categories 32 years to 39 years and 40 years to 49 years accounted for 65% of the workforce while the remaining age categories accounted 35%.

Figure 7: Age profile of the Fund’s Staff

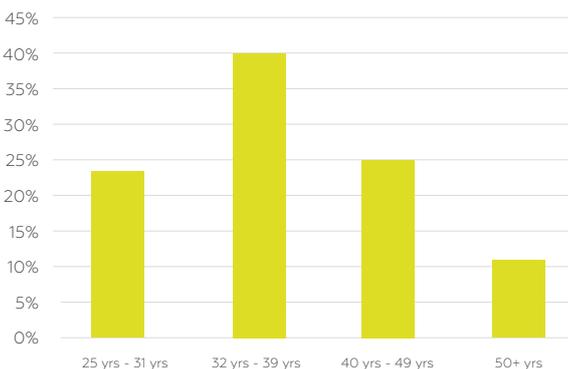


Figure 8 below shows that 33% of employees have been with the Fund for a period of between 3 years and 6 years followed by tenures of 10 years and above at 32% while 6 years to 10 years constitute 20% and those falling in the category of 3 years and below account for the remaining 15%. MVA Fund staff’s length of stay of 3 years to 6 years and above 10 years is a competitive advantage as it is a sign of stability for the Fund which is key for institutional memory and service delivery. The high staff retention also shows that the Attraction and Retention is also realized through 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.

Figure 8: Staff’s length of service (in years)

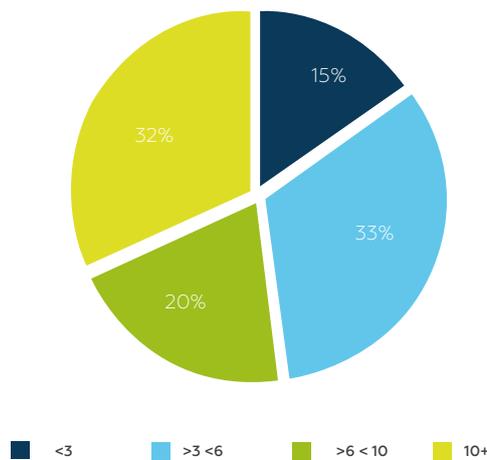
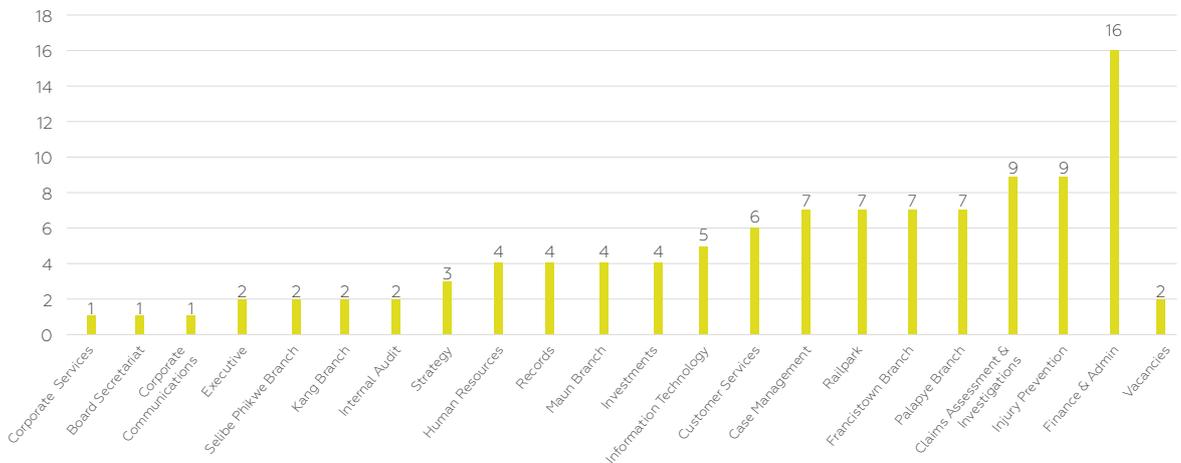


Figure 9: Staff by department and branch



Staff Turnover

The Fund has managed to maintain acceptable levels of staff turnover rate of 3.8 % as at end of the year against the Fund’s set benchmark of 7% inclusive of all attrition reasons such as resignations, dismissal, death and retirement. High staff retention is attributable to effective attractive and retention policies and procedures, improved talent management and a wide range of wellness programmes which are geared towards a healthy life style and balance between work and private life. The Fund also encourages open communication and solicits feedback from staff. Employees who voluntarily leave the organization are encouraged to complete exit interviews in order to identify and improve on areas where the Fund may not be performing satisfactory.

Service and Performance Awards

In accordance with the Guidelines for the Recognition Awards, the Fund continues to recognize employees for their outstanding service and performance through the awards ceremony held in December annually. Employees are recognized for adherence to core-values and this serves as a build up to the annual performance 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 also 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.

The following are the categories of the awards:

- Service Excellence;
- Adherence to MVA Fund Core Values;
- Achievement of team efforts in Cross Functional Teams;
- Best Branch/Department; and
- Long Service Awards.



STAFF RECEIVING THE TWENTY (20) YEARS LONG SERVICE AWARD



STAFF RECEIVING CEO’S AWARD

Staff Surveys

Internal Customer Satisfaction Survey

The Internal Customer Satisfaction Survey measures the satisfaction levels across the various departments and determines the Overall Internal Customer Satisfaction Index of the Fund. The survey fosters a strong inter-departmental service delivery culture and cooperation geared towards improved internal and external service delivery. The Fund then develops appropriate interventions to address the service delivery gaps identified through the survey while encouraging staff to maintain performance standards in dimensions where departments have scored high marks.

Departmental managers were encouraged to periodically engage staff to ensure improvement in low scoring dimensions.

In 2018 the Fund conducted the ninth (9th) Internal Customer Satisfaction Survey (ICSS) and attained an index of 72.2 % which was a slight decrease from 73.2% achieved in the previous year.

Deloitte Best Company To Work For 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 To Work For Survey. The 2018 Survey comprised of four (4) dimensions being; **Accomplishment & Growth, Fairness & Integrity, Care and Feedback and Values & Culture.**

The Fund achieved the Best Company Index of 60.75 (65.14%, 2017) and the Engagement Index of 68.99 (71.74%, 2017). 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 Deloitte Company Index measures "how attracted are your employees to the organisation", whilst the Engagement Index measures "how employees think, act and feel at the workplace and the relationships with levels of discretionary effort".

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

- Provides a robust diagnostic of overall employment experience;
- Enhances attraction and retention of talent;
- Provides a unique opportunity to engage with employees;

- Increased brand recognition and media exposure;
- Increased levels of Employee motivation and engagement; and
- An excellent benchmarking and networking opportunity.

The above figure demonstrate that the Fund is committed to ensuring an improvement in matters relating to human capital.

Employee Wellness

Employ wellness remains a priority for the Fund in recognition of the fact that employees spend most of their productive time at work and if they are unhealthy will affect both individual and the Fund's performance. Wellness programmes promotes physical, mental and spiritual well-being of employees. Staff is encouraged to practice healthy habits on a daily basis to attain better physical and mental health conditions, both professionally and socially.

The Fund has a gym facility in Head Office and subscribes to gym for staff members based in branch offices spread across the country.

The Fund held a sports day during the year and participation was extended to other organizations to create diversity and improve the Fund's collaboration efforts. 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.



Social Club

The Fund has established a voluntary social club for employees of the Fund and this provides a relaxed environment where members can interact socially at their spare times.

The objectives of the social club include among others is 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 voluntary member subscriptions which are determined by the membership. The club has its own bank accounts and manages its financial affairs.

Club membership is voluntary and restricted to employees only. 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.

Outlook

In 2019, the Fund will focus on the below key initiatives.

Automation of Performance Management Policy

The Performance Management Policy automation project which was planned for the current year will be undertaken during the following year as the project had to pave way for the completion of the Case Management System. The automation is geared towards automation of the appraisal process which process is currently on manual basis.

Implementation of Organizational Review & Job Evaluation Outcomes

The Fund will in 2019 implement the outcome of the Organizational Review & Job Evaluation following completion of the exercise. The exercise is intended to realign the structure and support the Kgogamasigo Strategic Plan 2018 – 2022.

Development of Talent Management Strategy

During 2019, the Fund will develop the Talent Management Strategy which is at the heart of people management issues.





Awarded to
Moripoti Borotiboko
In Recognition of
10 Years
of Long Service To
Motor Vehicle Accident Fund

Awarded to
Mtshumbe Khe Nkoko
In Recognition of
20 Years
of Long Service To
Motor Vehicle Accident Fund

Awarded to
Susan Mathwood
In Recognition of
15 Years
of Long Service To
Motor Vehicle Accident Fund

Awarded to
Thotozane Lebanoa
In Recognition of
30 Years
of Long Service To
Motor Vehicle Accident Fund

Awarded to
Gugulethu Sithole
In Recognition of
5 Years
of Long Service To
Motor Vehicle Accident Fund

Implementing efficient and cost effective information technology platforms that maximizes the Fund's ability to achieve its strategic goals.

2

Information Technology

Information Technology Areas

Innovation Capacity Building System Security

The Information Technology Department is charged with developing and implementing efficient and cost effective information technology platforms that maximizes the Fund's ability to achieve its strategic goals, while ensuring that access to the Fund's data repositories is securely protected. The department through the Information Technology Strategy 2014 – 2018 coordinates and ensures successful implementation of all information technology related initiatives for the benefit of the Fund.

The Information Technology

Strategy as a roadmap also ensures proper information technology governance for the Fund. The strategy will also ensure that information technology fully supports the operations of the Fund to enable it to successfully achieve the implementation of the Corporate Strategy 2018 – 2022.

The Strategy also seeks to provide 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
- There is appropriate funding for information technology initiatives

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





Table 1: Key Information Technology Priorities

| Priority Area | Key Initiatives |
|-------------------|--------------------------------------------------------------------------------------------------------|
| Innovation | Implement Customer focused systems |
| | Improve level of automation |
| | Continuous improvement/enhancements of IT Systems |
| Capacity Building | Focused training & development on SAP skills to ensure self sufficiency |
| | Targeted retention strategies to guard against attrition of key competencies and experience |
| | 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 remains one of the core values of the Fund. Through Innovation, the Fund is able to continuously improve on its operations to offer efficient and cost effective customer service. In order to ensure alignment with the I.T Strategy, the I.T department oversees all technology-based innovation projects geared towards automating manual processes, improving existing systems and implementing new systems. Below are some of the new systems and system enhancements that were carried out in the year 2018.

Capacity Building

The Fund continued capacitating its employees through a number of training programmes in 2018. The objective of the training was to improve internal capacity and reduce reliance on third party support partners, to improve service to internal customers and to improve systems use.

The Training and Career Development Policy provides guidelines for training and capacity building. As a way of building capacity, employees were trained on-the-job as well as on formal

training courses. During the implementation of various projects, employees were attached with consultants to enhance their competencies by shadowing consultants working on projects. This training is aimed at enhancing employees’ skills set as well as reduce costs and less reliance on outsourced IT services.

System Security

Security around MVA Fund systems were accomplished through the implementation of a Checkpoint Firewall and JEPS email monitoring application. An IT Officer was trained in Checkpoint Firewall installation. Overall, MVA Fund systems were secure during the currency of the Information Technology Strategy 2014 - 2018.

Table 2 below shows completed major initiatives covered by the Information Technology Strategy 2014 – 2018.

Table 2: Completed Initiatives

| NO. OF INITIATIVES | STATUS | COMMENTS |
|--------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25 | Completed | Twenty five were implemented and completed during the five years of the strategy. |
| 1 | Not done | SAP inbox and outlook mail linkage - Initiative was dropped due to cumbersome work this would bring to users and duplicated storage utilization. |
| 1 | Not done | Implementation of records management system - A decision was taken not to automate to enable the Fund to create and adopt preliminary processes such as creation of a filing system and its sub processes. |

> Continued

The main projects below were delivered during the 2014 – 2018 IT strategy:

Case Management System (CMS)

An SAP Based Case Management System Project was initiated in 2016 and successfully went live in January 2018. This module handles the Fund’s Case Management processes (Rehabilitation, Welfare and Bill Auditing). The Bill Auditing function was custom developed to handle the large volume of medical invoices received from suppliers for services provided to MVA Fund’s clients.

Customer Interaction Portal

A queue management system was implemented to monitor customer service provision. The system provides reports which show the level of customer service provided to individual customers. These reports assist management to come up with interventions to address any customer service challenge highlighted by the system. The system is accessible by all MVA Fund branch offices.

Server Infrastructure Virtualization

The server infrastructure of MVA Fund is fully virtualized. The virtualization project was carried out in 2016. The transition from physical server environment to virtualization reduced the cost of hardware and eased administration of the systems.

Employee Self Service and Management Self Service

Employee self-service and management self-service project is an enhancement of the SAP human capital management module which extends certain components of the core module to staff. These services reduce paper work within the Human Resources Department. Some of these services are accessing the salary statement and online leave application.

Data and Internet Bandwidth

The Fund’s wide area network runs on fiber which have improved access to systems and improved service delivery. The Fund implemented voice over internet as part of the links upgrade and this has resulted in reduction of the cost of telephone communication between MVA Fund offices.

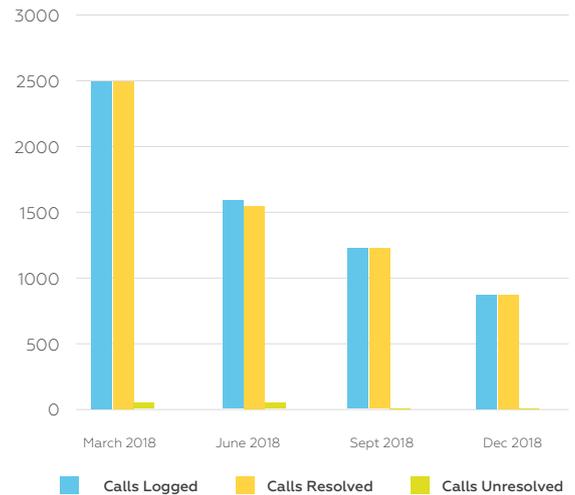
Risk Management System

The Fund started the implementation of a Risk Management System in 2017 and the system successfully went live in January 2018. The system has automated the previous manual process of capturing and reporting on risk.

ICT Core Services Availability

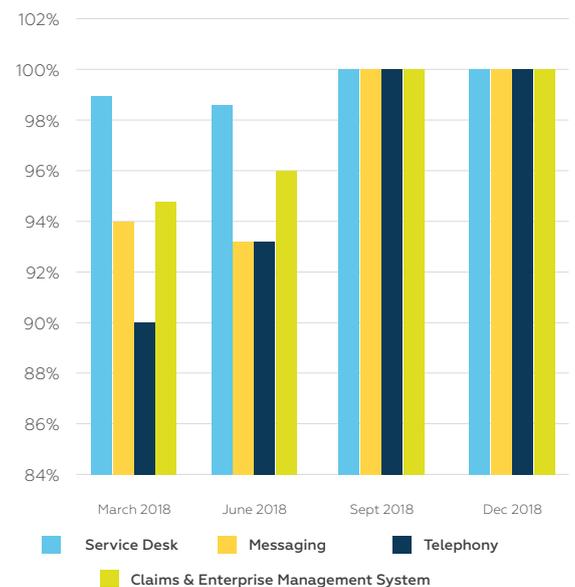
The ICT service desk received 6,300 support calls for the year ended December 2018. All support calls were successfully resolved. The figure below depicts the performance of the ICT Service Desk for the year ended 2018.

Figure 1: ICT service desk performance



Power cuts negatively impacted service delivery due to frequent downtimes. During the year, interruptions to core services were impacted by planned and unplanned power cuts across all the Fund’s service areas. The figure below depicts the availability of the Fund’s core services measured against a target of 98% availability.

Figure 2: ICT core services availability



Outlook

IT Strategy Review

The Information Technology Department recently reviewed its Information Technology Strategy of 2014-2018 to align it to the Kogamasigo Strategic Plan 2018-2022. This Strategy defines three key components which are critical in ensuring that adopted technologies support the Fund's strategic vision. These key components are Information Systems Strategy, Information Technology Strategy, and IT Governance and Management. With this new Strategy the department seeks to play an integral part in the delivery of excellent customer and stakeholder experience.

Disaster Recovery

Disaster Recovery forms a critical part of business continuity. In 2018, the Fund initiated a process of outsourcing its Disaster Recovery management to ensure there will be minimal disruption to business operation in case of a disaster. The project is expected to be concluded by the end of 2019.



The Corporate Communications Office initiates and implements the Fund's communications and public relations strategies and policies aimed at disseminating timely and accurate information about the services and products of the Fund both internally and externally to its varied key stakeholders.

2

Corporate Communications

In recognition of its continued participation to educate the youth on safe and responsible road use, the Fund has consistently been bestowed the

"Best Service Provider" Award at the past (4) HRDC Fair events

The primary role of Corporate Communications is to create and maintain healthy stakeholder relations through timely communication and engagement. The Corporate Communications Office initiates and implements the Fund's communications and public relations strategies and policies aimed at disseminating timely and accurate information about the Funds products and services both internally and externally. The Office manages the corporate brand through the promotion of a good corporate image. The Department also maintains a healthy corporate social investment to ensure that the Fund contributes positively

to varied stakeholders interests. All this is achieved through proactive and innovative use of up-to-date technological ideas that ensures that the organizational brand is effectively projected.

During the year under review the department developed the Stakeholder Management Plan aimed at providing a systematic guide to stakeholder management within the Fund. The Corporate Communications Strategy was also reviewed to align it to the Kgogamasigo Strategic Plan- 2018-2022.

STAKEHOLDER MANAGEMENT

Stakeholder management is important to the Fund as it is the lifeblood of achieving the Fund's mandate. To maintain a healthy stakeholder relation and improved collaboration, the Fund endeavors to fully understand the unique communication needs and strategic objectives of the stakeholders. In order to achieve its quest to implement its mandate, the Fund capacitates key stakeholders to effectively play their respective roles. Below are some of the key stakeholders that the Fund continues to work with in order to achieve its' mandate:



MEDICAL ASSISTANCE

injured in a road crash?
We ensure you get appropriate medical care & rehabilitation.



Table 1: Stakeholder Collaboration

| NAME OF ENTITY | BENEFIT OF THE RELATIONSHIP |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Botswana Police Services | The parties collaborate on road safety promotion. |
| Department of Road Transport and Safety | The Fund has collaborated with the department on road safety education and management. |
| Botswana Chamber of Mines | Collaboration to educate members of the public and stakeholders on post-crash first aid care. |
| Botswana Christian Aids Intervention Programme(BOCAIP) | The parties collaborate on road safety education and this is extended to churches. |
| Ministry of Youth Empowerment , Sport and Culture Development | Collaborates on the national fitness day event geared towards encouraging healthy living amongst members of the public. The relationship between the parties also assist the Fund to reach out to youth who are the most age group that is affected by road traffic crashes. |
| Private Hospitals | The agreement enables those injured in road traffic crashes to access medical and rehabilitation assistance on a timely basis from, Gaborone Private Hospital and Bokamoso Private Hospital. |
| Department of Roads | Collaboration on road safety promotion as well as sharing information on road design related matters to ensure safer roads to road users |
| Ministry of Health and Wellness | The parties collaborates on issues of post-crash care and injury management |
| National Road Safety Committee | The Fund sits in the National Road Safety Committee, which is the ultimate authority for all road safety related matters. |

Stakeholder Engagement Activities

The Fund collaborated with some of its key stakeholders on various activities as indicated in Table 2 below.

Table 2: Engagement Activities

| Activity | Purpose |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gaborone City Council Disability Sports day | The Fund partnered with Gaborone City Council and Botho College to commemorate the International Day of People Living with Disability at Botho University under the theme 'Empowering Persons with Disabilities and Ensuring Inclusiveness and Equality' |
| Stakeholder Interaction Sessions | The Fund engages with its stakeholders on these forums to dialogue on the Fund's ongoing and completed strategic projects. These sessions are used to get feedback from stakeholders to improve service delivery. The sessions were held in areas such Selebi Phikwe, Maun, Francistown, Kang and Gaborone. |
| Road Safety Campaigns | The purpose of the event is to sensitize the public on road safety issues and devise strategies to improve the road safety landscape. These campaigns are conducted in conjunction with like minded stakeholders such, Department of Road Transport and Safety, Botswana Police Service and Community Road Safety Groups |

MEDIA RELATIONS

The Fund uses the media to reach out to its stakeholders to project its image and to educate the public about its product and services. The Fund used radio, television, board advertising and newspapers to reach out to the public during the year. The Fund further used targeted promotional materials, such as brochures and corporate memorabilia were produced and distributed to the public. The Fund has maintained positive media presence in the media fraternity by utilizing newspapers, radio and television for publicity purposes.



WEBSITE

The MVA Fund website is used as a first port of information for the Fund's stakeholders. The revamped website serves as a marketing tool for the Fund and it also serves as a one-stop shop for all information about the Fund. The page is accessible at <http://www.mvafund.bw/>.

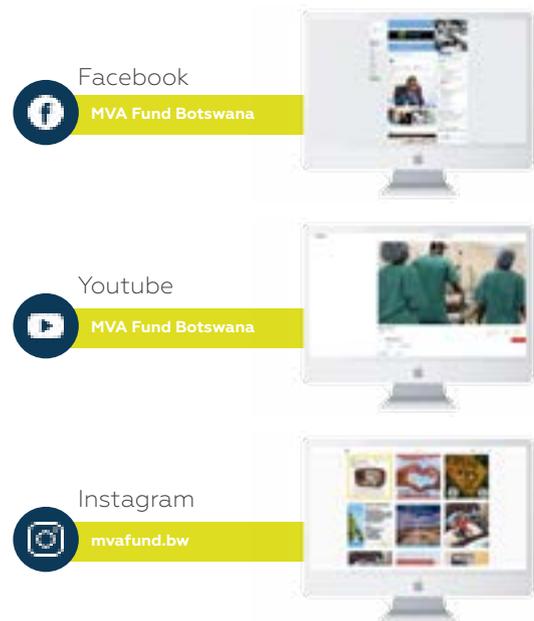
The website is utilised to disseminate information about the Fund to its varied stakeholders. The website also allows claimants to get frequent updates on the status of their claims by utilising the "Check Claims Status" which is updated on a weekly basis. Some of the frequently visited features include; vacancies and tenders, videos, adverts, weekly road safety statistics, news etc. To make the website more interactive, a feature for live chats with the audience will be added to the website. This feature will enable the Fund to respond instantly to questions and suggestions from the public.



SOCIAL MEDIA

With the emerging technological trends, the Fund utilizes a number of social media platforms as one of the cost effective and innovative communication tools to reach out to its diverse stakeholders. The Fund uses its Facebook page, YouTube and Instagram to augment its traditional media platforms. These platforms present an opportunity to engage with stakeholders on road safety related matters, market the Fund's products and services and further to obtain customer feedback.

The public and claimants utilise social media platforms to interact with the Fund on a daily basis. Claimants can also get updates on the status of their claims by enquiring through the inbox provision. Since the introduction of social media platforms to augment the already existing traditional media channels, there has been a rise in levels of communication between the Fund and its stakeholders, especially claimants. Instant messages on road safety and events are frequently posted on these platforms and easily accessed by the target audience.



PUBLICITY OF THE FUND

The Fund utilise available publicity events in order to reach out to its diverse stakeholders. These activities provide an opportunity for the Fund to enhance its visibility and market its products and services as well as to promote road safety. For the year 2018 the Fund participated in the following events; Annual Consumer Fair, Business Botswana Northern Trade Fair, Gaborone Diacore Marathon, World Day of Remembrance for Road Traffic Victims, Khawa Dune Challenge, Toyota 1000 Desert Race, Selibe Phikwe Marathon, National Agricultural shows and Human Recourses Development Council (HRDC) Fair.

In recognition of its continued participation to educate the youth on safe and responsible road use, the Fund has consistently been bestowed the "Best Service Provider" award at the past (4) four HRDC Fair events. This is a great achievement as the youth are highly affected by road crashes, hence the need to take advantage of every opportunity to sensitize them on road traffic safety.



Internal Audit aids management in identifying, evaluating and assessing significant organisational risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls.

2

Internal Audit

Implementation Rate Of The Internal Audit Plan



The Low implementation rate attained in 2017 was mainly due to the absence of key personnel.

The Internal Audit Department provides an independent and objective assurance of the effectiveness of the Fund’s governance processes, risk management and internal control environment. The Department accounts to the Board of Directors through the Finance and Audit Committee and Executive Management.

The Internal Audit purpose, authority and responsibility is enshrined in the Internal Audit Charter, which was approved by the Board and is reviewed periodically to align with best practices. Internal Audit evaluates whether the Fund’s internal controls are effective and adequate to mitigate business risks. The assurance provided by Internal Audit ensures that the Fund improves its system of internal controls, complies with relevant statutory instruments and improves corporate governance.

Internal Audit aids management

in identifying, evaluating and assessing significant organisational risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls. Where controls are found to be deficient or not operating as intended, the department then recommends areas for improvement by management.

Internal Audit and Risk Management

Risk Management remains an integral part of operations of the Fund. The Internal Audit processes have been aligned with the Fund’s risk management process to maximise risk management benefits and opportunities. As a result, the department’s core role with regards to risk management is;

- Providing reasonable assurance on the design and operation of internal

- controls;
- Providing active support and involvement in the risk management process;
- Facilitating risk identification\assessment;
- Educating line staff in risk management and internal controls;
- Coordinating internal control effectiveness; and
- Periodic reporting to the Board of Directors through the Finance and Audit Committee on the risk management process of the Fund.

Combined Assurance Model

The Fund has adopted the combined assurance model as recommended by the King IV Report. The combined assurance model aims at optimizing the assurance coverage obtained from Management, internal assurance providers and external assurance on the risk areas affecting the Fund. The Fund’s internal

assurance providers include the Internal Audit Department, Board Secretariat/Legal Service, Risk Management Committee while external assurance providers among others include the Fund's External Auditors and Actuaries.

Figure 1: Combined Assurance Model



Fraud Management

MVA Fund is committed to the highest standards of transparency, integrity, responsibility and accountability in discharging its mandate. The Fund maintains a zero tolerance to fraud, corruption, unethical conduct and any form of irregularity. All employees are also expected to hold this commitment.

Fraud and Ethics Whistleblowing Hotline

The Fund implemented an independent Fraud and Ethics Whistle-blower Hotline administered by Deloitte Anonymous Tip-Offs to facilitate anonymous reporting of unethical conduct by both employees and external stakeholders without fear of victimization. The whistleblowing 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 utilisation of the line has not improved to the level envisaged and continuous awareness to the public and employees will be undertaken to improve utilisation of the facility.

During the year under review, the department conducted six (6) fraud investigations relating to loss of earnings benefits and medical undertaking benefits.

Two (2) of the cases were received through the Fund's Fraud and Ethics Whistle-Blower Hotline.

The investigations resulted in one (1) case being repudiated and initiation of right of recovery while two (2) cases were closed on the basis of no fraudulent activity proven while the remaining three (3) were still under investigation as at 31st December 2018.

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 liability in the case of Claimants;
- Recovery of embezzled assets;
- Blacklisting suppliers; and
- Referring cases to national law enforcement agencies.

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

The Fund also ensures that internal fraud is minimised and the General Conditions of Employment provide stern measures through a disciplinary process to address fraudulent behaviour by employees.

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

- **Section 21 (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

> **Continued**

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.

Annual Audit Plan

The Annual Audit plan outlines the internal audit activities that are to be undertaken by the Department during any financial year. The risk based Internal Audit Plan was developed in 2018 and implemented after considering the major risks identified by the Board, Management and Internal Audit. A risk based approach was followed in developing the plan. The plan provides coverage across all major operations of the Fund. Below is the implementation rate of the Department for the 2018 fiscal year.

Table 1 –Internal Audit Service Year End Performance -2018

| Performance Indicator | 2018 | | 2017 | |
|---------------------------------------------------|--------|----------|--------|----------|
| | Target | Achieved | Target | Achieved |
| % Implementation rate of the approved Audit Plan. | 100% | 94% | 100% | 25% |

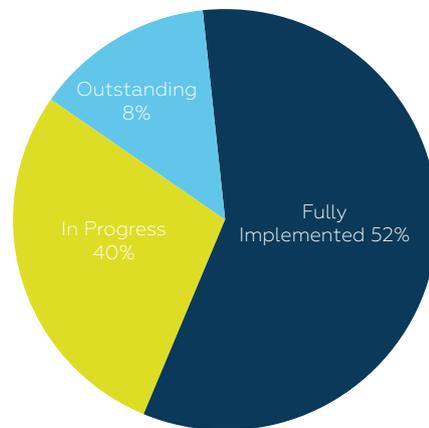
The Department achieved a 94% implementation rate of the Internal Audit Plan as at 31st December 2018 compared to 25% achieved in the previous year. The Low implementation rate attained in 2017 was mainly due to the absence of key personnel. In 2018 the Fund outsourced some assignments to external auditors to eliminate the backlog from 2017 and improve the implementation of the Internal Audit Plan

resulting in improved implementation rate above.

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 control weakness identified by both internal and external Auditors. The Finance and Audit Committee and the Board are on a quarterly basis updated on the progress of implementation of audit recommendations.

Figure 2 – Shows implementation of recommendations as at 31st December 2018



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 Audit Command Language (ACL) data software for sampling and data analysis.

Outlook

In the year 2019, Internal Audit Department will continue to add value to the Fund through increased regulatory scrutiny and focus on assisting in improving regulatory compliance, corporate governance and risk management.

Further, the department will collaborate with different departments within the Fund to build awareness around fraud and internal controls for process improvement and ethical culture.

In the year 2019, the Internal Audit function will undergo an external Quality Assurance Review, as required by 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. The review was planned to be undertaken in 2018 and has since been deferred to 2019 Financial Year.



TAKE A ZERO TOLERANCE APPROACH

Report any cases of fraud, corruption, theft and any other workplace related crimes occurring at MVA Fund.

Call Tip-offs Anonymous, 24 hours a day, 7 days a week, 365 days a year on the following toll-free lines:

Orange
1144

Mascom
7119604

Btc
0800 600 644

Web: www.tip-offs.com | Email: mvafundbots@tip-offs.com

NB: The identity of all whistle blowers remains anonymous.



MVA FUND
Living the promise.

CORPORATE GOVERNANCE STATEMENT



The basic principles of accountability, responsibility, integrity and transparency have been critical in driving the performance of the Fund and ensuring ethical conduct is enshrined in all transactions

3

Corporate Governance Statement

The Board passed the following key resolutions during the year

Approval of the Case Management Strategy Approval of the Strategic Plan 2018-2022

The Motor Vehicle Accident Fund has over the years maintained a strong commitment to the principles of corporate governance in all its good business dealings. The basic principles of accountability, responsibility, integrity and transparency have been critical in driving the performance of the Fund and ensuring ethical conduct is enshrined in all transactions. The principles provide minimum assurance that good governance is integrated in all the decision-making processes across the organisation.

The Board of MVA Fund observes and maintains the core principles of good governance in discharging its duties. This is imperative in order to protect the interests of the Fund's varied stakeholders such as the employees, claimants, government, customers, the general public and road safety promotion partners.

During the year under review, the Board conducted its business in accordance with the provisions of both King III and King IV Code of Governance Principles, as recognised in the Board Charters. The Fund adhered to these non-binding governance rules and standards in so far as they are applicable to its business operations.

To achieve an effective transition to King IV Code, the Board will be trained on the revised Code, and the improvements proposed in King IV will be incorporated during the review of Board Charters.

Governance of the Fund

The Shareholder (Government)

Government is the sole shareholder of the Fund. The Government and the Board subscribe to good governance practices and strive to adhere to the best practices and principles in governance. Government and

the Board signed a Shareholder Compact which regulates the relationship between the Government and the Board of Directors and sets the expected performance levels. The compact also reflects the expectations of each party regarding the outcomes that need to be achieved in the execution of the mandate. In addition, the Shareholder Compact strengthens corporate governance and harmonizes the relationship between Government and the MVA Fund Board.

The Board is appointed by the Minister of Finance and Economic Development in line with the provisions of MVA Fund Act of 2007. The Board has a fiduciary duty towards the Fund and the general public

The Board

The Board performs its functions in line with the MVA Fund Act of 2007, MVA Fund Regulations 2008, the Board

Charter and other corporate governance best practices. The Board provides strategic leadership and vision to the Fund in order to ensure that the Fund meet its mandate and strategic plan initiatives whilst maintaining financial sustainability.

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 of the Board and ensures delivery of the mandate.

The MVA Fund Act stipulates the number of Board of Directors and their professional qualifications. 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 of the Directors may hold office 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 2018, there were eight (8) Board Directors. The Board and its Committees were constituted as follows;

Table 1: Composition of Board and Committees

| Name of Director | Main Board | Finance & Audit Committee | Board Investment Committee | Board Tender Committee | Human Resources Committee |
|-----------------------------------------------------|------------|---------------------------|----------------------------|------------------------|---------------------------|
| Abraham Botes (Term ended-31/10/2018) | √* | | | | |
| Dr. Mompoti Mmalane (Appointed:01/11/2018) | √* | | | | |
| Ms. Elaina Gonsalves | √ | | √ | √ | √ |
| Ms. Macie Molebatsi | √ | √ | | √ | √* |
| Mr. Geoffrey Bakwena (Term ended 30/11/2018) | √ | √ | √* | √ | |
| Mr. Lawrence Thebe | √ | | | √* | √ |
| Ms. Kegomoditswe Matshediso (Term ended-31/07/2018) | √ | √ | √ | | √ |
| Dr. Kealeboga Bojosi (TermEnded:31/07/2018) | √ | | | | |
| Mr. Marshall Motlogelwa (Appointed 01/10/2017) | √ | √* | √ | | |
| Mr. Keolebogile Moleta (Appointed 01/12/2018) | √ | √ | √* | | |
| Prof. Bugalo Maripe (Appointed: 01/11/2018) | √ | | | √ | √ |

*Chairman

Delegated Authority

The Board of Directors has delegated the day to day operations of the Fund to the Chief Executive Officer who is assisted by the Executive Management to fulfill the role. 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 as frequently as the business of the Fund dictates.

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 convened as often as the business of the Fund may require.

The Chairman of the Board is not elected to any of the Committees as he has an oversight role of the entire Board. The Executive management sits on the meetings of Committees by invitation and is not allowed to vote in any matter. The respective Committees report and make recommendations to the Board.

Table 2: Summary of Board Committees

| | Board Committee | Roles & Responsibilities | Quorum | Frequency of meetings |
|----|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------|
| 1. | Finance & Audit Committee | <ul style="list-style-type: none"> • Recommends to the Board the annual financial statements of the Fund for approval • Recommends to the Board the capital, operating and human capital budgets for approval • Recommends to the Board the appointment of external auditors • Consults with the external auditors to ensure resolution of issues • Reviews the effectiveness of the internal controls • Considers the Internal Audit Plan • Monitors financial reporting against best practice standards • Manage financial risk • Monitor compliance with legislation • Considers the reports from both the internal and external auditors who have unrestricted access to the Committee. | 2 Members present | At least once every Quarter |
| 2. | Board Investment Committee | <ul style="list-style-type: none"> • Formulation and annual review of the Investment Policy Statement (IPS) • Recommends the Investment Policy Statement to the Board • Reviews the current market conditions advice the Board on the appropriate investment strategy • Ensures adherence to procedures and effective management of investment risks • Monitors and reviews the effectiveness of the investment strategy | 2 Members present | At least once every Quarter |



| | | | | |
|----|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------|
| 3. | Human Resources Committee | <ul style="list-style-type: none"> • Reviews policies relating to human resourcing, remuneration, selection, retention, performance assessment and related remuneration of employees • 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 • Monitors the implementation of the human resources policies, and report to the Board on progress • Ensures compliance to labour laws | 2 Members present | At least once every Quarter |
| 4. | Board Tender Committee | <ul style="list-style-type: none"> • Ensures compliance to the tender rules and regulations • Approval and authorization of award of tenders in accordance with the Tender Regulations and Procurement Procedure Policy • Ensures that high ethical standards are upheld in the award of tenders within the applicable limits and authority defined in the rules • Approves variations in the scope and conditions of previously approved contracts or service level agreements, including extensions, assignment and subletting • Approves the extension of existing contracts within its set limits. | 2 Members present | At least once every Quarter |

Governance

With the business of the Fund being statutorily vested on the Board, the Board plays a vital role on governance as it is ultimately accountable for all the affairs of the Fund. It is assisted by the integral assurance to effectively discharge its oversight role.

The key role of the members is to approve the organization's strategic plan and maintain a sound system of internal controls to ensure compliance with the MVA Fund Act, MVA Fund Regulations, Policies and Procedures and other Statutory instruments. The members have a general fiduciary duty towards the Fund and their duties include the approval of the audited financial statements. By approving the audited financial statements, the Board assures the accuracy and integrity of financial information to all the stakeholders. The Board approved audited financial statements assist stakeholders to assess the performance of the Fund, its risks management philosophy and return on investments and its financial viability.

The Fund recognises compliance with the law as part of good governance. The Fund therefore

> Continued

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 2017
- Approval of the Management Letter for the year ended 31st December 2017
- Approval of the Audit Strategy & Plan for the year ending 31st December 2018
- Mid-Term Review of the 2018 Budget
- Approval of the Case Management Strategy
- Approval of the Strategic Plan 2018-2022
- Approval of acquisition of investment in Feune (Pty) Ltd
- Review and approval of the 2018 IPS
- Approval for the Reconstitution of Board Committees
- Approval of the Operating, Human Capital, Road Safety and Capital Expenditure Budget for the Financial Year 2017
- Approval of the Internal Audit Plan for the financial year 2019
- Approval of the Renewal of Reinsurance Treaty for the Year 2018
- Appointment of Internal Audit Manager

Board and Committee Charters

In an effort to function at an optimal level and in line with 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 in the discharge of their functions. The Charters outline the Board and Committees' mandate, composition and authority.

Board Meetings

Board meetings are convened as often as the business of the Fund may require, but has to meet not less than once in each quarter of the year in accordance with MVA Fund Act. 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 for the four (4) quarterly sittings of the Main board and its sub committees. To improve Board effectiveness and planning, the schedule of the quarterly board meetings was approved at the beginning of the period.

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 2018 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. The Chairperson presides over meetings of the Board and where he is not in attendance, the Vice Chairperson presides.

In the absence of the Chairperson and the Vice Chairperson, the quorum may elect any member amongst themselves to chair the meeting. The Chairperson productively manages the meeting and always ensures that all members participate as much as possible. The proceedings of the meeting are recorded, minutes and 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 values the responsibility assigned to it and 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 conflict of interests, the members equally indicate such by way of 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 P 10, 000 or imprisonment for a term not exceeding 10 years.



Table 3: Attendance Register for Board Directors in 2018

| Name of Director | Position | Board meetings | Finance and Audit Committee | Board Investment Committee | Board Tender Committee | Human Resources Committee |
|------------------|------------------------|----------------|-----------------------------|----------------------------|------------------------|---------------------------|
| A Botes | Chairperson | 3 of 4 | N/A | N/A | N/A | N/A |
| E Gonsalves | Vice Chairperson | 2 of 4 | N/A | 2 of 4 | 2 of 3 | 2 of 4 |
| L Thebe | Non-Executive Director | 3 of 4 | N/A | N/A | 1 of 3 | 3 of 4 |
| G Bakwena | Non-Executive Director | 3 of 4 | 4 of 4 | 4 of 4 | 1 of 3 | N/A |
| M Molebatsi | Non-Executive Director | 4 of 4 | 4 of 4 | 4 of 4 | 2 of 3 | 4 of 4 |
| K Matshediso | Non-Executive Director | 1 of 2 | 2 of 3 | 2 of 3 | N/A | 2 of 3 |
| P Motlogelwa | Non-Executive Director | 3 of 4 | 4 of 4 | 4 of 4 | N/A | N/A |
| Dr. K Bogosi | Non-Executive Director | 2 of 2 | N/A | N/A | N/A | N/A |
| Dr Mmalane | Non-Executive Director | 0/1 | N/A | N/A | N/A | N/A |
| B Maripe | Non-Executive Director | 1 of 1 | N/A | N/A | N/A | N/A |
| P Moleta | Non-Executive Director | N/A | N/A | N/A | N/A | N/A |
| T Majova | Non-Executive Director | 1 of 1 | N/A | N/A | N/A | N/A |

Note:

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

* - Attended before appointment to Chairmanship

Board Induction and Development

On first appointment, the Directors are taken through an induction on the business of the Fund aimed at improving their understanding of the Fund to assist them in discharging their duties fully. Training on Corporate Governance is also scheduled through external trainers to improve the Board's knowledge and skills.

During 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 improved communication with the Board and ensured timely submission of Board papers. This solution has improved efficiency as meetings are scheduled electronically and the records are also kept electronically.

Board Remuneration

The Board fees are paid in line with Government Policy. Other expenses such as traveling expenses (mileage and accommodation where applicable), are also paid in line with Government rates. With effect from 01st April 2017, Government categorised statutory and non-statutory boards and the Fund is in Category A of the structure. The Board fees are as follows;

| Postion | 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 2018, a total of P568 390.00 was paid towards Board expenses.

Board Secretary

The Fund's Board Secretary ensures that the affairs of the MVA Fund Board are in order. This further ensures 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 and as such play a role of being a link between the Board and the business.
- Coordinating and attending board and

committee meetings and taking minutes

- Ensures presentation of high-quality and up-to-date information to the Board in advance of the meetings.

Internal Controls

The Board through the Finance and Audit Committee, oversees the internal control environment so as to reduce risk of loss of asset and help 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 Management to ensure risk management processes are designed and implemented. The MVA Fund register of key risks is reviewed by the Finance and Audit Committee on a quarterly basis.

The Internal Audit Department provides assurance regarding the effectiveness of the Fund's system of internal controls, risk management and corporate governance. Its key responsibility is to the Management, Finance and Audit Committee and the Board in discharging its governance responsibilities

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 selection, 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 are true and fair.

PricewaterhouseCoopers are the current External Auditors and were appointed on a 3 year term

which comes to an end with the audit of the financial statements for the year ended 31st December 2018.

Legal Compliance

The Board plays an oversight role in ensuring that the Fund complies with relevant legislation, codes, standards and rules recognised both internationally and locally. The Board has delegated the authority to ensure legal compliance to Management for implementation of effective governance, risk and legal compliance processes.

The Fund has no known incidents of non-compliance to the law and continues to improve the processes that ensures that all the new laws are incorporated in the policies and processes of the Fund.

Code of Conduct

The Board as directed by the King III Report ensures that ethical standards guiding the company'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 activities. The Board and employees of the Fund are required to always conduct themselves in the highest ethical standards.





MVA FUND
Living the promise.



SUSTAINABILITY REPORT



The sustainability report is important because it is a vital step towards achieving organizational, national and global economic and social sustainability.

4

Sustainability Report

Total Assets



The Fund will continue to look at strategies to improve its asset base to enable it to meet its future liabilities geared towards financial sustainability.

MVA Fund is committed to ensuring that it contributes positively to the environment and as a good corporate. The sustainability report is important because it is a vital step towards achieving organizational, national and global economic and social sustainability. Through the sustainability report the MVA Fund assesses its performance on economic and social areas within which it operates. The sustainability component is an integral part of the Motor Vehicle Accident Fund business; it helps the Fund to achieve the following;

- To improve operational efficiency.
- Facilitate the sharing of values on which to build a more consistent society and natural resource stewardship.

Sustainability management is a vital component of shareholder, employee and stakeholder

relations. The wide coverage of sustainability management practices creates transparency in MVA Fund business and helps the Fund to function more efficiently and contribute positively to the national economy. Good practices of sustainability management help the Fund to 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 embrace the notion of quadruple bottom line which incorporates sustainability management into business decisions. The quadruple bottom line sustainability management emphasis that companies need to make returns on four key areas of environment, society, economy and financial return to shareholders. This 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 bottom lines.

Quadruple Bottom line



Source:
https://www.sricconnect.com/index.php?option=com_content&view=article&id=3&Itemid=90



Financial Sustainability

In its daily operations, MVA Fund ensures that the organization continues to run as a financially sound entity so that it can continue to exist in the foreseeable to contribute positively to the livelihoods of people affected by road traffic accidents in Botswana. MVA Fund continues to direct its efforts towards maintaining sound financial sustainability to effectively discharge its mandate.

The Fund's total assets declined from P3.83 billion in December 2017 to P3.76 billion in December 2018. The Fund will continue to look at strategies to improve its asset base to enable it to meet its future liabilities which continue to grow as a result of increase in road traffic fatalities. The Fund's solvency ratio declined from 317.0% in 2017 to 264.0% in 2018 mainly due to a higher increase in total liabilities owing to increase in claims provision. However, at a solvency ratio of 264.0%, the organization's assets are sufficient to cover its long term obligations as they fall due. The Fund's liquidity position improved as evidenced by increase in the current ratio from 0.44 in December 2017 to 0.47 in December 2018.

MVA Fund's effective budgeting and control processes helps to monitor and manage costs without compromising the quality of service offered to claimants. During the year, the Fund applied sound and precise forecasting methodologies to develop an annual operating, manpower and capital expenditure budget. The budget then served as the basis for a robust cost management process which assisted the Fund to avoid cash flow challenges.

During the year, the Fund continued engagement with the Ministry of Health and Wellness for a possible collaboration in the development of a rehabilitation center in Francistown. The envisaged rehabilitation center is anticipated to reduce cost of referring claimants to private medical service providers within the country and outside the country. Through this collaboration, the society is expected benefit from a local facility that will allow claimants to enjoy the support of their families and other community members whilst reducing the costs of rehabilitation.

Promotion of Road Safety

Promotion of road safety is one of the key sustainability measures and MVA Fund has increased its investment in road safety over the past years. Promotion of road safety is geared to reduce fatalities and serious injuries and thereby contribute towards the Fund's financial sustainability, while ensuring that those injured

are fully rehabilitated and can contribute meaningfully to the economy. The increase in road safety investment was through budget allocation and improved collaborative work with key stakeholders in road safety management. The reduction in road crashes has a positive impact on MVA Fund's claims liabilities and therefore it provides the Fund with an opportunity to invest more monies locally or offshore.

During the year 2018, road safety performance was on a negative trend compared to the year 2017. The total recorded crashes went down by 2.5% from 17 786 in 2017 to 17 341 in 2018. Fatalities increased from 444 deaths in 2017 to 462 deaths being an increase of 4.1%. The total registered vehicles increased by 6.0% from 649 519 vehicles in 2017 to 688 204 in 2018. These performance indicators though not favorable are generally on the decline because proportional growth in vehicle population did not result in the same growth in car crashes and casualties.

During the year, the Fund continued with road safety promotion initiatives and coordination of provision of medical care and rehabilitation, assistance to those involved in road traffic crashes. The Fund adopted an aggressive road safety promotion and injury prevention strategies to address the prevalent road safety challenges. 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 is a key aspect of service delivery. The Human Development Strategy 2014 – 2018 continues to play a key role in ensuring that the Fund creates an enabling environment for employees to unleash their potential and improve both individual and organizational performance. The Fund's 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 ensure optimal staff engagement levels.

The Fund also measure staff engagement levels on annual basis. The 2018 staff engagement level was 68.99% being a decline from 71.74% achieved in 2017. The Fund also participated in

> Continued

the 2018 Deloitte Best Organization to Work for Survey in Botswana and attained an index of 60.75% compared to 65.14% attained in 2017. The participation in these surveys and development of other human resource Policies are a commitment by the Fund to improving staff engagement levels and addressing low scoring dimensions.

Corporate Social Investment

In addition to its mandate of road safety promotion and injury prevention, compensation and support of those affected by road traffic accidents, the Fund through its Corporate Social Investment Policy, engages in meaningful corporate social responsibility activities geared to support disadvantaged communities. Most of these activities are carried out with funds contributed voluntarily by staff members. In the past the Fund contributed to the Presidential Housing Appeal Initiative by building (2) two houses in Sorilatholo Village in the Kweneng West.

The Fund is also implementing the Ministry of Education and Skills Development’s Adopt a School initiative. This initiative encourages parastatals, private entities and individuals to adopt schools to offer such schools assistance to improve their academic performance. New Xanagas and Inalegolo Primary Schools are currently benefiting under this initiative and the assistance include fully equipped libraries, computers and printers. The two school’s academic performance have gradually improved since entering into the partnership with the Fund.



MVA Fund continues to support Lotsane Senior Secondary School to raise funds for its connecting classrooms initiative. The purpose of this initiative is to raise funds for the School to sponsor some of its students to Charleston Academy U.K in Scotland. The aim of this project is to facilitate student benchmarking and exchange program. This arrangement has proved effective as the school’s academic performance improves every year. During the year under review, the Fund successfully organized and participated in a 400km cycling charity fund raising expedition to raise funds for this purpose.

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 encourages other modes of transport which are environmentally friendly such as circling which also has a health benefit. The Fund is one of the main sponsors of Shell Cycle the City Campaign which encourages safety circling within Gaborone by providing safety circling 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 2010-2020 which encourage advocacy around safe road infrastructure designs, vehicle safety designs, post-crash care etc. The Decade of Action Pillars have the secondary benefit of preventing traffic congestion hence reducing pollution. Post-crash care which encourages emergency medical attention of the injured within the golden hour also ensures minimal loss of blood at the road accident crash-scene.

The Fund also complies with both water and energy conservation tips issued by both Botswana Water Utilities and Botswana Power Corporation, respectively. All Funds’ gardens are maintained through recycled water, while all lights are always switched off when offices are not in use. 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.



Corporate Social Investment

Through the Corporate Social Investment Initiative, the Fund uplifts the livelihoods of people by ploughing back its resources in communities

MVA Fund prides itself as a responsible corporate citizen as it invests in the future of the country. Through the Corporate Social Investment Initiative, the Fund uplifts the livelihoods of people by ploughing back its resources in communities it operates in. Over the years the Fund has cultivated the culture of Corporate Social Investment. The following projects are some of flagship programmes implemented by the Fund during the year.

ADOPT A SCHOOL

The Fund has joined other entities that answered the Ministry of Basic Education's

clarion call to all stakeholders to come on board and assist schools around the country to improve their academic performance. Through the programme the Fund adopted two primary schools being New Xanagas and Inaglegolo respectively. The Fund's assistance was in the form computers, printers, purchase of books for the school libraries and financial assistance during their Prize Giving Ceremonies. The Fund in addition renovated school libraries to offer a conducive learning environment for students. The Programme continues to bear fruits as the academic performance of

New Xanagas Primary School has improved significantly over the years. New Xanagas Primary results improved tremendously from 42% in 2016 to 72 % in 2017. In 2018 the school performance dropped slightly to a pass rate of 66% and the school management and parents have developed interventions to improve the school's performance.

The Fund has signed Memorandum of Understanding with the respective schools to improve cooperation as well as to encourage the schools to develop road safety promotion activities to address challenges within their localities. Since the objective of this partnership is to boost student and teacher performance, the parties will also come up with other initiatives that enhance student's interest in education.





CONNECTING CLASSROOMS

The Fund has collaborated with Lotsane Senior Secondary School through the Annual MVA Fund/Lotsane Cycling event. The 400km expedition is aimed at raising funds to assist students to travel to Charleston Scotland Academy in Scotland for the Connecting Classrooms Academic Exchange Programme. This is a noble initiative earmarked at providing educational and cultural exchange between Lotsane Senior School and Charleston Academy students. The aim of the programme is to facilitate student benchmarking by having students from two different academic institutions, environments, education systems and cultures learn from one another. These efforts by the Fund has contributed positively to the school's academic performance as the school is among the top ten performing Senior schools country wide.

SUPPORTING CHARITY ORGANIZATIONS

In reaching out to its stakeholders, the Fund has extended a helping hand to charitable organizations to assist them achieve their charitable endeavors. Through the initiative the Fund has procured fund raising tickets for events such as UB Foundation Dinner, Annual Desert Bush Walk, IIA, CIMA, ACCA, BICA, Business Botswana Gala Dinner, Phakalane Roman Catholic Golf day, HRDC Dinner dance.





MVA FUND
Living the promise.

ANNUAL FINANCIAL STATEMENTS

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General Information

For the year ended 31 December 2018

The Directors have pleasure in submitting their report and the annual financial statements for the year ended 31st December 2018.

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 there with

Financial results.

The financial results are reflected in the financial statements set out on pages 132-178.

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

| | |
|--------------|-------------------------------------------|
| M Mmalane | – Chairperson -1st November 2018 |
| A Botes | – Chairperson - Retired 31st October 2018 |
| E Gonsalves | – Vice Chairperson |
| P Motlogelwa | |
| M Molebatsi | |
| L Thebe | |
| K Bojosi | – Appointed 1st January 2018 |
| | – Retired 31st July 2018 |
| G Bakwena | – Retired 30th November 2018 |
| K Matshediso | – Retired 31st July 2018 |
| B Maripe | – Appointed 1st November 2018 |
| T Majova | – Appointed 1st November 2018 |
| P Moleta | – Appointed 1st December 2018 |

Board Secretary

Onthatile Ogotseng

Registered office

MVA Fund House
Plot 50367

Fairgrounds Office Park
Gaborone

Bankers

Barclays Bank of Botswana
Barclays House, Plot 74358
Central Business District
Gaborone

Bank Gaborone
Plot 74768
Central Business District
Gaborone

RMB Botswana
Plot 54362, FirstPlace,
Central Business District
Gaborone

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

Attorneys

Armstrong Attorneys
Acacia House
Central Business District
Gaborone



Directors' responsibility statement

For the year ended 31 December 2018

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 2018, 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 set out on page 132-178, were approved by the Board of Directors on 28th March 2019 and signed on its behalf by:

Director

Director

Independent auditor's report



Independent auditor's report to the minister of finance and economic development

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 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Motor Vehicle Accident Fund's financial statements set out on pages 132 to 178 comprise of:

- the statement of financial position as at 31 December 2018;
- 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).



Independent auditor's report



Key audit matter

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

| Key audit matter | How our audit addressed the key audit matter |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Provision for Incurred But Not Reported (IBNR) claims</p> <p>The Incurred But Not Reported ("IBNR") claims provision comprise provisions for the Fund's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date.</p> <p>The determination of the IBNR requires the Fund to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at 31 December 2018. The Fund makes use of an independent actuarial specialists for the estimation of the IBNR.</p> <p>The valuation of IBNR requires significant judgement and may have a significant impact on the financial statements. Given the subjectivity and reliance on estimates and judgements inherent in the determination of the provision for IBNR claim, we determined this to be a matter of most significance to our current year audit.</p> <p>The disclosures associated with IBNR are set out in the financial statements in the following notes:</p> <ul style="list-style-type: none"> • Policy 1.13 – Claims (page 143); • Key sources of estimation uncertainty (page 146 - 147); and • Note 19 – Outstanding claims (page 175 - 176). | <p>In evaluating the IBNR provisions we</p> <ul style="list-style-type: none"> • tested controls relating to the Fund's recording of claims; • tested the integrity of the information used in the calculation of the IBNR provisions; • using our actuarial expertise, we tested the methodology applied and approach used to set key assumptions to calculate the IBNR provisions; and • independently computed the quantum of required IBNR provisions based on past claims experience and compared these to those determined by the Fund. <p>Based on the results of our audit procedures, the Fund's valuation of IBNR provisions fall within a reasonable range of outcomes.</p> |

Independent auditor's report



Other information

The directors are responsible for the other information. The other information comprises the information included in the Motor Vehicle Accident Fund Annual Financial Statements for the year ended 31 December, 2018. Other information does not include the financial statements and our auditor's report thereon.

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

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

Independent auditor's report



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.

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



Individual practicing member: Rudi Binedell
Membership number: 20040091

29 March 2019
Gaborone

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

In Pula

| | Note | 2018 | 2017 |
|--------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| Fuel levy income | | 66 350 493 | 51 996 794 |
| Third party cover income | | 8 926 663 | 8 156 551 |
| Investment income | 2 | 204 463 615 | 123 791 683 |
| Change in fair value of investment property | 10 | 3 842 350 | 7 506 548 |
| Change in fair value of financial assets at fair value through profit and loss | 14 | (13 927 095) | (7 253 395) |
| Foreign exchange gains/ (losses) | | 127 277 378 | (107 535 908) |
| Other income | 3 | 369 596 | 755 230 |
| Total operating income | | 397 303 000 | 77 417 503 |
| Net increase in claims provision | 4 | (176 627 696) | (142 500 827) |
| Reinsurance premium | | (2 058 571) | (1 946 629) |
| Investment management fees | | (10 365 088) | (9 396 221) |
| Property management fees | | (3 007 148) | (4 985 997) |
| Interest expense | | (106 313 412) | (89 192 705) |
| Administrative expenses | | (78 086 718) | (74 719 549) |
| Road safety campaign expenses | | (7 967 048) | (8 327 011) |
| Total expenses | | (384 425 681) | (331 068 939) |
| Surplus/ (Deficit) for the year before share of profits from associates | 5 | 12 877 319 | (253 651 436) |
| Share of profit from associates | 11 | 10 828 634 | 8 657 972 |
| Surplus/ (Deficit) for the year | | 23 705 953 | (244 993 464) |
| Other comprehensive income | | | |
| Items that are or may be reclassified to profit or loss | | | |
| Changes in fair value of financial assets at fair value through Other Comprehensive Income | 12 | (266 484 649) | 118 501 719 |
| Total other comprehensive (loss)/ income | | (266 484 649) | 118 501 719 |
| Total comprehensive loss | | (242 778 696) | (126 491 745) |



Statement of financial position

For the year ended 31 December 2018

In Pula

| | Note | 2018 | 2017 |
|-------------------------------------------------------------------|------|----------------------|---------------|
| Non-current assets | | 2 981 323 534 | 3 103 148 727 |
| Property and equipment | 8 | 5 299 599 | 19 223 644 |
| Intangible assets | 9 | 10 754 611 | 1 811 789 |
| Investment properties | 10 | 131 750 000 | 127 280 000 |
| Investment in associates | 11 | 277 275 623 | 28 202 845 |
| Financial Assets at Fair Value through other comprehensive income | 12 | 2 511 829 221 | 2 881 799 231 |
| Other receivables | 15 | 44 414 480 | 44 831 218 |
| Current assets | | 782 792 077 | 727 210 256 |
| Financial assets at amortised cost | 13 | 171 555 137 | 137 036 805 |
| Financial assets at fair value through profit or loss | 14 | 564 710 066 | 549 400 161 |
| Trade and other receivables | 15 | 35 996 392 | 37 533 110 |
| Cash and cash equivalents | 16 | 10 530 482 | 3 240 180 |
| Total assets | | 3 764 115 611 | 3 830 358 983 |
| Equity | | | |
| Reserves | | 2 340 456 205 | 2 583 234 901 |
| Fair value and other reserves | 17 | 1 956 098 635 | 2 230 550 332 |
| Accumulated surplus | | 384 357 570 | 352 684 569 |
| Non-current liabilities | | | |
| Trust liabilities | 18 | 1 119 688 190 | 999 924 550 |
| Current liabilities | | 303 971 216 | 247 199 532 |
| Trust liabilities | 18 | 108 785 121 | 53 037 779 |
| Outstanding claims | 19 | 145 169 268 | 146 695 531 |
| Trade and other payables | 20 | 50 016 827 | 47 466 222 |
| Total equity and liabilities | | 3 764 115 611 | 3 830 358 983 |

Statement of cash flows

For the year ended 31 December 2018

| | Note | 2018 | 2017 |
|--------------------------------------------------------------------------------------------------------------------|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash flows from operations | 24 | 83 219 823 | (36 358 704) |
| Effects of exchange rate changes in valuation of financial assets at fair value through other comprehensive income | 12 | (127 240 287) | 107 666 451 |
| Net cash (used in) /generated from operating activities | | (44 020 464) | 71 307 747 |
| Cash flow from investing activities | | | |
| Purchase of equipment | 8 | (3 279 171) | (7 082 603) |
| Purchase of intangibles | 9 | - | (788 574) |
| Proceeds on disposal of property and equipment | | 2 923 865 | 376 970 |
| Acquisition of Associate | 11 | (238 244 144) | - |
| Proceeds on disposal of investments | | 383 453 671 | - |
| Purchase of investments | 12 | (93 543 455) | (66 468 744) |
| Net cash generated from/ (used in) investing activities | | 51 310 766 | (73 962 951) |
| Net increase/ (decrease) in cash and cash equivalents | | 7 290 302 | (2 655 204) |
| Cash and cash equivalents at beginning of year | | 3 240 180 | 5 895 384 |
| Cash and cash equivalents at end of year | 16 | 10 530 482 | 3 240 180 |



Statement of changes in equity

For the year ended 31 December 2018

| | Fair value and other reserves | Accumulated surplus | Total |
|-------------------------------------------------------------------------------------------|----------------------------------|------------------------|----------------------|
| Balance at 01 January 2017 | 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 income | | | |
| Road safety campaign costs | (8 327 011) | 8 327 011 | - |
| Changes in fair value through other comprehensive income financial assets | 118 501 719 | - | 118 501 719 |
| Total other comprehensive loss | 110 174 708 | (236 666 453) | (126 491 745) |
| Balance as 31 December 2017 | 2 230 550 332 | 352 684 569 | 2 583 234 901 |
| Total comprehensive income | | | |
| Surplus for the year | - | 23 705 953 | 23 705 953 |
| Other comprehensive (loss) / income | | | |
| Road safety campaign costs | (7 967 048) | 7 967 048 | - |
| Changes in fair value of financial assets at fair value through other comprehensive | (266 484 649) | - | (266 484 649) |
| Total other comprehensive (loss)/ Income | (274 451 697) | 31 673 001 | (242 778 696) |
| Balance at 31 December 2018 | 1 956 098 635 | 384 357 570 | 2 340 456 205 |

Significant accounting policies

For the year ended 31 December 2018

General information

Motor Vehicle Accident Fund is a statutory body formed under an Act of Parliament.

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 2018.

Amendments to IFRS 9- Financial Instruments - (Annual periods beginning on or after 1 January 2018)
IFRS 15 and Amendments to IFRS 15 – Revenue from contracts with customers - (Annual periods beginning on or after 1 January 2018)

Amendment to IFRS 40 – Investment property - (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)

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



Significant accounting policies Continued

For the year ended 31 December 2018

periods beginning on or after 1 January 2019, 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

- Amendment to IAS 1 Presentation of Financial statements- (Annual periods beginning on or after 1 January 2020)
- Amendment to IAS 8 – Accounting Policies, changes in accounting estimates and errors – (Annual periods beginning on or after 1 January 2020)
- Amendments to IAS 19 – Employee benefits Annual periods on or after 2019
- Amendment to IFRS 3 – Business combinations – (Annual periods on or after 1 January 2020)
- Amendment to IFRS 9 -'financial instruments', - on prepayment features with negative compensation modification of financial liabilities. (Annual periods beginning on or after 1 January 2019)
- 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
- Amendments to IAS 28 - Investments in associates and joint ventures - (Annual periods beginning on or after 1 January 2019)
- IFRIC 23 'Uncertainty over income tax treatment' (Annual periods beginning on or after 1 January 2019)
- Annual improvements cycle 2015-2017 (Annual periods beginning on or after 1 January 2019)

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

Significant accounting policies Continued

For the year ended 31 December 2018

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 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

Significant accounting policies Continued

For the year ended 31 December 2018

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.

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.

Significant accounting policies Continued

For the year ended 31 December 2018

1.8 Financial assets

The Fund has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. The Fund did not early adopt any provisions of IFRS 9 in previous periods. IFRS 9 has no material impact on the recognition of financial assets and financial liabilities of the Fund. For notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has mainly resulted in changes in accounting policies for recognition and classification of financial assets and financial liabilities. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Fund. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in section ii below.

(i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

| | IAS 39 | | IFRS 9 | |
|-------------------------------|--------------------|-----------------|--------------------|-----------------|
| | Measuring Category | Carrying Amount | Measuring Category | Carrying Amount |
| Financial Assets | | | | |
| Fixed deposits | Amortised Cost | 137 036 805 | Amortised Cost | 137 036 805 |
| Equity investments | FVOCI | 2 881 799 231 | FVOCI | 2 881 799 231 |
| Investment in debt securities | FVPL | 549 400 161 | FVPL | 549 400 161 |

There were no changes to the classification and measurement of financial liabilities

The Fund performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:



Significant accounting policies Continued

For the year ended 31 December 2018

(ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

| | IAS 39 Carrying Amount 31 December 2017 | Reclassifications | Remeasurements | IFRS 9 Carrying Amount 1 January 2018 |
|----------------------------------------------------------------------|-----------------------------------------------------|------------------------|----------------|---------------------------------------------------|
| Amortised Cost | | | | |
| Fixed deposits | 137 036 805 | (137 036 805) | - | 137 036 805 |
| Total measured at Amortised Cost | 137 036 805 | (137 036 805) | - | 137 036 805 |
| Fair Value through profit and Loss (FVPL) | | | | |
| Investment in debt securities | 549 400 161 | (549 400 161) | - | 549 400 161 |
| Total measured at FVPL | 549 400 161 | (549 400 161) | - | 549 400 161 |
| Fair Value through other comprehensive income (FVOCI) | | | | |
| Equity investments | 2 881 799 231 | (2 881 799 231) | - | 2 881 799 231 |
| Total measured at FVOCI | 2 881 799 231 | (2 881 799 231) | - | 2 881 799 231 |

Initial recognition and measurement

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

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost.

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

Significant accounting policies *Continued*

For the year ended 31 December 2018

1.8 Financial assets (continued)

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

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'.

Classification and subsequent measurement

From 1 January 2018, the Fund has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as bonds. The debt securities held by the Fund are designated as FVPL.

(ii) Equity Investments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Fund has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI.

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 2018

1.11 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in 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 use 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.

Significant accounting policies Continued

For the year ended 31 December 2018

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 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 2018 the actual expenditure on road safety initiatives amounts to P7 967 048 (2017: P8 327 011).

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.



Significant accounting policies Continued

For the year ended 31 December 2018

1.17 Impairment of financial asset (Continued)

a) Assets carried at amortised cost (Continued)

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 at fair value through other comprehensive income

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 fair value through other comprehensive income, 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 fair value through other comprehensive 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 period, the fair value of an instrument classified as fair value through other comprehensive income 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. The Fund recognises fuel levy when the right to receive the payment is established. Fuel levy was reinstated from 5 thebe per litre to 9.5 thebe per litre on October 15th 2018.

Third Party cover

Third party cover comprises of premiums charged on foreign registered vehicles which enter the country. Third Party is recognised basis in line with the contractual agreement when the right to receive the payment is established and future revenue is deferred and recognised at the time it becomes due.

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

(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.

Significant accounting policies Continued

For the year ended 31 December 2018

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.

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 2018.



Significant accounting policies Continued

For the year ended 31 December 2018

Key sources of estimation uncertainty (Continued)

The IBNR Provision was calculated on the basis of an actuarial reserving method which relies on past claims experience. The Bornhuetter-Fergusson (BF) method was applied for the 2018 and comparative years.

Impairment of financial assets at fair value through other comprehensive income

The Fund determines that financial assets at fair value through other comprehensive income 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 2018

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.



Notes to the Financial Statements Continued

For the year ended 31 December 2018

Financial risk management (continued)

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:

- 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.

Notes to the Financial Statements Continued

For the year ended 31 December 2018

Financial risk management (continued)

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

| | 2018 P | 2017 P |
|-------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Fuel levy receivables | 10 849 721 | 5 596 193 |
| Third-party receivable | 3 716 184 | 2 814 693 |
| Other receivables | 15 027 152 | 23 885 814 |
| Staff receivables | 50 817 815 | 50 067 628 |
| | 80 410 872 | 82 364 328 |
| Analysis of trade and other receivables | | |
| Neither past due nor impaired | 77 808 091 | 80 939 211 |
| Past due but not impaired | 2 602 781 | 1 425 117 |
| | 80 410 872 | 82 364 328 |
| Aging of past due but not impaired trade and other receivable As at 31 December 2018 | | |
| Rent receivable | | |
| Not later than 90 days | 941 795 | 702 956 |
| Later than 90 days | 1 660 986 | 722 161 |
| | 2 602 781 | 1 425 117 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

Financial risk management (continued)

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 2018, based on various credit rating organisations such as Fitch, Global Credit Rating, Moodys.

| | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Cash and cash equivalents | Financial Assets at Amortised Cost | Total |
|---------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------|---------------------------------------------|----------------------|
| As at 31 December 2018 | | | | | |
| A- to A+ | 102 438 978 | 255 562 282 | 10 479 982 | - | 368 481 242 |
| Lower than A- | 35 000 000 | 35 095 974 | - | - | 70 095 974 |
| Unrated | 427 271 088 | 2 221 170 965 | 50 500 | 171 555 137 | 2 820 047 690 |
| | 564 710 066 | 2 511 829 221 | 10 530 482 | 171 555 137 | 3 258 624 906 |
| 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 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

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.

| | Industry sectors | | | |
|------------------------------------------------------------------------|----------------------|--------------------|--------------------------|--------------------|
| | Financial sector | Real estate | Wholesale & retail trade | Public sector |
| Financial assets held at fair value through other comprehensive income | 812 982 531 | 309 253 862 | 227 941 698 | - |
| Financial assets at amortised cost | 171 555 137 | - | - | - |
| Financial assets at fair value through profit or loss | 345 304 569 | 29 050 682 | 73 255 675 | 117 099 140 |
| Fuel levy receivables | - | - | 10 849 721 | - |
| Third party cover | - | - | - | 3 716 184 |
| Other receivables | 7 690 913 | - | - | - |
| Cash and cash equivalents | 10 530 482 | - | - | - |
| As at 31 December 2018 | 1 348 063 632 | 338 304 544 | 312 047 094 | 120 815 324 |
| Financial assets held at fair value through other comprehensive income | 832 927 478 | 315 002 867 | 312 351 713 | 202 377 042 |
| Financial assets at amortised cost | 137 036 805 | - | - | - |
| Financial assets at fair value through profit or loss | 386 019 202 | 21 420 278 | - | 141 960 681 |
| Fuel levy receivables | - | - | 5 596 193 | - |
| Third party cover | - | - | - | 2 814 693 |
| Other receivables | 11 271 150 | - | - | - |
| Cash and cash equivalents | 3 240 180 | - | - | - |
| As at 31 December 2017 | 1 370 494 815 | 336 423 145 | 317 947 906 | 347 152 416 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

Industry sectors

| Health care | Technology & Energy | Beverages | Other | Total |
|-------------|---------------------|-------------|-------------|---------------|
| 146 738 343 | 441 490 306 | 116 489 10 | 456 933 381 | 2 511 829 221 |
| - | - | - | - | 171 555 137 |
| - | - | - | - | 564 710 066 |
| - | - | - | - | 10 849 721 |
| - | - | - | - | 3 716 184 |
| - | - | - | 7 336 239 | 15 027 152 |
| - | - | - | - | 10 530 482 |
| 146 738 343 | 441 490 306 | 116 489 100 | 464 269 620 | 3 288 217 963 |
| 63 424 276 | 518 033 819 | 152 260 770 | 485 421 266 | 2 881 799 231 |
| - | - | - | - | 137 036 805 |
| - | - | - | - | 549 400 161 |
| - | - | - | - | 5 596 193 |
| - | - | - | - | 2 814 693 |
| - | - | - | 12 614 664 | 23 885 814 |
| - | - | - | - | 3 240 180 |
| 63 424 276 | 518 033 819 | 152 260 770 | 498 035 930 | 3 603 773 077 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

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 2018. Included in the table are the Fund's financial instruments at carrying amounts, categorised by currency.

| As at 31 December 2018 | BWP | US Dollar (BWP equivalent) | Total |
|------------------------------------------------------------------------|----------------------|-------------------------------|----------------------|
| Assets | | | |
| Financial assets held at fair value through other comprehensive income | 1 269 822 671 | 1 242 006 550 | 2 511 829 221 |
| Financial assets at amortised cost | 171 555 137 | - | 171 555 137 |
| Financial assets at fair value through profit or loss | 564 710 066 | - | 564 710 066 |
| Fuel levy receivables | 10 849 721 | - | 10 849 721 |
| Third party receivable | 3 716 184 | - | 3 716 184 |
| Other receivables and prepayments | 15 027 152 | - | 15 027 152 |
| Staff receivables | 50 817 815 | - | 50 817 815 |
| Cash and cash equivalents | 10 530 482 | - | 10 530 482 |
| | <u>2 097 029 228</u> | <u>1 242 006 550</u> | <u>3 339 035 778</u> |
| Liabilities | | | |
| Trust liabilities | 1 228 473 311 | - | 1 228 473 311 |
| Outstanding claims | 145 169 268 | - | 145 169 268 |
| Accounts payable | 50 016 827 | - | 50 016 827 |
| | <u>1 423 659 406</u> | <u>-</u> | <u>1 423 659 406</u> |
| Net long position | <u>673 369 822</u> | <u>1 242 006 550</u> | <u>1 915 376 372</u> |
| As at 31 December 2017 | | | |
| Assets | | | |
| Financial assets held at fair value through other comprehensive income | 1 492 875 264 | 1 388 923 967 | 2 881 799 231 |
| Financial assets at amortised cost | 137 036 805 | - | 137 036 80 |
| 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 |
| | <u>2 264 916 738</u> | <u>1 388 923 967</u> | <u>3 653 840 705</u> |
| Liabilities | | | |
| Trust liabilities | 1 052 962 329 | - | 1 052 962 329 |
| Outstanding claims | 146 695 531 | - | 146 695 531 |
| Accounts payable | 47 466 222 | - | 47 466 222 |
| | <u>1 247 114 082</u> | <u>-</u> | <u>1 247 114 082</u> |
| Net long position | <u>1 017 802 656</u> | <u>1 388 923 967</u> | <u>2 406 726 623</u> |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

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 surplus/ (deficit) for the year | |
|----------------------------------------|-------------------------------------------|------------|
| | 2018 | 2017 |
| US Dollar/Botswana Pula | 62 100 327 | 69 446 198 |
| As a percentage of accumulated surplus | 16.6% | 19.7% |

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 2018. 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 |
|----------------------------------------------------------------------|-------------|-------------------|--------------------|---------------|
| Financial assets at fair value through other comprehensive income | 256 607 897 | 722 342 214 | 263 056 439 | 1 242 006 550 |
| As at 31 December 2018 | 256 607 897 | 722 342 214 | 263 056 439 | 1 242 006 550 |
| Financial assets at fair value through other comprehensive income | 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 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

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.

| | Up to 1 month | 1 - 3 months |
|-------------------------------------------------------|-------------------|-------------------|
| As at 31 December 2018 | | |
| Assets | | |
| Financial assets at amortised cost | 33 803 199 | - |
| Financial assets at fair value through profit or loss | - | - |
| Staff receivables | 547 756 | 1 094 818 |
| Cash and cash equivalents | 10 530 482 | - |
| Total interest repricing gaps | 44 881 437 | 1 094 818 |
| As at 31 December 2017 | | |
| Assets | | |
| Financial assets at amortised cost | 15 016 984 | 68 162 879 |
| Financial assets at fair value through profit or loss | - | - |
| Staff receivables | 700 535 | 1 401 069 |
| Cash and cash equivalents | 3 240 180 | - |
| Total interest repricing gaps | 18 957 699 | 69 563 948 |

The fund does not have variable interest rate liabilities at reporting date.



Notes to the Financial Statements Continued

For the year ended 31 December 2018

Interest rate risk

| 3 - 12 months | 1-5 years | Over 5 years | Total |
|--------------------|--------------------|--------------------|--------------------|
| 51 153 082 | - | 86 598 856 | 171 555 137 |
| 181 755 875 | 141 486 592 | 241 467 599 | 564 710 066 |
| 4 760 761 | 14 461 962 | 29 952 518 | 50 817 815 |
| - | - | - | 10 530 482 |
| 237 669 718 | 155 948 554 | 358 018 973 | 797 613 500 |
| 53 856 942 | - | - | 137 036 805 |
| 45 039 650 | 365 084 482 | 139 276 029 | 549 400 161 |
| 6 282 634 | 18 476 350 | 23 207 040 | 50 067 628 |
| - | - | - | 3 240 180 |
| 105 179 226 | 383 560 832 | 162 483 069 | 739 744 774 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

Interest rate risk (continued)

Sensitivity of net interest income

| | 2018 | 2017 |
|---------------------------------------------------------------------------------|--------------------|-------------|
| Net interest arising from a shift in yield curves of -100 basis points (P'000) | (3 773 815) | (2 801 770) |
| As a percentage of accumulated surplus | (0.8%) | (0.8%) |
| Net interest arising from a shift in yield curves of +100 basis points (P'000) | 3 773 815 | 2 801 770 |
| As a percentage of accumulated surplus | 1.0% | 0.8% |

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.



Notes to the Financial Statements Continued

For the year ended 31 December 2018

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 2018 | | | | | | |
| Trust liabilities | 10 123 609 | 17 938 457 | 80 723 055 | 179 650 538 | 940 037 652 | 1 228 473 311 |
| Outstanding claims | 15 914 848 | 24 234 736 | 105 019 684 | - | - | 145 169 268 |
| Accounts payable | 10 712 419 | - | 39 304 408 | - | - | 50 016 827 |
| Total liabilities | 36 750 876 | 42 173 193 | 225 047 147 | 179 650 538 | 940 037 652 | 1 423 659 406 |
| As at 31 December 2017 | | | | | | |
| Trust liabilities | 13 336 772 | 7 218 365 | 32 482 642 | 137 267 213 | 862 657 337 | 1 052 962 329 |
| 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 | 31 092 003 | 22 440 221 | 193 667 308 | 137 267 213 | 862 657 337 | 1 247 124 082 |

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.

| | Not later than one year | 1 - 5 years | Total |
|-------------------------------|----------------------------|----------------|------------------|
| As at 31 December 2018 | | | |
| Capital commitments | 1 082 330 | - | 1 082 330 |
| Operating lease commitments | 689 413 | 855 757 | 1 545 170 |
| | 1 771 743 | 855 757 | 2 627 500 |
| As at 31 December 2017 | | | |
| Capital commitments | 470 013 | - | 470 013 |
| Operating lease commitments | 464 591 | 134 205 | 598 796 |
| | 934 604 | 134 205 | 1 068 809 |

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.



Notes to the Financial Statements Continued

For the year ended 31 December 2018

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 2018 | | | | |
| Investment properties | - | - | 131 750 000 | 131 750 000 |
| Financial assets at fair value through other comprehensive income | 2 503 069 950 | 7 939 598 | 819 673 | 2 511 829 221 |
| Financial assets at fair value through profit or loss | 322 187 048 | 242 523 018 | - | 564 710 066 |
| | 2 825 256 998 | 250 462 616 | 132 569 673 | 3 208 289 287 |
| 31 December 2017 | | | | |
| Investment properties | - | - | 127 280 000 | 127 280 000 |
| Financial assets at fair value through other comprehensive income | 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 |

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.

| | 2018 | 2017 |
|-------------------------------------------|--------------------|-------------|
| Balance at 1 January | 128 099 673 | 121 444 980 |
| Additions | - | - |
| Transfers from /(to) land and buildings | 627 650 | (851 855) |
| Total gains recognised in profit and loss | 3 842 350 | 7 506 548 |
| Closing balance | 132 569 673 | 128 099 673 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

(ii) Unobservable input used in measuring fair value

The fair value of financial assets at fair value through other comprehensive income of P 819 673 (2017: P819 673), being investment in unlisted equity instruments is determined using interna 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 The estimated fair value would increase/ (decrease) if: |
|--------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Investment Property and land and buildings | Market yield of between 8 – 10% Prime rentals of office space between P70 – P120 s.q.m | <ul style="list-style-type: none"> • Higher/lower market yields • Increase/decrease in rental per s.q.m. |

2 Investment income

| | 2018 | 2017 |
|-----------------------------------------|--------------------|--------------------|
| Interest income | 51 402 881 | 48 553 791 |
| Dividend income | 79 530 657 | 70 876 812 |
| Profit on sale of investment securities | 68 914 142 | - |
| Rental income | 4 615 935 | 4 361 080 |
| | 204 463 615 | 123 791 683 |

3 Other income

| | 2018 | 2017 |
|---------------------------------|----------------|----------------|
| Profit on disposal of equipment | 175 765 | 253 190 |
| Sundry income | 171 008 | 488 107 |
| Interest on fuel levy | 22 823 | 13 933 |
| | 369 596 | 755 230 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

4 Net increase in claims provision

| | 2018 | 2017 |
|---------------------------------------|--------------------|--------------------|
| Increase in claims provision (Note19) | 179 161 969 | 145 515 673 |
| Right of recourse recoveries | (198 299) | (119 741) |
| VAT claimed on claim payments | (2 335 974) | (2 895 105) |
| | 176 627 696 | 142 500 827 |

5. Surplus/ (Deficit) for the year

The following items have been charged/(credited) in arriving at the Surplus/ (deficit) for the year:

| | | |
|--------------------------------------------------------|------------|------------|
| Depreciation on property and equipment (Note 8) | 4 080 775 | 3 686 245 |
| Auditors' remuneration- audit fees | 332 830 | 297 100 |
| Directors' emoluments- board sitting fees and expenses | 568 390 | 352 203 |
| Repairs and maintenance- property and equipment | 151 359 | 153 276 |
| Profit on disposal of equipment | (175 765) | (253 190) |
| Operating lease rentals paid – property | 967 991 | 938 140 |
| Staff costs (Note 6) | 55 751 957 | 50 846 532 |

6. Staff costs

| | | |
|-------------------------------------------|-------------------|-------------------|
| Salaries and wages | 44 343 311 | 38 221 412 |
| Pension costs – defined contribution plan | 4 778 238 | 4 216 737 |
| Leave pay and gratuity | 4 642 379 | 5 884 102 |
| Staff welfare | 1 988 029 | 2 524 281 |
| | 55 751 957 | 50 846 532 |

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 2018

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 2018 | | | | | | |
| Net book amount at beginning of year | 549 207 | 1 351 143 | 780 707 | 2 697 314 | 13 845 273 | 19 223 644 |
| Additions | - | 275 940 | 592 804 | 389 082 | 2 021 345 | 3 279 171 |
| Transfer to Intangibles | | | | | (10 273 565) | (10 273 565) |
| Transfers | - | 722 806 | (231 457) | - | (491 349) | - |
| Disposal | | - | (39 143) | - | - | (39 143) |
| Transfer to Investment Property | | | | | (627 650) | (627 650) |
| Adjustments | | (235 367) | 819 080 | | (2 765 796) | (2 182 083) |
| Depreciation | (274 262) | (942 817) | (993 683) | (1 870 013) | - | (4 080 775) |
| Net book amount at end of year | 274 945 | 1 171 705 | 928 308 | 1 216 383 | 1 708 258 | 5 299 599 |
| At 31 December 2018 | | | | | | |
| Cost/valuation | 1 243 751 | 5 248 868 | 6 344 787 | 10 426 277 | 1 708 258 | 24 971 741 |
| Accumulated Depreciation | (968 806) | (4 077 163) | (5 416 479) | (9 209 894) | - | (19 672 342) |
| Net book amount | 274 945 | 1 171 705 | 928 308 | 1 216 383 | 1 708 258 | 5 299 599 |
| 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) |
| | 549 207 | 1 351 143 | 780 707 | 2 697 314 | 13 845 273 | 19 223 644 |
| Net book amount at end of year | 1 243 751 | 4 505 917 | 5 472 669 | 10 355 096 | 13 845 273 | 35 422 706 |
| Cost/valuation | (694 544) | (3 154 774) | (4 691 962) | (7 657 782) | - | (16 199 062) |
| Accumulated depreciation | | | | | | |
| 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 2018

8 Property and equipment (Continued)

Assets with total original cost of P317 900 (2017: P491 526) and net book value of P39 143 (2017: P123 781) were disposed off during the year. The Fund capitalised P10 273 565 from Work in Progress to Intangibles. P9 837 234 of the transfer related to the Case Management System.

9 Intangible assets

| | Software |
|----------------------------------------|---------------------|
| Cost | |
| As 1st January 2018 | 19 241 789 |
| Reclassification from Work in Progress | 10 273 565 |
| At 31 December 2018 | 29 515 354 |
| Accumulated amortisation | |
| As 1st January 2017 | (17 430 000) |
| Amortisation charge | (1 330 743) |
| At 31 December 2018 | (18 760 743) |
| Net book value | 10 754 611 |
| Cost | |
| At 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 | |
| At 1st January 2017 | (15 963 040) |
| Amortisation charge | (1 466 960) |
| At 31 December 2017 | (17 430 000) |
| Net book value | 1 811 789 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

10 Investment properties

| | Leasehold properties | Freehold properties | Total |
|--------------------------------------------|----------------------|---------------------|--------------------|
| Year ended 31 December 2018 | | | |
| Balance at 1 January 2018 | 84 880 000 | 42 400 000 | 127 280 000 |
| Fair value gain | 3 302 350 | 540 000 | 3 842 350 |
| Transfer from Property Plant and Equipment | 627 650 | - | 627 650 |
| | 88 810 000 | 42 940 000 | 131 750 000 |
| Year ended 31 December 2017 | | | |
| Balance at 1 January 2017 | 77 880 000 | 36 710 000 | 113 980 000 |
| Fair value Gain | 7 000 000 | 506 548 | 7 506 548 |
| Transfer from Property Plant and Equipment | | 5 793 452 | 5 793 452 |
| | 84 880 000 | 42 400 000 | 127 280 000 |

10.1 Details of the leasehold properties are as follows;

| | | Date of acquisition | Lease Period (years) | 2018 | 2017 |
|------------------------|--------------------------------|---------------------|----------------------|-------------------|------------|
| MVA Fund House | Land building | Feb 94 Jan 99 | 50 | 63 700 000 | 60 700 000 |
| Plot 16413 Gaborone | Land building | Dec 84 Sep 90 | 99 | 2 840 000 | 2 800 000 |
| Sheraton Houses | Land Completion of building | Jan 91 Nov 93 | 50 | 11 800 000 | 11 400 000 |
| Plot 19465 and 19466 | Building | | | 920 000 | 800 000 |
| Plot 24599 Francistown | Building | | | 1 070 000 | 980 000 |
| Tati River Francistown | Residential houses | | | 8 480 000 | 8 200 000 |
| | | | | 88 810 000 | 84 880 000 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

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

| | 2018 | 2017 |
|--------------------------------------|-------------|------------|
| Phakalane Acacia Park | 15 410 000 | 15 100 000 |
| Phakalane Segodi Park | 17 000 000 | 17 000 000 |
| Phakalane Golf Estate | 10 530 000 | 10 400 000 |
| | 42 940 000 | 42 400 000 |
| Total value of investment properties | 131 750 000 | 127 280 00 |

Total value of investment properties

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

| | 2018 | 2017 |
|-----------------------------------|-------------|------------|
| At the beginning of year | 28 202 845 | 19 544 873 |
| Share of net results for the year | 10 828 634 | 8 657 972 |
| Additions | 238 244 144 | - |
| At end of year | 277 275 623 | 28 202 845 |

Investments in associates comprise of the following:

| Name of associate | Nature | Fund's share of Investment |
|--------------------------------|------------------|----------------------------|
| Engen – Maun partnership | Property letting | 25% (2017 – 25%) |
| Engen – Palapye partnership | Property letting | 20% (2017 – 20%) |
| Francistown retail partnership | Property letting | 25% (2017 – 25%) |
| Feune (Pty) Ltd | Property letting | 24.85% (2017 – -) |

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.

Feune (Pty) Ltd was acquired on 30th September 2018. The Fund has reported the value of this acquisition at cost and will be equity accounted for in subsequent financial years.

Notes to the Financial Statements Continued

For the year ended 31 December 2018

11 Investment in associates (continued)

The Fund's share of assets and liabilities and the results of the associates are summarised below:

| | 2018 | 2017 |
|-------------------------------|-------------------|------------------|
| Non-current assets | 331 472 692 | 21 731 207 |
| Current assets | 22 296 077 | 7 031 373 |
| Current liabilities | (87 659 529) | (492 096) |
| Net assets | 266 109 240 | 28 270 495 |
| Revenue | 10 531 253 | 3 413 825 |
| Expenses | (786 128) | (601 201) |
| Accumulated profit adjustment | 1 083 509 | 5 845 348 |
| | 10 828 634 | 8 657 972 |

There were no commitments or contingent liabilities on the associates at the year-end.

12 Financial assets at fair value through other comprehensive income

| | 2018 | 2017 |
|-----------------------------------------------|----------------------|----------------------|
| At the beginning of the year | 2 881 799 231 | 2 813 895 142 |
| Foreign exchange gain/(loss) | 127 240 287 | (107 666 451) |
| Additions | 93 543 455 | 66 468 744 |
| Disposals | (314 539 527) | - |
| Fair value (loss) /gain transferred to equity | (266 484 649) | 118 501 719 |
| Revaluation of those disposed | - | - |
| Management fees and other expenses | (9 729 576) | (9 399 923) |
| | 2 511 829 221 | 2 881 799 231 |

Financial assets at fair value through other comprehensive income 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 IFRS 9. 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 2018 (2017: nil).



Notes to the Financial Statements Continued

For the year ended 31 December 2018

12 Financial assets at fair value through other comprehensive income (continued)

| | Number of shares | | Fair value | |
|--------------------------------------------------|------------------|-------------|----------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Barclays Bank of Botswana Limited | 23 736 440 | 23 736 440 | 123 904 217 | 144 792 284 |
| Botswana Insurance Holdings Limited | 10 735 164 | 10 735 164 | 187 865 370 | 199 029 941 |
| Chobe Holdings Limited | 536 727 | 536 727 | 5 635 633 | 4 921 787 |
| Engen Botswana Limited | 6 858 692 | 6 858 692 | 71 330 397 | 72 702 135 |
| First National Bank of Botswana Limited | 41 053 910 | 51 053 910 | 100 582 079 | 118 955 610 |
| Furnmart Limited | 14 021 365 | 14 021 365 | 7 711 751 | 7 711 751 |
| G4S Botswana Limited | 1 257 300 | 1 257 300 | 4 576 572 | 5 016 627 |
| 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 | 17 308 693 | 38 425 298 | 40 675 429 |
| Sefalana Holdings Company Limited | 25 083 138 | 25 083 138 | 220 229 947 | 244 560 591 |
| Sechaba Brewery Holding Limited | 5 824 455 | 6 568 980 | 116 489 100 | 127 898 041 |
| Standard Chartered Bank Botswana Limited | 10 027 700 | 10 027 700 | 38 105 260 | 51 542 378 |
| Turnstar Holdings Limited | 27 449 863 | 27 449 863 | 79 604 603 | 90 310 049 |
| Primetime Property Holdings Limited | 5 472 438 | 5 472 438 | 16 690 939 | 17 238 183 |
| Cresta Marakanelo Limited | 9 250 010 | 9 250 010 | 11 100 012 | 10 452 511 |
| New African Properties Limited | 36 768 853 | 36 768 853 | 119 498 772 | 118 028 018 |
| Letshego Holdings | 10 700 000 | 10 700 000 | 17 334 000 | 20 116 000 |
| Botswana Telecommunications Corp Limited | 4 232 400 | 4 232 400 | 4 020 780 | 7 787 616 |
| Botswana Building Society | 202 377 042 | 202 377 042 | 41 208 670 | 202 377 042 |
| Banc ABC | 28 375 000 | - | 56 750 000 | - |
| Total domestic equity investments | | | 1 269 822 671 | 1 492 875 264 |
| Offshore investments | | | 1 242 006 550 | 1 388 923 967 |
| Total available-for-sale financial assets | | | 2 511 829 221 | 2 881 799 231 |

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 2018 the portfolio composition was as follows:

| | |
|---------------------------|------------------|
| Equity investments | 62% (2017 – 72%) |
| Cash and cash equivalents | 13% (2017– 2%) |
| Bonds | 25% (2017 – 29%) |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

12 Financial assets at fair value through other comprehensive income (continued)

The offshore investments consisted of investments with the following Fund managers:

| | 2018 US\$ | 2017 US\$ |
|-------------------------------------------------|--------------|--------------|
| Investec Asset Management- Botswana | 62 010 703 | 75 188 526 |
| Stanlib Investment Management Services Botswana | 56 849 266 | 69 259 598 |

13 Financial assets at amortised cost

| | 2018 | 2017 |
|-------------------------|--------------------|--------------------|
| Fixed deposits- at cost | 171 555 137 | 137 036 805 |
| | 171 555 137 | 137 036 805 |

The effective interest rate on Fixed Deposits was between 1.6% and 6.21% per annum (2017: 1.40% and 7.5%).

The details of financial assets at amortised are as follows:

| Bank | Simple Rate | Placement Date | Maturity Date | Placement Amount | Accrued Interest | Total |
|------------------------------------------|-------------|----------------|---------------|--------------------|------------------|--------------------|
| Banc ABC | 3.50% | 24 Dec 18 | 30 Jan 19 | 10 032 423 | 7 696 | 10 040 119 |
| Banc ABC | 5.85% | 10 Dec 18 | 30 Jan 19 | 218 774 | 771 | 219 545 |
| Botswana Building Society | 6.00% | 27 June 18 | 30 Apr 25 | 85 377 042 | 1 214 970 | 86 592 012 |
| Bank Gaborone | 5.20% | 10 Dec 18 | 2 May 19 | 30 342 604 | 95 101 | 30 437 705 |
| Bank Gaborone | 4.50% | 20 Dec 18 | 11 Jan 19 | 10 000 000 | 14 795 | 10 014 795 |
| Standard Chartered Bank Botswana Limited | 5.25% | 15 Nov 18 | 16 May 19 | 20 579 726 | 139 125 | 20 718 851 |
| Standard Chartered Bank Botswana Limited | 6.00% | 27 Apr 18 | 28 Jan 19 | 13 000 000 | 532 110 | 13 532 110 |
| Total | | | | 169 550 569 | 2 004 568 | 171 555 137 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

14 Financial assets at fair value through profit or loss

| | 2018 | 2017 |
|-----------------------|--------------|--------------|
| At beginning of year | 549 400 161 | 578 653 556 |
| Additions | 71 000 000 | - |
| Matured | (41 763 000) | (22 000 000) |
| Changes in fair value | (13 927 095) | (7 253 395) |
| At end of year | 564 710 066 | 549 400 161 |

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).

Notes to the Financial Statements Continued

For the year ended 31 December 2018

14 .Financial assets at fair value through profit or loss (continued)

The details of held for trade investments are as follows:

| | Maturity Amount | Maturity Date | Interest Rate | 2018 | 2017 |
|---------------------------------------------|----------------------------|--------------------------|--------------------------|--------------------|-------------|
| Botswana Building Society | 7 300 000 | Dec 23 | 11.20% | 7 334 621 | 9 124 180 |
| Botswana Building Society | 10 000 000 | Nov 19 | 11.10% | 10 246 261 | 10 210 777 |
| Botswana Building Society | 45 500 000 | Oct 22 | 7.75% | 45 500 000 | 45 500 000 |
| Botswana Building Society | 8 213 000 | Aug 18 | 1.5% above BOBC rate | - | 8 282 591 |
| Botswana Building Society Debenture | 41 000 000 | Apr 28 | Prime less 05% | 41 000 000 | - |
| Stanbic Bank Botswana Limited | 14 500 000 | Jun 20 | 8.0% | 14 664 532 | 14 697 867 |
| Standard Chartered Bank Botswana Limited | 20 000 000 | Jun 22 | 1.5% above BOBC rate | 20 049 541 | 20 049 541 |
| Furnmart Limited | 42 500 000 | Oct 25 | 8.2% | 43 139 018 | 47 666 381 |
| Botswana Housing Corporation | 30 000 000 | Dec 25 | 2.9% above Bank Rate | 30 116 657 | 8 170 325 |
| Botswana Vaccine Institute | 7 800 000 | May 18 | 11.23% | - | 8 170 325 |
| Barclays Bank of Botswana Limited | 30 000 000 | Oct 19 | 8% | 30 624 982 | 30 645 828 |
| Stanbic Bank Botswana Limited | 40 000 000 | Oct 19 | 7.54% | 40 884 632 | 40 938 414 |
| National Development Bank | 100 000 000 | Nov 19 | Prime rate less 2.5% | 100 000 000 | 100 000 000 |
| Botswana Housing Corporation | 8 000 000 | Dec 20 | 10.10% | 8 027 664 | 9 095 513 |
| Letshego Holdings Limited | 35 000 000 | Nov 20 | 7.75% | 35 000 000 | 35 000 000 |
| Prime Time (PPHL) | 21 000 000 | Jun 24 | 8.5% | 21 023 018 | 21 420 278 |
| Botswana Development Corporation | 14 613 750 | Jun 19 | Prime Plus 2.25% | 14 660 163 | 14 808 111 |
| Government Bonds BW005 | 25 750 000 | Sep 18 | 10.00% | - | 28 586 734 |
| BW007 | 75 000 000 | Mar 25 | 8.00% | 91 528 743 | 93 923 459 |
| BW008 | 10 000 000 | Sep 20 | 7.75% | 10 910 234 | 11 280 162 |
| | | | | 564 710 066 | 549 400 161 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

15 Trade and other receivables

| | 2018 | 2017 |
|-------------------------------------------|------------|------------|
| Fuel levy receivable | 10 849 721 | 5 596 193 |
| Third- party receivables | 3 716 184 | 2 814 693 |
| Dividends | 1 068 479 | 4 212 690 |
| Interest | 6 622 434 | 7 058 460 |
| Other receivables and prepayments | 7 336 239 | 12 614 664 |
| Staff receivables | 6 403 335 | 5 236 410 |
| | <hr/> | <hr/> |
| Total current-trade and other receivables | 35 996 392 | 37 533 110 |
| Staff receivables non-current | 44 414 480 | 44 831 218 |
| | <hr/> | <hr/> |
| Total trade and other receivables | 80 410 872 | 82 364 328 |

16 Cash and cash equivalents

| | 2018 | 2017 |
|--------------|------------|-----------|
| Cash in hand | 50 500 | 50 500 |
| Cash at Bank | 10 479 982 | 3 189 680 |
| | <hr/> | <hr/> |
| | 10 530 482 | 3 240 180 |

Notes to the Financial Statements Continued

For the year ended 31 December 2018

17 Fair value and other reserves

| | Financial assets at Fair value through other comprehensive income | Freehold property | Insurance reserve | Road safety campaign | Total |
|--------------------------------------------------------------------|-------------------------------------------------------------------|-------------------|--------------------|----------------------|----------------------|
| 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 1 January 2018 | 1 445 787 961 | 3 184 075 | 716 618 095 | 64 960 201 | 2 230 550 332 |
| Revaluation gain | - | - | - | - | - |
| Transfer from accumulated surplus | - | - | - | (7 967 048) | (7 967 048) |
| Net fair value gains during the year in other comprehensive income | (266 484 649) | - | - | - | (266 484 649) |
| Balance at 31 December 2018 | 1 179 303 312 | 3 184 075 | 716 618 095 | 56 993 153 | 1 956 098 635 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

18 Trust liabilities

| | 2018 | 2017 |
|-----------------------------------------------------|----------------------|----------------------|
| 18.1 | | |
| Undertaking liabilities for future medical expenses | 733 239 950 | 584 854 937 |
| Liabilities for financial support | 495 233 361 | 468 107 392 |
| | 1 228 473 311 | 1 052 962 329 |
| Current liability portion | 108 785 121 | 53 037 779 |
| Non-current liability portion | 1 119 688 190 | 999 924 550 |
| | 1 228 473 311 | 1 052 962 329 |
| 18.2 | | |
| Opening Balance | 1 052 962 329 | 892 746 771 |
| Claims reserved | 173 206 622 | 162 725 975 |
| VAT on Reserves | 16 331 898 | 18 458 924 |
| Payments | (120 340 950) | (110 162 046) |
| Interest | 106 313 412 | 89 192 705 |
| | 1 228 473 311 | 1 052 962 329 |

19 Outstanding claims

| | 2018 | 2017 |
|--------------------------------------|----------------------|---------------|
| Balance at the beginning of the year | 146 695 531 | 170 479 781 |
| Claims paid | (180 688 232) | (169 299 923) |
| | (33 992 701) | 1 179 858) |
| Increase in provision for the year | 179 161 969 | 145 515 673 |
| Balance at end of year | 145 169 268 | 146 695 531 |
| Comprising of: | | |
| Known claims | 38 944 335 | 27 020 982 |
| Estimated unreported claims (IBNR) | 106 224 933 | 119 674 549 |
| | 145 169 268 | 146 695 531 |

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

Notes to the Financial Statements Continued

For the year ended 31 December 2018

19 Outstanding claims (Continued)

the estimates are reflected in the comprehensive income in the period in which estimates are changed.

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.

20 Trade and other payables

| | 2018 | 2017 |
|-----------------------------------|------------|------------|
| Trade payables | 3 387 587 | 4 562 541 |
| Fuel levy refund | 27 311 269 | 25 913 560 |
| Deferred Third Party Cover Income | 1 039 880 | - |
| Accrued expenses | 5 494 901 | 4 429 896 |
| Other payables | 694 075 | 1 327 955 |
| Leave pay and gratuity payables | 12 089 115 | 11 232 270 |
| | 50 016 827 | 47 466 222 |

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:

| | 2018 | 2017 |
|------------------------|-----------|---------|
| Property and equipment | 1 082 330 | 470 013 |

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

| | 2018 | 2017 |
|----------------------------------------------|-----------|---------|
| Not later than 1 year | 689 413 | 464 591 |
| Later than 1 year and not later than 5 years | 855 757 | 134 206 |
| | 1 545 170 | 598 797 |



Notes to the Financial Statements Continued

For the year ended 31 December 2018

19 Commitments and contingencies (Continued)

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:

| | 2018 | 2017 |
|----------------------------------------------|-------------------|------------------|
| Not later than 1 year | 3 520 673 | 1 729 415 |
| Later than 1 year and not later than 5 years | 6 673 544 | 360 900 |
| | 10 194 217 | 2 090 315 |

22 Related party transactions

| | | |
|----------------------------------|---------|---------|
| Directors' remuneration | 568 390 | 352 203 |
| Board members' fees and expenses | 568 390 | 352 203 |

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 2018

24 Cash flows from operating activities

| | 2018 | 2017 |
|--------------------------------------------------------|---------------------|----------------------|
| Net deficit | 23 705 953 | (244 993 464) |
| Adjustments for: | | |
| Depreciation on property and equipment | 4 080 775 | 3 686 245 |
| Amortisation of intangible assets | 1 330 743 | 1 466 960 |
| Impairment | 100 776 | - |
| Fair value gain/(loss) on investment properties | (3 842 350) | (7 506 548) |
| Transfer to Investment Properties | (627 650) | |
| Share of associates profits | (10 828 634) | (8 657 972) |
| Profit on disposal of property and equipment | (175 765) | (253 190) |
| Profit on disposal of investments | (68 914 142) | - |
| Management Fees | 9 729 576 | 9 399 923 |
| | (45 440 718) | (246 858 046) |
| Movements in current assets and liabilities | | |
| Trade and other receivables | 1 953 456 | (11 330 917) |
| Financial assets at fair value through profit and loss | (15 309 905) | 29 253 395 |
| Financial assets at amortised cost | (34 518 332) | 53 082 174 |
| Outstanding claims | (1 526 263) | (23 784 250) |
| Trade and other payables | 2 550 605 | 3 063 381 |
| Trust liabilities | 175 510 980 | 160 215 559 |
| | 128 660 541 | 210 499 342 |
| Cash flows from operating activities | 83 219 823 | (36 358 704) |



Detailed statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

| | 2018 | 2017 |
|---------------------------------------------------------------------------|----------------------|---------------|
| Net fuel levy income | | |
| Fuel levy income | 76 034 441 | 60 232 448 |
| Less: rebate | (1 537 401) | (1 782 177) |
| Less: VAT on fuel levy | (8 146 547) | (6 453 477) |
| | 66 350 493 | 51 996 794 |
| Net third party cover | | |
| Third party cover | 11 258 666 | 10 287 575 |
| Less: VAT on third party cover | (1 206 286) | (1 028 784) |
| Third party expenses | (1 125 717) | (1 102 240) |
| | 8 926 663 | 8 156 551 |
| Investment income | | |
| Interest | 51 402 881 | 48 553 791 |
| Dividends | 79 530 657 | 70 876 812 |
| Net gain from sale of investments | 68 914 142 | - |
| Rental income | 4 615 935 | 4 361 080 |
| | 204 463 615 | 123 791 683 |
| Change in fair value of investment property | 3 842 350 | 7 506 549 |
| Change in fair value of investments at fair value through profit and loss | (13 927 095) | (7 253 395) |
| Foreign exchange losses | 127 277 378 | (107 535 908) |
| Other income | 369 596 | 755 231 |
| | 397 303 000 | 77 417 505 |
| Total operating income | | |
| Net increase in claims provision | (176 627 696) | (142 500 827) |
| Reinsurance premium | (2 058 571) | (1 946 629) |
| Investment management fees | (10 365 088) | (9 396 221) |
| Property management fees | (3 007 148) | (4 985 997) |
| Interest expense | (106 313 412) | (89 192 705) |

Detailed statement of profit or loss and other comprehensive income Continued

For the year ended 31 December 2018

| | 2018 | 2017 |
|--------------------------------|----------------------|----------------------|
| Administrative expenses | | |
| Advertising | 1 890 245 | 1 930 140 |
| Audit Fees | 332 830 | 297 100 |
| Amortisation of Intangibles | 1 330 743 | 1 466 960 |
| Fair value (gain)/ loss | (3 510 309) | 1 441 783 |
| Bank Charges | 313 339 | 304 138 |
| Custodial Fees | 101 669 | 108 414 |
| Directors Expenses | 568 390 | 352 203 |
| Data Processing Expenses | 1 944 540 | 1 167 110 |
| Office Cleaning & Consumables | 497 917 | 513 454 |
| Entertainment | 45 058 | 29 523 |
| Depreciation | 4 080 775 | 3 686 245 |
| Insurance | 1 187 583 | 1 240 560 |
| Impairment | 100 776 | - |
| Legal Fees | 414 506 | 269 038 |
| Library | 42 598 | 44 121 |
| Motor Vehicle Expenses | 528 980 | 497 986 |
| Postage & Telephone | 886 156 | 989 269 |
| Printing & Stationery | 297 799 | 379 280 |
| Professional Fees | 2 800 453 | 1 312 252 |
| Rent & Rates | 967 991 | 938 140 |
| Recruitment Expenses | 120 453 | 115 238 |
| Repairs & Maintenance | 151 359 | 153 276 |
| Salaries | 44 343 661 | 38 221 412 |
| Medical Aid | 1 030 501 | 874 888 |
| Pension Costs | 4 777 888 | 4 216 737 |
| Leave Pay & Gratuity | 4 642 379 | 5 884 102 |
| Severance | 139 441 | - |
| Security | 103 214 | 72 694 |
| Other Staff Costs | 957 528 | 1 649 393 |
| Subscriptions & Licences | 2 816 696 | 2 634 407 |
| Travel | 1 513 091 | 1 266 054 |
| Training | 1 858 153 | 2 023 098 |
| Training Levy | 132 849 | 128 812 |
| Road Safety Campaign Expenses | 7 967 048 | 8 327 011 |
| Utilities | 677 466 | 511 722 |
| | (86 053 766) | (83 046 560) |
| Total expenses | (384 425 681) | (331 068 939) |



Detailed statement of profit or loss and other comprehensive income Continued

For the year ended 31 December 2018

| | 2018 | 2017 |
|--------------------------------------------------------------------------------|---------------|---------------|
| Administrative expenses (Continued) | | |
| Surplus/ (Deficit) for the year before share of profits from associates | 12 877 319 | (253 651 436) |
| Share of profit/(loss) from associates | 10 828 634 | 8 657 972 |
| Surplus/ (Deficit) for the year | 23 705 953 | (244 993 464) |
| Other comprehensive income | | |
| Items that will never be reclassified to profit or loss | | |
| Gain on revaluation of land and buildings | - | - |
| Items that are or may be reclassified to profit or loss | | |
| Change in fair value of available for sale investments | (266 484 649) | 118 501 719 |
| Total other comprehensive income/ (loss) | (266 484 649) | 118 501 719 |
| Total comprehensive loss for the year | (242 778 696) | (126 491 745) |

"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 179 - 181"

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 |

MVA Fund Annual Report 2018

Gaborone

MVA Fund House
Plot 50367
Fairgrounds Office Park
Tel: 318 8533
Fax: 318 8124

Francistown

Ngilichi House
Plot 306/7
Meriting Complex
Tel: 241 0670
Fax: 241 0700

Palapye

House No .PA8MQ1/G
BHC Offices
Tel: 492 1022
Fax: 492 1024

Maun

Plot 1196
Shop D2
Engen Centre
Tel: 686 1788
Fax: 686 2021

Gaborone

Plot 4716 Shop G743
Rail Park mall
Tel: 391 1180
Fax: 391 1702

Kang

Plot 659
Gamonyemana Ward
Tel/Fax: 651 7124/1

Selibe Phikwe

CBH Building
Plot 2574 Town Centre
Tel: 260 0275/63
Fax: 260 0239

Palapye

House No .PA8MQ1/G
BHC Offices
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