



**MVA FUND**  
Living the promise.

**WEATHERING  
THE STORM TO  
LIVE THE PROMISE**

**ANNUAL  
REPORT**  
2021

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**Submission**

For the year ended 31 December 2021

Honourable Ndaba N. Gaolathe  
Ministry of Finance  
Private Bag 008  
Gaborone

**Dear Minister Gaolathe,**

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 2021 for tabling before the National Assembly.

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

Yours Sincerely



**Michael Mooketsi Tlhagwane**

Chief Executive Officer

# Board of Directors



**A**

**Dr. Mompati Oganne Mmalane**  
**Board Chairperson**

Dr. Mompati O. Mmalane obtained his Medical Degree from the University of Tuebingen, West Germany, in 1986 and started employment 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 an M.Sc. Degree in Orthopaedics from the University College London. He practiced medicine for 18 years before being appointed to administration position of Hospital Superintendent at Princess Marina Hospital (PMH). He was later promoted to the position of Director of Clinical Services at the Ministry of Health.

Dr. Mompati O. Mmalane is employed as Deputy Chief Executive Officer 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. Prescilla Gower**  
**Vice Chairperson**

Ms. Prescilla Gower is a seasoned Human Capital Management Executive with a career spanning over eighteen (18) years. Her work experience ranges across different industries including, Consulting, Retail, Parastatal, Mining and is currently in the Banking industry. She has vast experience in Human Capital Strategy, Remuneration, Talent & Performance Management, Recruitment, Employee Engagement, Culture Transformation and Training and Development.

Ms. Gower holds a Bachelor of Arts (Psychology & Sociology) from Monash University, Australia, a Diploma in Organisational Development from University of South Africa and is currently pursuing a Master of Business Administration – Strategy with the Edinburgh Business School. Moreover, Prescilla holds a Global Remuneration Professional Certification from World@ Work, USA and is an Accredited Reward Specialist by the South African Reward Association. She is highly experienced in human capital transformation projects gained from Debswana Diamond Company where she was employed between 2008 and 2013 and in her current role at Absa Bank of Botswana. Ms. Gower joined Absa Bank Botswana in 2013 and currently holds the position of Head of People Transformation and Reward.

**C**

**Mr. Keolebogile Pele Moleta**  
**Board Member**

Mr. Keolebogile P. Moleta obtained his Bachelor's Degree, majoring in Economics and Accounting from the University of Botswana in 1992 and started his career with First National Bank Botswana (FNBB) as a Finance Officer. He subsequently obtained an Associate Diploma in Banking in 1994 with the

Botswana Institute of Bankers. He has served in various management and leadership roles in both the private and public sector. Mr. Moleta served as Corporate Affairs Executive and board secretary for the then Botswana IFSC, Head of Corporate Banking at First National Bank Botswana FNBB as and held the position of Director General and CEO of Botswana Postal Services. He led the business development team at Hollard Insurance from January 2019 to October 2020. In November 2020, Mr. Moleta joined FinSef, Insurance Brokers and Risk Consultants as a partner.

He has served in a number of Boards, including the Botswana Savings Bank, Southview and Botswana Couriers & Logistics. He is currently the chairman of the board of trustees of the Cancer Association of Botswana, and serves as an independent non executive director of Vunani Fund Managers (formerly STANLIB Investment Management). His special interests are wellness, leadership and SMME.

**D Professor Bugalo Maripe  
Board Member**

Professor Bugalo Maripe graduated from the University of Botswana with a Bachelor of Laws (LLB) Degree. He obtained a Masters in Laws Degree from the University of London, Kings College.

Professor Maripe is a Lecturer at the University of Botswana where he teaches law. He is also a practising attorney under the name and style, Prof Bugalo Maripe and Company. He is a member of the Board of Adjudicators of Botswana.

**E Mr Thamsanqa Majova  
Board Member**

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 Dr. Comfort Jazzman Mokgothu PhD  
Board Member**

Dr. Comfort J. Mokgothu graduated from the University of Plymouth (UK), where he obtained a Bachelor's Degree in Education in 1996. He obtained both his Master of Science (2000) and Doctorate in Health and Physical Activity (2007)

from the University of Pittsburgh (USA). He was a Lecturer at both Molepolole and Tonota colleges of education and later joined the then Ministry of Education as Principal Education Officer.

Dr. Mokguthu is currently employed as a Senior Lecturer and Head of Department (Sport Science) at University of Botswana. He is Chairman of Board of Directors of Sea Rail Botswana based in Namibia and also a member of the National Road Safety Committee.

**G Mr. Neo Michael Mokgothu  
Board Member**

Mr. Neo Michael Mokgothu holds the following qualifications; BComm (UB), CMA (Australia), ACIS (UK), AccTech (BICA). He is currently a Consultant/partner at Rebatswana Investments t/a Micro Consultants providing Accounting, Administration, Secretarial and Business Development Services.

Mr. Mokgothu started his career in accounting at Central District Council as an Assistant Treasurer then took up the position of Cost Accountant at Kgalagadi Breweries (Pty) Ltd. He previously held the position of Finance Manager at the following companies: PPC Botswana (Pty) Ltd, Parmalat Botswana (Pty) Ltd, Cadbury Botswana (Pty) Ltd and PG Industries (Botswana) (Pty) Ltd. Mr. Mokgutho held the position of Administration Manager in the following companies: Sefalana / Bolux Milling and Sefalana Sa Botswana Ltd. He also held the position of Finance/ Administration/ Human Resources Manager at Kwena Roela (Pty) Ltd.

Mr. Mokgothu is experienced in Accounting and Finance, Governance and Administration. His primary focus was on financial management, management control, analysis and reporting, performance monitoring and application of best Corporate Governance practices in order to maximise return on investments and minimising organisational risks.

**H Ms. Grace Ndi Sekwababe  
Board Member**

Ms. Grace N. Sekwababe holds the position of Senior Assistant Accountant General in the Office of Accountant General – Ministry of Finance and Economic Development. Previously she was Assistant Accountant General from 2012 to 2016. Before then, Ms Sekwababe held the Position of Senior Accountant at Tati Landboard and Mahalapye Sub-District Council.

Ms. Sekwababe is a Technician Member of the Botswana Institute of Chartered Accountants. She holds a Bachelor of Accounting Degree from University of Botswana and AAT (NCVQ). Ms. Sekwababe previously served as a Board Member of National Food Technology Research Centre (NFTRC) and Chairperson of the Finance and Audit Committee.

# Executive Management



A



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D



E



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H

- A. **Mr. Michael M. Tlhagwane**
- B. **Ms. Mpule Ditirwa**
- C. **Mr. Menard Mothetho**
- D. **Mr. Tshepiso Mmoloke**
- E. **Ms. Ajangale Karkari**
- F. **Ms. Lesego Keitsile**
- G. **Ms. Lydia Masilo-Nkhoma**
- H. **Mr. Thabo Morotsi**

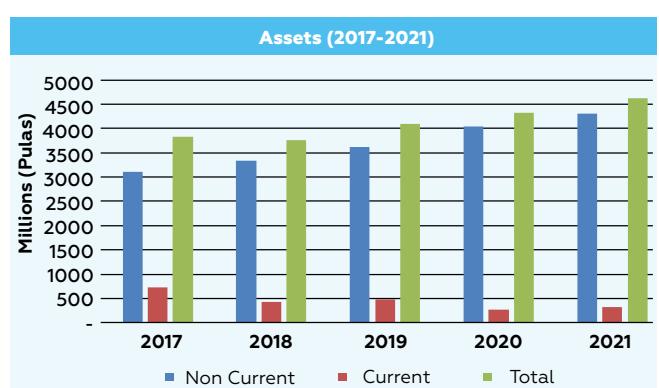
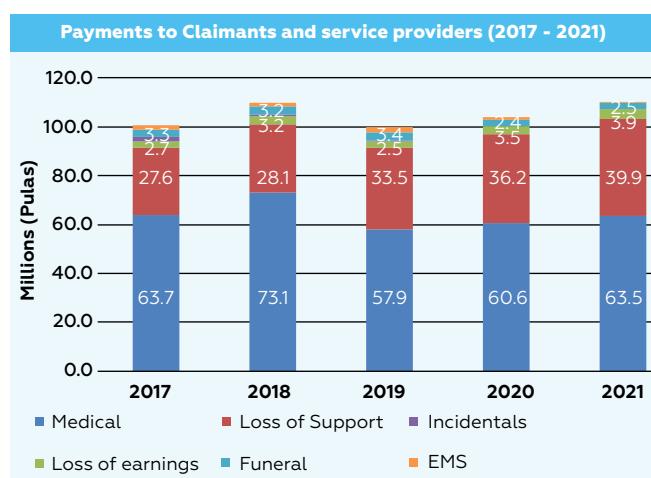
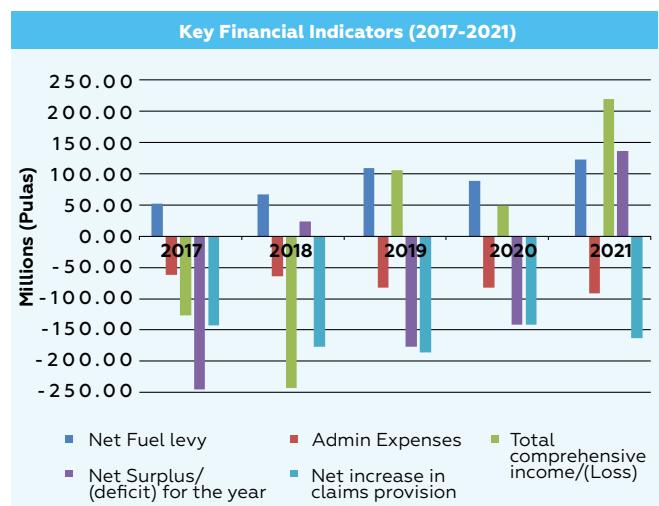
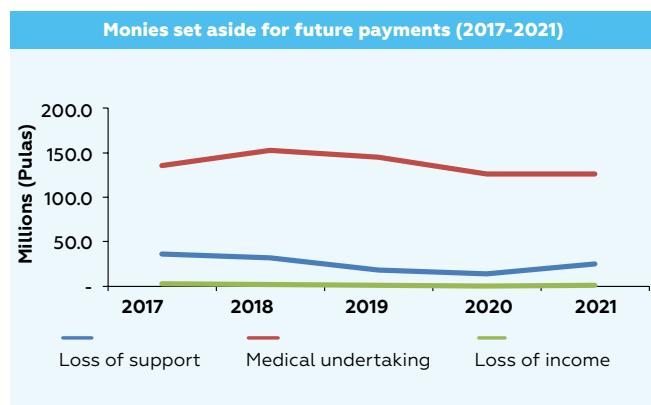
Chief Executive Officer  
General Manager - Customer Services  
General Manager - Corporate Services  
Senior Manager - Finance & Administration  
Senior Manager - Customer Services  
Senior Manager - Investment (Ag)  
Senior Manager - Case Management  
Senior Manager - Board Secretary & Legal Services



- I. **Mr. Phenyo B. Mogae**
- J. **Mr. Thomas Brandy**
- K. **Mr. Mompati Bontsibokae**
- L. **Mr. Lesesa H. Mtonga**
- M. **Ms. Poppy C. Sechele**
- N. **Mr. Itumeleng Morwe**
- O. **Mr. Mookodi M. Seisa**

Senior Manager - Strategy  
Senior Manager - Information Technology  
Senior Manager - Injury Prevention  
Senior Manager - Claims & Investigations  
Senior Manager - Human Capital  
Senior Manager - Internal Audit  
Senior Manager - Corporate Communications

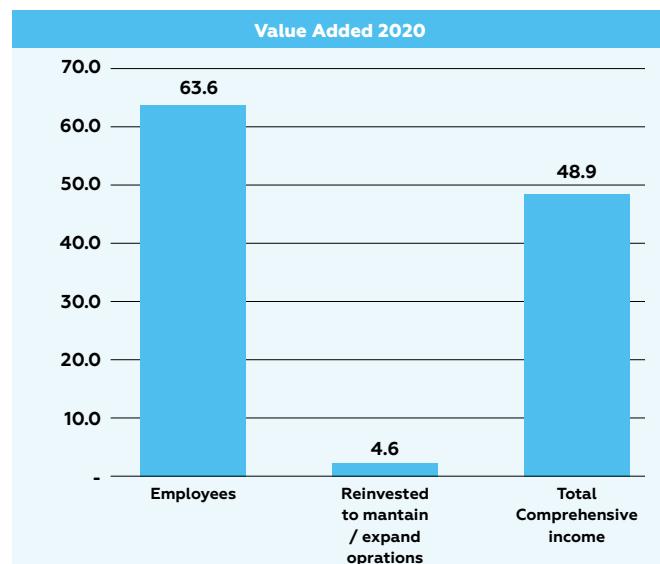
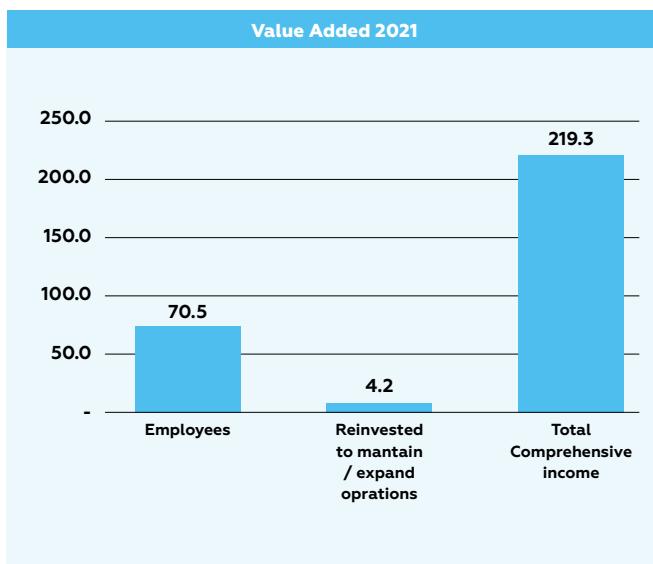
# Performance Highlights



## Value Added Statement



	2021	2020
Net fuel levy income	123 241 579	88 562 089
Third Party	3 361 753	3 569 439
Investment income	183 255 919	117 222 137
Share of Profit from Associate	14 182 560	34 414 535
Other income	604 312	1 240 703
	<hr/>	<hr/>
Changes in fair value of financial assets at fair value through		
Other Comprehensive Income	83 233 677	189 838 937
Claims paid and cost of others	(272 858 171)	(314 154 504)
Impairment	(463 753)	(3 490 022)
	<hr/>	<hr/>
	294 001 378	117 203 314
	<hr/>	<hr/>
<b>VALUE APPLIED</b>		
Employee benefit	70 535 457	63 631 491
Depreciation	2 922 348	3 192 952
Amortisation	1 275 080	1 446 071
Total comprehensive gain	219 268 493	48 932 800
	<hr/>	<hr/>
	294 001 378	117 203 314





## Key Performance Indicators

Total Expenses/  
Claimants



**224,833**

Net Fuel Levy/Total  
Income



**26%**

Net Third Party Cover  
income/Total Income



**1%**

Investment Income/  
Total Income



**73%**

Total Cost/Total  
Income



**71%**

Claimant Expenses/  
Net Fuel Levy and Third  
Party Cover Income



**129%**

Return on Equity



**8%**

Free asset ratio



**59%**

Solvency ratio



**242%**

# Chairman's Report



I am greatly honoured to provide the performance of the Motor Vehicle Accident Fund for the year ended 31st December 2021 to our stakeholders. Providing 'Safer Mobility and Best Chance to Normal Life' has inspired the Fund to continuously seek strategies to reduce road traffic accidents and associated fatalities and serious injuries, to improve service delivery to claimants and road users and people affected by road traffic crashes.

We remain resolute and focused in delivering our noble mandate of promoting road safety, providing compensation, rehabilitating and supporting those affected by road traffic crashes. The year 2021 was challenging as the Fund experienced a ransomware attack on its information technological systems on November 30th 2021. The Fund lost most of its critical systems and deployed manual processes to provide service to its customers and stakeholders. I am delighted to report that the Fund managed to emerge from this major challenge by rebuilding its data and restoring the information technology systems.

## Economic Performance

The year 2021 saw a recovery in the offshore markets as world economies continued to recover from the COVID - 19 Pandemic. At the end of 2021, most countries had started to open their economies, and with enhanced economic activity, the offshore portfolio of the investments started recovering from the declines experienced in 2020.

According to the International Monetary Fund (IMF) the global economy is projected to grow by 3.6% in 2022, down from an estimated growth of 6.1% in 2021. The effects of the COVID - 19 Pandemic continued to impact global markets, contributing to ongoing volatility. However, with many governments having now opened their economies and lifted COVID - 19 restrictions, there is a renewed sense of optimism for economic recovery in the year ahead.

The Fund was negatively impacted by the COVID - 19 Pandemic, primarily due to government travel restrictions which resulted in reduced fuel consumption and low collections of third-party cover levied on foreign registered vehicles entering Botswana.

## Strategy

The year 2021 marked the fourth year of implementation of the Kgogamasigo Strategic Plan 2018-2022. We celebrate the achievements made under this strategy and take valuable lessons with us as we start preparing to formulate another strategy that will propel us forward in our quest to better serve our claimants and stakeholders.

The Kgogamasigo Strategic Plan 2018-2022 provided a platform for the Fund to explore innovative ways of providing service and enhancing our brand. The strategy touched every aspect of the Fund's operations; road safety & injury prevention, claims management, customer service, human resources management and financial management. Its emphasis on 'Innovation' saw the Fund introducing technology-driven initiatives for enhanced service delivery and improved service turnaround times.

The key elements of the strategy were the introduction of both the Case Management Strategy and the Road Safety Strategy and these strategies continue to guide the Fund on improving claimants' rehabilitation outcomes and enhanced relationships with healthcare service providers and evidence-based road safety promotion initiatives. The Road Safety Strategy is aligned to the United Nations Decade of Action for Road Safety 2021-2030.

## Governance

The MVA Fund Board is guided by the principles of good corporate governance as enshrined in King IV Code of Governance, the MVA Fund Act and best governance practices. The Fund observes

ethical and effective leadership, where the Chief Executive Officer assisted by Management is charged with the operations of the Fund, while the Board provides strategic direction and plays an oversight role. The Board has inculcated a culture of responsibility, accountability, integrity and transparency and these core principles have assisted the Fund to build strategic leadership capability within the MVA Fund family.

Management on a quarterly basis reports to the Board and Board Committees in accordance with Section 12(1) of the Motor Vehicle Accident Fund Act No. 15 of 2007. The Board and the Board Committees convened all the planned meetings for the financial year ended 31st December 2021.

The Board has endorsed the King IV Code, and the existing Board Charters were duly revised and aligned to the code. King IV Report emphasizes on stakeholder inclusion, IT Governance and Disclosure.

The Board will periodically review its Governance documents and continue to undertake Board performance evaluations to improve overall Board performance. The Fund work closely with Public Enterprises Evaluation and Privatization Agency (PEEPA) and Botswana Accountancy Oversight Authority (BAOA) on issues of governance.

### The People Agenda

The Fund values its human capital as critical partners in the achievement of its vision, mission and strategic goals. Therefore, the Fund will create an environment that ensures that its human capital remains engaged, skilled, and motivated, ultimately leading to the successful implementation of its mandate and strategic plan goals.

The Fund is focused on the implementation of the Talent Management Strategy to ensure a structured approach towards effective management of talent and to attract and retain staff who work in an environment that unleashes their talent and full potential. Human capital policies are periodically reviewed to align with current people management trends and best practices.

### The Future

As we approach the end of the Strategic Plan 2018-2022 and prepare for the next strategic plan, we remain optimistic towards the attainment of the ambitious target set under the United Nations Decade of Action for Road Safety 2021-2030. We remain optimistic that Botswana will do better than the previous Decade of Action Plan and contribute significantly towards the reduction of road traffic crashes and road traffic fatalities. The Fund pledges to collaborate with other road safety stakeholders to pool resources to address the respective pillars of the Decade of Action for Road Safety to meet its targets.

The Fund remains optimistic that the economic conditions will improve. We commit to do all possible within our means, to reverse our current financial deficits, and re-build the strength of our

financial reserves. We will continue to engage with Government for the possible increase of the fuel levy rate which is currently at 9.5 thebe per litre, to ensure the financial sustainability of the Fund. The Fund will also review its investment strategies to align with the prevailing market conditions and to target better returns.

Adherence to our mandate of compensation, medical and rehabilitative assistance to our claimants will remain our priority. We will forge formal relationships with our key stakeholders to ensure that we attain positive rehabilitation outcomes of those injured in road traffic crashes. The Fund will also continue to review its policies and procedures to ensure that the administration of the scheme is seamless and that the Fund equitably serve all eligible claimants across the country.

### Acknowledgement

The MVA Fund Board continued to provide its oversight role in 2021 and ensured delivery of the Fund's mandate. It is through the collective commitment of the Board and Management that the Fund was able to overcome the challenges it faced and continue to serve the public.

On behalf of my fellow Board Directors, I wish to acknowledge the dedication, professionalism and team spirit displayed by MVA Fund staff throughout the year. Yours is not a job but a calling to serve and uplift people's lives who find themselves in traumatic and life-changing situations. I wish to acknowledge and encourage them to continue serving the public with dedication and compassion and to continue with innovative advancements to improve operational efficiency and enable the Fund to maintain financial sustainability.

The contribution of various stakeholders individually and collectively cannot be ignored. The participation of stakeholders in promotion of road traffic safety and the medical fraternity in the rehabilitation of claimants is key to our success of implementing our mandate and strategic plan initiatives. We believe that this effective collaboration with key stakeholders will yield desirable results for the Fund. Indeed, your contributions go a long way in providing people injured in road traffic crashes with **"Best Chance To Normal Life."**

Lastly, we remain thankful and appreciative to our parent Ministry of Finance for having accorded us a waiver to comply with regulatory requirements during the systems attack to submit this annual report and the succeeding ones out of the statutory time after recovery of our data. We are indeed highly indebted to the Ministry leadership for their understanding and support throughout our most difficult and challenging period.

  
**Dr. Mompati Oganne Mmalane**  
 Board Chairman

# Chief Executive Officer's Report



The year 2021 marked the gradual emergence of the world from the devastating effects of the unprecedented COVID-19 Pandemic, with most countries around the world slowly easing travel restrictions and strict COVID-19 Pandemic protocols. The Government of Botswana uplifted the State of Public Emergency on September 30th 2021 and relaxed travel restrictions imposed in 2020 to curb the spread of the pandemic. Notwithstanding this positive development, the negative effects of the COVID-19 Pandemic were being felt heavily in most of the sectors, particularly the tourism sector.

On the negative side, the easing of local travel restrictions resulted in increased travel, leading to a significant increase in road traffic accidents and associated fatalities and serious injuries. The above situation resulted in increased claims compensation costs for the Fund. On a positive note, the Fund's primary sources of income, being fuel levy income and third-party cover improved because of increased local and cross border travels. On the investment front, most of the listed stocks showed resilience by posting positive financial results and growth in share prices

during the year, with some investee companies declaring special dividends to boost investor confidence.

## Service Delivery

The Fund has six (6) physical offices strategically located throughout the country. Gaborone Head Office mainly services the greater southern part of the country. The Kang office network covers the Kgalagadi District (North and South) and Ghanzi District. Maun Branch is responsible for the Northwest District and Chobe District. Francistown Office's catchment area is the Northeast District and part of Central District. Palapye office oversees major villages including Serowe, Mahalapye and their neighbouring villages, and lastly Selebi – Phikwe office covers mostly villages in the neighbouring Bobirwa District and Mmadiare and its catchment areas.

In addition, the Fund has two mobile offices to extend service coverage to other areas where the Fund does not have physical offices. One mobile office stationed in Francistown Office covers

the northern part of the country while the other operates from the Head Office and covers the southern part of the country.

The Fund was not able to measure the service standards for November 2021 and December 2021 respectively because of the ransomware attack that affected the Fund's information technology systems. However, the Fund's performance index on 31st October 2021 was 87.6%, being an increase of 12.8% when compared to an index of 74.8% which was recorded in the corresponding period in 2020. For the months of November 2021 and December 2021, though the service standards were not recorded, the Fund continued to offer services to claimants using manual processes.

### Claims Processing

The Fund received 2 286 claims during the year ended 31st December 2021, being an increase of 9.6% when compared to 2 082 claims received during the year ended 31st December 2020. The number of claims received in the year 2021 was higher because of an increase in road traffic crashes and associated fatalities and serious injuries post the lifting of the State Public of Emergency on September 30th 2021. From a total of 2,793 claims comprising of 507 brought forward from financial year 2020 and the 2,286 claims received during the year, the Fund processed 2,635 claims representing 94% of total claims while 158 claims or 6% of total claims were outstanding for various reasons.

### Case Management

Case Management is committed to timely evacuation of claimants from the scene of road traffic accidents to the most appropriate medical facility where the injured claimants are offered optimum rehabilitation and medical care to attain optimal functionality and independence. Case Management also identifies claimants' needs and goals, formulates personalized rehabilitation plans, and collaborates with various stakeholders to improve claimants' rehabilitation process to enable the injured to lead normal lives.

The Fund has signed service level agreements with most of the private emergency medical service providers to evacuate the injured from the scene of a road traffic accidents to the nearest appropriate medical facility within "the golden hour" which improves chances of survival or full rehabilitation of the injured claimants. These collaborations are designed to ensure timely and effective emergency care while minimizing the risk of medical complications to the injured claimant. The Fund has also signed service level agreements with all private hospitals in Gaborone and one in Francistown to enable ease of access of injured claimants to these medical facilities. The Fund continues to closely collaborate with the Ministry of Health as about sixty (60) percent of injured claimants are offered medical care in government medical facilitates which are located country wide.

Medical claims submitted to the Fund are categorized by extend of injuries into minor, moderate, or severe injuries for close management and efficient resource allocation. In 2021, the Fund received 348 claims for severe injuries, 503 claims for moderate injuries, and 478 claims for minor injuries. A multidisciplinary, claimant-centred approach ensures comprehensive treatment, prioritizing each claimant's specific needs and rehabilitation goals. Claimants benefit from ongoing medical and rehabilitation care, advocacy programs, and the provision of assistive devices to improve the quality of their lives.

The challenges posed by the pandemic, which resulted in competing resources for surgical interventions and availability of intensive care units (ICU) beds, significantly affected the Fund's ability to offer claimants timely and appropriate medical rehabilitation and care. Despite these challenges, the Fund achieved significant rehabilitation outcomes through strategic collaboration with service providers. Notably, ninety (90) percent of claimants with severe injuries returned to optimal level of functionality while 92% of claimants with moderate injuries realized favourable rehabilitation outcomes, and 100% of claimants with minor injuries successfully achieved positive rehabilitation outcomes.

The Fund offered claimants psychosocial support to foster improved mental well-being and address the psychosocial needs of individuals impacted by road traffic accidents. These interventions included psychotherapy, social assessments, return-to-school programs, and enhancement of quality-of-life initiatives.

Additionally, the Fund offers loss of support benefits to the dependents of claimants who have succumbed to injuries sustained in road traffic accidents. As of December 31<sup>st</sup> 2021, the Fund had a cumulative of 5,388 loss of support claims and 6,222 beneficiaries. The loss of support beneficiaries were 4,667 minors (75%), 809 spouses (13%), and 746 parents (12%).

The Fund will continue to engage its various stakeholders geared towards improving stakeholder satisfaction and improving collaboration with stakeholders for delivery of its mandate and strategic plan initiatives.

### Promotion of Road Safety

Promotion of road safety is a critical aspect of public health and urban planning, aimed at reducing the risk of road traffic crashes, injuries, and fatalities. It encompasses a wide range of measures, including public awareness campaigns, driver training, traffic law enforcement, road design, and vehicle standards, all designed to protect road users.

One of the core mandates of MVA Fund is promotion of road traffic safety and accident prevention. This function is crucial

# Chief Executive Officer's Report

to the Fund's operations to ensure that lives are saved, and the Fund maintains financial sustainability.

Road traffic safety management and promotion are shared responsibilities and requires a multi-sectoral approach where all relevant stakeholders are mobilized, and their efforts are effectively coordinated. In Botswana, the road safety lead agency is the National Road Safety Committee (NRSC) of which MVA Fund is a member. To effectively deliver its mandate, the Fund collaborates with other stakeholders including Botswana Police Service, Department of Road Transport and Safety, Department of Roads, District Road Safety Committees, Community Road Safety Groups, Ministry of Education, the private sector, and religious organisations.

The year 2021 was very challenging in the implementation of physically interactive road safety promotion programmes as the country was still recovering from the advent of COVID-19 Pandemic. However, since the movement of people was restored and crash risk increased, the Fund intensified its roadside educational campaigns, child safety activations, and speed campaigns.

The Fund conducted 154 activations and reached out to 80 375 road users. Driving beyond the recommended speed limits continued to be a major risk factor on our roads. The Fund's LED Machine was deployed and 667 306 were vehicles detected out of which 124 764 vehicles representing 18.7% were driven above the recommended speed limits of 60km/hr, 80km/hr and 120 km/hr. The highest recorded speeds per zone were 174 km/hr in a 60km/hr zone, 197km/hr in 80km/hr zone, and 180km/hr. in 120km/hr zone. High speeds are the main causes of fatalities in our roads, and we need concerted efforts to address our drivers to drive responsibly in our roads.

The civil community plays a very important role in road safety promotion and advocacy programs. To promote civil community participation in promotion of road traffic safety, the Fund provided financial support to eighteen (18) community road safety advocacy groups and ten (10) school road safety clubs to undertake various road safety projects and activities in their respective communities. Furthermore, the Fund leveraged on digital media to disseminate road safety messages across the country.

Some of the highlights for the reporting year included the following:

- Appointment of a Road Safety Patron to assist in driving road safety advocacy.
- Webinar on Work-Related Road Safety Management (WRRSM) to mobilize and encourage corporate and private

sector leaders to consider encooperating streamlining road safety in their organisation's occupational health and safety programmes.

- Road User Behavior Observation Study to assess road user compliance to road safety rules and laws, which revealed a compliance index of only 63.5%.

Following the reduced road traffic crashes, injuries, and deaths in 2020 due to travel restrictions that were imposed to manage COVID-19 Pandemic, in 2021 there was an upsurge in road traffic crashes following the lifting of the State of Public Emergency on September 30th 2021. According to road crash report obtained from Botswana Police Service, for the period ended December 31st 2021, road traffic crashes increased by 14.6% from 15 075 in 2020 to 17 277 crashes. Fatal crashes increased by 22.6% from 265 in 2020 to 325 in 2021. Fatalities significantly increased by 27.1% from 325 deaths in 2020 to 413 deaths in 2021. Serious injuries increased by 11.5% from 819 in 2020 to 913 in 2021, whilst minor injuries marginally declined by 0.4% from 3 908 in 2020 to 3 893 in 2021.

## Human Capital

The Fund recognises that human capital is a critical asset to improve organizational performance, drive growth and create economic value. The Fund, through the Human Capital Department, ensures the attainment and maintenance of staff satisfaction, productivity, morale and professionalism through appropriate implementation of human capital policies to create value for the Fund. The Fund promotes diversity and inclusion to attract and retain talented employees to drive the mandate and the strategic plan initiatives of the Fund.

In its efforts to enhance employee well-being and mental health, the Human Capital Department provides welfare programs such as psycho-social counselling, motivational sessions, and commemorates special world days as per the World Health Organisation's calendar.

The Human Capital Department had two ongoing projects which necessitated periodic human interaction, namely, implementation of Talent Management Strategy and Performance Management System Automation training workshops which were done through virtual platforms.

During the year, the Fund experienced challenges relating to escalating rate of COVID - 19 Virus infections which affected many employees. The Fund approved the Remote Working Guidelines and Shift Work Guidelines for Workplace to decongest the offices as a risk mitigation strategy to reduce the spread of the virus in the workplace. Human Capital Department supported employees who were affected by the pandemic and provided the necessary

health stocks to reduce the risk of contracting the virus. During these challenges, the Human Capital Department nonetheless recorded an increased Interdepartmental Survey Index of 80% in the 2021 survey, an increase of 7.5% when compared to the index of 72.5% achieved in the year 2020.

## Regional Integration

MVA Fund has signed a multi-lateral agreement with the regional Funds of Eswatini (Sincephetelo MVA Fund), Namibia (MVA Fund) and South Africa (Road Accident Fund) to collaborate on matters of mutual interest. The four Funds operate similar compensation systems and are primarily funded through a fuel levy system. The main objective of the multilateral agreement is to promote the exchange of information in areas of mutual interest through working committees and for staff exchange programs. The agreement mandates the participating Funds to convene biannually to discuss strategic issues and in 2021, the Funds held the Chief Executive Officer's Forum in Eswatini.

## Financial Highlights

The Fund recorded a Total Comprehensive Income of P219.3 million for the year ended December 31st 2021, being a significant improvement when compared to the P48.9 million reported for the year ended December 31st 2020. The improvement in performance was primarily due to a surge in foreign exchange gains, which increased from P17.8 million in 2020 to P167.8 million in 2021. Additionally, Investment Income grew from P119.4 million in 2020 to P183.3 million in 2021.

## Income

Total operating income was P469.9 million in 2021, more than doubling the P210.6 million recorded in 2020. This significant growth was driven by a combination of increased fuel levy income, investment income and foreign exchange gains.

## Expenses

Total expenses decreased from P382.4 million in 2020 to P347.6 million in 2021 largely due to claims interest expenses which reduced from P138.7 million in 2020 to P70.2 million in 2021. Claim costs, however, rose from P141.2 million in 2020 to P163.4 million in 2021, owing to higher road traffic accidents resulting in more fatalities and severe injuries. Road safety campaign costs decreased from P4.9 million in 2020 to P3.3 million in 2021, while administrative expenses increased from P82.7 million to P91.9 million due to higher staff-related costs.

## Financial Position

The Fund's financial position strengthened, with total assets increasing from P4.3 billion as of December 31<sup>st</sup> 2020 to P4.6 billion as of December 31<sup>st</sup> 2021. The growth in total assets was primarily attributed to robust performance of the investment portfolio.

## Outlook

As we approach the end of Kgogamasigo Strategic Plan (2018 – 2022), we remain optimistic about the achievement of its strategic initiatives. The scorecard performance was 92.8% against the target of 95.0% while strategic initiatives implementation rate was 96.0% against the target of 100.0%. These results demonstrate significant progress towards the attainment of the vision of the strategy. The MVA Fund will continue to focus on executing the Kgogamasigo Strategic Plan, despite the ransomware attack on its Information Technology systems in November 2021.

MVA Fund commits to sound operational efficiency by applying cost containment measures and prudent management of its financial resources, especially adherence to approved budget to maintain financial sustainability. The MVA Fund is dedicated to effective operational efficiency by implementing cost control strategies and improve management of revenues, particularly investment income which contributes around 70.0% to MVA Fund total income, to ensure the Fund remains sustainable.

The Fund will continue to invest heavily in road traffic safety promotion to reduce the number of road traffic accidents and associated fatalities and severe injuries. It should however be noted that investment in promotion of road traffic safety has a long payback period as around ninety (90) percent of accidents are caused by human behavioral factors and change in behavior does not happen overnight. We are however hopeful that the country will record improvement in road traffic statistics.



**Michael Mooketsi Tlhagwane**

Chief Executive Officer

## THEME FOR THE MVA FUND 2021 ANNUAL REPORT

### **"Weathering the storm to Live the Promise"**

The idiom, "Weathering the storm", literally means to remain at one location during a storm. Figuratively it means experiencing something and surviving it, reaching the end of some hardship or problem without much damage, harm, or disorder.

The performance of the MVA Fund during the year 2021 is aptly summarised by this idiom. The Fund started the year under the same challenges brought about by the COVID-19 pandemic since its advent in 2019. All efforts were made to ensure that the Fund achieves its strategic initiatives, and that it continues to provide the necessary services to its claimants mainly, and all other stakeholders, in its endeavour to accomplish its strategic objectives and hence deliver on its mandate.

The systems breakdown due to a cyber attack towards the end of the year, though abrupt and unprepared for, did not lead to a shutdown of the Funds operations.

Although it led to some delays in completion of the year's operations and reports, the Fund still forged ahead in executing its mandate and lived up to its Tagline, "Living the promise."

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01

**Customer Services  
Department**



# Customer Services Department

The Customer Services Division is the first point of contact between the Fund and its customers; hence the department must ensure a positive customer experience. The division focuses on delivery of the Fund's mandate of promoting road safety, compensating, rehabilitating, and supporting those affected by road traffic crashes. The division is responsible for smooth service delivery from claims lodgement to post settlement. These activities include undertaking of claims assessments, provision of medical care and rehabilitation of the injured claimants, support and follow up of dependents of those affected by road traffic crashes. The Customer Service Division executes its mandate and ensures a positive customer experience by ensuring that service is discharged in accordance with the Fund's core values as articulated in the corporate strategy.

The Fund's services were negatively affected by COVID-19 Pandemic in 2021. The strict movement restrictions put in place by government to reduce the spread of the Corona Virus (COVID-19) consequently impacted on the Fund operational activities due to limited physical interactions imposed by COVID-19 protocols.

The Customer Services Division comprises of three Departments as illustrated in Figure 1 below;

**Figure 1: Departments of the Customer Services Division**



## Customer Services Department

The Customer Service Department comprises of Customer Services Section Head Office and the branch operations.

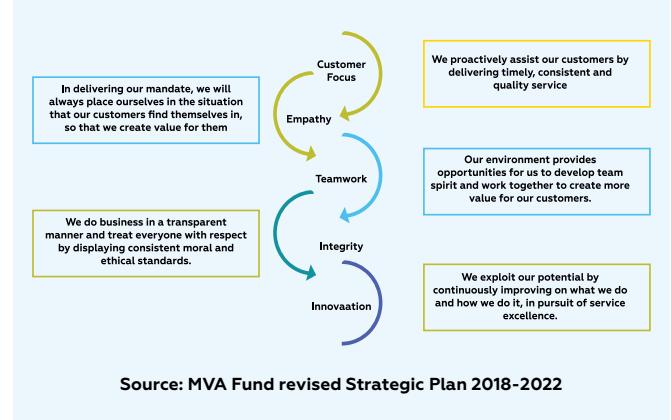
The role of the department is to provide quality service to customers by professionally trained staff who serve their customers courteously and diligently.

In addition, the department is responsible for receiving customer complaints, queries, and compliments. The Department resolves customers' queries and complaints in a timely and efficient manner in line with the Fund's service standards. The branch offices are responsible for claimants' welfare and rehabilitation and public education.

The core values of the Fund are an enabler of excellent service, cultivate a high-performance culture and ensure delivery of a positive customer experience to customers during their interactions with the Fund. The values are a determinant for the successful implementation of the corporate strategy. The core values also serve as a reminder for compassion and care whilst instilling the national value of Botho.

In dispensing service, the Department is consistently looking for ways to improve its processes, policies, and procedures to improve service delivery. The Department has developed a Customer Service Strategy which prescribes how service should be effectively delivered to customers to achieve customer value proposition.

**Figure 2: The Fund Core Values**

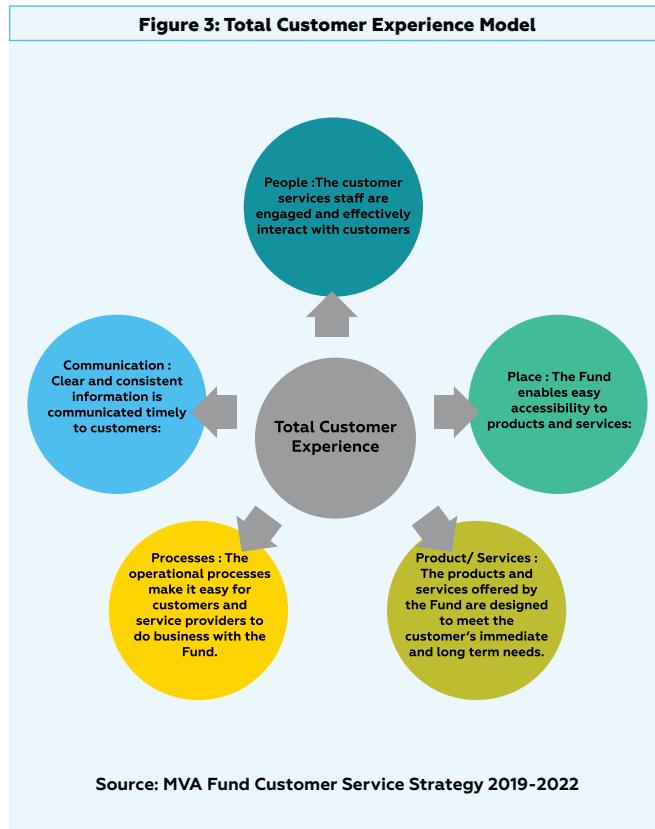


Source: MVA Fund revised Strategic Plan 2018-2022

## MVA Fund Total Customer Experience

In addition to the core values, the Fund places emphasis in giving customers a "Total Customer Experience" by providing a conducive environment for all its customers and stakeholders. The Total Customer Experience covers all the aspects of the Fund's service delivery, and it is geared towards customer satisfaction. The Fund's "Total Customer Experience" model is depicted in Figure 3 below.

**Figure 3: Total Customer Experience Model**



## Functions of Customer Services Department

As illustrated in Figure 4 above, the Customer Services Department's core responsibilities are claims lodgement, customer communication and education, compliments, queries and complaints management as well as claimant's accommodation and travel logistics.

**Figure 4: Summary of Key functions of the Customer Services Department:**



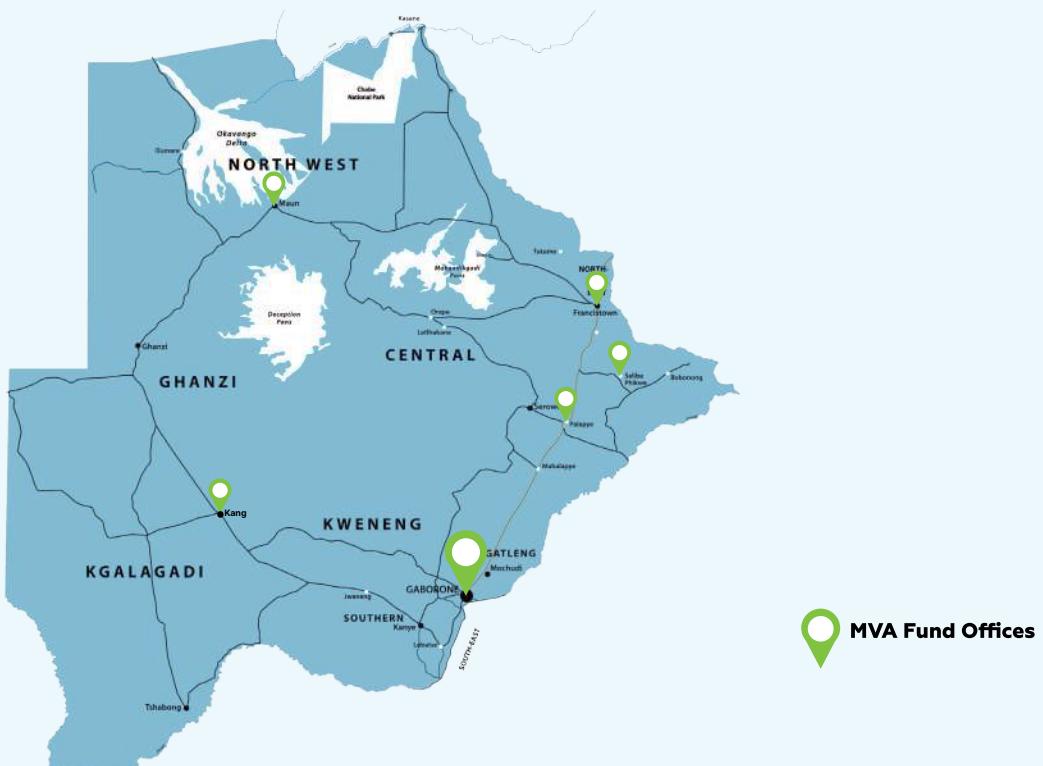
## Service Distribution Network

The Fund has six (6) offices strategically located throughout the country. Gaborone Head Office mainly services the greater Southern part of the country. The Kang office reaches out to the Kgalagadi District (North and South) and Ghanzi District. Maun office is responsible for the Northwest District and Chobe District. Francistown Office's catchment area is the Northeast District and part of Central District. Palapye office oversees neighbouring major villages including Serowe, Mahalapye and their neighbouring villages, and lastly Selebi - Phikwe office covers mostly villages in the neighbouring Bobirwa District and Mmadiinare and its catchment areas.

Figure 5 below shows the geographical locations of the six (6) offices, while Table 1 shows the number of claims received by each office during the financial year ended December 31st 2021.

# Customer Services Department

**Figure 5: Geographical Location of MVA Fund Offices and Claims received per Office**



## Claims Received

The Fund received 2 352 claims for the year ended 31st December 2021, being an increase of 12.7% when compared to 2 086 claims received during the year ended 31st December 2020. There were no claims received by the mobile offices as the focus for the year was on information dissemination of the Fund's products and services. The number of claims received were higher compared

to the previous financial year as a result of increased road traffic crashes post end of State of Emergency (SoE) that was instituted as a means of curbing the spread of the Corona Virus(COVID-19). The SoE ended on September 30th 2021, culminating in the lifting of travel restrictions, hence an increase in travel resulting in an escalation in road traffic crashes and associated fatalities and serious injuries during the last quarter of 2021. The claims received by each office are shown in Table 1 below:

**Table 1: Claims Received by office in years 2021 and 2020**

Offices	Year 2021	Year 2020	Increase/Decrease
Head Office	1461	916	545
Francistown	401	258	143
Palapye	252	216	36
Mobile Office South	0	135	-135
Mobile Office North	4	115	-111
Maun	124	149	-25
Selebi-Phikwe	80	64	16
Kang	30	49	-19
Rail park	0	184	-184
<b>TOTAL</b>	<b>2 352</b>	<b>2 086</b>	<b>266</b>

There was an increase in claims received by Head Office, Palapye Office, Francistown Office and the Selebi Phikwe Office. The significant increase in claims received at Head Office was due to closure of Rail Park Office in 2020 and the relocation of services from Rail Park to Head Office. The Mobile Office-South recorded the highest reduction in claims received and this was

attributable to the office being stationed at Bokamoso Private Hospital during the second half of the year to service claimants who were attended to by the hospital. The Mobile Office was strategically positioned at the hospital to service the increase claimants owing to the high number of accidents recorded in A12 Road (Molepolole - Gaborone corridor).

**Figure 6: Claims received by office in year 2021**

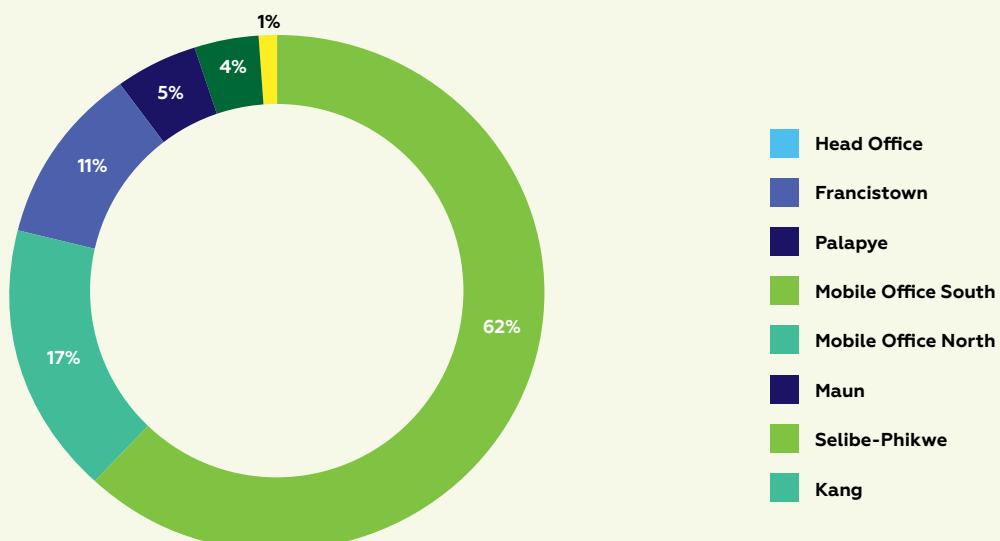


Figure 6 above shows that the Head Office received the highest number of claims amounting to 1,461 representing 62% of total claims lodged followed by Francistown Branch which received 401 claims being 17% of total claims lodged. The high number of claims received in Head Office is corroborated by the Botswana Police Services Road Traffic Accident Report, which indicates that the South-Central District consistently records the highest number of accidents annually. The South-Central district encompasses the most densely populated areas of Gaborone and its surroundings, including police stations in Gaborone, Tlokweng, Mogoditshane, Ramotswe, and Mochudi. Consequently, due to the high traffic volume and human population in this region, the highest number of accidents are recorded in this policing area.

**Figure 7: Comparison of claims received by month in the years 2020 and 2021**

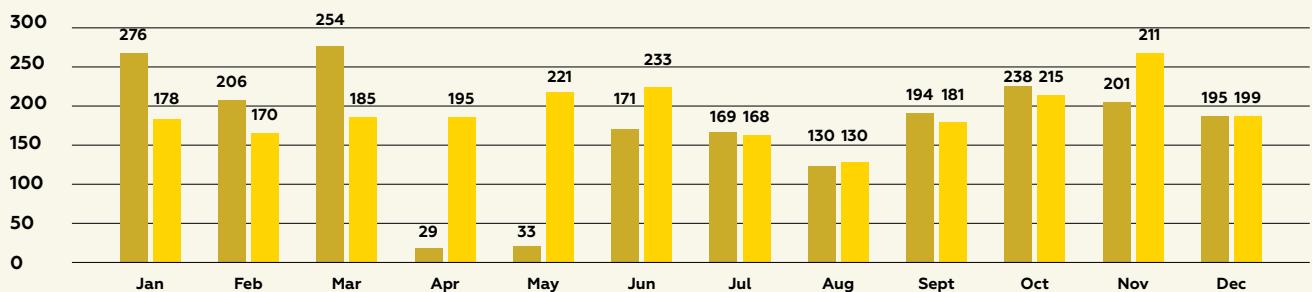


Figure 7 above shows a comparison of claims received for the year ended 31st December 2021 and the year ended 31st December 2020 respectively. A significant decrease was recorded during the months of April 2020 and May 2020 due to total national lockdown. There was a significant reduction in claims received in the months of August 2020 and August 2021, which was attributable to the measures that were put in place by Government to curb the spread of the Corona Virus (COVID-19). In August 2020, there was a two-weeks lockdown, a measure that was taken to contain the Corona Virus (COVID-19). In July 2021 and August 2021, the country experienced a surge in infections, and revised the curfew hours from 2200 hours to 2000 hours which resulted in reduced movements at night. In addition, there was a ban on alcoholic beverages and the combined effects of the revised curfew hours, and the ban of alcoholic beverages resulted in fewer car crashes.

# Customer Services Department

**Table 2: Claims received by benefit types in 2020 compared to 2021**

Benefit Type	Claims received in 2021	Claims received in 2020	Increase / Decrease in claims received
Funeral Expenses	371	324	46
Loss of Support	517	485	32
Medical Assistance	1347	1191	159
Loss of Income	117	86	29
Total Submissions	2 352	2 086	266

Table 2 above shows a general increase across all benefit types for claims received in 2021 as compared to the year 2020 due to increased traffic movement post the lifting of the State of Emergency (SoE), which caused a hike in the number of road traffic crashes.

**Figure 8: Categorisation of claims received in 2021 by Benefit Type**

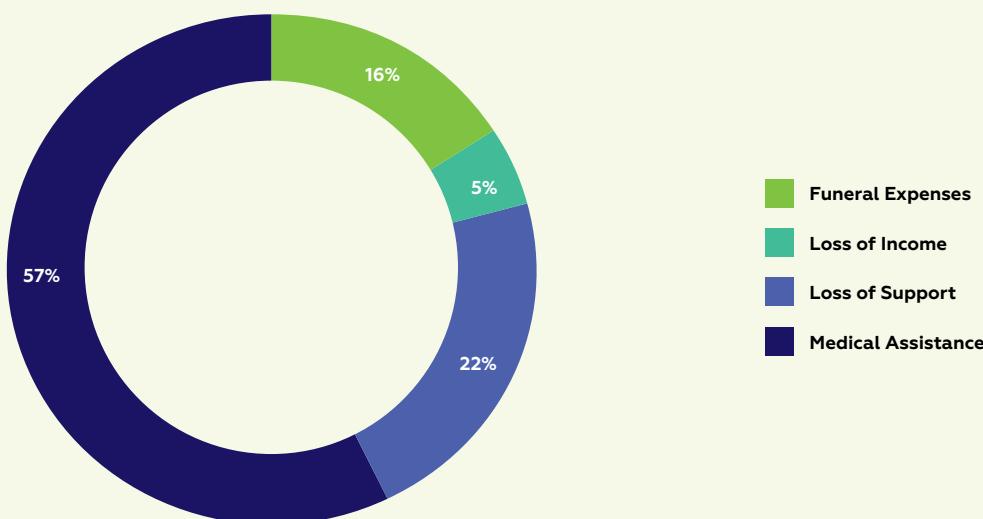
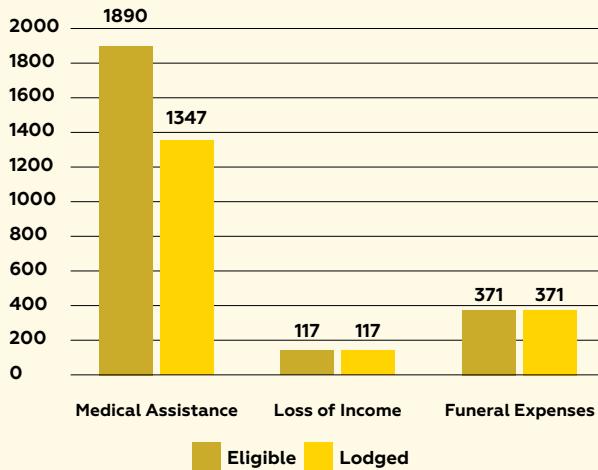


Figure 8 above shows that most of the claims received for the year ended 31st December 2021 were Medical Assistance claims which accounted for 57% of the claims received as most road traffic accident victims suffer physical injuries that require medical interventions. Loss of Support claims followed at 22% of the claims received, next was Funeral Assistance claims at 16% while the Loss of Income benefit accounted for the remaining 5%. The Loss of income claims received were lower because not all claimants who are injured in road traffic crashes qualify for Loss of income for various reasons including sustaining minor injuries while some claimants were not employed at the time of the accident hence, they did not suffer financial loss.

## Eligible vs Lodged Claims for crashes that occurred in the year 2021

Prospective claimants are proactively followed up to encourage them to lodge claims and utilise the benefits as early as possible. Information on the claimants is received from the Botswana Police Service, government/private hospitals, and Emergency Medical Services (EMS) providers.

**Figure 9: Eligible Vs Lodged Claims**

\*Figure 9 above does not include loss of support

## Medical Claims

Out of the 1 890 eligible medical claims shown in Figure 9 above, the Fund received 1 347 claims representing a lodgement rate of 71%. The remaining 29% of the claims not lodged are for claimants who had sustained minor injuries and were treated

and discharged immediately after the accident, and they did not require further medical assistance.

## Loss of Income

For the year under review, the Fund received 117 loss of income claims from claimants who were moderately and severely injured and were employed at the time of involvement in road traffic accidents and sustaining injuries.

## Funeral Expenses

For the year ended 31st December 2021, 371 claims were lodged by the families of deceased people from 371 eligible claims resulting in a 100% lodgement rate.

## Loss of Support

Loss of Support claims are not reflected in Figure 9 above as those eligible to receive the Fund's compensation are unknown until the families of the deceased submit the claims. Of the 371 deceased people whose families lodged funeral assistance benefit, 35 deceased were minors/elderly while the remaining 336 were adults with dependents. The Fund puts effort into tracing eligible dependants to lodge claims timely and be compensated to ensure that the livelihood of those who lost bread winners is not detrimentally affected due to financial constraints.

**Table 3: Analysis of Funeral Expenses by Citizens and Non-Citizens**

	Nationality of Deceased			Total
	Citizens	Non-Citizens with work permits	Visiting Non-Citizens	
Claims Received	364	6	1	371

Table 3 above shows that there were only seven (7) deceased foreign nationals for the year 2021 from the 371 fatalities recorded during the same year.

# Customer Services Department

**Figure 10: Funeral Expenses claims versus Loss of Support claims**

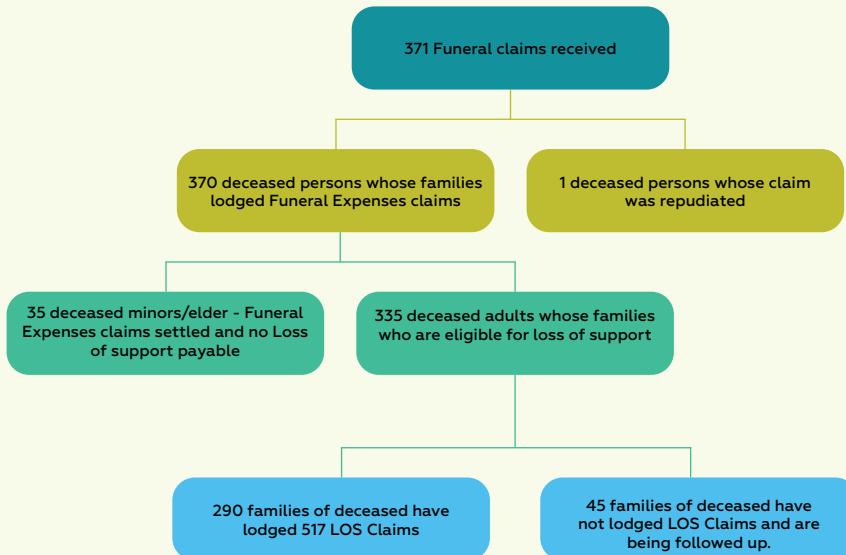


Figure 10 above provides an overview of the Funeral Expenses claims that were lodged. In total, 371 claims for funeral expenses were lodged in the year 2021 and were processed to finality of which 370 were settled or paid and 1 (one) claim was repudiated.

Out of the 370 settled claims, 35 deceased people were minors and the elders, and no loss of support was payable as there was no financial dependency on deceased minors, while the deceased elders had reached the retirement age of 60 years hence there was no compensation payable by the Fund to the dependents.

Figure 10 above provides an overview of the Funeral Expenses claims that were lodged. In total, 371 claims for funeral expenses were lodged in the year 2021 of which 370 were settled and 1 (one) claim was repudiated. Out of the settled claims, 35 deceased persons were minors and the elderly, and no loss of support was payable as there was no financial dependency on deceased minors while the elderly deceased had reached the retirement age of 60 years hence no compensation payable by the Fund.

Of the 335 families of deceased elders eligible to lodge loss of support only 290 lodged their claims and this translated to a lodgment rate of 87%. The Fund continued to trace the remaining 45 families eligible to claim loss of support benefit to submit claims for consideration by the Fund.

## Service Management

Customer interactions are recorded to determine trends and allocate resources required to improve service delivery. The Fund is committed to offering service excellence by documenting its interactions with claimants to proactively shape and enhance future customer experience, thereby elevating the service standards and service quality.

Interactions registered for services that were offered to customers at various Fund offices are depicted in Table 4 below.

**Table 4: Interactions by Office**

Interactions	Visits	Calls	TOTAL
<b>Head Office</b>	7 580	6 517	14 097
<b>Francistown</b>	5 381	2 773	8 154
<b>Palapye</b>	2 442	424	2 763
<b>Maun</b>	1 770	988	2 758
<b>Selibe-Phikwe</b>	1 723	448	2 171
<b>Mobile Office-North</b>	511	240	751
<b>Mobile Office South</b>	66	45	111
<b>Kang</b>	304	913	1 217
<b>TOTAL</b>	<b>19 777</b>	<b>12 348</b>	<b>32 125</b>

The Fund interacted with 32 125 people with Head Office recording the highest number of interactions at 14 097 on visits and calls followed by Francistown which registered 8 154 interactions.

Gaborone recorded the highest interactions due to the high number of road traffic accidents recorded in the Gaborone catchment area and the number of claims received by the office. Secondly, the availability of resources and services such as specialised medical care and rehabilitation facilities in Gaborone encourages claimants to seek assistance from the Head Office as it is convenient for the claimants.

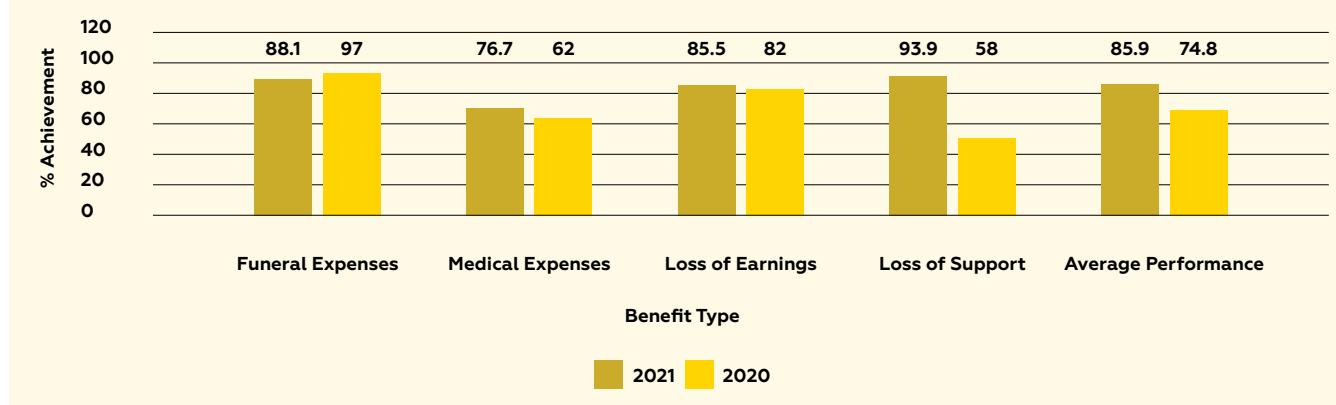
#### MVA Fund Service Standards

Service Standards play a pivotal role in the Fund's business processes as these determine whether the Fund meets or exceeds customer expectations as enshrined in the Fund's Service Standards Charter. The existence of the Service Standards is

a clear demonstration of the Fund's unwavering commitment to service excellence. The Fund through the Service Standards Charter commit to timely compensation and close monitoring of claims processing. The standards are measured on weekly basis for Medical Claims, Loss of Income, Funeral Expenses, and Loss of Support.

The service standards were reviewed in 2019 to improve service delivery of the Fund by identifying low performance areas in all service processes. The review aimed to achieve the following:

- To align the standards with the Kgogamasigo Strategic Plan 2018 – 2022.
- Encourage continuous improvement and identify specific areas for enhancing service delivery.
- Support the provision of consistently high service delivery.
- Systematic review and evaluation of processes to inform service improvements and future planning.

**Table 5: Service Standards Performance In Percentages**

# Customer Services Department

The Fund was unable to measure the service standards for the last two months of the year 2021 because of the system downtimes. However, the Fund's performance index as at October 31st 2021 was 85.9 % being an increase of 11.1% compared to 74.8% which was recorded as at October 31st 2020. The positive variance of 11.1% recorded in October 2021 was attributable to the good performance in Loss of Support and Medical assistance claims at 35.3% and 15% respectively, and this was attributable to the relaxation of COVID – 19 Pandemic movement restrictions.

The Fund, however, recorded a negative variance of 8.9 % in Funeral Expenses claims for the period ended October 31st 2021 compared to the period ended October 31st 2020. The decline in performance was mainly attributable to further investigations that were required where the cause of death was not conclusive especially in the wake of Corona Virus (COVID-19) Pandemic.

For the months of November 2021 and December 2021 though the service standards were not recorded, the Fund offered services using the manual processes.

**Figure 11: MVA Fund Service Standards Wheel**



The Fund has made the following commitment to its stakeholders; "We are totally committed to the challenges of meeting these standards. Indeed they are a reflection of our shared aspirations to serve our customers".

## Service delivery post system downtime

Following the system challenges experienced in November 2021, the Fund invoked the business continuity management to ensure minimal disruption to service delivery. Key stakeholders and claimants were duly informed of the system challenges.



02

## Claims Assessment & Investigation Department

### Benefits Payable



Medical treatment and Rehabilitation



Incidental Expenses



Enhancement of Quality of Life



Loss of Income/  
Earnings



Funeral Expenses



Loss of Support



In accordance with Section 4(1) the purpose for which the Fund is established is to provide compensation in the form of benefits as defined in section 20 of the Act. Compensation of people affected by road traffic accidents therefore forms the core function of the Claims Assessment and Investigations Department. The Department is responsible for the assessment and determination of the Fund's liability and the quantum of benefits to be offered to a qualifying claimant.

# Claims Assessment and Investigation

The Department consists of three Units being: Claims Assessment, Claims Investigations and the Right of Recovery and Claims Review.

## A. Claims Assessment Unit

The Claims Assessment Unit's function is to determine the Fund's liability and the quantum of benefits to award to claimants. Determination of the Fund's liability is done in accordance with Motor Vehicle Accident Fund Act No. 15 of 2007 read together with the Motor Vehicle Accident Fund Regulations of 2008 and other internal policies.

### Benefits Payable

The benefits payable in terms of Section 20 of the MVA Fund Act are:

1. Medical treatment and Rehabilitation.
2. Incidental Expenses.
3. Enhancement of Quality of Life.
4. Loss of Income.
5. Funeral Expenses.
6. Loss of Support.

Each of the above benefits has its own constituent elements in terms of the Act, and the facts surrounding each accident giving rise to a claim will determine the benefit to be offered and the extent to which such compensation should be done.

The total benefits payable to a claimant, where the Fund is fully liable, is limited to P 1 000 000.00 (One Million Pula). However, for limited medical claims, the total benefits are capped at P 300 000.00 (Three Hundred Thousand Pula).

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 a claimant.

### Medical Treatment and Rehabilitation

The Fund's corporate vision of 'Best Chance to Normal Life' is derived from its statutory mandate of providing medical treatment and rehabilitation for people injured in road traffic crashes. The importance of medical treatment and rehabilitation benefit has been underscored in the MVA Fund Regulations which have ranked it first in the order of precedence of compensation benefits. Where the Fund accepts liability for injuries sustained in a road traffic crash, it makes an undertaking to cover the cost of medical care, treatment and rehabilitation of the claimant. However, where a claimant has medical cover through a private health insurer or an employment contract, the Fund then becomes a secondary insurer and will only step in to pay the balance of medical bills once the claimant has exhausted the private health benefits. The Fund will however pay for the co-payments or

reimburse the claimant where the claimant has already paid the co-payments which are not covered by the private funder.

### Incidental Expenses

This benefit is payable to those injured in road traffic crashes to enable them to travel to and from medical facilities to access medical care and rehabilitation. The expenses include accommodation, transport and subsistence costs incurred or to be incurred by the claimant in utilising their medical benefit. Where a claimant has incurred such expenditure, then the claimant is required to submit proof of such expenditure before reimbursement by the Fund. The Regulations require the Fund to pay incidental expenses that are considered reasonable in the circumstances of each case to guard against potential abuse of the benefit.

### Enhancement of Quality of Life

The benefit is intended to make the home or work environment of a claimant conducive and enhance the claimant's independence in undertaking daily activities which improves the claimant's quality of life. The Case Management Section collaborates with different health specialists to assess the claimant's needs and develops appropriate interventions. The monetary value of these interventions is then quantified and included in the claimant's offer.

### Loss of Income

This benefit is payable to claimants who lost their capacity to earn an income as a result of injuries sustained in road traffic crashes. The Loss of Income (LoI) benefit can be disbursed as a past or future benefit. Future Loss of Income is offered where a claimant will be unable to work for a specified longer period or for the rest of their life. The length of period of incapacity to work is determined with the advice of medical experts. Past Loss of Income pertains to the losses a claimant has already incurred from the date of an accident to the time of lodgment of a claim. The claimant bears the burden of proving Loss of Income and qualifying for compensation by the Fund. It is however important to note that the Fund's priority is not on awarding lifetime cash pay outs, but rather, on rehabilitating claimants and helping them to return to their pre - accident state of financial independence.

### Funeral Expenses

This benefit is awarded to assist with the burial expenses of a deceased person who died because of injuries sustained in a road traffic crash and the claimant must prove these expenses to qualify for compensation by the Fund. The maximum amount payable for funeral expenses is P 7,500.00 per person. The Fund relies on medical evidence to ascertain if the death is related to a road traffic accident. Visitors as defined in the Immigration Act

are not entitled to payment of funeral expenses benefit. Foreign nationals who have Botswana residence permits are entitled to payment of the funeral expense benefit.

### Loss of Support

Loss of Support benefit is payable to dependents of a person who died from injuries sustained in a road traffic crash. The dependents are required to prove financial dependency on the deceased and actual loss of financial support because of the death of the road traffic accident victim. Those eligible to receive this benefit are children of the deceased under the age of 21 years, the spouse of the deceased, indigent parents or any legitimate dependents who can prove financial dependency on the deceased. 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. Visitors as defined in the Immigration Act are not entitled to payment of loss of support benefit. Foreign nationals who have Botswana residence permits are entitled to payment of loss of support benefit.

### Claims Assessment Performance

The Department has continued to perform optimally despite the challenges occasioned by the COVID-19 Pandemic. A total of 2 286 claims were processed during the financial year, being an increase of 10% when compared to 2 086 claims processed during financial year 2020.

### Claims Review

The assessment of claims and disbursement of benefits is by its nature a juridical process. As such, there are instances where a grievance may be raised pertaining to the outcomes of the claim assessment. Section 27 (2) of the Act allows claimants who dispute repudiation of claims, or the quantum of benefits awarded to lodge their grievances with the Fund before they

pursue other external remedies.

The Fund has established a Review Panel Committee which is an internal appeals platform set up to address grievances lodged by claimants. This panel is a quasi-judicial body, which is obliged to objectively assess the grievances by the claimant and any supporting facts and draw conclusions there from. Based on facts placed before it, the panel can either order a reassessment of the claims, order an investigation or medical assessment to be conducted on the claimant depending on the nature of the complaint or it can uphold the findings of the initial assessment. The Review Panel Committee is the final authority for handling claimants' grievances.

For the period ended 31st December 2021, the Fund received 24 complaints of which 20 complaints were dismissed while the remaining 4 complaints were upheld, which is an indication that the claims assessment process is thorough. The Panel also ensures that the matters brought in before the Panel are resolved within 14 days as prescribed by the MVA Fund Act.

### B. Claims Investigations Unit

The Claims Investigation Unit plays a supporting role in the assessment of claims. The unit is responsible for collecting and analysing evidence required to establish negligence and contribution of the claimant to occurrence of the accident.

The information collated by the unit will help in determining liability of the Fund, and limitations of benefits where applicable under the Act. The unit is also charged to trace and serve Court documents to MVA Fund debtors in the Right of Recovery process.

**Table 1: Claims status**

CLAIMS STATUS					
Lodgement Year	Settled	Repudiated	Offered	Outstanding	Total Claims
<b>2020 and prior Years</b>	333	65	82	27	507
<b>2021</b>	1904	178	73	131	2286
	2237	243	155	158	2793
<b>Percentages</b>	80%	9%	5%	6%	100%

**Table 1**

- Settled:** Relates to claims for which signed Discharge Certificates were received from claimants and were paid.
- Repudiated:** Refers to claims declined compensation.
- Offered:** Claims for which Offers were dispatched to claimants and awaited acceptance by claimants.
- Outstanding:** All claims which have been finalized.

# Claims Assessment and Investigation

The Claims Investigations Unit works closely with the Botswana Police Service, particularly the Traffic Division to gather information regarding the occurrence of a road traffic accident to assist the Fund to reach an informed decision regarding the extent of its compensation. The cooperation of the community in volunteering important evidential information is also of great value in assisting investigators to make timely, appropriate and fair conclusions of the cause of an accident.

## C. Right of Recourse (ROR) & Review Unit

This unit derives its mandate from Section 30 of the MVA Fund Act, which entitles the Fund to recover monies spent in compensating victims of road traffic crashes from the person responsible for that crash or the owner of the vehicle as the case may be. The unit is responsible for initiating the debt collection process against those who have been found to be in breach of this section.

The Right of Recourse is aimed at promoting road safety by deterring irresponsible road use by drivers and vehicle owners. The behavior or conduct which gives rise to the Fund's right of recovery in terms of the Act includes,

- Driving under the influence of alcohol or drugs to the extent of being incapable of having proper control of the vehicle;
- Driving recklessly;
- Driving without being a holder of a valid driver's license;
- Driving a defective motor vehicle and the said defect led to the accident;
- Driving a stolen vehicle;

- Where being the owner, custodian or lawful possessor of the vehicle, permitted the vehicle to be driven in any of the above mentioned instances.
- Failure to pay a foreign vehicle levy upon entry into Botswana and the driver of that vehicle negligently causes an accident.

The unit has forged healthy relationships with Botswana Police Service, Collection Africa and several law firms in order to improve the debt collection process.

### ROR Performance

For the year ended 31st December 2021, the Fund collected P594 129.92 from ROR matters being a negative variance of 10% against a target of P660 000.00 as depicted in Figure 2 below. The current financial year's collections increased by 23.3% when compared with the collections of P481 942.60 for the year ended 31st December 2020.

### Outlook

The Claims Assessment & Investigations Department is working on reviewing the current policies such as the claims manual to ensure realignment with the MVA Fund Act Amendments of 2021. The review of the policies will go a long way in improving the efficiency of the department and the timely processing and disbursement of benefits to the Fund's claimants. The Department is looking forward to upgrading its systems to SAP S4 Hana and the upgrade will improve the departmental operations, especially the Right of Recourse which is currently one of its pain points.

**Table 2: Analysis of Status of the Outstanding Claims as at 31st December 2021 by year of lodgement**

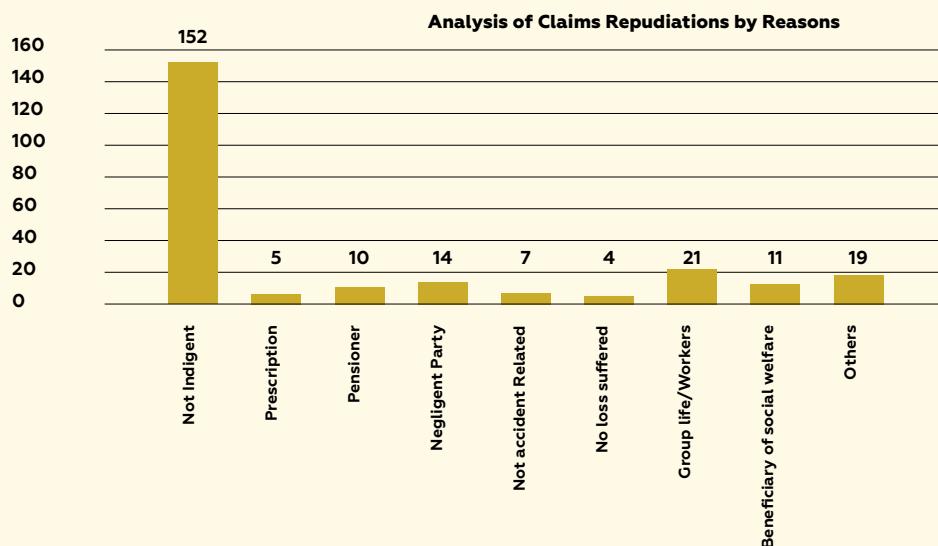
Year	Functional Capacity Evaluation	Under Assessment	Additional Information	Open	Under Investigation	Indigence/ Paternity	Workers Compensation/Group Life Accident Cover	Totals
2013	-	-	-	-	-	-	1	1
2017	-	-	-	-	-	-	2	2
2018	-	-	-	-	-	-	3	3
2019	-	-	1	-	-	-	6	7
2020	-	-	1	-	-	-	6	7
2021	4	22	4	30	3	59	16	138
<b>TOTALS</b>	<b>4</b>	<b>22</b>	<b>6</b>	<b>30</b>	<b>3</b>	<b>59</b>	<b>34</b>	<b>158</b>
	3%	14%	4%	19%	2%	37%	22%	100%

Table 2 above shows that 158 claims were outstanding for various reasons; 20 or 13% were received in 2020 and prior years, while 138 or 87% were received in 2021. The highest number of outstanding claims is the LOS claims at 37%. These LOS claims require paternity and indigence investigations carried out through field work. These were followed by WCC/GLA files at 22%. It should be noted that efforts have been undertaken to reach out to organizations concerning the outstanding WCC/GLA covers; however, these efforts have not yielded substantial success. The Fund will continue its follow-up efforts to conclude the files.

**Table 3: Complaints status as at 31st December 2021**

Benefit Type	No of complaints received	Complaints Rejected	Complaints Upheld	Complaints pending conclusion
<b>Loss of Income/Earnings</b>	5	2	3	0
<b>Loss of Support</b>	10	10	0	0
<b>Medical Undertaking</b>	7	7	1	0
<b>Funeral Expenses</b>	1	1	0	0
<b>Total</b>	24	20	4	0

From the 24 review matters that have been concluded 4 were upheld. This is an indication of how vigorous the assessment is. The Panel also ensures that the matters brought before it are resolved within the 14 days as prescribed by the MVA Fund Act.

**Figure 1: Analysis of repudiated claims by reasons as at 31st December 2021**

As per Figure 1 and Table 2 above, 243 out of 2793 claims were repudiated which translates to 9% of the total claims received in the year 2021. These claims were repudiated because the claimants did not qualify for compensation as per the MVA Fund Act. The majority of the repudiated claims were for Loss of Support at 63% (152) where claimants were found not to be indigent in terms of the Act, Regulations and Indigence Policy.

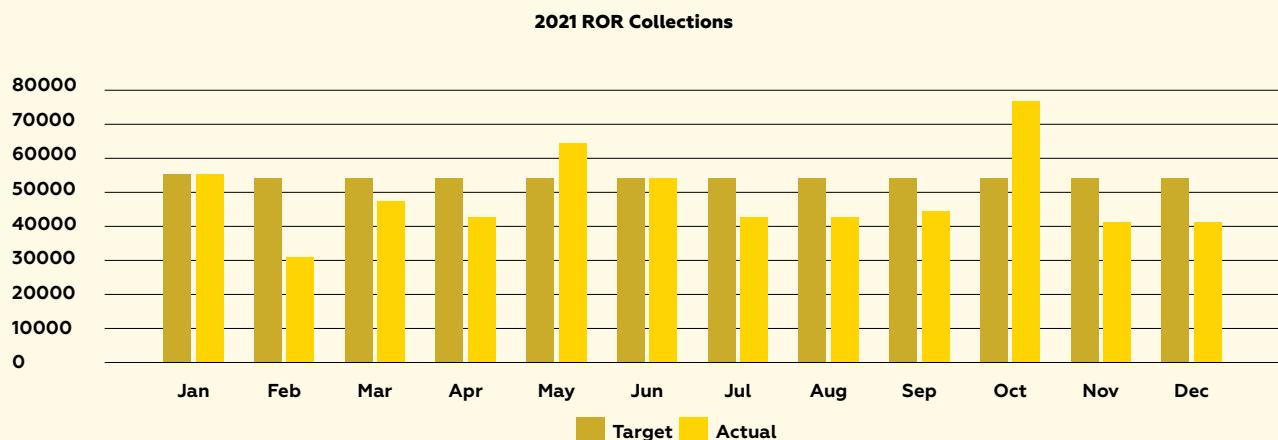
**Figure 2: Right of Recovery (ROR) collections as at 31st December 2021**

Figure 2 above shows monthly collections against the monthly target, showing a 90% achievement rate for the year 2021, compared to a 73% achievement rate for the year 2020. There has been an overall 19% increase in the achievement rate from 2020 to 2021.

A professional photograph of a man and a woman in business attire. The man, on the left, is wearing a blue shirt, a dark vest, and a blue tie. The woman, on the right, has long dark hair styled in braids and is wearing a white blouse. They are both looking down at a document they are holding together. The background is a modern building with large windows.

03

## Case Management Department



The Department's key responsibility is to enhance the quality of life of those affected by road traffic crashes, by facilitating and managing benefits discharged by the Fund.



## Injury severity and cost implications



Severe injuries

**P54.0 million**

Minor injuries

**P8.7 million**

Moderate injuries

**P38.6 million**

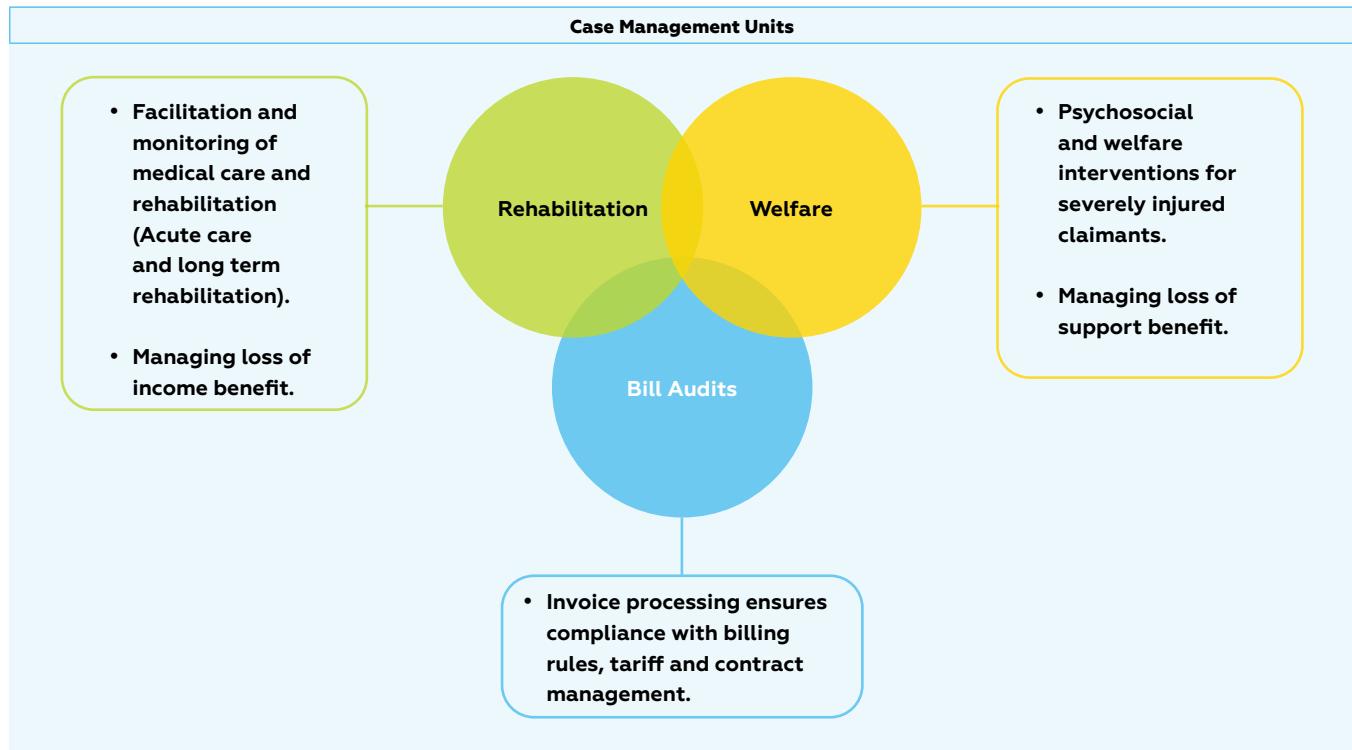
# Case Management Department

The Department's key responsibility is to enhance the quality of life of those affected by road traffic crashes by facilitating rehabilitation and welfare support services and promoting better health and social outcomes. A crucial part of the Department's role is managing benefits discharged by the Fund, ensuring that resources are effectively and efficiently utilized. These key responsibilities of the Department are enshrined in the definition of Case Management, reflecting the Fund's commitment to contemporary international best practices.

MVA Fund Case Management is a facilitating and collaborative process that responds to claimants' needs and goals to ensure the efficient and effective delivery of quality medical, rehabilitation, and quality-of-life benefits. MVA Fund and stakeholders (families, communities, schools, employers, providers) advocates for claimants to attain "**best chance to normal life**". MVA Fund Case Management supports the claimants' achievement of safe, realistic, and reasonable goals in accordance with the MVA Fund's benefit limits, rules, and regulations.

The Department is made up of three Sections, namely Rehabilitation, Welfare, and Bill Audits, as depicted below:

**Figure 1: Sections within the Case Management Department**



## Medical Care and Rehabilitation

The Fund is mandated to provide medical support encompassing past, present, and future medical requirements to the victims of road traffic accidents. This important function is overseen by the Rehabilitation Section of the Case Management Department, which ensures that claimants receive medical assistance from evacuation until they achieve independence, as outlined in Figure 2 below. To ensure immediate, effective, and appropriate care, the Fund has strategically positioned hospital-based Case Management Officers in key healthcare facilities,

being Gaborone Private Hospital, Sidilega Private Hospital, and Bokamoso Private Hospital. This strategic placement has resulted in efficient claimant management and prompt claim lodgment. Throughout the previous year, Botswana, like many other nations, experienced the significant impact of COVID-19 infections, leading to stringent health protocols restricting non-hospital staff from visiting healthcare facilities. Despite these challenges, the Fund leveraged technology and cultivated strong partnerships with healthcare institutions to continuously monitor claimants' treatment progress, comprehend their rehabilitation needs, and offer requested medical support.

**Figure 2: The rehabilitation process from accident scene to optimal independence and community integration.**



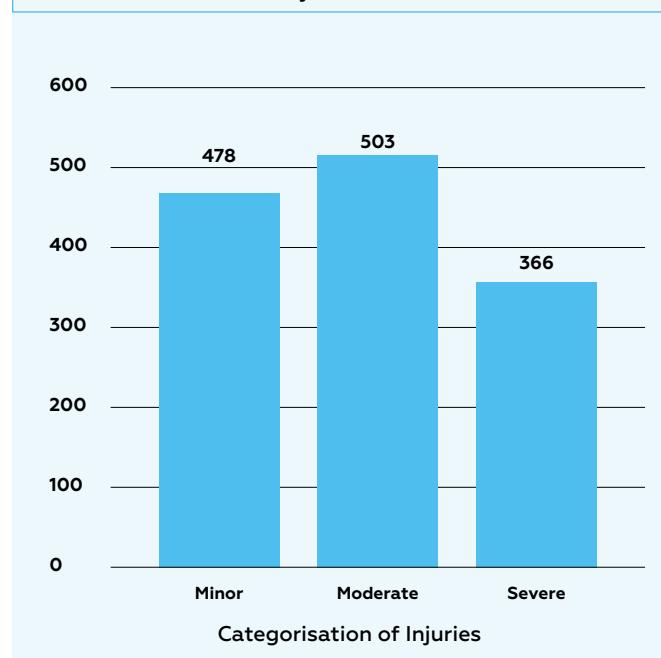
Figure 2 above shows the continuum of care and the involvement of the MVA Fund in facilitating care for those who sustain personal injuries in road traffic crashes. Claimants who suffer minor injuries are treated on an outpatient basis and then released home. However, some cases involve severe injuries that require intensive medical and rehabilitation services.

### Medical Undertaking Claims Management, Categorization, And Risk Profiling

For the year ended 31st December 2021, the Fund received 1,347 medical claims, being a 13% increase when compared with 1 191 claims received in 2020. The increase in medical benefit claims was attributable to the easing of movement restrictions imposed to curb the spread of COVID-19 in 2021. The easing of movement restrictions in 2021 resulted in increased road traffic crashes compared to 2020, in which there were multiple lockdowns and strict social distancing measures.

The Fund categorizes injuries as minor, moderate, and severe to eventually risk profile and allocates funds and resources for managing these claims. Figure 3 below indicates the categorization of the injuries by severity.

**Figure 3: Categorization of injuries by severity for the medical claims received for the year ended 31st December 2021.**



Moderate injuries were the highest claims received, at 503, representing 37% of medical claims. Minor claims were 478, representing 36% of medical claims, while severe injuries were 348, representing the remaining 27% of medical claims. Severe injuries are also high-cost claims, as seen in the upcoming figure.

# Case Management Department

The severe injuries are further categorized per specific diagnosis, as depicted in Figure 4 below.

**Figure 4: Categorisation of Injuries**

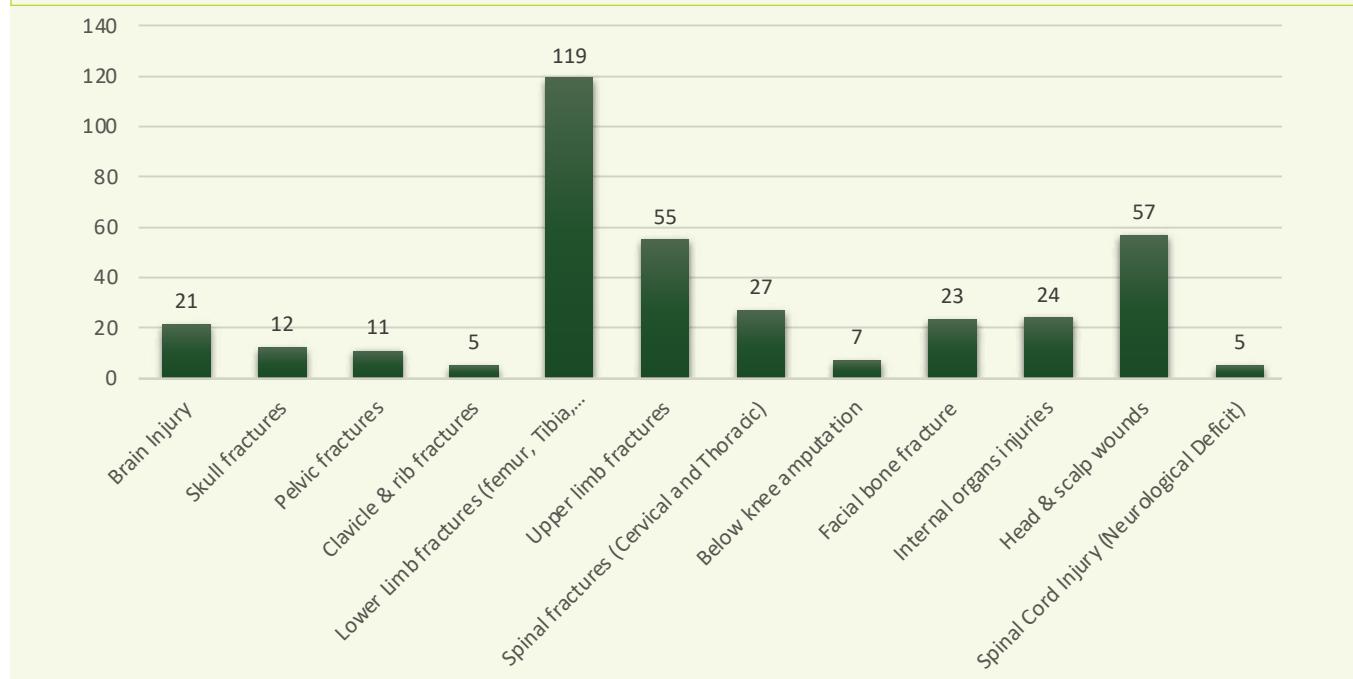


Figure 4 shows that among the severe injuries, the most common injuries recorded in the year 2021 are lower limb fractures, followed by head injuries and upper limb fractures; these fractures are then followed by spinal injuries, which need comprehensive management and normally benefit from modifications due to mobility restrictions.

## Injury Severity and Cost Implications

Severe injury claims continue to account for the most claim costs at P77.8 million, representing 56.2% of the estimated cost of claims due to their complexity and intensive rehabilitation needs, as shown in Figure 5 below. These claims also give rise to other benefits such as enhancements of quality-of-life benefits, housing modification, and caretaker costs.

Moderate injuries amounted to P47.6 million, representing 34.4% of the estimated claims costs, while minor injuries accounted for the remaining P12.9 million, or 9.3% of the total costs. Minor injuries are mainly low utilization claims, and the injured claimants are usually stable by the time they are discharged from both the accident scene and/or emergency rooms.

**Figure 5: Estimated costs of lodged medical claims by severity of injury for the year ended 31st December 2021**

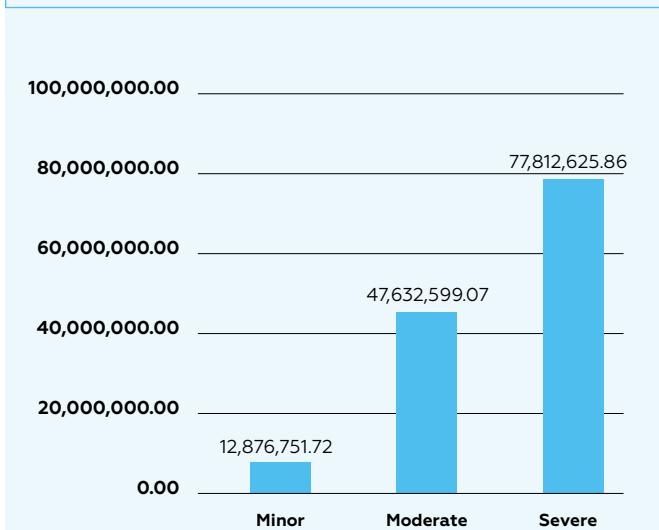


Figure 5 above shows the cost comparisons for the different injury categories.

## Risk Profiling

The Fund risk profiles the medical claims received to further assist in managing and allocating case management resources to the claimants. The risk profiles assist in identifying high-priority claims, as they have a high impact on the Fund's financial sustainability. The risk profiles are categorized in consideration of the severity of the injury and the employment status of the claimants. The risks are defined below and depicted in Figure 6:

- Risk 1 – Severe and employed.
- Risk 2 – Severe, unemployed and students
- Risk 3 – Moderate injury and employed and students.
- Risk 4 – Moderate injury and unemployed, and all minor injuries

**Figure 6: Risk Profiling of Medical Claims**

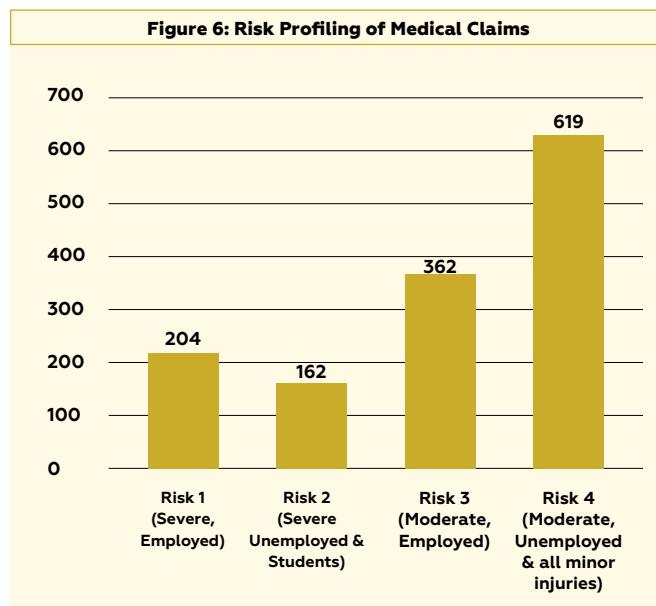


Figure 6 above shows that a cumulative of 566 claimants, or 42%, were employed at the time of the accident; that is, the Risks 1 & 3 categories. The Fund intensively follows up these categories of claimants to ensure their full rehabilitation and return to work. For the year ended 31st December 2021, 88% of Risk 1 and Risk 3 had returned to work, and this has a positive impact on the Fund, the employer, and the employee. The Fund continues to work with all stakeholders to ensure that all injured claimants are supported to return to optimal levels of functioning to avoid further complications and improve their quality of life.

## Medical Claims Per Office

Figure 7 below illustrates the distribution of medical claims per office.

**Figure 7: Number of medical undertaking claims received by Office for the year 2021**

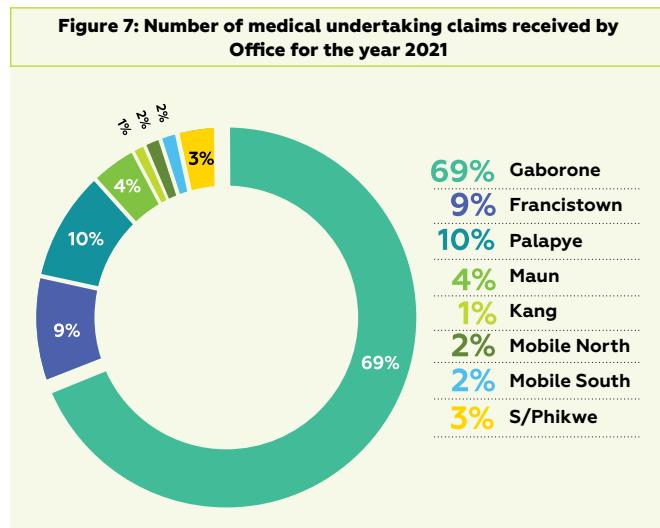


Figure 7 above illustrates that 69% of claims are from Gaborone and surrounding areas, correlating with the high number of reported road traffic accidents in the region.

## Post Discharge Rehabilitation

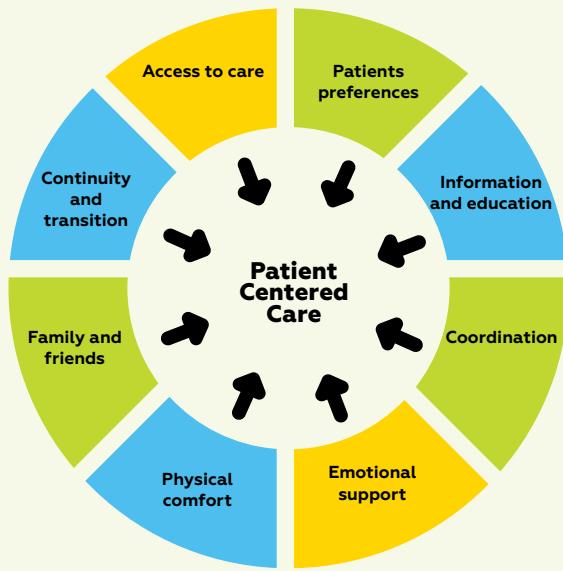
Post-discharge rehabilitation is the ongoing care provided to claimants after leaving the hospital to improve their quality of life through various methods, including community reintegration and a return to work or occupation. The Fund supports injured claimants through various case management activities, ongoing medical and rehabilitation support, advocacy programs for return to work or school, and assistive devices for daily living activities. This comprehensive support is informed by the claimants' needs and is delivered through a multidisciplinary approach.

## Multi-disciplinary Approach

The application of a multidisciplinary approach has demonstrated its capacity to yield the intended value-based rehabilitation outcomes when executed efficiently and effectively. This approach assumes a pivotal role in overseeing the realization of the desired rehabilitation outcomes. Figure 8, presented below, delineates a patient-centered framework that the Fund aligns with in order to administer comprehensive medical care and rehabilitation for the claimant.

# Case Management Department

**Figure 8: Patient-centred Framework depicting a multifaceted patient care**



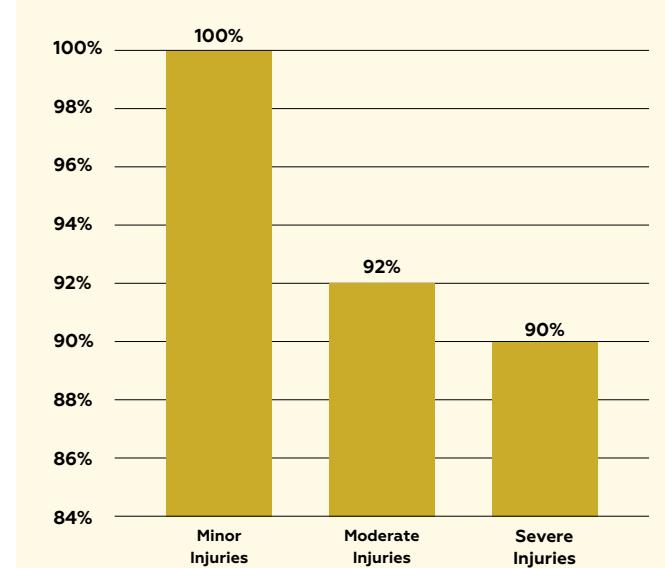
Source: Kuipers S.J. et al (2021): Easier said than done: Healthcare Professionals' Barriers to the Provision of Patient-Centered Primary Care to Patients with Multimorbidity. *International Journal of Environmental Research and Public Health*

As depicted in Figure 8 above, patient-centered care involves a multidisciplinary healthcare approach to ensure a claimant receives a holistic treatment plan from different healthcare practitioners to support, assist, and advocate for a claimant to improve their independence and quality of life. The Fund uses this model to achieve its vision of the 'best chance to normal life.' There is a continuous collaboration with the claimant and caregivers, facilitating access to care and information during their rehabilitation, aimed at improving their rehabilitation outcomes, which in turn leads to improved independence, return to work, and reintegration into the community.

## Return To Work and Independence

The Fund advocates for early intervention to ensure a return to independence, work, school, and any occupational status that one had pre-accident. Through home, school, and work visits, the Fund monitors the medical outcomes for the claimants in line with the Medical Disability Guidelines (MDGs). MDGs are evidence-based guidelines that help employers, insurers, funders, and service providers take a systematic and effective approach to care and case management, which in turn assist them to achieve better outcomes, a tangible return on investment, and enhanced patient experience. Figure 9 below indicates the outcomes for the medical claims received in the year 2021.

**Figure 9: Rehabilitation Outcomes**



As at 31st December 2021, the Fund achieved 100% positive outcomes for claimants who had suffered minor injuries and the claimants returned to their activities of daily living within the set standard of one (1) month rehabilitation period following their injuries. For moderate and severe injuries, the performances of 92% and 90% respectively were achieved, against the Fund set standard of 100% each. Failure to achieve the two standards was attributable to competing resources during the pandemic era. Moderately and severely injured claimants who were admitted either 1) needed admission to a hospital setting, or 2) underwent surgeries in other instances multiple and repeat surgeries, or 3) needed ICU and High-care facilities, or 4) were battling road traffic accident injuries and at times COVID-19 infections. The above necessary interventions competed for medical specialists time as the specialists were also assisting in the pandemic as well as theatre times, ICU beds, and ventilators. The competing needs for limited resources at times led to delays in claimants undertaking timely medical procedures, especially in government facilities where the standards for performing procedures had drastically declined. Consequently, some claimants developed medical complications resulting in residual disabilities that cannot be reversed, and the affected claimants will never be able to regain full independence.

## Promotion of Independent Living

The Fund's primary mandate is to support severely injured claimants to ensure independent living and reduce the need or burden of care on family members. This is achieved by further assisting claimants' caretakers by providing them with training, counselling, and caretaker allowances. In addition, qualifying claimants' homes and cars are modified to make them accessible and accommodative to encourage independent living.

## Caretaker Training and Counselling

The Fund appreciates that life-changing road traffic injuries leave claimants with psychological trauma and limitations in executing activities of daily living. These life changing situations calls for the spirit of Botho and traditional family setups to offer social support to the claimants. Caretakers play a vital role in ensuring that claimants return to optimal independence and offer them best chance to normal life. In 2021, the Fund arranged four (4) caretaker trainings and these were attended by one hundred and twenty (120) claimants and caretakers. The training was done with support from different health service providers and other community integration facilities. In addition, the Fund engages psychologists, clinical social workers, and other psychosocial support services to support the claimants' psychological well-being, as will be seen in the welfare section. To further support the caretakers, the Fund further assists them with caretaker allowance to ensure continued support and care.

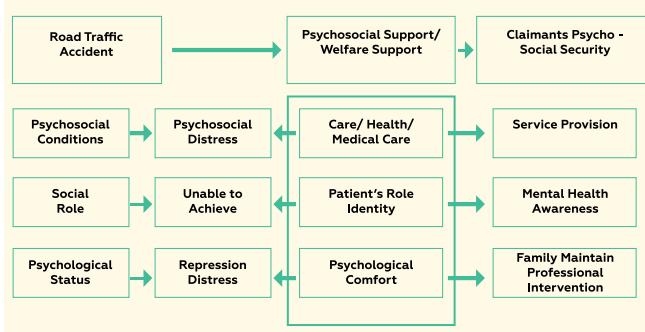
## Welfare And Support Services

The Case Management Welfare section focuses on improving the mental well-being of people impacted by road traffic crashes. It specifically addresses the psychosocial needs of those affected, whether directly or indirectly, by motor vehicle accidents. In addition to helping injured claimants, the section also handles Loss of Support claims for claimants who have lost their primary breadwinners, such as minor children, spouses, and anyone who can prove financial dependency on the deceased person.

## Psychosocial Support Services To Injured Claimants

Severely injured claimants experience enduring physical impairments and constraints in their daily living activities, ultimately curtailing their ability to participate in life fully. Addressing these implications requires a holistic approach, including medical treatment, physical rehabilitation, psychological support, social integration strategies, and financial planning. Rehabilitation programs focusing on physical recovery, vocational training, counseling, and support for caregivers can significantly improve the quality of life for individuals affected by severe injuries.

**Figure 10: Social Security Model**



Adapted from Dai, W & Lu, S (2018) *The "Socialization of Elderly Hospitalization" in China: Development, Problems, and Solutions*. *Journal of Social Service Research*.

The above model shows the interdependency of all the above factors and the need to holistically address them to give the injured person "the best chance to normal life". The Psychosocial Framework of 2005–2007 of the International Federation defines psychosocial support as "a process of facilitating resilience within individuals, families, and communities by respecting the independence, dignity and coping mechanisms of individuals and communities. Psychosocial support promotes the restoration of social cohesion and infrastructure."

## Psychosocial Support and Vocational Rehabilitation to Injured Claimants

MVA Fund offered psychosocial support interventions to 283 claimants injured in road traffic crashes in 2021, as shown in Figure 11 below. These interventions included psychotherapy, Return-to-School for injured students, enhancement of quality of life for appropriate re-integration, and social assessments to determine claimants' needs for specific interventions and support.

**Figure 11: Number of claimants assisted with Psychosocial Support Interventions**

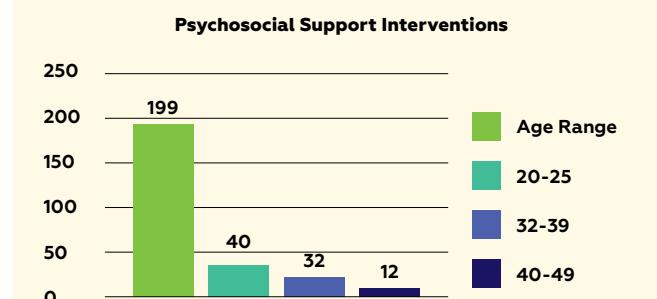


Figure 11 above shows that the majority of psychosocial interventions for severely injured claimants and their families was psychotherapy accounting for 199 claimants or 70%, followed by social assessments at 40 claimants or 14% and return to school benefit for 32 injured students representing 11%. Enhancement of quality of life was undertaken the least for 12 claimants translating to 4%.

## Loss Of Support Compensation

MVA Fund's mandate is to support the dependents of those who perished in road traffic crashes. This is achieved through the loss of support benefit prescribed in the Fund's Act as part of the government's social protection initiatives. This reduces the increasing vulnerabilities resulting from events like car accidents. As of December 31, 2021, the Fund had a total of 5,388 cumulative Loss of Support (LoS) cases, benefiting 6,222 individuals, as shown in Figure 12.

# Case Management Department

**Figure 12: Cumulative Loss of Support Claims by Beneficiaries as at 31st December 2021**

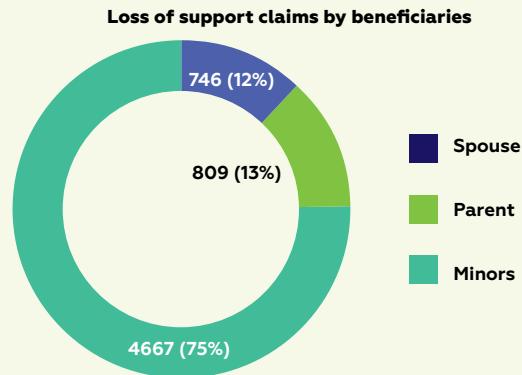
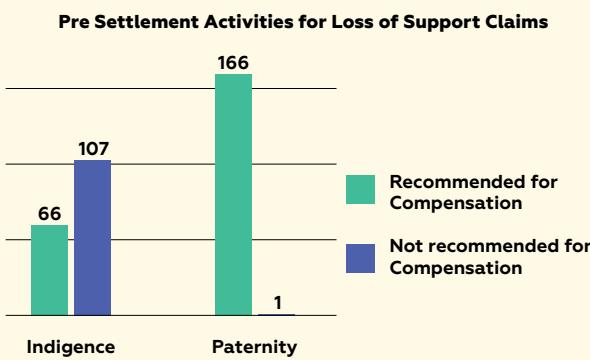


Figure 12 above illustrates that 75% of the LoS database's recipients are minors and this is primarily because most fatalities resulting from road traffic accidents are adults who are the breadwinners for these minor children. As a result, the minors are eligible for compensation for loss of support.

## Loss of Support Investigations/Assessment - Pre-Settlement

In line with the MVA Fund Act, the Fund conducts investigations to establish dependents' eligibility for the Loss of Support benefit. In the past year, the Fund conducted 173 indigence and 167 paternity investigations, respectively. Figure 13 below shows the number of claimants who were recommended for compensation after the investigations compared to those who were not recommended for compensation.

**Figure 13: Pre-settlement investigations for the period ended 31st December 2021.**



Based on Figure 13, 38% of the files investigated for indigence were recommended for compensation, while 62% were not recommended. The claims not recommended were for individuals who did not meet the compensation criteria according to the MVA Fund Indigence Policy and the Act. On the other hand, 99% (166 files) of the files reviewed for paternity were recommended for the benefit, with only one file not recommended because paternity could not be confirmed by both the mother and the father's families.

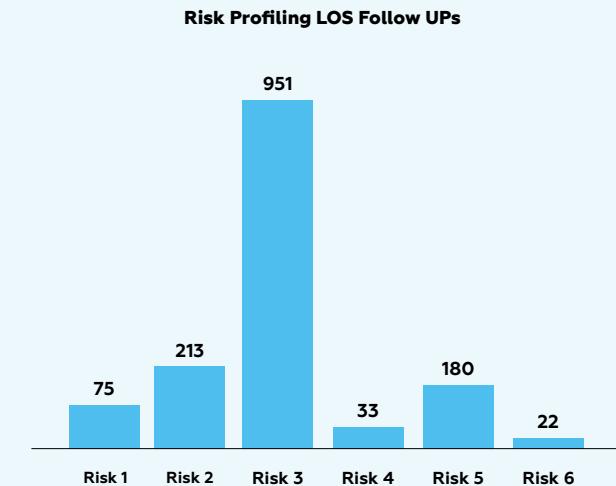
## Loss of Support Monitoring – Post Settlement Follow-Ups

For the year 31st December 2021, the Fund visited 1 474 LoS beneficiaries comprising minors, parents, and spouses, and priority is placed on visiting minors as they are the most vulnerable beneficiaries. All the beneficiaries were found eligible to continue benefiting from the Fund's compensation, and further there were no cases of misappropriation of beneficiaries' funds.

The Fund continues to prioritize visiting minors in Risk 1 who have lost both parents, as they are the most vulnerable claimants. However, the highest number of visits were for Risk 3 minors who have lost their fathers because most claims received by the Fund are for the loss of fathers, as statistically, more men are more involved in road traffic accidents than women.

Beneficiaries visited were risk profiled according to the categories shown in Figure 14 below. Risks 1 - 3 relate to minors only, while Risks 4, 5, and 6 relate to spouses and other relatives who are the beneficiaries.

**Figure 14: Risk Profiling Beneficiaries visited**



The Fund continues to prioritize visiting minors in Risk 1 who have lost both parents, as they are the most vulnerable group. However, the highest number of visits are for Risk 3 minors who have lost their fathers. This is because most claims received by the Fund are for the loss of fathers, and statistically, men are the highest group involved in accidents.

## Bill Audits

The Fund established the bill audit function in 2014 and is crucial in controlling costs. Bill auditing involves checking if medical bills match the services provided, agreed-upon tariffs, and service level agreements to prevent fraud. The Section maintains service providers' tariffs, reviews medical invoices from healthcare providers to ensure they follow billing rules, and handles reimbursement for previous medical expenses.

After the claimants receive services from different medical facilities, the service providers submit the medical invoices to the Fund, and these are quality assured by the bill audit section before processing the invoices for payment. The quality assurance process includes ensuring accurate claim data, proper documentation of medical records, and correct application of diagnosis and billing codes.

MVA Fund has adopted a Fee-for-service (FFS) reimbursement structure. In this structure, service providers bill a code for every service performed, including supplies.

**Figure 15: The Billing and Reimbursement -auditing**



Figure 15 above depicts the MVA Fund bill auditing process, which supports a claimant's journey toward cost-effective rehabilitation. The process starts with evacuation, as Emergency Medical Service Providers attend to the victims of road traffic crashes, providing hospital care and conducting outpatient medical reviews. All of these procedures are governed by medical billing rules, and strict adherence to these rules helps prevent fraud and contain costs.

Medical billing and coding are the backbone of the healthcare revenue cycle, ensuring payers and patients reimburse providers for services delivered.

**Figure 16: Pre-settlement investigations for the period ended 31st December 2021.**



Source: Medical Billing Services – Advanced Practice Management (advancedpracticemgmt.com)

Figure 16 above highlights important compliance steps that the auditors follow to ensure the service providers meet the billing and documentation requirements and that claims are processed quickly and accurately. The claims must be appropriately coded according to Current Procedural Terminology (CPT), International Classification of Diseases (ICD-10) coding guidelines, and MVA Fund guidelines.

In addition to monitoring service providers' queries and payments, the Section maintains claimants' medical undertaking trust accounts and ascertains that claimants have funds in their trust accounts before a service can be authorized.

In 2021, the Fund received 21,844 invoices from different medical service providers, with a total value of P69.5 million. The service providers included hospitals, specialists, general practitioners, rehabilitation personnel, pathology, radiology, and emergency medical service providers.

## Online Invoice Processing

The Fund transitioned its service providers to electronic invoice submission to enhance efficiency in handling supplier invoices. The Fund successfully went live with two physiotherapy clinics and one private hospital. However, a system challenge experienced by the Fund in November hindered the migration of most service providers, disrupting the continuation of the process.

## Stakeholder Engagements

MVA Fund recognizes the value of stakeholders in assisting it in executing the Fund's mandate. Stakeholders facilitate care and advocacy in ensuring that MVA Fund claimants get the best chance to normal life, not only through medical attention, but also through community integration and access to services that the Fund may not otherwise provide. In 2021, the Department continued with its robust stakeholder engagement plan, which included members of the medical fraternity and social workers. The Fund also leveraged virtual platforms to ensure it optimizes and reaches out to as many stakeholders as possible.

### The objectives of these engagements were:

1. To meet and greet new service providers.
2. To educate the service providers on the products and services of the Fund for a full understanding of the Fund's functions and operations
3. To solicit feedback from the service providers
4. To appreciate the challenges, successes, and opportunities from both parties and map the way forward for improved working relations
5. To improve service delivery and intensify engagements with key stakeholders to effectively drive the Fund's mandate.

The following paragraphs contain more details about these engagements.

#### i. Medical Providers Engagements

In 2021, the Fund added two new service providers to its database: MedFlex, an EMS service provider, and Serenity Rehabilitation Centre, a step-down rehabilitation facility. Additionally, the Fund

# Case Management Department

engaged with the rehabilitation community through stakeholder meetings with the Botswana Physiotherapy Association and Botswana Occupational Therapy Association to discuss areas of mutual interest and ways to improve service provision.

The Fund further conducted engagement workshops with specialists from various medical disciplines, taking into account the unique aspects of each specialty. These included neurosurgeons, general surgeons, orthopaedic surgeons, and emergency medicine specialists. The insights gathered from these engagements will shape the plan for future engagements in 2022.



## ii. Social Workers Forum

Social workers are essential in fulfilling the Fund's mandate as their role includes advocating for, registering, and monitoring welfare programs for orphans, the elderly, and vulnerable children. Furthermore, social workers ensure comprehensive coverage in remote areas, which greatly enhances service delivery to claimants residing in these remote areas. Consequently, the Fund partners with district social workers through the Social and Community Development (S&CD) Office and the Botswana National Association of Social Workers (BONASW) to ensure effective support for claimants even in areas where there are no MVA Fund offices.

**Figure 17 below shows the geographical coverage of social workers' engagement across the country in the year 2021**



## iii. Full Council Meeting Engagement

Furthermore, the Fund was invited to Full Council meetings for Northwest and Chobe District Councils to continue sharing its mandate, emphasizing its products and services.

## Multilateral Relations - Participation in Regional and International Conferences

### African Trauma Symposium

The Fund participated in the African Trauma Summit and Conference, joining with fellow researchers, providers, and funders to explore Afro-centric approaches to trauma management. With the challenges posed by COVID-19, the conference was particularly valuable for staying abreast of the latest developments in trauma management. At the event, the Fund presented its business continuity processes that were implemented during the pandemic, earning recognition from various stakeholders. The discussion also emphasized the pressing need for innovative solutions to address the burden of trauma resulting from road traffic accidents (RTAs), sparking collaborative efforts among providers and researchers to develop effective interventions.



### Regional Return-To-Work Conference

In 2021, the Fund virtually participated and presented at the Regional Return to Work Conference hosted by the Eswatini Sincephetelo MVA Fund under the theme "A comprehensive perspective to a better future." This allowed the Fund to stay updated with the latest developments in return-to-work initiatives and advocate for improvements in this area. It was also an opportunity for the Fund to showcase its work, share its Case Management processes, especially during the COVID-19 era, and learn from best practices.

**CASE MANAGEMENT  
REGIONAL VIRTUAL  
CONFERENCE**

HOSTED BY:

**SINCEPHETELO MVA FUND**

**23-24 FEBRUARY**

**“a comprehensive perspective to a better future”**

**GUEST SPEAKER:**  
**EDMUND CHEONG PECK HUANG**  
THE CHIEF STRATEGY AND TRANSFORMATION OFFICER OF THE  
SOCIAL SECURITY ORGANIZATION (SCSO) OF MALAYSIA

  [www.mva.org.sz](http://www.mva.org.sz)  [info.mva.org.sz](mailto:info.mva.org.sz)

  
**SINCEPHETELO  
Strategy 20/24**

The Fund participated and presented in the Regional Return to Work Conference hosted by Eswani Sincephetelo MVA Fund under the theme "A comprehensive perspective to a better future".



## OUTLOOK

### Proposed initiatives for claims cost containment

- In an effort to manage medical costs, the Fund is actively fostering strategic partnerships with key stakeholders who can engage in collaborative cost-sharing endeavours. Discussions have been initiated between the Fund and the Ministry of Health and Wellness regarding the establishment of a Memorandum of Understanding aimed at mutual support for their respective initiatives.
- In order to achieve its strategic goal of improving post-crash care, the Fund provided essential medical equipment to two Non-Governmental Organizations (NGOs) that offer rehabilitation and hospice services. These NGOs, Cheshire Foundation in Palapye and Pabalelong Hospice in Metsimothlape, provide their services to MVA Fund claimants either free of charge or for a nominal fee. The purpose of providing this equipment is to enhance the effectiveness of these organizations in delivering their services.
- The Fund also contributed to initiatives supporting community integration for the claimants. In the year 2021, the Fund sponsored an outdoor gym that provides accessible training equipment for people using wheelchairs. The gym is in Block 9 outdoor community area.

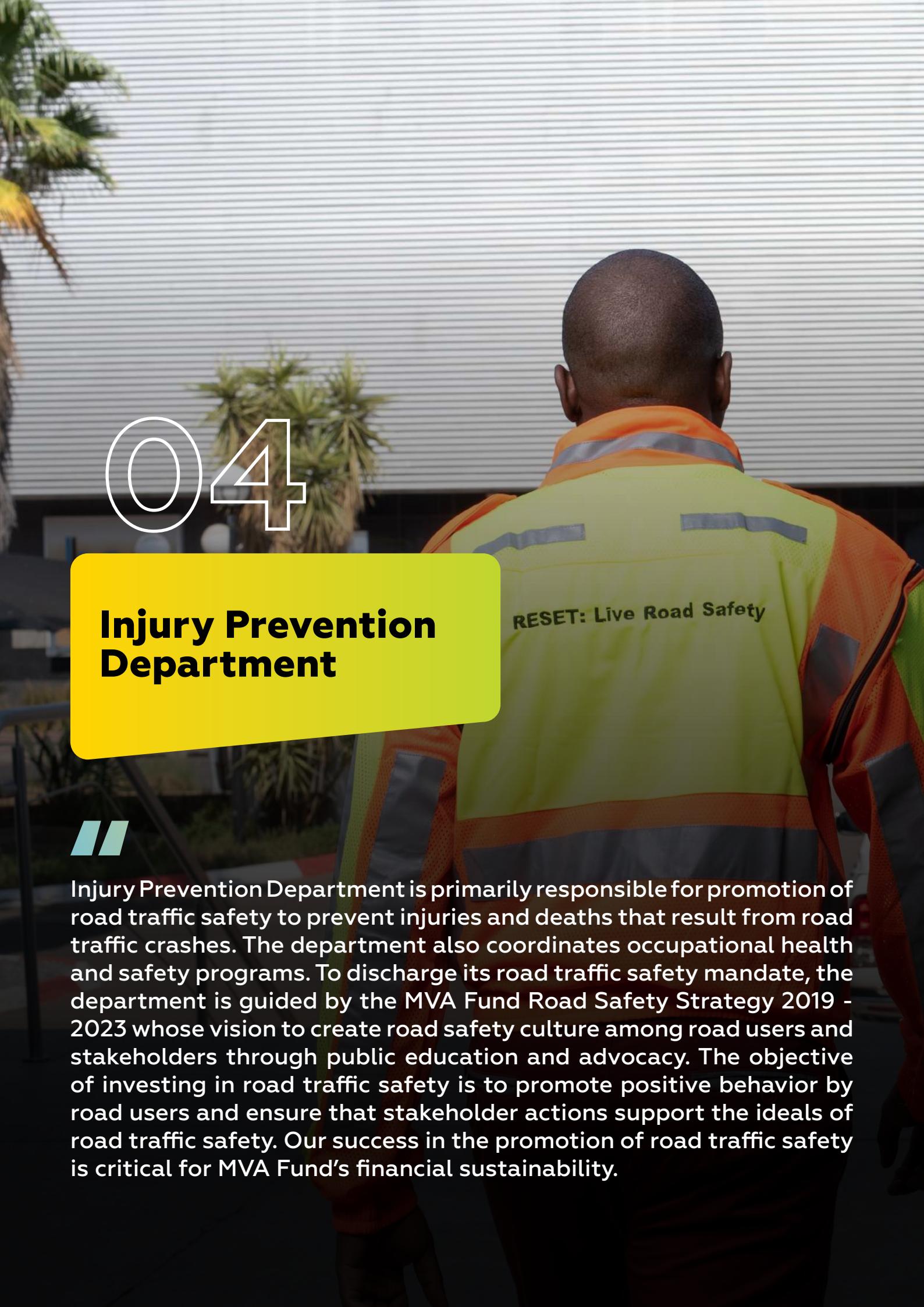


# 04

## **Injury Prevention Department**



Injury Prevention Department is primarily responsible for promotion of road traffic safety to prevent injuries and deaths that result from road traffic crashes. The department also coordinates occupational health and safety programs. To discharge its road traffic safety mandate, the department is guided by the MVA Fund Road Safety Strategy 2019 - 2023 whose vision to create road safety culture among road users and stakeholders through public education and advocacy. The objective of investing in road traffic safety is to promote positive behavior by road users and ensure that stakeholder actions support the ideals of road traffic safety. Our success in the promotion of road traffic safety is critical for MVA Fund's financial sustainability.



RESET: Live Road Safety



**99 036**

Number of overspeeding vehicles in a 60km/h zone

**24 183**

Number of overspeeding vehicles in a 80km/h zone

**1 545**

Number of overspeeding vehicles in a 120km/h zone

**174km/h**

Highest recorded speed in a 60km/h zone

**197km/h**

Highest recorded speed in a 80km/h zone

**180km/h**

Highest recorded speed in a 120km/h zone

# Injury Prevention Department

Injury Prevention Department is made up of two sections, namely campaigns and community projects. Campaigns section is responsible for planning, coordinating, and implementing road traffic safety education, whereas community projects section manages Community Road Safety Grant Scheme to promote community involvement in road safety promotion. MVA Fund has adopted a multi-sector approach to road safety promotion in line with the Safe Systems Approach of shared responsibility. We acknowledge that road traffic safety systems encompass multiple disciplines such as engineering, education, enforcement, emergency response, equity, and evaluation. As a result, stakeholder collaboration, strategic alliance, and community involvement remains critical for effective road safety promotion programmes. Therefore, MVA Fund road safety programmes are as follows.



- Educational campaigns
- Community involvement
- Media campaign
- Road safety advocacy
- Stakeholder engagement
- Monitoring & Evaluation

The year 2021 was very challenging in terms of implementation of road safety promotion programmes. Due to the advent of COVID - 19 Pandemic and Government restrictions to reduce the risk of transmission of the virus, most of the road safety promotion activities which required physical interaction could not be undertaken as planned.

## Educational campaigns

### Road Safety Awareness Activations

The Fund held seventy-four (74) road safety awareness activations around the country targeting pedestrians and passenger safety and interacted with 54 243 road users. The campaigns were conducted at busy hitchhiking spots and bus terminals on Friday afternoons, using public address systems mounted on MVA Fund branded road safety activation vehicles. The messages echoed sentiments that road safety promotion is a shared responsibility, and both pedestrians and passengers have a role to play to be safe on the road.

Passengers were encouraged to wear seatbelts all the time, to avoid distracting the driver while the vehicle is in motion, to be a good co-pilot and assist the driver where necessary and to avoid getting into a vehicle driven by someone not fit to drive. The messages also encouraged passengers to take responsibility for their own safety by reporting drivers who are not observing positive road usage behavior.

Pedestrian safety messages mainly focused on crossing the road at designated pedestrian crossing, walking on sidewalks where provided, wearing highly visible clothing at night, avoiding crossing the road while distracted using a mobile phone and other gadgets and avoiding crossing or walking on the side of the road whilst drunk.

## Child Safety Campaign

For the year under review, the Fund reached out to eighty (80) primary schools around the country to promote road safety at grassroots. This initiative is aimed at engendering positive road safety values in children at a young age so that they grow as responsible adult road users. Through this initiation, the Fund disseminated road safety messages to 26 132 students.

## Safe Speed campaign

Speed is a major contributing factor to crash severity and death. In the reporting year, the Fund continued to monitor compliance with recommended speed limits and to promote safe speed using the Mobile LED machine. The machine is an electronic Speed Feedback Sign (SFS) equipped with radar system that records the speed of all vehicles that pass through the system. The machine then gives drivers feedback by showing them their speed and a congratulatory message is issued to compliant drivers and a cautionary message to those driving above recommended speed limits.

Table 2 shows consolidated speed results from the LED machine. The results show that speeding in build-up areas (60km/h and 80km/h zone) is a major cause for concern. Out of 667 306 vehicles detected, 124 764 vehicles were driven above the recommended speed limits which represents a drivers' non-compliance rate of 18.7% to speed limit. The highest recorded speeds per zone are 174 km/hr. in a 60km/hr. zone, 197km/hr. in 80km/hr. zone, and 180km/hr. in 120km/hr. zone. High speeds in build-up and semi-build- up areas pose major risk to vulnerable road users, especially pedestrians and cyclists. The results indicate that there is a high compliance with the speed limit in a 120km/hr. zone with a compliance rate of 95.7% while only 4.3% of drivers do not comply with the speed limit. Despite lower non-compliance rate on highways, the risk of severe injuries and deaths remains very high in case of a road traffic crash in highways.

**Table 2: Summary of LED speed results as at 31st December 2021**

Speed Limit	No of Vehicles Detected	No of Vehicles Overspeeding	Percentage Over Speeding	Highest Speed Recorded in Km/h
<b>60 km/h</b>	541 655	99 036	18,3	174
<b>80 km/h</b>	89 407	24 183	27,0	197
<b>120 km/h</b>	36 244	1 545	4,3	180
<b>Total</b>	667 306	124 764	18,7	0

### Commemoration of World Day of Remembrance for Road Traffic Victims

On the 21st November 2021, MVA Fund joined the world to commemorate World Day of Remembrance for Road Traffic Victims. The event was held in Jwaneng Town under the theme 'Act for Low Speeds' and advocated for lower speeds in built up areas and around schools. The Fund joined other stakeholders and the then Honourable Minister of Transport and Communications, Mr. Thulagano Merafe Segokgo officiated at the event. The Fund further participated in other district commemorations around the country.

### Community Road Safety Grant Scheme

The civil community is a major player in the road traffic safety system as it is negatively affected by road traffic accidents, therefore it must be brought on board in shaping the road traffic safety culture. As part of the social environment, the community is influential on shared values and beliefs that determine road user behaviour and stakeholder actions towards road traffic safety. To achieve this, MVA Fund set aside an annual budget of around P1 million to incentivize communities to form road traffic safety clubs and play an active role in the promotion of road traffic safety. In 2021, despite COVID - 19 Pandemic challenges, the Fund invested over P0.8 million in support of community road safety projects by Non-Governmental Organisations (NGOS), Youth Road Safety Clubs, School Road Safety Clubs, and other strategic partners such Botswana Christian Aids Intervention Programme (BOCAIP) and Botswana Social Studies Association (BOSSA).

### Non-Governmental Organisations (NGOs)

The Fund partnered with seven (7) non-governmental organisations, mostly youth based, which are involved in the promotion of road traffic safety in their communities. In 2021, the NGOs conducted various road traffic safety promotion activities and interacted with 182 260 road users. Some of these groups leveraged on the use of media due to COVID - 19 Pandemic challenges which restricted physical interactions and developed radio jingles and interviews which were aired on radio stations. The following is a list of community groups which worked with MVA Fund in 2021 and benefited from the Community Road

Safety Grant Scheme.

- Botswana Association for the Blind and Partially Sighted
- Diphalana Empowerment Centre
- Namane Ya Moroba Theatre Group
- Remmogo Organisation (only active last quarter of 2021)
- Society of Road Safety Ambassadors
- Tse Dikgolo House of Theatre
- Voice of Women Centre

### Youth Road Safety Clubs

During the year, the Fund supported eleven (11) Youth Road Safety Clubs which have registered with the Fund to conduct different road traffic safety activities. The road traffic safety activities were mostly focused on pedestrian and passenger safety education. Through these activities, the clubs delivered messages to 78 971 road users. The road safety clubs are as follows:

- Bana Ba Motho Theatre Artists
- Bokgoni Youth Road Safety Club
- Debaters Without Borders
- Drive To Live Youth Club
- Kopong Road Safety Club
- Kang Road Safety Club
- Molepolole Charity Marshals
- Northwest Tertiary Road Safety Educational Program
- Selebi Phikwe Road Safety Club
- SORSA Ghanzi Youth Club
- The Youth Centre Organisation

### School Road Safety Clubs

Developing positive road safety culture from grassroots is very critical towards building a safe and secure Botswana. To achieve this goal, MVA Fund works with both public and private schools at basic and tertiary education levels to encourage the schools to form road safety clubs. During 2021, most clubs were not active due to COVID - 19 Pandemic health challenges and only ten (10) school road safety clubs were active. The clubs reached out to 39 726 students and various road safety messages were disseminated through their peers.

The clubs that were active are listed below.

# Injury Prevention Department

- Boitekanelo College
- University of Botswana
- Matlala Junior Secondary School
- Setlalekgosi Junior Secondary School
- Batlokwa National School
- Boitumelo Primary School
- Lesedi Primary School
- Mahube Primary School
- Maradu Primary School
- Therisanyo Primary School

## Strategic Partnerships

### **Botswana Christian Aids Intervention Programme (BOCAIP)**

Faith-based organisations have an overwhelming followership of people across the social spectrum. By virtue of their position and public recognition, religious organisations have access to public platforms that the Fund can leverage on to reach the masses. The Fund has partnered with Botswana Christian Aids Intervention Programme (BOCAIP), a nongovernmental organisation that works with Christian leaders to use this strategic platform to reach out to churches and for church leaders to convey road traffic safety promotion messages. During the year, BOCAIP organized twenty-six (26) activities and interacted with 5 848 people, mainly church leaders. The activities were mostly road traffic safety empowerment workshops targeting church leaders through ministers' fraternal platforms across the country.

### **Botswana Social Studies Association (BOSSA)**

MVA Fund has partnered with Botswana Social Studies Association under the Ministry of Education to incorporate road traffic safety into the social studies subject to impart road traffic safety to the students at an early age through student fairs where the top three performing students are awarded prizes. Due to COVID - 19 Pandemic health challenges, the fairs were not held in 2021 and Botswana Social Studies Association developed a radio advertisement specific to child safety to bridge the gap occasioned by the COVID – 19 restrictions.

### **Botswana Chamber of Mines and Botswana Red Cross Society**

Mines are renowned for their comprehensive occupational health and safety programmes to minimize work-related injuries and these programmes include first aid for prompt and effective response to emergencies. Botswana Red Cross Society, an organisation that provides humanitarian services has also developed first aid programmes which complies with international standards in furtherance of its mandate. To improve internal capacity in first aid programmes, the Fund signed memorandums of understanding with both Botswana Chambers

of Mines and Botswana Red Cross Society. The Fund has realized that complete road traffic safety programme should include an effective first-aid response to save lives of injured claimants at the scenes of road traffic crashes. The Fund has observed that some injured people die or their injuries are aggravated by complications occasioned by mishandling of the injured people by non-trained people, hence the need to intensify first aid knowledge by the public to save lives.

In 2021, through partnership with Botswana Chamber of Mines and Botswana Red Cross Society, the Fund produced a First Aid Awareness Program to sensitize the public on first aid basics, to capacitate them with necessary skills to assist the injured claimants at the scene of a road traffic crash before arrival of trained and experienced emergency medical services providers. The program was launched during stakeholder engagement forum held on the 5th November 2021 and was aired on Botswana Television and further played on MVA Fund Facebook page during festive season to reach out the public. Furthermore, the video clips were packaged in memory sticks and distributed to key stakeholders such as hospitals, hotels, long-distance bus operators and other organisations.

### **Matsosa Welfare Society**

MVA Fund entered into a partnership with Matsosa Welfare Society and the society produced road safety booklets. The Fund sponsored printing and distribution of 6 255 road safety handbooks to 193 secondary schools and brigades in the southern, central, and north-east regions of the country. The handbooks are used as library and reference material for road safety.

### **Media campaign**

Digital media was the most used medium of dissemination of road traffic safety messages in the year under review. The Fund extensively utilized social media, particularly Facebook, You Tube and Instagram as strategic platforms for wider reach to modern society. Events such as Corporate Leaders Work-Related Road Safety Webinar and First Aid Awareness Program launch were streamed live on the MVA Fund Facebook Page. In addition, road safety advertisements and messages were frequently posted on the Fund's Facebook page.

Traditional broadcast media, namely radio and television, were also used to complement social media and to reach out to other road users.

The Fund further partnered with Duma Fm to collaborate on festive season roadshow dubbed City to City Road Safety campaign which was billed for 11 – 19 December 2021 from Molepolole to Gaborone. The roadshow was cancelled due to outbreak of Omicron COVID - 19 variant. Following the

cancellation of the roadshow, the Fund used media adverts and interviews throughout the festive season on Chumba Fire Radio programme to reach out to road users. Further, the Fund leveraged on the use of information technology communication during the COVID-19 Pandemic era to reach its target audience. The Fund leveraged on technology and conducted two virtual outreach meetings with ABSA Bank Botswana, and Botswana Telecommunications Corporation (BTC) during festive season in December 2021. Over 800 ABSA Bank staff, and 400 BTC staff were sensitized on road traffic safety and MVA Fund's products and services during the two virtual meetings. The Fund will continue to use various technology platforms to engage organizations on road traffic promotion initiatives.

### Road safety advocacy

#### Road Safety Patron

The Fund has adopted advocacy as one of its key strategic interventions to influence road safety policy and promote a road safety culture. In this regard, the Fund has appointed Mr. Gobusamang Keebine, Business Botswana President, as its road safety patron to help drive the advocacy agenda. A Memorandum of Understanding that clearly identified advocacy focus areas was signed by the Fund and the Patron. This arrangement is aligned to best practice in accordance with traffic safety culture transformation approach where a champion is critical to drive the process.

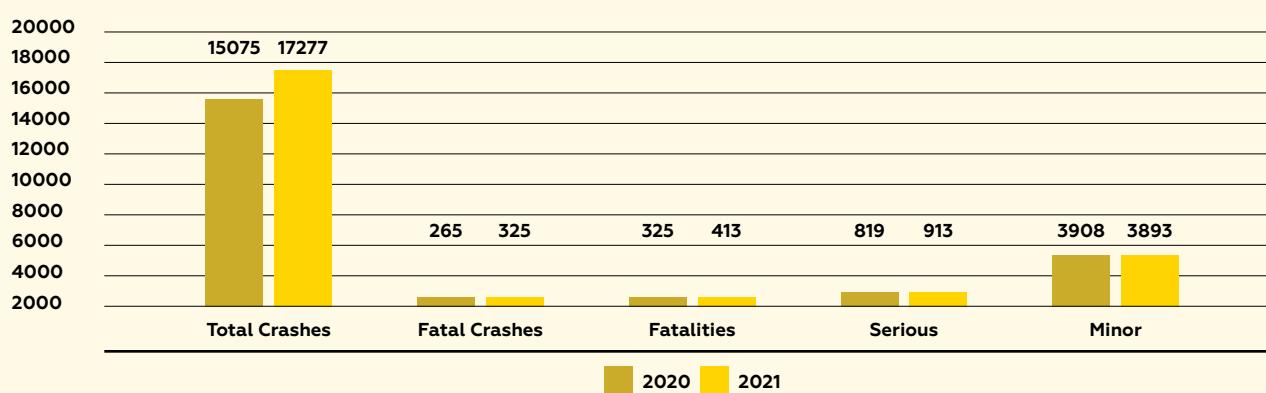
### Work Related Road Safety Management (WRRSM)

The Fund held a Corporate Leaders Webinar on Work Related Road Safety Management on 27th May 2021. The Webinar brought together corporate and private sector leaders to engage on the need to incorporate road traffic safety in their occupational safety policies to manage work - related road injury risk. The event was officially opened by the Minister of Transport and Communications Hon. Thulagano Merafe Segokgo, and the guest speaker was Dr Nhan Tran from WHO International. Ten (10) organisations presented their safety policies at the event. The event was streamed live on MVA Fund Facebook and The Voice Online page, and it attracted 1 500 and 6 300 viewers respectively. The Fund will continue to advocate for organisations to commit to promoting road safety at the workplace.

### Stakeholder engagement

In order to strengthen stakeholder relations, the Fund held road safety stakeholder engagement forum on the 5th November 2021. The forum was held under the theme 'Information sharing key to effective road safety partnerships.' The Fund used the forum to present the 2021 Road User Behaviour Observational Study report, and to sensitize stakeholders about the United Nations 2nd Decade of Action for Road Safety 2021 - 2030 to solicit collaborative action.

**Comparative analysis of road crashes and casualty count for 2020 and 2021**



# Injury Prevention Department

**Table 3: Summary of Road User Observational Study results**

<b>Safety Area</b>	<b>Drivers</b>	<b>Passengers</b>	<b>Road User Type</b>	<b>Overall rating</b>
Seatbelt Use	77.4	63.0	-	70.2
Child restraint use	-	72.0	-	22.0
Distraction	78.3	-	73.0	75.7
Compliance to stop signs	90.2	-	-	90.2
Compliance to traffic lights	96.9	-	-	96.9
Facing oncoming traffic	-	-	60.0	30
Jogging facing oncoming traffic	-	-	56.0	56.0
Use of designated crossings	-	-	18.2	18.2
<b>Overall Rating</b>	<b>85.7</b>	<b>42.5</b>	<b>51.8</b>	<b>63.5</b>

## Monitoring & Evaluation

### Road User Behaviour Observational Study

During the year, the Fund conducted an observational study on road user compliance to road traffic safety rules to evaluate the impact of educational campaigns on road user behaviour. The objective of the Road User Observational Study was to assess the level of compliance by road users with road traffic safety rules, which is one of the Fund's key performance indicators. The key variables that were measured are seatbelt and child restraint usage, driver compliance to stop signs and traffic signals, distractible behaviour by both drivers and pedestrians, and pedestrian use of the road while crossing or walking along the road. The 2021, road user compliance index score was 63.5% which means that 36.5% of road users are most likely not to observe road safety rules. Table 3 below summarizes the results of the survey by key variables and shows that use of child restraints such as car seat and booster seat were lowest at 22%.

### Traffic safety performance

According to crash statistics obtained from Botswana Police Service, for the year ended 31st December 2021, there was an increase in almost all key road traffic safety performance indicators namely total crashes, fatal crashes, fatality count and serious injuries. The increase in traffic safety performance indicators was largely attributed to the lifting of the State of Emergency (SoE) on 30th September 2021. Post the lifting of SOE, there was increased mobility, which increased the risk of road traffic crashes and associated fatalities and serious injuries.

Information from Botswana Police Service indicates that road traffic crashes increased by 14.6% from 15 075 in 2020 to 17 277 in 2021. Fatal crashes increased by 22.6% from 265 in 2020 to 325

in 2021. Fatalities also significantly increased by 27.1% from 325 deaths in 2020 to 413 deaths in 2021. The increase was attributed to horrific traffic crashes that happened in the last two weeks of the year in which a cumulative of 44 deaths were recorded. Serious injuries increased by 11.5% from 819 in 2020 to 913 in 2021, whilst minor injuries marginally declined by 0.4% from 3 908 in 2020 to 3 893 in 2021.

### Occupational health & safety

The major occupational risk that the Fund faced during the year under review was COVID - 19 Pandemic. The Fund complied with Ministry of Health and Wellness directives and adopted social distancing measures to minimize the spread of the virus in the workplace. The adoption of social distancing was also in line with the Fund's Enterprise Risk Management Strategy which has a zero tolerance for occupational hazards.

Over and above adherence to laid down COVID-19 health protocols, the Fund adopted working from home practice for some cadres while other employees were placed on shift work. To this end, the Fund ensured strict compliance to the health protocols of social distancing and wearing of masks upon entry into the Fund's premises. Staff members were also encouraged to take COVID - 19 vaccine. SHE committee worked tirelessly to ensure compliance. On a different note, the Fund trained its SHE committee members on Basic First Aid in line with the Fund's OHS Policy. The SHE Committee also conducted periodic safety inspections in all the offices to minimize occupational risk and ensure compliance with the MVA Fund Occupational Health and Safety Policy. As a result of strict compliance with the health protocols, the Fund did not register COVID- 19 virus related deaths while registering only 64 positive cases and all fully recovered.



A black pen and a pair of black-rimmed glasses are resting on a light blue surface. The pen is positioned diagonally, and the glasses are placed behind it. The background is a soft, out-of-focus blue.

05

**Finance And  
Administration  
Department**



# Finance And Administration Department

The Finance Department oversees the accurate and timely processing of financial transactions, which forms the basis for generating monthly management accounts and annual financial statements. The department manages working capital, procurement, and facilities, ensuring adherence to financial procedures that promote a disciplined financial culture.

## Revenue Sources

In accordance with Section 17(1) of the MVA Fund Act 2007, the Fund's revenue streams are:

- Fuel Levy Income:** The primary source of revenue and is levied on importers/resellers of diesel and petrol and is currently 9.5 thebe per litre. The levy is directly collected by importers/resellers and is remitted to the Fund by the 25th day following the month of collection.
- Third-Party Cover:** The levy is collected from drivers of foreign-registered vehicles entering the country, and the collection is outsourced to Botswana Unified Revenue Services (BURS). The cover is valid for 90 days following the date of payment.
- Investment Income:** Investment income is generated through investing surplus funds in local and offshore markets and is managed per the Fund's Investment Policy Statement. Details are provided in the Investment Department's section.
- Government Subvention:** Although eligible to receive subvention funding in accordance with Section 17(1)(b) of the Act, the Fund has not requested government funding due to its positive financial position.

## Income Distribution

Figure 1 below shows a five-year trend of the contribution of various sources of income to total income and these are shown on a net basis.

**Figure 1: Five Years Net Income Distribution**

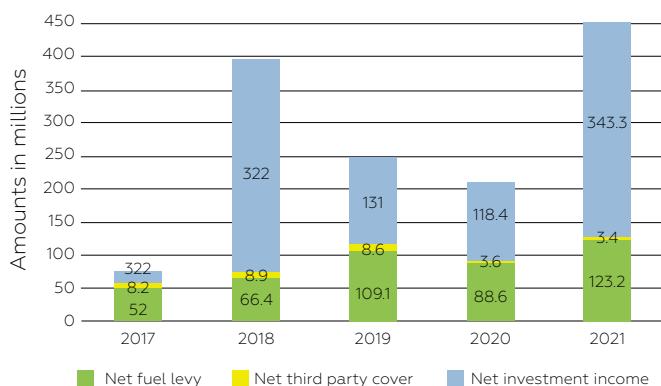


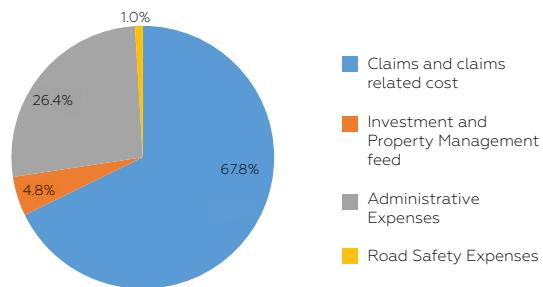
Figure 1 above shows that the fuel levy income has increased from P52.0 million in 2017 to P123.2 million in 2021, and the

increase was due to the reinstatement of fuel levy rate from 5thebe per litre back to 9.5 thebe per litre effective December 1st 2018. The decrease in fuel levy income in 2020 was due to Covid-19 travel restrictions. Investment income fluctuated over the years due to changes in markets conditions. Third Party cover was also negatively impacted by Covid-19 restrictions.

## Expenses

In 2021, the Fund incurred expenses totalling P347.6 million, being a reduction of 9.1% from P382.4 million incurred in 2020. Claims and related expenses accounted for 67.8% of total expenses while administrative expenses accounted for 26.4% and the remaining 5.8% comprised of investment fees, property management, and road safety expenses as indicated in Figure 2 below.

**Figure 2: Breakdown of Total Expenses in the Financial Year 2021**



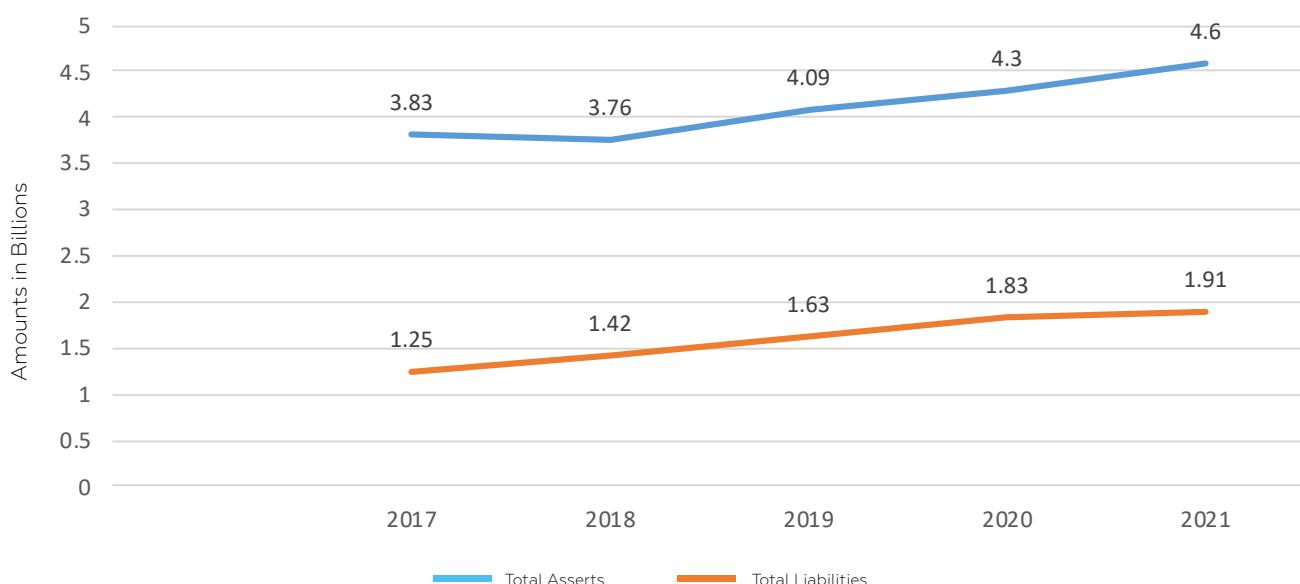
## Reserves for claimants

The Fund paid out P 154.6 million to the claims trust account in 2021 being an increase of 8.1% in comparison to P143.0 million paid out in 2020. The increase in claims trust account was due to a 21.6% increase in claims received from 2,086 in 2020 to 2,352 in 2021. The claims trust accounts payment is for various benefit types arising from compensation of people effected by motor vehicle accidents. Medical expenses made up the highest percentage of the total claims paid, at 81.5%, followed by Loss of Support at 16.3%, and Funeral Expenses claims at 1.2%. Loss of Income, Caretaker Costs, General Damages cumulatively accounted for the remaining of the 1.0% of the claims trust accounts.

As at end of the end of the financial year 2021, the Fund was holding P1.7 billion in trust accounts for victims of road traffic accidents comprising of P1.2 billion for medical undertaking and P502 million for financial support (loss of support and loss of income).

## Statement of financial position

At the end of the financial year 2021, the Fund's assets of P4.6 billion exceeded its liabilities of P1.9 billion. Figure 3 below shows a five-year trend of the Fund's statement of financial position. The figure shows the Fund's strong financial position over the five years and owing to this strong position, the Fund has not required government subvention funding.

**Figure 3: Assets Vs Liabilities**

### Procurement and 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, 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.

### Risk Management

As part of the risk management process Finance Department manages the Fund's insurance and reinsurance portfolio.

Insurance portfolio is managed by Minet Botswana (Pty) Ltd while reinsurance portfolio is managed by Gallagher Re (Pty) Ltd. The commercial insurance covers the following;

- Group life assurance and occupation disability.
- Accidental Damage.
- Business interruption.
- Buildings.
- Cyber security.
- Directors and officer liability.
- Fidelity guarantee.
- Travel.
- Motor and office contests.
- Public liability.
- Workers compensation.
- Business all risks.

The reinsurance cover has two (2) layers. Layer 1 pays up to P15 million ultimate loss arising from one event while Layer 2 pays up to P230 million for losses arising from one event. The treaty covers events with net loss of more than 5 million arising from one event.

# 06

## Investments Department





# Investments Department

The Investments Department's mandate is to manage the Fund's investment portfolio in accordance with the investment strategy as provided in the Investment Policy Statement (IPS) and other supporting policies. The activities of managing the portfolio include buying and selling of securities, portfolio performance monitoring, transaction settlement, appointment and monitoring performance of offshore assets managers and other consultants and reporting at Board Investment Committee and Board meetings.

The Fund invests any monies not immediately required for the day-to-day business operations in order to augment the primary sources of income. The Fund's primary objective is to grow the asset base at acceptable risks to ensure that the Fund attains financial sustainability and honours its obligations as they fall due.

## Navigating a Volatile Recovery-Post COVID 19 Pandemic



The year 2021 was characterised by a recovery in the offshore markets following underperformance during the COVID 19 pandemic crisis. Although the markets were in recovery mood in 2021, volatility ensued as business continue to navigate uncharted investment landscape.

With most countries now having opened up their economies, economic activity has been on an upward trajectory a welcome move for most industries which were hard hit by lockdown and restrictions to control the spread of the virus. The offshore portfolio has recovered from the declines experienced in 2020 and has ended the year in the green.

The local portfolio, particularly the listed equities have struggled to show resilience with most stocks and the domestic company index recording losses for the year.

## The Fund Portfolio Overview

Investment portfolio performance is measured and tracked against respective benchmarks for the following asset classes:

- Listed equities.
- Fixed Income securities.

- Unlisted equities/Private equity.
- Cash and cash equivalents; and
- Property investments.

The Fund's assets under management (AUM) as at 31<sup>st</sup> December 2021 was P4.46 billion as the portfolio recorded. The portfolio recorded an increase of P246.8 million or 5.86% from the P4.21 billion reported as at 31<sup>st</sup> December 2020.

The portfolio growth in assets under management was primarily attributable to the positive performance of the offshore portion of the portfolio which registered a growth of 19.1% from P1.75 billion recorded on 31<sup>st</sup> December 2020 to close the 31<sup>st</sup> December 2021 at P2.08 billion. The local portfolio on the other hand decreased by 3.12% from P2.45 billion recorded on 31<sup>st</sup> December 2020 to P2.37 billion on 31<sup>st</sup> December 2021 primarily due to decline in the local listed equities which declined by P90.0 million from P1.26 billion on 31<sup>st</sup> December 2020 to P1.17 billion to 31<sup>st</sup> December 2021. The bond portion and unlisted equities of the local portfolio however posted increases of 5.72% and 479.96% respectively. The increase in the bond portfolio was due to purchases of new bonds being BHC028 and SCBB010. The purchase of a new stake in JTTM saw the unlisted equities increasing from P8.85 million for the year ended 31<sup>st</sup> December 2020 to P51.35 million for the year ended 31<sup>st</sup> December 2021. The local money market portfolio declined by P18.76 million from P228.42 million reported on 31<sup>st</sup> December 2020. to close the year at P209.66 million

## Asset Allocation Strategy Performance

The recommended Strategic Asset Allocation (SAA) weights as outlined in the IPS are meant to ensure that the investment portfolio is well diversified and generates the highest rate of return at appropriate levels of risk. These target weights have been set in accordance with the Fund's overall risk tolerance, and preferred investment time horizon.

The IPS allows 60% of the investment portfolio to be invested in local markets and 40% to be invested in offshore markets to ensure geographical diversification of the portfolio. The offshore portfolio management was awarded to Ninety-One Botswana (Pty) Ltd (Ninety-One) and Botswana Insurance Fund Management Limited (BIFM) for a period of five years following a formal tender from December 2020. The local portfolio is managed in-house.

As at 31<sup>st</sup> December 2021, the split between local investment which was managed in-house and invested locally was P2.372 billion, representing 53% of the portfolio, while the remaining balance of P2.084 billion or 47% of the portfolio was invested in offshore markets. The misalignment of actual investment split with the IPS was due to faster growth of the offshore investment portfolio when compared to the domestic investment portfolio.

**Table 1: Asset allocation and Performance as at 31st December 2021**

Asset Class	Actual Asset Allocation	Allocation Limits	AUM (m) BWP Dec-21	AUM (m) BWP Dec-20	Annual Movement
Unlisted Equities	0.21%	0-5%	51.4	8.9	42.5
Listed Equities	58.98%	45-65%	2436.8	2,476.60	-39.80
Fixed Income	20.48%	20-40%	1046.9	859.9	187.0
Property Investments	9.84%	5-15%	407.3	413.2	-5.9
Cash & Cash Equivalents	10.48%	3-13%	514.4	451.4	63.0
Total	100%		4,456.80	4 210.1	246.80

Table 1 above shows that listed equities accounted for 58.98% of the total assets under management and this was within the target range of 45% to 65%. Listed equities, although more volatile and riskier compared to other asset classes, tend to deliver high returns for the Fund's investment portfolio.

Fixed income/ bonds and property investments on the other hand are a good portfolio diversifiers and capital preservatives. These two asset class allocations stood at 20.48% and 9.84%

respectively and both asset classes were within their allocation limits.

Cash and Cash equivalents are essentially what the Fund uses to finance daily operations, and the allocation of 10.48% as at 31<sup>st</sup> December 2021 was within the target range of 3% to 13% to ensure that the Fund has adequate cash to pay its obligations when they fall due.

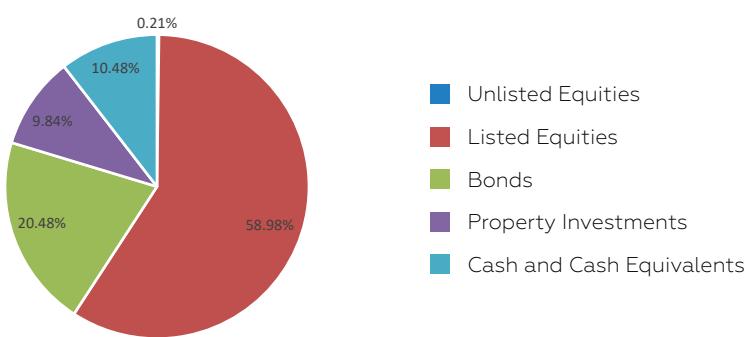
**Figure 1: Asset allocation of different asset classes.**

Figure 1 shows the asset allocation of different asset classes as at 31st December 2021.

### Local Listed Equities

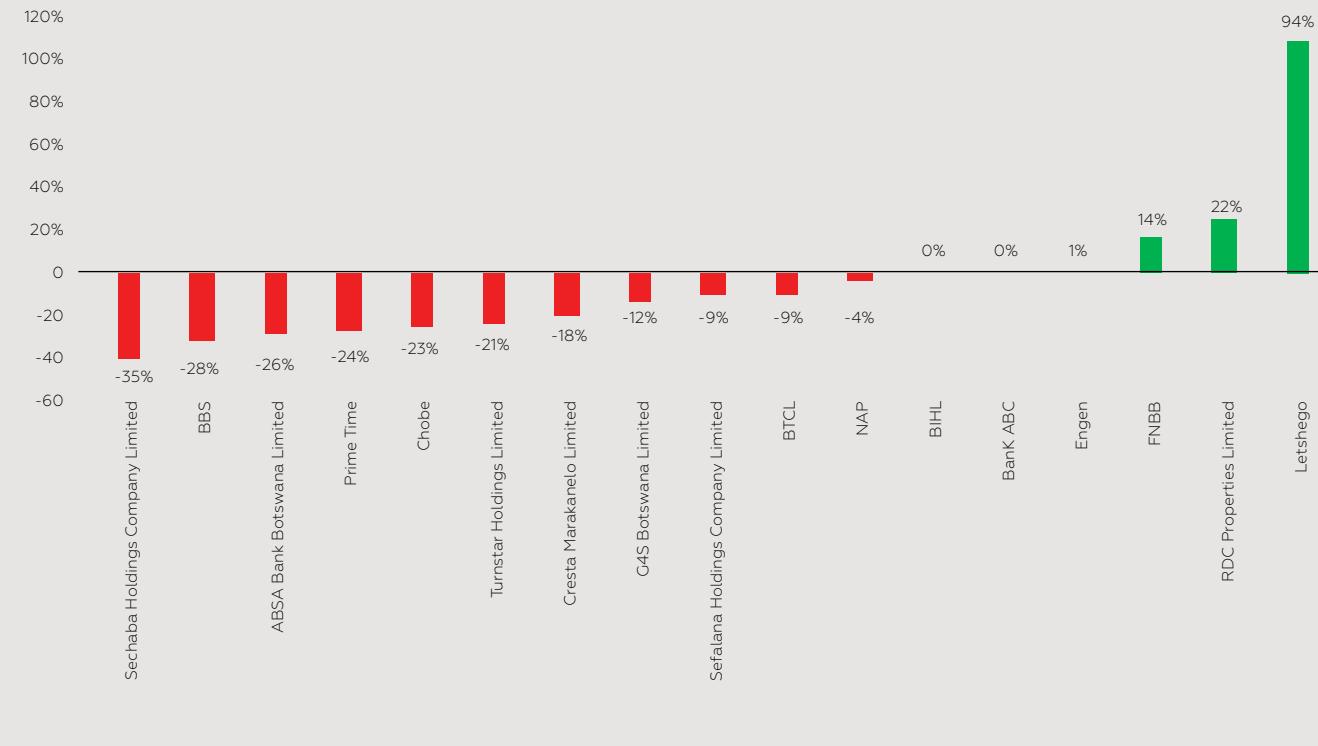
The market value of Local Listed Equities was P1.17 billion as at 31<sup>st</sup> December 2021 recording a decline of P90.0 million when compared to the closing balance of P1.25 billion as at 31<sup>st</sup> December 2020. The decline in local listed equities was attributable to lower than anticipated economic activity due to the COVID-19 pandemic which negatively impacted most companies' share prices as investors were anxious about their companies' performance. Most companies showed improvement towards the end of the year as the economy continued to show signs of resilience and COVID-19 pandemic infections continued to drop.

The positive contributors to performance of local listed equities were First National Bank Botswana (FNBB), RDC Properties Letshego Holdings which recorded capital gains of P12.32 million, P8.44 million and P7.28 million respectively. Figure 2 below shows the main contributors and detractors in percentage terms.

The main contributors to the capital loss in local listed equities were Sechaba Holdings Company which recorded a capital loss of P46.11 million, followed by Absa Bank Botswana registering a loss of P30.0 million and finally Sefalana Holdings Company which posted a capital loss of P20.94 million.

# Investments Department

Figure 2: Holdings Return as at 31st December 2021



## Unlisted Local Equities

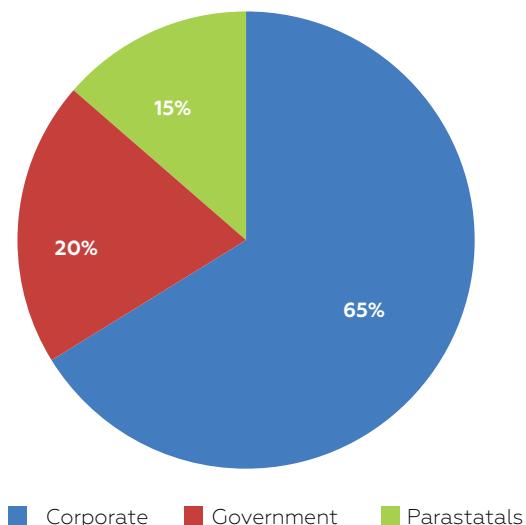
As at 31st December 2021, the Local Unlisted Equity section of the portfolio comprising of MRI Ltd, JTTM and KYS Ltd was cumulatively valued at P51.35 million compared to the value of P8.85 million recorded as at 31st December 2020. The increase of P42.50 million in value was due to the acquisition of a 10% stake in JTTM (Pty) Ltd a company that owns Rail Park Mall in Gaborone.

## Local Fixed Income (Bonds)

The local fixed income portion was valued at P582.28 million as at 31st December 2021 having increased by P31.52 million from the value of P550.76 recorded as at 31st December 2020. The

increase in local fixed income portfolio was due to the purchase of two (2) bonds; BHC028 in February 2021 with a nominal value of P12 million and SCBB010 in June 2021 with a nominal value of P25 million. There were no bond maturities during the financial year 2021.

The portfolio comprises of Quasi Government, Government, and corporate placements. Corporate bonds accounted for around 65% of the total bond portfolio with the rest being government and parastatal placements. The below figure shows the bond portfolio allocation for the year ended 31st December 2021.

**Figure 3: Bond Portfolio Allocation**

### Property Investments

The Property portfolio consists of the MVA Fund Head Office building in Gaborone, residential property investments in Gaborone and Francistown as well as retail properties in Gaborone, Palapye, Francistown, Maun and Feune (Pty) Ltd (Airport Junction mall).

The portfolio was valued at P407.27 million as at 31<sup>st</sup> December 2021 compared to the value of P413.25 million recorded as at 31<sup>st</sup> December 2020, registering a decrease of P5.98 million. The decrease in value of the portfolio was mainly attributable to the decrease in Net Asset Value (NAV) of Feune (Pty) Ltd from P239.74 million as at 31<sup>st</sup> December 2020 to P233.78 million as at 31<sup>st</sup> December 2021. In addition, the valuation of the Head Office decreased from a valuation of P67.0 million as at 31<sup>st</sup> December 2020 to P64.03 million as at 31<sup>st</sup> December 2021. All the Fund's investment properties are valued on an annual basis by reputable property valuers.

For the year ended 31<sup>st</sup> December 2021 there were no vacancies in both the Gaborone and Francistown properties

### Cash and Cash Equivalents

The Cash and Cash equivalents section comprises of offshore cash holding and local fixed term deposits. The portfolio increased by P74.29 million from P440.16 million recorded as at 31<sup>st</sup> December 2020 to close the year under review at P514.45 million.

The increase in cash and cash equivalents was mainly attributable to the increase in the offshore cash holdings as managers continued to seek safe haven assets to preserve

investor capital on the back of market volatility brought by the Covid 19 pandemic. Cumulatively the offshore cash holding for both Ninety-One Botswana and BIFM cumulatively increased from P 211.74 million as at 31<sup>st</sup> December 2020 to P304.79 million as at 31<sup>st</sup> December 2021.

Local fixed deposits placements were valued at P209.66 million for the year ended 31<sup>st</sup> December 2021 decreasing by P18.76 million from the value of P228.42 million recorded as at 31<sup>st</sup> December 2020. The local fixed deposit placements were made in accordance with the Fund's Fixed Deposit Placement Guidelines which provides the criteria for placement of fixed deposits based on the financial institution's short term credit ratings, interest rates offered, financial performance as well as balance sheet size.

### Offshore Investments

The Fund's offshore investment mandates are managed by two (2) offshore asset managers being Ninety-One Botswana and Botswana Insurance Fund Management (BIFM) Limited.

The offshore portfolio was valued at P2.08 billion as at 31<sup>st</sup> December 2021 being an increase of P334.42 million or 19.11% when compared to the value of P1.75 billion reported as at 31<sup>st</sup> December 2020. The portfolio is invested in companies whose reporting currency is United States Dollar (USD) and in USD terms, the portfolio grew by USD 15.62 million or 9.37% from \$166.77 million as at December 31<sup>st</sup> 2020 to \$182.39 million as at December 31<sup>st</sup> 2021. The offshore investment portfolio accounted for 47% of the total portfolio against the benchmark of 40% of the total portfolio.

The mandate managed by BIFM increased by 10.74% to close the year ended 31<sup>st</sup> December 2021 at \$90.27 million compared to the value of \$81.51 million reported as at 31<sup>st</sup> December 2020. In Pula terms, the mandate was valued at P1.03 million as at 31<sup>st</sup> December 2021 having increased from the value P855.35 million reported as at 31<sup>st</sup> December 2020.

The mandate managed by Ninety - One Botswana grew by 8.05% to close the year ended December 31<sup>st</sup> 2021 at \$92.12 million from the value of \$85.26 million reported as at 31<sup>st</sup> December 2020. In Pula terms, the mandate was valued at P1.05 billion as at December 31<sup>st</sup> 2021 having increased from the value of P894.63 million recorded as at 31<sup>st</sup> December 2020.

The Pula closed the year ended 31<sup>st</sup> December 2021 trading at P11.43 against the US Dollar compared to P10.49 as at 31<sup>st</sup> December 2020. The weakening of the Pula has contributed to the increase in the offshore portfolio valuation as investor continue to prefer the US dollar as market volatility continues.

Figures 4 and 5 below show the market value of the Fund's offshore investments for the year ended 31<sup>st</sup> December 2021 in both US Dollar and Pula respectively.

# Investments Department

Figure 4: Market Value Movement (USD)

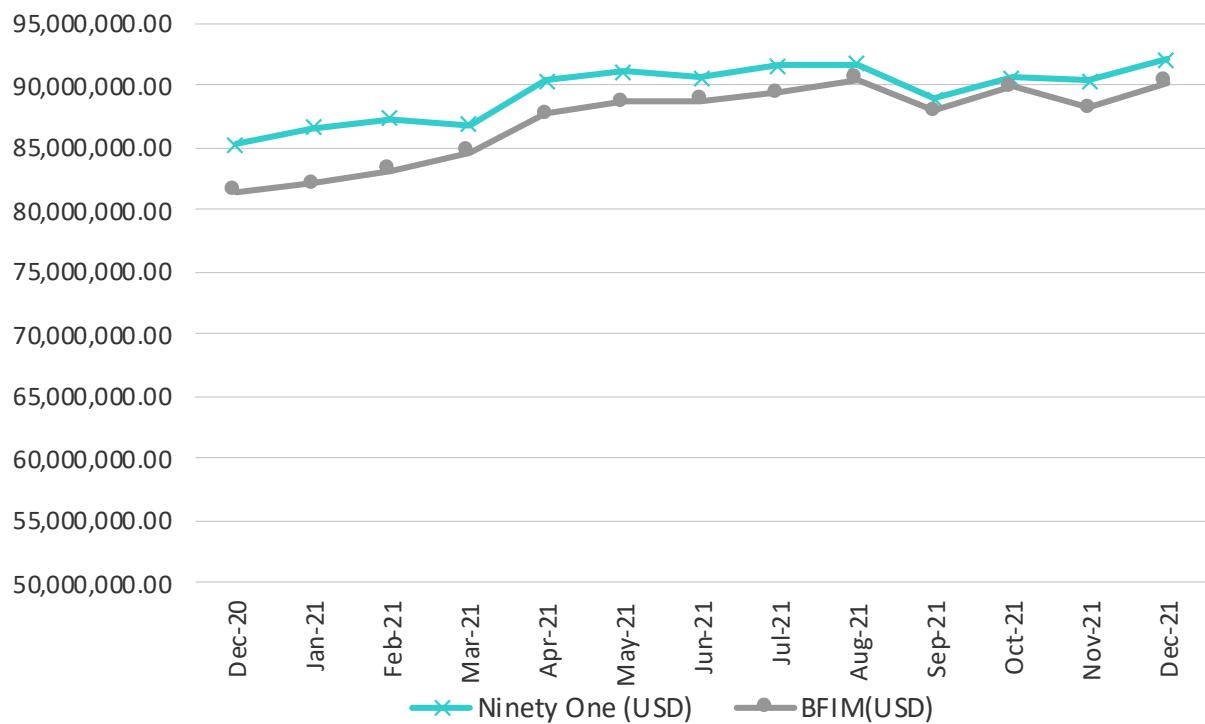
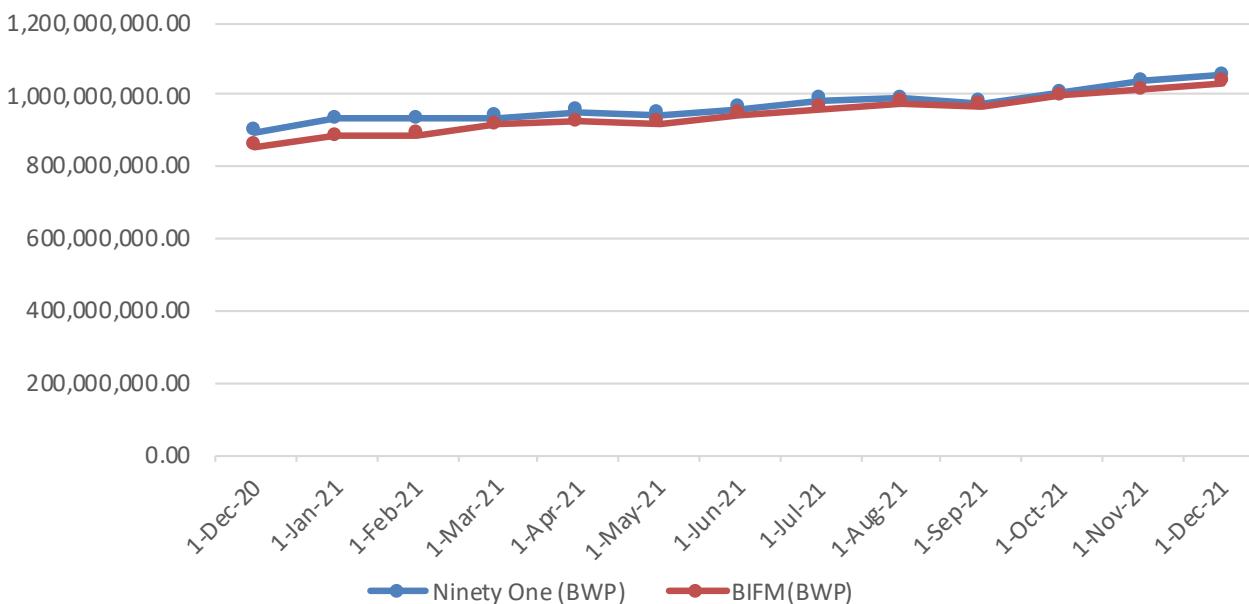


Figure 5: Market Value Movement (BWP)





### Global Economic Outlook

According to the International Money Fund (IMF) the global economy is forecast to expand by 3.6 percent in 2022, from an estimated growth of 6.1 percent in 2021. The ramifications of the COVID -19 Pandemic are still being felt across the world with market continuing to be volatile and unpredictable. With the pandemic now weaning, economies are expected to make recovery in the coming year as most governments have now opened their economies and lifted COVID-19 Pandemic restrictions.

Global markets volatility is an indication that the world economy although in full recovery phase is still quite fragile to macro-economic decisions. As economies recover, central banks are keeping an eye on inflationary concerns, striving to balance this with interest rate increases in the foreseeable future.

The Fund will continually seek new investment opportunities to take advantage of any upside risk and diversify the investment portfolio whilst remaining within the allowable investment thresholds.

### Construction of Francistown Office

During the year, the Fund commenced with the construction of a four (4) storey office building in Francistown. The Fund's office accommodation will be on the ground floor for easy of access by claimants, especially those using wheelchairs and assistive devices. The office space will be leased out to multiple tenants to generate rental revenue. The Fund commits to ensure that the construction works complies with the Francistown City Revitalisation Plan and will further take cognizance of the environment. Upon completion of the construction, the construction site will be fully rehabilitated in line with the regulatory requirements.

The building is expected to be fully fitted with modern energy-efficient lighting, motion light sensors in common areas and the VRF air-conditioning system that uses less energy. Additionally, the building orientation and the choice of glazing allows for maximum utilization of natural light during the day. To incorporate renewable energy and water conservation, a provision has been made for solar panel installation in the building that will help reduce reliance on fossil fuels and lower greenhouse gas emissions, and water-efficient fixtures such as low-flow toilets and faucets will be installed to reduce water usage.

# 07

## **Strategy Department**



The Strategy Department is responsible for coordinating the development, implementation, and monitoring of the corporate strategy. The Strategy Department plays a coordinating role at corporate level while departments implement their departmental strategies. The department ensures that financial resources are availed through the annual budget to deliver the strategic objectives.



# Strategy Department

Figure 1: Strategic Objectives Performances against the targets



The Strategy Department is responsible for coordinating the development, implementation, and monitoring of the corporate strategy. The department identifies risks that can affect the achievement of strategic objectives and then develops risk mitigation plans for the successful implementation of the strategy. The Strategy Department plays a coordinating role at corporate level while departments implement their departmental strategies.

To achieve the above, the department facilitates research and development, performance monitoring and evaluation, risk management, change management and business process reengineering.

## Strategic Plan Performance

The financial year 2021 was the fourth year of implementation of Kgogamasigo Strategic Plan 2018 - 2022. The Fund's performance was negatively impacted by a cyber-attack on the Fund's information technology systems on November 30th 2021. The cyber-attack restricted access to key performance data thereby

limiting the Fund to accurately evaluate strategic objectives performance against planned performance. The Fund's scorecard has nine (9) strategic objectives and the Fund measured performance of four (4) objectives only due to unavailability of data. Figures 1 and 2 below provides details on the status of the Fund's Strategic Objectives and Key Performance Indicators (KPI's) performances.

The objectives that were measured are as follows; improve customer satisfaction, improve business processes, improve road safety, and improve stakeholder relations. The performance of the objective "improve customer satisfaction" was 77.1%, being 7.9% below the target of 85.0%. The score for the objective "Improve business process" was 83.0%, 4.5% below the target of 87.5%. Improve Road Safety scored at 81.8%, being 1.2% marginally above the target of 80.6% while Improve Stakeholder Relations scored 100.0% against a target of 98.3%.



Figure 3: Strategic Initiatives Implementation Rate



The Strategy Department also monitors the implementation rate of approved strategic initiatives and for the year 2021 the implementation rate was 92.8% against a target of 95.0%. Projects that were behind their initial completion targets were ongoing and targeted to be completed by 31st March 2022.

### Enterprise Risk Management (ERM)

The Fund subscribes to the ISO 31000 risk management standard, with an integration of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) methodology. The Fund continues to build capacity on the implementation of the Enterprise Risk Management Framework since its implementation in 2019. The Fund has further improved its risk management processes through automation by procuring a robust risk management system called BarnOwl, which has facilitated the organization to manage its risks effectively and efficiently.

The framework comprises of Enterprise Risk Management Policy, Enterprise Risk Management Guidelines and Risk Appetite Statement, keeping with best industry standard. The framework is reviewed every two years, or immediately after a major change which alters the operations of the Fund.

The MVA Fund Board, as the primary custodian of the Fund's strategic risks, guides and considers the Fund's risk profile quarterly. The quarterly risk management report is presented first to the Risk and Audit Committee and Committee approves the report and then presents the report to the Board. For the financial year 2021, the Fund managed a portfolio of fourteen (14) strategic risks, six (6) of them being ranked 'high' (i.e. rating between a range of 16 and 25). The impact of the cyberattack on the operations of the Fund in the fourth quarter of 2021 increased the levels of exposure to the two risks namely Systems Insecurity and Inadequate Data Management.

The re-assessment of the risk profiles to align to the exposure brought by the cyberattack incident, has facilitated the review and improvement of risk mitigations around the Fund's information technology infrastructure. A summary of 2021 risk register is captured in Table 1 below.

# Strategy Department

**Table 1: 2021 Risk Register**

Strategic Objective	Risk Title	II	IL	IR	RI	RL	RR	Risk Response Decision
Improve Information Technology Services	System Insecurity	5	5	25	5	5	25	Mitigate
Improve Employee Performance	Declining Employee Engagement	5	5	25	5	4	20	Mitigate
Improve Financial Position	Failure to meet Liabilities	5	4	20	5	4	20	Mitigate
Improve Business Processes	Inadequate Data Management	5	4	20	5	4	20	Mitigate
Improve Road Safety	Inadequate Road Safety Knowledge	5	5	25	5	4	20	Mitigate
Improve Financial Position	Investment Risk	5	4	20	5	4	20	Mitigate
Improve Financial Position	Fraud Risk	5	5	25	5	3	15	Mitigate
Improve Business Processes	Ineffective Enterprise Risk Management.	5	4	20	5	3	15	Mitigate
Improve Customer Satisfaction	Dissatisfied Customers	3	4	12	3	4	12	Mitigate
Improve Stakeholder Satisfaction	Dissatisfied Stakeholders	4	3	12	4	3	12	Mitigate
Improve post-crash	Inadequate Case Management	4	3	12	4	2	8	Mitigate
Improve Employee Performance	Inadequate Talent Management	4	3	12	4	2	8	Mitigate
Improve Stakeholder Relations	Ineffective Stakeholder Management	4	3	12	3	2	6	Mitigate
Improve Information Technology Services	Ineffective use of IT Systems	4	4	16	3	2	6	Mitigate



The performance of the Fund's High Risks as at 31st December 2021 is summarized below;

### System Insecurity

Systems insecurity risk is a risk of losing the Fund's critical systems due to computer related disruptions, in whole or partially. The risk impacts the objective "Improve Information Technology Services". The Fund has put in place several strategies and information technology tools to mitigate the risk. These strategies and tools include information technology policies, anti-virus solutions and firewalls and two off-site disaster recovery management, one in-house and the other outsourced.

This risk of system insecurity materialised during the fourth quarter of 2021 when the Fund's systems were attacked by ransomware as the Fund's controls were not adequate to effectively prevent the attack. Since the attack, the Fund has initiated a series of interventions in collaboration with third parties to recover the inaccessible data through decryption, and efforts to recover data are on-going. An assessment of security within the Fund's network is ongoing to identify security gaps and the findings from the assessment will be used to strengthen the Fund's information technology security going forward.

### Failure to Meet Liabilities

This is a risk of the Fund's assets not being adequate to meet its financial liabilities when they fall due. The risk impacts on the Strategic Objective "Improve Financial Position." The risk is managed through monitoring of the Fund's solvency ratio, improvement of its returns on investments and management of costs. To mitigate against this risk, the Fund is implementing a Financial Sustainability Strategy. The strategy proposes some efficiency measures on the Fund's core operations, to contain costs and improve returns on investments. Whilst it is estimated that in the short to medium term, the Fund will remain solvent, its solvency ratio has been deteriorating over the past years and this is likely to continue as both primary sources of income are depressed, while claims and administration costs continue to increase owing to escalating road traffic crashes and inflationary pressures. As of 31st October 2021, the solvency ratio was 235%, a decline of 2.0% compared to 237% recorded as at 31st December 2020.

### Investment Risk

Investment Risk is a risk of the Fund losing part or all its investment portfolio due to both local and international adverse market factors. The risk impacts on the Strategic Objective "Improve Financial Position." The Fund has employed several strategies to mitigate investment risk and its impact on its financial assets. The Fund has an Investment Policy Statement (IPS) which prescribes how the Fund invests its assets. The investment allocations between local and offshore are meant to diversify the portfolio and cushion the Fund against adverse

market conditions.

Crucial to managing investment risk is the Fund's ability to actively manage equities portfolio by buying quality underpriced securities and selling over-priced or risky securities. The Fund shall in future consider undertaking a de-risking exercise to protect the investment portfolio against downward risk or to focus on other investment strategies.

### Inadequate Road Safety Knowledge

This is the risk of low awareness levels by road users on how to safely use the road, which leads to unsafe road usage practices and behaviors that ultimately result in road traffic crashes and associated injuries and deaths. The risk impacts on the Strategic Objective "Improve Road Safety." The performance of the objective is measured by Road Safety Knowledge Index, Road User Behavior Index, and Implementation rate of road safety advocacy programmes at output level. As of 31st December 2021, the Fund implemented road safety educational and awareness programmes that were geared towards improving road safety knowledge levels and road user behavior. The Fund's messages targeted prevalent risk factors such as driving at inappropriate speeds, drunk driving, and pedestrian safety. Dissemination of messages was mostly done through digital media platforms which include both social media, and traditional broadcast platforms. Pedestrian safety campaigns were conducted at busy hiking spots using public address system. Furthermore, the Fund collaborated with civil society through youth based non-governmental organizations and road safety youth clubs to implement community-driven road safety projects under the auspices of Community Road Safety Grant Scheme.

The Fund signed a Memorandum of Understanding with Business Botswana President Mr. Gobusamang Keebine as its Road Safety Patron to advance road safety advocacy. The Fund also held Corporate Leaders Webinar on work-related road safety management to advocate for both public and private sector to include road safety in their operational processes.

The Fund conducted a Road User Observational Study to measure the effect of public education campaigns on road user behavior. The Fund achieved an index of 63.5%, which was a decline of 5.2% compared to the index of 68.7% recorded in 2018. The decline in the index is attributed to reduced road safety promotion activities in 2020 and 2021 because of strict Covid-19 Pandemic protocols which minimized physical interactions with road users. As a result, the exposure to this particular risk remains high.

### Declining Employee Engagement

This is the risk of a decrease in engagement levels of the Fund's employees. The risk impacts on the Strategic Objective "Improve Employee Engagement." Management shared the outcomes of the Deloitte Survey Report which indicated a

# Strategy Department

decline in engagement levels from 68.2% in 2019 to 65.6% in 2021. Management continues to monitor implementation of interventions to address low scoring dimensions with a view to improve employee engagement levels. Key focus areas to improve engagements include flexible work options and capacitating staff with resources to work from home, building trust, internal talent mobility and equal opportunities, effective communication at all levels, and implementation of Talent Management Strategy.

The Fund values open communication and utilize various communication channels to engage with staff on key organisational issues such as Financial and Investment Performance, Covid-19 Pandemic, Fraud Awareness, Strategy & Risk Performance, Performance Management, Ransomware attack on MVA Fund Systems, Projects, and Initiatives updates.

## Inadequate Data Management

This is a risk of inaccurate reporting due to compromised data integrity. The risk impacts on the Strategic Objective "Improve Business Processes." To manage this risk, the Fund commenced a claims data clean-up exercise and will further train employees on data management. For the year under review, Case Management Department assessed more than 20 000 trust accounts and identified those that are no longer active and recommended them to be written off.

By 31st October 2021, around P18.0 million from inactive trust accounts was written back. Completion of the exercise was affected by the system downtime, and it has been suspended until the Claims Management System is recovered.

It is also envisaged that improvements that will come with the upgrade to SAP S/4 HANA such as standardized master data to enable integration of modules and real time embedded data analytics will greatly enhance data management and management information reporting.

## Business Continuity Management

The Fund's Business Continuity Management (BCM) Programme recognizes the need for Business Continuity Management to be live and up to date to support the Fund's operations. It is on this premise that the organization embarked on a maintenance exercise of updating Business Continuity Plans across all operations. BCM was also incorporated into Covid-19 Pandemic management practices during the year 2021, through incident management procedures invocation.

## Change Management

In pursuit of delivery of its mandate, The Fund undertakes projects and initiatives contained in its Kgogamasigo Strategic Plan 2018 - 2022. To successfully implement these projects/initiatives, the Fund needs to put in place appropriate processes, systems and deploy appropriate resources (including skills and

competencies). Among key ingredients of successful projects delivery, is a defined approach to management of change.

The Fund developed Change Management Guidelines which will support the people's side of change management. In developing the guidelines, the Fund borrowed mainly from the Standard for Change Management as compiled by Association of Change Management Professionals (2018) and PROSCI Change Management Methodology. The Fund change managed several activities during the year 2021, namely the cascading of the revised Enterprise Risk Management Documents, Induction of new Employees, Training, and awareness on upgraded BarnOwl Software.

The Fund integrates change management practices into its project to improve implementation rate, and as such, a change agent is assigned to all projects teams to enhance successful implementation of projects.

## Research and Development

Research and Development plays a critical role in MVA Fund's operations, it is an enabler of business processes and allows the Fund to continuously improve business processes and service delivery. The Strategy Department conducts various research to obtain new knowledge applicable to the Fund's business needs to facilitate evidence-based decision making.

During the year 2021, the Strategy Department conducted one research project being the Interdepartmental Service Survey (IDSS). The overall objective of the IDSS was to assess the satisfaction levels of the MVA Fund internal customers, establish overall indices for all departments and branches and to identify areas for improvements for each department.

The assessment of the level of interdepartmental service enables the Fund to understand the current levels of service and this offers the Fund an opportunity to improve service delivery. The Inter Departmental Service Survey is very important for departments because it enables departments to understand their customer needs, perform to meet and exceed their customer needs, be aware of which needs are being met and those that are not, keep up with changing business priorities, offer policies and processes that work best for their customers as well as for the Fund, provide proactive planning/ preparing to meet future needs and engage in a continuous improvement.

The 2021 MVA Fund Interdepartmental Service Index (IDSI) was 77.1% which was an increase of 3.4% from 73.7% attained in 2019. However, the achieved index was below the 2021 target of 85.0%. Corrective action plans for low-ranking performance areas is under way to improve the index in future.





08

## Human Capital Department



This report provides a summary of how MVA Fund kept its workforce increasingly engaged in a difficult year marked by the continuance of the COVID – 19 pandemic. Building a more stable and connected organization requires the full support of an organization's greatest assets, the human capital.



**80%**

2021 Survey:  
Interdepartmental  
Survey Index

**7.5%** 

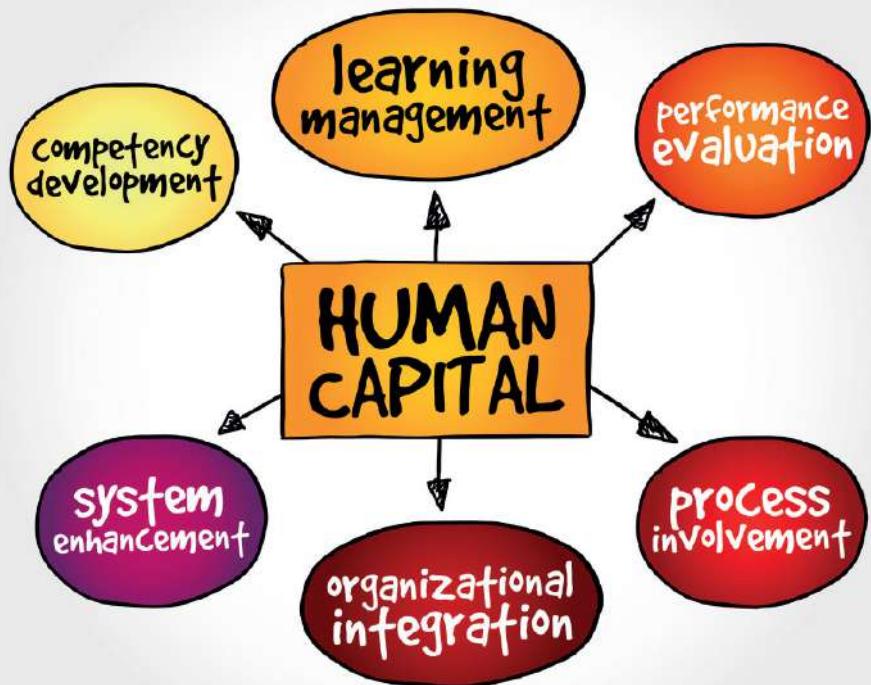
# Human Capital Department

The Human Capital report provides a summary of the key human resources initiatives undertaken during the year 2021 and how the Fund kept its workforce increasingly engaged in a difficult year which was disrupted by COVID - 19 Pandemic challenges. Building a more stable and connected organization requires the full support of an organization's greatest assets, the human capital, and therefore, the Fund continued to invest in its human resources to build an agile and committed workforce.

The Fund continuously transforms the workplace to align to best practices, adopt modern technologies, and comply with emerging labour laws and human resources policies and processes.

The Fund applied many of its learnings from the impact of COVID-19 Pandemic disruptions encountered in the year 2020 which persisted into the year 2021. These included the tools and resources required to elevate the Fund's productivity levels through the implementation of policies, processes, strategic priorities and operational plans to provide service to the claimants and other stakeholders while ensuring that employees avoid the risk of contracting the virus.

**Figure 1: The Human Capital Environment**



## MVA Fund's Human Capital Environment

The Fund's human capital environment is premised on the following six (6) key components.

### 1. Learning Management

Learning management is a key employee developmental process which is mainly driven through Training and Career Development Policy and the Talent Management Strategy. Harnessing superior knowledge at work is the greatest influence that determines a positive relationship between the employer and the employee. The Fund, therefore, provides various platforms and processes which support long term, medium term, short term and part-time study programs for staff.

Financial support for staff training and development is done through the annual training budget for those on the Fund's training plan, while those not on the training plan utilize the educational incentive loan scheme. Training is offered to those employees who are required to close the identified competency gaps in their current roles while other training is developmental and is geared at enhancing the employee's competencies for high levels of responsibilities. Training is approved by the respective heads of departments/divisions in collaboration with staff.

### 2. Competency Development

During the year, the Fund reviewed its Competency Framework in order to maintain high performance, improve talent management and maintain high customer satisfaction levels. The framework was developed in accordance with the Universal Competency

Framework. Competencies are behaviours that are instrumental in the delivery of results. Staff at supervisory level and above were assessed through Competency Psychometric tests and the competency feedback reports were shared with them for their appreciation. These reports were subsequently used to create competency skills profiles and helped identify competency gaps for specific reinforcement and future development in the leadership pool. The exercise was to build up employees' potential and unleash their adaptability and mobility for future challenges they may face within their responsibilities. This process was exclusively for the leadership pool with a view to build leadership roles successors.

### 3. Performance Evaluation

Employee performance is a key organizational differentiator to enable the Fund to achieve a high-performance status. Performance Management process focuses on how to implement, monitor, measure and appraise employee's performance and it is at the core of the Fund's priorities. The Performance Management Policy ensures that there is alignment between the individual performance targets and the departmental targets which are drawn from the Fund's Corporate Strategy. The bar for individual performance ratings has been raised high to ensure stretch performance targets by employees and a standard measure or guide has been developed to ensure uniform application of the policy.

Employees who fall below the set standard target are taken through the Management of Poor Performance (MPP) to improve their performance. The Policy outlines specific disciplinary intervention measures which may be invoked to deal with non-performance after an employee is put on Management of Poor Performance. Employees are constantly encouraged to build confidence and improve their understanding of the Performance Management process and its values and objectives. The process is also in line with the strategic objective of Improve Employee Performance contained in the Corporate Strategy. The Fund provides periodic assistance to guide, train, refresh and workshop staff members through different platforms including face-to-face, video clips, memos and circulars on performance management policy.

### 4. System Enhancements

The Fund needs to be agile to the changes to the working environment through improving business processes and enhancing information technology systems to achieve operational efficiency and improve customer services. Therefore, the Fund's focus is not only on human capital side, but on all resources to ensure that getting work done does not become entirely manual and routine but is automated and challenging.

The Fund thrives on a digitized/automated process maps for

the management of its strategic objectives. The key processes which are automated include among others Performance Planning, Contracting, Monitoring, Employee Appraisals and Payroll Management. Owing to the recent automation of the Performance Management process through the Success Factors Module, the Fund has achieved operational efficiency and is able to provide a quicker response to queries and enquiries. The automated platform provides flexibility for the Fund to adjust and recalibrate its business processes at any given time. Furthermore, the Fund has enhanced its implementation of information technology systems capabilities by acquiring new methods to manage data and share information using various internet and cloud-based technology tools such as drop-box, One drive and e-Meeting platforms. The automated platforms will also enhance future process improvements geared towards improving service delivery and customer satisfaction.

### 5. Process Involvement:

The Fund invests time in communicating important aspects of its operations to deliver on its mandate and strategic plan initiatives. Communication is achieved through, among others, the four (4) quarterly general staff meetings spearheaded by the Chief Executive Officer. Staff general meetings cover a broad perspective of organizational operations including updates on major projects, financial performance, strategic plan achievements, performance against risk register, and operational challenges. This update combines all MVA Fund's departmental reports on key issues affecting the Fund, employees, customers, and key stakeholders. Staff general meetings enhance communication and increase employee's trust in management as management shares the purpose of the relationship between employees, customers, and stakeholders and how this impacts the Fund's brand and mandate. Other communication platforms to drive organizational performance include departmental meetings, interdepartmental meetings and one-on-one meetings between supervisors and their subordinates.

### 6. Organizational Integration

Organizational integration involves enhancing achievement of organizational goals and motivating employees through financial and non-financial awards to achieve the goals and ensure that a strong positive culture prevails. The Fund relies heavily on planning which outlines how certain activities should be performed including the rules, roles, and responsibilities thereof. The Fund's organizational structure defines the internal information flow path to ensure day to day completion of tasks. This responsibility flows from top to bottom and collectively, these activities are integrated towards the organizational goal of providing the "Best Chance to Normal Life" to all customers. Management through its different leadership segments such as the executive managers, middle managers and supervisors are responsible for motivating employees at different levels to

# Human Capital Department

ensure that they put maximum efforts into their allocated tasks. The managerial function is responsible for ensuring that things are organized and run smoothly as per plan to achieve the desired objectives as per signed performance contracts and operational plans. The core responsibility of the Human Capital Department is to ensure a smooth communication and engagement among all team members so that they can collaboratively work to achieve common goals which fulfill the Fund's mandate.

## Human Capital Department's Core Functions

### A. Recruitment

The Fund's main objective is to attract the best candidates internally and externally to deliver on its mandate and strategic plan initiatives. In accordance with the Attraction and Retention Policy, the Fund's priority for filling lower-level positions is in recruiting internally first, to enhance succession planning and to realize return on investments for having invested significantly on employee training and development.

For internal placement, the Human Capital Department relies on a database system which maintains records of candidates' profiles including their training & qualifications, performance track records, competency assessment profiles-for the leadership pools, job specific skills, disciplinary conduct, adherence to core values and job experience.

Recruitment for senior management positions which require diverse knowledge, skills, and experience is extended externally to source the most suitable candidates. This practice also ensures that the Fund exploits external insight from candidates whose experiences and skills are not honed internally. Further, the Fund draws from the available skills in the market, especially specialist skills which are not available within the Fund.

### B. Onboarding

The main purpose of an onboarding programme is to welcome and familiarize new employees with the workplace and the operations of the Fund including its mandate and strategic plan initiatives. During onboarding, new employees are assigned to meet heads/representatives of departments in face-to-face meetings to get a broader understanding of the Fund's operations, corporate image including its culture and the core values. The Fund's onboarding programme consistently plays a vital role in identifying strengths and gaps of new employees so that appropriate interventions can be taken to address the gaps. At the end of the programme, an employee produces a report which is used for enhancement of the programme.

### C. Productivity and Efficiency

The Fund through the Human Capital Department promotes excellence by facilitating the effectiveness of Performance Management Reviews and coordination of activities of the Performance Governance Committee (PGC). The Department provides different levels of support in the performance management system including performance planning, contracting, continuous performance management, measurement, and appraisal procedures. The process identifies gaps in the performance management system including self-reviews, manager reviews and reviewer comments. The department also undertakes regular benchmarking on the performance management system to stay abreast of the industry. To provide more efficiency to the organization, the department also conducts employee surveys, shares the results of the survey and obtains feedback from employees, provides soft skills training, and increases the value of human capital. This is achieved through the meaningful contributions with various interventions to address areas requiring improvements that affect among others, employee engagement and performance.

### D. Employee Retention

The Fund depends on its employees for its successful implementation of its mandate and strategic plan initiatives and must always thrive to find better ways to retain its best talent. The Fund implements various strategies to add more value (Employee Value Proposition) to its employees and among these, it offers competitive employee benefits and career progression. The Fund's Attraction and Retention Policy is geared to attract and retain talented employees to deliver its mandate and strategic plan initiatives. All processes and procedures relating to the Attraction & Retention Policy are fair, consistent, inclusive and non-discriminatory. Furthermore, the Fund improves staff retention by investing in employees' growth and development in line with the existing Training and Career Development Policy. The Fund further participates in the annual remuneration survey conducted by Tsa Badiri (Pty) Ltd to ensure that the employee remuneration remains competitive.

### E. Talent Management

The Fund's Talent Management Strategy assists the Fund to deliver on its mandate and strategic plan objectives. The strategy represents the Fund's approach to developing high potential employees, building leadership capabilities for future leaders, meeting future skills requirements, improving employee performance and guiding the attraction, nurturing and retention of talent. The Fund follows an inclusive approach to talent identification and development. At macro level, the Fund recognizes talent as a general concept which means natural skill, aptitude or ability. Psychometric and behavioral assessments are used to identify and unleash talent. At micro level, the Fund focuses on the Leadership Talent Pool and the Critical Jobs Talent Pool.

Competency assessments were undertaken in accordance with the approved Competency Framework. The outcome aided Talent profiling for supervisory and executive levels as well as identification of competency gaps which are monitored through the Personal Development Plans. Performance management system formed a key component of the Talent Management process.

## F. Communication

Communication is a critical success factor in managing the human capital at the Fund. The Fund has developed a Communication Strategy to share key organizational developments and to enhance staff engagement. The Communication Strategy provides different methods of communication which the Fund has adopted such as staff meetings (general staff meetings, departmental meetings, interdepartmental meetings), intranet (staff memos and circulars), consultations, newsletters and emails/sms messaging. These methods are used to relay important information to employees and thereby enhance employee relations. Employee relations is further enhanced by the Fund's partnership with Botswana Public Employees Union (BOPEU) through a recognition agreement where members of the bargaining unit falling within non-managerial positions are represented as per the Trade Unions and Employers Organization Act of Botswana. The partnership enhances the labor relations through this healthy mutual relationship.

## G. Service and Performance Awards

The Fund recognises employees for positive performance beyond that recognized through the performance management system. Recognizing the accomplishment of employees contributes to a supportive work environment and enhances the attraction and retention of committed and engaged employees.

The Fund recognises individual employees and teams for contributions that add value towards service delivery. The awards are in line with the Guidelines for the Recognition Awards, which are assessed bi-annually and annually as an incentive for staff to adhere to the core values for the attainment of improved service delivery.

Below are the various categories of the awards:

- Adherence to MVA Fund Core Values.
- Cross Departmental Team.
- Best Branch/Department.
- Long Service.
- Best Improved Branch/Department.
- Chief Executive Officer's award

## H. Impact of COVID - 19 Pandemic

The Fund, like all other organizations globally, was negatively affected by the COVID-19 Pandemic. The pandemic affected the health status of some employees who tested positive to the virus, reduced productivity owing to the need to decongest the workplace, and service delivery was negatively impacted by the need to comply with COVID - 19 health restrictions. The Fund's financial performance was affected by international and local travel restrictions which significantly impacted both the local and the offshore investments. The Fund adopted various interventions to curb the spread of COVID-19 Virus including among other things, complying with Government COVID-19 Health Protocols and adopting Business Continuity Management plans.

### Safety Health and Environment Committee and COVID 19 Response team

The Fund's COVID - 19 Response team was set up against the backdrop of increasing cases of positive COVID - 19 cases within the Fund. The team was assigned to coordinate all COVID - 19 preventative measures as well as advising management on strategies to be adopted in the fight against the pandemic.

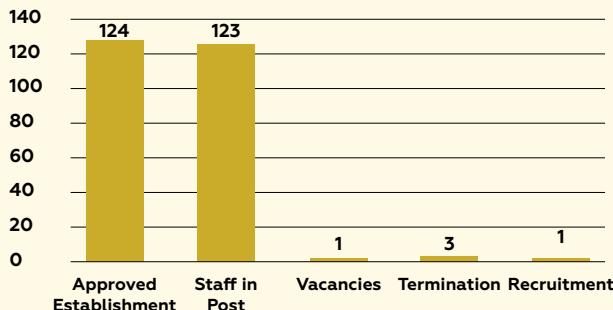
The following interventions were put in place to mitigate against the pandemic.

1. Development of a register for all positive cases within the Fund and effective contact tracing.
2. Continuous updates from the Ministry of Health on developments around the pandemic. This information was duly shared with members of staff for their information.
3. Consultation with World Health Organization (WHO) and the Gaborone District Health Management Team (DHMT) for expert advice on case identification, contact tracing, isolation, and quarantine.
4. Development of strategies for office decongestion through working from home and shift working as well as encouraging leave uptake to further decongest the offices. The Fund adopted Remote Working Guidelines and Shift Work guidelines to facilitate workplace decongestion.
5. The Fund procured health stores such as sanitizers and masks for employees while the offices were also fumigated on a periodic basis.
6. Provision of constant reminders to staff of their responsibility to always wear masks, sanitize, wash hands frequently as well as to practice social distancing both in the office and in their private space.
7. Conducting of regular inspections for compliance to health protocols.

# Human Capital Department

## Employee Demographics

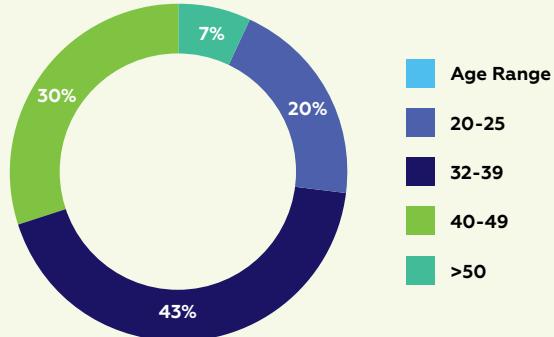
**Figure 2: Establishment as of 31st December 2021**



The Fund achieved an acceptable attrition rate of 2.4% against the targeted maximum rate of 7% which is inclusive of resignations, dismissal and retirement.

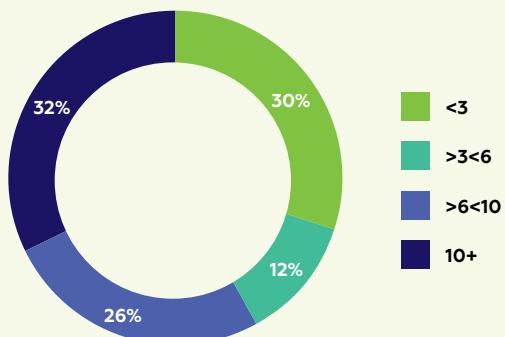
Figure 2 above shows that the Fund's approved staff complement was 124 employees and as at 31st December 2021, there were 123 employees resulting in one (1) vacancy. Three (3) terminations were recorded during the year and the Fund achieved an acceptable attrition rate of 2.4% against the targeted rate of 7% which is inclusive of resignations, dismissal, and retirement. The Fund's attrition rate is favourable when compared with the national attrition rate of 8.3% reported by Tsa Badiri (Pty) Ltd.

**Pie Chart 2: Staff by Age**



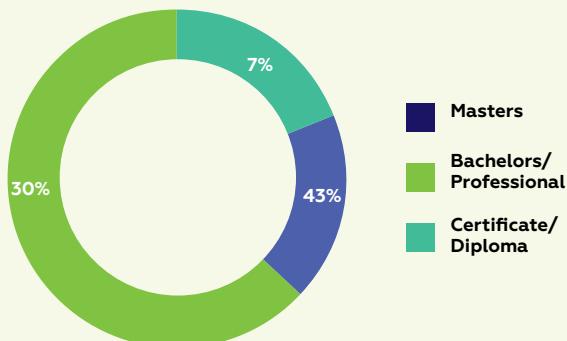
Pie Chart 2 above represents the age profile of MVA Fund's employees. The age bracket thirty-two (32) years to thirty-nine (39) years has the largest proportion of employees at forty-three percent (43%) followed by age bracket of forty (40) years to forty-nine (49) years at thirty percent (30%) and these two age brackets cumulatively account for seventy-three (73) of the Fund's employees. The age bracket twenty-five (25) years to thirty-one (31) years which accounts for twenty percent (20%) is generally mobile and career ambitious and the employee retention strategies will assist with effective management of the team together with the rest of the other employees. Seven percent (7%) of the workforce is nearing retirement and falls under the age bracket of fifty (50) years and above. The Fund offers financial and psychosocial counselling for employees who are left with five years to retire as part of its wellness strategies.

**Pie Chart 1: Staff's length of Service**



Pie Chart 1 above represents the average staff length of service. The Chart shows that 32% employees have been employed by the Fund for a period of ten (10) years and above while 30% of employees have been with the Fund for less than three (3) years. The chart further shows that 26% of staff have worked for the Fund for a period of between six (6) years and ten (10) years while the remaining 12% have been with the Fund for a period of between three (3) years and six (6) years. MVA Fund continues to retain staff through positive retention strategies which include training and development, performance management system and in-house loan schemes (car and personal loans). The Fund has also negotiated preferential loan schemes with some banks.

**Pie Chart 3: Staff Qualifications profile**



Pie Chart 3 above shows a breakdown of staff's qualifications. Eighty-one percent (81%) of staff possess a bachelor's degree qualifications and/or higher qualifications, while the remaining nineteen percent (19%) possess a certificate and/ or diploma qualification.

**Figure 2: MVA Fund Core Values**

<https://www.google.com/url?sa=i&url=https%3A%2F%2Ffitsmallbusiness.com%2Fcore-values-list>

The Fund's five core values, namely: Customer Focus, Empathy, Teamwork, Integrity, and Innovation collectively represent the organization's value proposition to both its employees and customers.

It is the Fund's belief that employees are more engaged when they observe the core values, to the extent that they are aligned to the Fund's mandate (mission & vision) to deliver the promised brand experience to all customers.

#### Core Values For 2022

The Following key initiatives are planned for the financial year 2022.

The Human Capital Department shall invest heavily in the improvement of service to its customers by implementing all recommendations of the conducted surveys inclusive of the Deloitte Best Company To Work For Survey.

The Department shall accelerate the improvement of Talent Management & Employee Experience by fulfilling its Talent Management Plans.

The Department shall review some policies, processes, practices and programs to align them with industry practices so that the Fund can derive value from their applications.

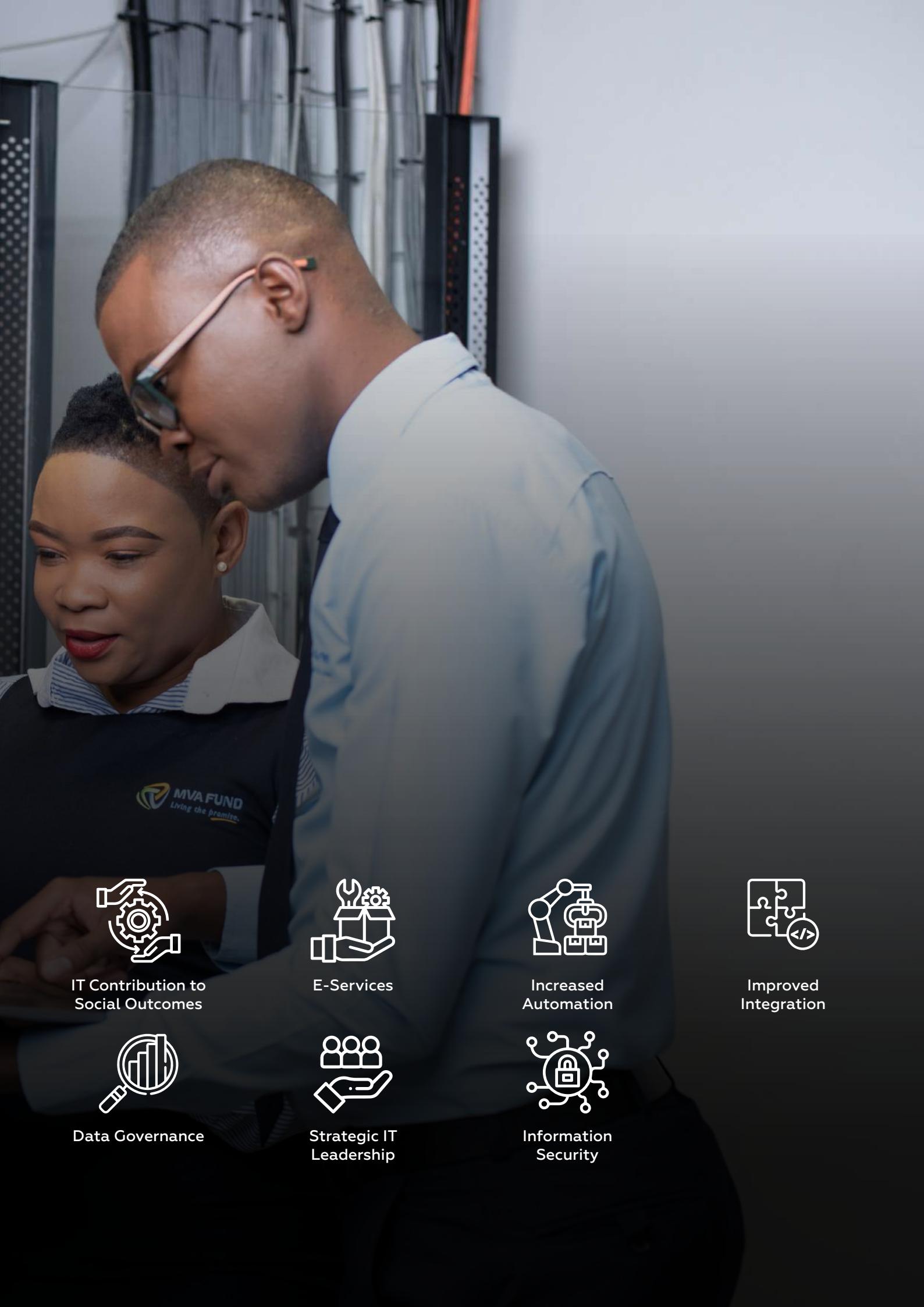
# 09

## Information Technology Department



The Information Communication Technology Department is responsible for ensuring provision of information technology solutions to support the operations of the Fund. MVA Fund developed the Information Communication Technology Strategy 2019 - 2023 to guide on the information technology goals which will enable the achievement of the organization's mandate and strategic goals.





IT Contribution to  
Social Outcomes



E-Services



Increased  
Automation



Improved  
Integration



Data Governance



Strategic IT  
Leadership



Information  
Security

# Information Technology Department

The Fund has developed the Information Technology Strategy to support the implementation of the Kgogamasigo Strategic Plan 2018 - 2022.

The Information Communication Technology Strategy 2019 - 2023 is on the fourth year of implementation. The following Information Communication Technology Strategic initiatives were initiated during the financial year 2021 to support the key areas:

## Systems and networks

The Motor vehicle Accident Fund information technology systems availability was 91.7% during 2021 and the downtime was caused by the ransomware attack incident which happened on the 30th November 2021. The business continuity management was invoked for the Fund to use the plans for continuity of service where the required systems were affected.

**Table 1: Initiatives Undertaken in 2021**

Key Area	Initiatives Undertaken
IT contribution to social outcomes	The Fund uses information technology platforms such as the website and social media platforms to disseminate road traffic safety messages and information on MVA Fund's products and services.
e-services	MVA Fund uses technology to share claimants' treatment authorization documents with medical service providers and, this improves service delivery as claimants do not have to physically visit MVA Fund's offices to seek this service.
Increased automation	The project to upgrade the SAP System to SAP S/4 Hana continued into 2021 by procurement of Project Management Services and services and the technical implementation partner to upgrade the system and to implement the SAP Financial Services Collections and Disbursements (FSCD). SAP S/4 Hana is the latest version of SAP system. The project kicked off in November 2021 and will continue into the financial year 2022.
Improved integration	The SAP Financial Services Collections and Disbursements (FSCD) module integrates with the existing modules to ensure seamless flow of data between the modules. This integration will improve both service delivery and system user experience. Electronic invoice submission was extended to other service providers handling high volumes of invoices, mainly physiotherapy clinics which enhanced speed of quality assurance, approval and settlement of invoices. The connectivity between the Fund and five clinics was tested successfully and this will enable these clinics to submit claims online
Data governance	The SAP System upgrade to SAP S/4 Hana comes with data analytics which will enhance reporting on data stored in the system. Departments commenced data cleaning in preparation for migration to the new system.
Strategic IT leadership	In recognition of the strategic role of the Information Technology Department within the Fund, the department now reports to the Chief Executive Officer. Major decisions affecting information technology is handled by the Information Technology Steering Committee which is chaired by the Chief Executive Officer. Information technology reports are reported to the Board through the Risk and Audit Committee.
Information security	MVA Fund experienced a security breach on 30th November 2021 which resulted in some of the systems not being accessible to users. The Fund took appropriate interventions to restore services and further enhanced the security processes.

## Service Level Agreements

MVA Fund has entered into service level agreements with service providers to assist with resolving information technology system issues which cannot be resolved in-house. The service level agreements are closely monitored to ensure system issues are resolved in accordance with the contractual turnaround times.

The service level agreements are assessed periodically for purposes of renewals or termination.

## Training and Capacity Building

The Fund continued to train users on SAP modules to improve internal capacity and reduce reliance on support partners. The

users were also trained on the SAP S/4 Hana versions and the courses were delivered by SAP Education through the Virtual Live Classrooms setup. Four (4) users from the other SAP modules (Human Capital, Claims Management and Customer Relationship Management) were enrolled on the SAP Learning Hub. The SAP Learning Hub allows self-paced learning for a duration of twelve months. These trainings were intended to familiarize the users with SAP S/4 Hana and also to prepare the users for further skills transfer during the SAP Upgrade project implementation.

### Information Technology Projects

The following projects were carried out during the financial year 2021.

#### **SAP Systems upgrade and Implementation Financial Services Collections and Disbursements**

The SAP Systems upgrade, and implementation of Financial Services Collections and Disbursement module is in progress. The tenders for procurement of an SAP technical implementation partner and for project management services were advertised at the beginning of 2021. The tender for the technical upgrade and implementation of the SAP Financial Services Collections and Disbursements was awarded to Zimele Technologies (Pty) Ltd whilst the tender for project management services was awarded to Melon Consulting (Pty) Ltd. The project kicked off on 30th November 2021.

#### **COVID - 19 Pandemic**

The COVID - 19 pandemic continued into 2021 with government introducing lockdowns and movement restrictions to control the spread of the virus. The Fund had to decongest the office to reduce the spread of the virus. The Fund capacitated critical business units to enable working from home by procuring the necessary technology tools while also ensuring availability of systems. Claimants' related activities were done electronically, and meetings held virtually.

#### **Procurement of Non-SAP Systems Server Hardware**

A tender for procurement of non-SAP system hardware was presented to the Board Tender Committee during 2021 and was approved. Due to shortage of computer components worldwide, the delivery of the hardware was delayed. The server hardware is intended to be used to host non-SAP systems.

#### **Systems security**

Procurement of Fortigate Firewalls was done in 2021 and installations and configuration of the devices was concluded in October 2021. The Fortigate firewalls for branch offices are also used to connect the offices to the Head Office for systems access.

#### **Ransomware attack**

The Fund experienced a Blackbyte ransomware attack on 30th November 2021. The ransomware attack encrypted some of the systems files rendering the systems inaccessible. Appropriate interventions were undertaken to minimize the impact of the attack on the Fund's operations. The Fund further upgraded its security to guard against possible future attacks.

#### **Outlook**

In year 2022, the Fund will primarily focus on the following:

- Upgrading of the SAP systems to SAP 4 Hana and implementation of the new financial services collections and disbursement module. The upgrade will come with enhancement of processes to ensure efficiency and improved reporting functionality.
- Recovery and stabilizing the systems from the ransomware attack.
- Carry out a vulnerability and penetration testing to determine the security loop holes within the Fund's network and systems.

**Table 2: Training and Capacity Building**

Course Name	SAP Module	No. Of Users Enrolled
Financial Accounting (FI) in SAP S/4HANA - Academy Part I		
Financial Accounting (FI) in SAP S/4HANA - Academy Part II	Finance	1
Management Accounting (CO) in SAP S/4HANA - Academy Part I		
Management Accounting (CO) in SAP S/4HANA - Academy Part II	Finance Controlling	1
Processes in Treasury and Risk Management in SAP S/4 HANA		
Customizing in Treasury and Risk Management	Treasury and Risk Management	1
SAP HANA 2.0 SPS04 Installation & Administration	Technical	1
SAP Insurance Collections and Disbursements		
SAP Collections& Disbursements - Customizing	Financial Services Collections and Disbursements	5

# 10

## **Corporate Communications Department**



The Corporate Communications Department plays a key role of serving as a link between the Fund and its stakeholders to create a favorable communication and engagement environment beneficial to both parties. It oversees the corporate communications strategy, media relations, brand management and crisis management of the Fund. The Department lead the marketing and communication initiatives and activities to enhance awareness and to strengthen the Fund's brand.



# Corporate Communications Department

The Fund uses different communication platforms to reach out to the public to disseminate information about its products and services. Owing to a shift in the environmental landscape, the Fund now leverages on social media platforms to communicate with stakeholders, especially the youthful population who are technology savvy. The advent of COVID - 19 Pandemic also changed the communication landscape as there was little interaction at a physical level which necessitated the use of technological platforms to reach out to the public and claimants. Traditional communication platforms are used to communicate with the older generation who are slow to adopt technological advancements.

## Stakeholder Management and Engagements Activities

Stakeholders play an important role in enabling the Fund to effectively discharge its mandate, it is therefore crucial to create a conducive working environment with stakeholders geared towards enhanced service delivery. During the year, the Fund reviewed its Stakeholder Management Strategy to identify and close existing service delivery gaps and to strengthen relationships with stakeholders.

The Fund held several stakeholder engagement activities to appreciate the stakeholders and to receive feedback on service delivery challenges and other areas for improvement. The engagements with stakeholders also enabled the Fund to share key developments within the Fund and their impacts on the Fund's operations. The following are some of the key activities undertaken with stakeholders.

### Council Meetings

The Fund addressed the Maun Sub District Council meeting to share with honourable councilors the Fund's mandate, products, and services. The meeting enabled the two parties to engage on issues of mutual interests to forge improved collaboration since councilors are closer to the communities that the Fund serves.

### Hospital Workshops for Health Care Professional

The Fund held a workshop for the health care professionals at Letsholathebe Memorial Hospital in Maun. The objective of the workshop was to educate the health care professionals about the Fund's products and services. The workshop in addition, capacitated the health care professionals on the Fund's case management policies and procedures which are critical in handling road crash victims.

### Botswana Unified Revenue Services

The Fund paid a courtesy visit to Commissioner General of Botswana Unified Revenue Services, where matters of mutual concern were discussed. These included the engagement of BURS officers at entry points to enhance their understanding of the third-party insurance cover which is levied on foreign

registered vehicle and further for BURS to distribute MVA Fund's information pamphlets at various entry points.

After the visit above, the Fund held a workshop for Botswana Unified Revenue Service (BURS) employees in Kasane and Mohembo. The workshop further explored avenues to minimize revenue leakages.

### Meet and Greet Sessions

The Fund held meet and greet sessions with Botswana Police Services in Kasane and Maun and Department of Transport and Safety, Issues of common interest and feedback to and from both parties were discussed, as well as ways to enhance strategic relationships and improve service delivery.

### Caretaker Training and Counselling Workshops

The Fund undertook caretaker training workshops in Gaborone, Palapye and Francistown. The workshops empowered caretakers with essential knowledge on caring for the injured claimants post discharge from hospitals. Caretakers were trained on caregiving skills and psychological counselling to improve their capacity to care for the claimants.

### Social Workers' Forum

The Fund held Social Worker's workshops in Gaborone, Maun and Francistown. The objective of the workshops was to engage social workers on issues pertaining to loss of support benefit and how best social workers could assist the Fund to ensure efficiency in the dispensation and propose use of the benefit.

### Business Gold Day

The Fund participated in the Business Botswana Golf Day event and interacted with the business community and shared information on the MVA Fund products and services. In addition, the event afforded the Fund to encourage the business leadership to play an active role in the promotion of road traffic safety by incorporating road traffic safety in their corporate safety policies.

### Botswana Red Cross Memorandum of Understanding

The Fund signed a Memorandum of Understanding (MoU) with Botswana Red Cross Society. The objectives of the MoU are to develop mutually beneficial programs to promote road traffic safety and to curb road traffic crashes; develop mutually beneficial programs geared towards timely response to motor vehicle accidents through first aid programmes, rehabilitation, and support of members of the community affected by road traffic crashes to restore their human dignity and regain their independence; and exchange of information. The MoU will run for an initial period of three (3) years and is subject to review at the end of the period.

## Social Media Management

The COVID - 19 Pandemic presented an opportunity for the Fund to explore other communications channels to reach out to its stakeholders. As the digital environment continues to transform how the Fund does its business, the Fund opened Twitter and Instagram Social media pages to reach out to its diverse stakeholders, especially the youth as they are most affected by road traffic crashes.

## Social Media Management

As COVID -19 pandemic continued to affect how the Fund reach out to its stakeholders, the Fund engaged a social media and content manager to develop and implement online content strategies in all MVA Fund Social Media Platforms in line with the Fund's business goals. The content manager was further tasked to develop and implement digital media campaigns to improve brand visibility. The engagement of the content manager resulted in increased followership of the page, improved engagement, increased visibility of the Fund, consistent branding as well as coordinated and timely sharing of information.

## MVA Fund Today Magazine

The MVA Fund Today Magazine is one of the platforms used to educate the public and stakeholders on the Fund's mandate, products and services. The magazine covers road safety related issues and a wide range of socio-economic and health issues. The magazine is produced quarterly, and 80 000 copies were distributed at strategic areas for improved outreach. With the changes brought by the COVID-19 Pandemic, the magazine was packaged as inserts on newspapers and shared on social media platforms to reach a wider audience.

## Website

The website is the first port of information about the Fund, and it is used as a marketing tool for products and services, tenders, vacancies, and announcements. The website was revamped to give it a new feel and to add functionalities to improve user experience. The changes to the website will enable online submission of claims, which will improve efficiency in claims processing while at the same time cutting costs incurred by claimants to submit claims to the Fund. The page is accessible at <http://www.mvafund.bw>.

## Montsamaisa Bosigo Radio Drama

The radio drama is an Edu-Entertainment drama to disseminate information about MVA Fund products and services as well as to promote road safety. The drama covers a wide range of messages on post - crash benefits offered by the Fund, the risks of over-speeding and distracted driving, the use of car restraints and car seats, fatigue, and drunken driving amongst others. The drama was aired on both Radio Botswana 1(RB1) and Radio Botswana

2 (RB2).

## Sunday Ballads

The Fund sponsored the RB2 Sunday Ballads programme to broaden its reach out to a wider audience. The objective of the programme is to educate the public about products and services offered by the Fund as well as the Fund claims' process. The show received positive feedback from both the internal and external stakeholders.

## Media Relations

The media is a major stakeholder in disseminating the Fund's mandate. The Fund has maintained positive media presence in the media fraternity by utilizing newspapers, radio, and television for publicity purposes. The media played a significant role in assisting the Fund in information dissemination during the COVID 19 restrictions.

## Corporate Social Investment

In addition to discharging its core mandate, the Fund continues to contribute positively to the communities it operates in. The Fund constructed two bus shelters at Gakgatla village in the Kweneng District. The bus shelters are branded with information on MVA Fund's products and services and will go a long way in providing the community with sanctuary from rains and the scorching heat whilst they await transport by the roadside.

## Outlook

### Development of Corporate Social Investment Policy

The Fund strives to be a good corporate citizen by investing in communities in which it operates. In the year 2022, the department will develop a Corporate Social Investment (CSI) Policy, which will provide guidance on CSI initiatives to undertake in line with the corporate strategy. The Policy will demonstrate the Fund's commitment in discharging its corporate social investment programmes for the benefit of all deserving members of the public.

## Brand Perception Survey

The Fund will in the year 2022 undertake the Brand Perception Survey to review how its brand is perceived by stakeholders. Several overarching changes took place within the Fund over the years such as midterm review of the Kgogamasigo Strategic Plan 2018-2022, legislative amendments, intensified use of social media platform because of changes in the communication environment, performance management system review and automation. All these changes directly impacted on the mandate of the Fund and its brand. The Fund therefore intends to carry a detailed Brand Perception Survey in view of the above-mentioned changes to determine its relevance to its stakeholders.

# 11

## Internal Audit Department

6/1/2016	2.73	5.54		
7/1/2016	3.49	3.03		
8/1/2016	3.65	6.00		
9/1/2016	1.01	5.78		
10/1/2016	4.57	4.32		
11/1/2016	5.45	7.56		19%
12/1/2016	6.16	5.90		
		2.43		



17%

# Internal Audit Department



Internal Audit Department provides independent and objective assurance and consulting services to the Audit and Risk Committee (ARC) in accordance with the internal audit standards set by the Institute of Internal Auditors (IIA). The mission of the Internal Audit Department is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

The Internal Audit Department assist the Fund to accomplish its strategic objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

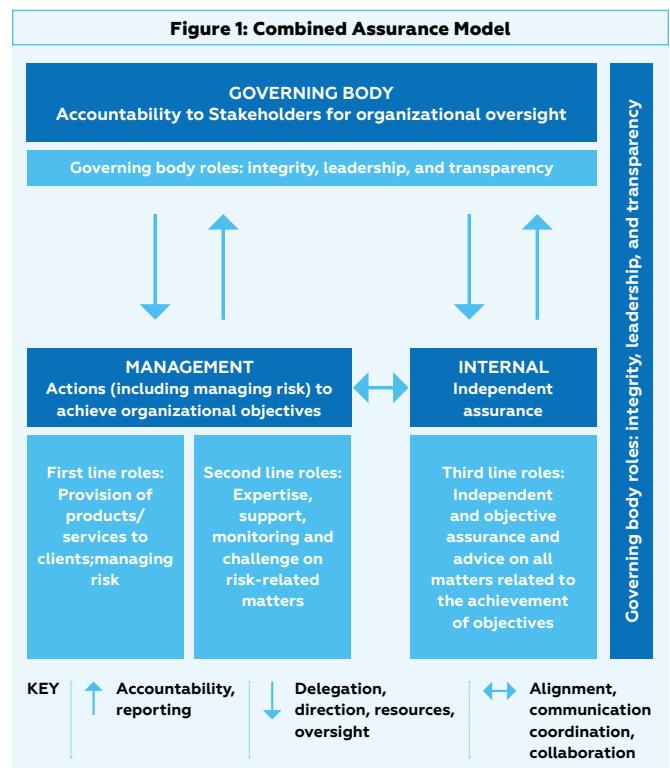


Source: <https://www.corporatecomplianceinsights.com/getting-more-internal-audit-digital-age/>

## Combined Assurance Model

The Fund has adopted the King IV Code Report on Corporate Governance for South Africa 2016. The report introduced the Combined Assurance Model which aims at incorporating and optimizing all assurance services and functions so that taken as a whole, they would enable an effective control environment, support the accuracy and integrity of information used for internal decision-making by Executive Management, Board of

Directors and its Committees; and support the integrity of the Fund's external reports. Figure 1 below illustrates the Combined Assurance Model.



Source: <https://www.corporatecomplianceinsights.com/three-lines-model-short-shrift-compliance/>

Motor Vehicle Accident Fund is of the view that the practices underpinning the principles espoused in the King IV Report are not prescriptive but allow those charged with governance to exercise their judgement in the corporate environment. A summary of compliance with the King IV Code is tabulated below:

**Table 1: Application of King IV Report Principle**

REFER	KING IV PRINCIPLE (S)	2021	COMMENTARY
Principle 15 (48)	The governing body should assume responsibility for Internal Audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee, if in place.	Applied	The Board of Directors has assumed the responsibility for Internal Audit through the enactment of Board Charters which sets out responsibilities of the Board and its Committees. The Internal Audit Department reports to the Audit and Risk Committee.
49	The governing body should approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.	Applied	An independent Internal Audit function is in place, governed by an approved Internal Audit Charter. The Senior Manager Internal Audit reports functionally to the Board via the Audit & Risk Committee. The Board approves the Internal Audit Plan for the financial period as part its fiduciary duties.
50	The governing body should ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries.	Applied	The department continues to train staff to improve their competencies to deliver quality audits and audit reports of the various organisational assignments and to continuously ensure that the Fund benefits from value adding audits. In instances where specialist services are required to complement the audit team, the Board through Audit and Risk Committee approves the budget for such services.
51	If a chief audit executive (CAE) position is provided for in the arrangements for internal audit, the governing body should ensure that the position is set up to function independently from management who designs and implements the controls that are in place, and that the position carries the necessary authority.	Applied	The Internal Audit function is independent from Executive Management in terms of organisational structure and defined reporting lines. The Senior Manager Internal Audit does not perform management functions which ensures independence of the function. The Internal Audit function has been given adequate authority through the Internal Audit Charter which defines the department's roles, responsibilities, and powers.
52	The governing body should approve the appointment of the CAE, including the appointment contract, and ensure that the person who fills the position has the necessary competence, gravitas and objectivity.	Applied	The Senior Manager Internal Audit is appointed by the Board of Directors on recommendation by the Audit and Risk Committee.
53	For reasons of independence, the CAE should have access to the chair of the audit committee.	Applied	The Senior Manager Internal Audit has unrestricted access to all Audit Committee members
54	For reasons of independence, the CAE should not be a member of executive management, but should be invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.	Applied	The Senior Manager Internal Audit does not form part of Executive Management, however, he attends executive meetings and Strategy and Risk review workshops to remain informed about the Fund's risk management, strategy, policy decisions and their implementation.
55	Where internal audit activities are co-sourced or outsourced, the governing body should ensure that there is clarity on who fulfils the role of CAE.	N/A	There were no Internal Audit activities co-sourced or outsourced during the reporting period.

# Internal Audit Department

**Table 1: Application of King IV Report Principle**

REFER	KING IV PRINCIPLE (S)	2021	COMMENTARY
56	The CAE should report to the chair of the audit committee on the performance of duties and functions that relate to internal audit. On other duties and administrative matters, the CAE should report to the member of executive management designed for this purpose as appropriate for the organisation.	Applied	The Senior Manager Internal Audit reports functionally to the Board of Directors through the Audit and Risk Committee and administratively to the Chief Executive Officer.
57	The governing body should have primary responsibility for the removal of the CAE.	Applied	The Board Charter provides for the removal of the Senior Manager Internal Auditor.
58	The governing body should monitor on an ongoing basis that internal audit: a. follows an approved risk-based internal audit plan; and b. reviews the organisational risk profile regularly and proposes adaptations to the internal audit plan accordingly.	Applied	The Internal Audit Department follows a risk-based approach in development of its annual audit plan. The plan is considered and approved by the Board of Directors on recommendation by Audit & Risk Committee. The risk-based plan focuses on the key risks affecting the Fund. These are risks which are fundamental to the Fund's ability to implement its corporate strategy and achieve its objectives. The approved audit plan is reviewed quarterly in response to changes in MVA Fund's business drivers, significant risks, operational programs and systems to ensure alignment.
59	The governing body should ensure that internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.	Applied	Internal Audit Department reports quarterly to the Board through the Audit & Risk Committee on its assessment of the effectiveness of the internal controls and overall control environment of MVA Fund. The department also gives assurance on governance and risk management processes of the Fund. The implementation of Internal Audit recommendations from audit engagements and investigations completed over the past years is used to assess the level of improvement in the control environment in subsequent periods. The external audit findings are tracked by Internal Audit Department and progress to resolve them reported to the Audit and Risk Committee and to the Board on a quarterly basis.
60	The governing body should ensure that an external, independent quality review of the internal audit function is conducted at least every five years.	Not Applied	The Department had planned to undergo an external Quality Assurance Review as required by the Internal Auditing International Professional Practices Framework (IPPF) during the financial year ended 31st December 2021. The review was not carried out amid budgetary constraints and has been deferred to the financial year 2022. The review will also assess the value add of Internal Audit Department to its stakeholders being Management and the Board of Directors.
61	The governing body should obtain confirmation annually from the CAE that Internal Audit conforms to a recognised industry code of ethics.	Not Applied	The principle will be implemented from the year 2022

## Fraud Management

According to Investopedia, fraud involves the false representation of facts, whether by intentionally withholding valuable information or providing false statements to another party for the specific purpose of gaining something that may not have been provided without the deception. Motor Vehicle Accident 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. Figure 2 below depicts the three (3) facets of fraud triangle which are integral to fraud management.

Figure 2: The Fraud Triangle



Source: <http://ed.ted.com/lessons/how-people-rationalize-fraud-kelly-richmond-pope> If you ask people whether they think stealing is wrong.

## Fraud and Ethics Whistleblowing Hotline

The Fund operates an anonymous and independent Fraud and Ethics Whistle-Blower Hotline to optimise the fraud management process. The facility is administered by Deloitte Anonymous Tip-Offs. 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 Fund continues to create awareness of the hotline to the employees and public and through advertising the facility via internal and external media platforms. There was no substantive case reported through the whistleblowing hotline for the financial year ended 31st December 2021 and the Fund continues to create awareness of facility through advertising in both print and electronic medium. Figure 3 below depicts how to submit a tip-off.

Figure 3: Whistle blowing hot line -How to Contact Deloitte



## MVA Fund Fraud Remedies

In its efforts to combat incidents of fraud arising internally or externally or both, the Fund has several forms of redress which may be invoked once red flags for fraud are evident. These include amongst other things:

- Revoking any Fund liability in the case of claimants;
- Recovery of embezzled funds;
- Blacklisting suppliers; and
- Referring cases to national law enforcement agencies for appropriate action.

In addition to the above penalties, the Fund has a statutory obligation to report fraudulent service providers to both Botswana Police Service and their respective regulatory bodies as part of redress process.

MVA Fund Act of 2007 empowers the Fund in many respects to address fraudulent behaviour by claimants. Excerpts of the MVA Fund Act 2007 which the Fund may use to seek redress in instances of fraud by claimants or their related parties are stated below:

- 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.
- Section 21(5) Any person who contravenes provisions of this section or who commits an offence under subsection (4) shall:
  - a. Be guilty of an offence and liable to a fine not exceeding P 10, 000 or to imprisonment for a term not exceeding seven years or both;

# Internal Audit Department

- b. Reimburse the beneficiary all monies misused by him or her; and exceeding 12 months or both.
- c. Be divested of his or her control over such trust funds.
- Section 26 (6) Lodging False Claims - Any person who wilfully 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

## Annual Audit Plan

The Annual Audit Plan outlines the Internal Audit Department's activities to be undertaken during any financial year. Despite the adverse impact of the pandemic and the technology challenges that besieged the Fund at the end of November 2021, concerted effort was made to ensure achievement of the approved plan. The table below illustrates the achieved implementation rate of the approved Annual Audit Plan during the financial year 2021.

**Table 2: Internal Audit Service Year End Performance -2021**

<b>Performance Indicator</b>	<b>2021</b>		<b>2020</b>	
	<b>Target</b>	<b>Achieved</b>	<b>Target</b>	<b>Achieved</b>
% Implementation rate of the approved Audit Plan.	100%	95%	100%	86%

The Department achieved a 95% implementation rate of the Internal Audit Plan as at 31st December 2021 being an improvement of 10.5% compared to an implementation rate of 86% achieved in the previous year.

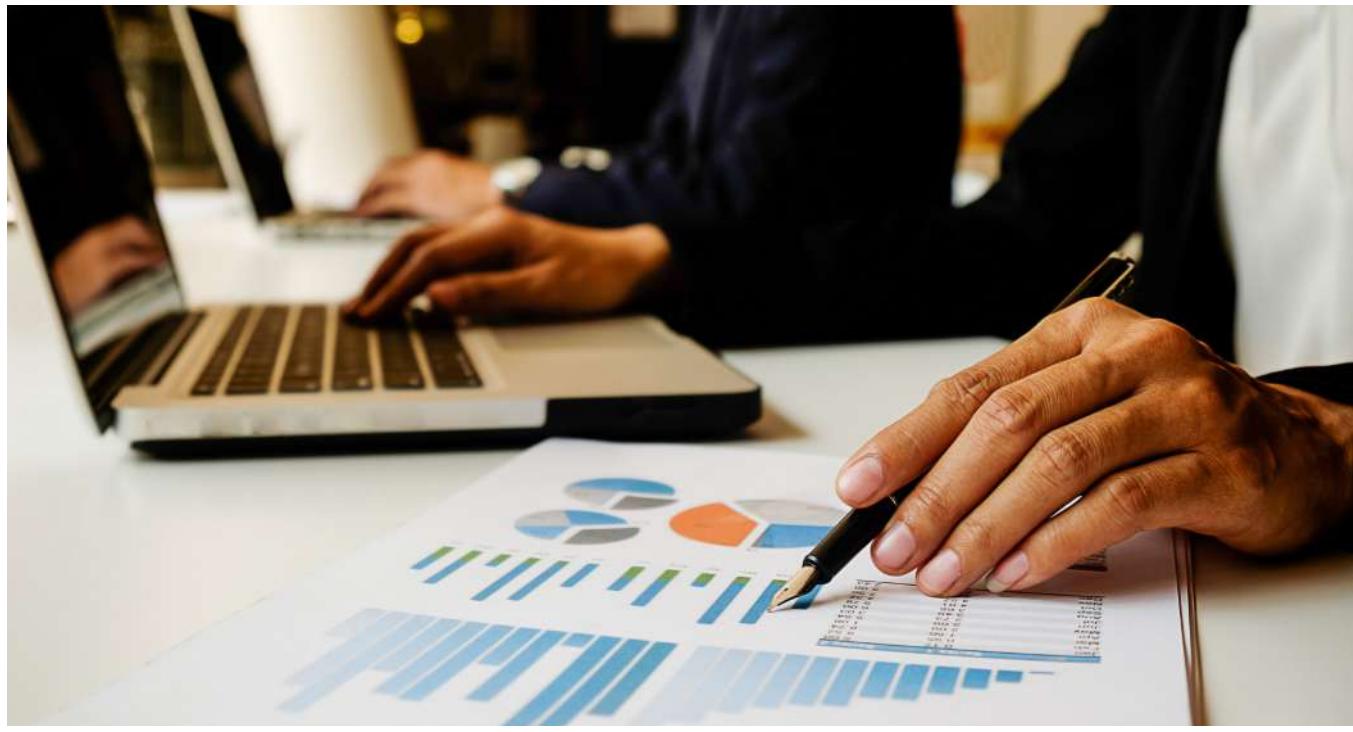
## Implementation of Audit Recommendations

The Internal Audit Department performs follow up on reported findings on a periodic basis to ensure that Executive Management

implements the audit recommendations within the agreed time frames. These also include follow ups of internal control weaknesses identified by the Fund's external auditors through the Management Letter. The Senior Manager Internal Audit provides updates on the progress of closing the audit findings to the Audit and Risk Committee and the committee in turn updates the Board of Directors quarterly on the weighted implementation rate of internal and external audit recommendations as part of its assurance process.

**Table 3: Implementation Rate of Audit Recommendations As At 31st December 2021**

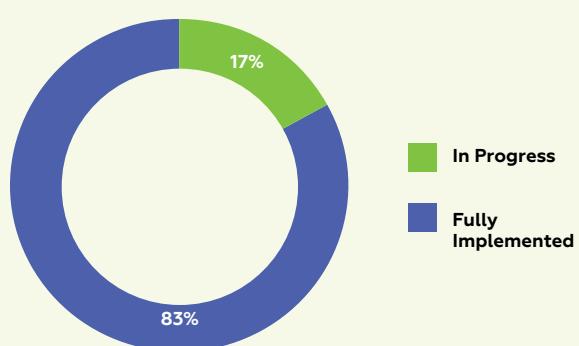
<b>Performance Indicator</b>	<b>2021</b>		<b>2020</b>	
	<b>Fully Implemented</b>	<b>In Progress</b>	<b>Fully Implemented</b>	<b>In Progress</b>
% Implementation of audit recommendation.	83%	17%	72%	28%



During the year ended 31st December 2021, the Fund achieved an implementation rate of 83% being an improvement of 11% when compared to the implementation rate of 72% achieved in the previous financial year. The improvement in implementation of audit recommendations is attributable to Executive Management's commitment to the value it places on the work done by the Internal Audit Department.

Figure 4: Implementation rate of audit recommendations as at 31st December 2021.

**Figure 4: Implementation Rate of Audit Recommendations**



#### Internal Audit Software

The Internal Audit Department uses TeamMate Audit Management software for the performance of its audit engagements. TeamMate is a Windows-based Audit Management System, designed to bring efficiency and consistency to the entire audit process. At its core, TeamMate EWP is an electronic project management system that facilitates the audit process from risk assessment to reporting. The Department also uses TeamMate Analytics a suite of more than 15 Computer Aided Audit Tools (CAATs) that allows the auditors to easily perform powerful data analytics to deliver significant value to the Fund.

#### Outlook

The Internal Audit Department is poised for a period of growth and increased impact. To further enhance its value proposition for MVA Fund, the department will be undertaking a Quality Assurance and Improvement Program (QAIP). This initiative aligns with the Institute of Internal Auditors (IIA) standards and demonstrates our commitment to delivering high-quality audits. By undergoing a rigorous self-assessment, the department will identify areas for improvement and refine its practices to ensure maximum effectiveness in supporting MVA Fund's strategic objectives.



**Corporate  
Governance**



CORPORATE GOVERNANCE

# Corporate Governance

## The Shareholder (Government)

The Fund is a parastatal organization wholly owned by the Government of Botswana. To ensure a seamless and mutually beneficial relationship between the Fund and the Shareholder, the parties signed a Shareholder Compact which outlines the terms of agreement between the Government, represented by Ministry of Finance and Economic Development and the Fund. The Agreement reflects the expectations of each party towards the achievement of the Fund's mandate. In addition, the Shareholder Compact strengthens corporate governance, sets out expectations and harmonizes the relationship between the Government and the Fund.

## The Board

The Fund is governed and directed by a competent Board of Directors established in terms of Section 5 of Motor Vehicle Accident Fund Act No. 15 of 2007. Board of Directors and the Board Committees are the focal point for corporate governance and ensure adequacy of human resources, processes, financial controls and systems to facilitate the successful implementation of the corporate strategy whilst ensuring the Fund attains long-term financial sustainability. The Board is supported by robust and independent risk management control functions for which the Board has oversight. The Board is tasked with monitoring the efficiency and effectiveness of Management and renders support to Management in implementing the strategies and policies of the Board. The Board is governed by the Board Charter which details the roles, structure, and functions of the Board.

The Board comprises of eight (8) non-executive members. The members 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.

The members are appointed by the Minister of Finance and Economic Development to hold office for a term not exceeding

three (3) years. On completion of tenure, members are eligible for reappointment. The Chairperson of the Board is appointed by the Minister from among the eight (8) members while the Vice Chairperson is appointed by the members among themselves. To meet the objectives of the Fund, the Board has relevant skills and experiences which are balanced by the diverse professionals and industry knowledge of members.

The Board meets a minimum of four times each financial year and more frequently as per the organization's business dictates. The Board retains powers of decision making on all matters of strategy, together with all significant commercial issues, including all expenditure in excess of a specified level.

In conformance with best practice governance principles, The Fund ensures that its processes are practiced and reviewed on an ongoing basis to ensure:

- compliance with legal obligations;
- the maintenance of appropriate internal controls and risk management policies and practices.
- the use of funds in an economic, efficient, and effective manner; and
- adherence to good corporate governance practices.

## Board Structure

The Charter provides for Board structures, procedures and processes which assist the Board in regulating how it conducts its business. 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. The Board committees comprise of four suitably skilled and experienced non-executive Board members. Each committee is chaired by a non-executive member and meetings are convened as often as the business of the Fund dictates. The executive management sits on the meetings of committees by invitation. The committees report and make recommendations to the Board. During the year 2021 the Board and its committees were constituted as follows.

**Table 1: Board and its Committees**

Name of Director	Main Board	Audit & Risk Committee	Board Investment Committee	Board Tender Committee	Human Capital Committee
Dr. Mompati Oganne Mmalane(Tenure ended October 2021)	● *				
Ms. Prescilla Gower (Acting Chairperson from November 2021)	●		●	●	●
Ms. Grace Ndintume Sekwababe	●	●	●		
Mr. Keolebogile Pele Moleta (Tenure ended November 2021)	●	●	●		
Mr. Michael Mokgothu	●	●	●		
Dr. Comfort Mokgothu	●			●	●
Mr. Bugalo Maripe (Resigned April 2021)	●			●	●
Mr. Thamsanqa Bernard Majova (Tenure ended October 2021)	●		●	●	

## Board Committees

The Board is dedicated to the implementation of effective structures, policies and practices that improve corporate governance and create sustainable value for the Fund's

shareholder and stakeholders. In the course and scope of discharging their mandate, the directors are empowered to delegate part of their duties to various Board committees as per Table 2 below.

**Table 2: Summary of the Committees of the Board**

Board Committee	Roles & Responsibilities	Quorum	Frequency of meetings
1. Board Tender Committee	<ul style="list-style-type: none"> <li>Ensures compliance to the Tender Regulations and Procurement Procedures Manual.</li> <li>Approval and award of tenders in accordance with the Tender Regulations and Procurement Procedures Manual.</li> <li>Ensures that high ethical standards are upheld in the award of tenders within the applicable limits and authority defined in the rules.</li> <li>Approves variations in the scope and conditions of previously approved contracts or service level agreements, including extensions, assignment and subletting.</li> <li>Approves the extension of existing contracts within its set limits</li> </ul>	2 members present	At least once every quarter
2. Audit & Risk Committee	<ul style="list-style-type: none"> <li>Recommends to the Board approval of the annual audited financial statements of the Fund.</li> <li>Recommends to the Board approval of the capital, operating and human capital budgets.</li> <li>Recommends to the Board the appointment and termination of external auditors and approval of the external audit plan.</li> <li>Consults with the external auditors to ensure resolution of issues raised in the Management Letter are resolved on a timely basis.</li> <li>Reviews the effectiveness of the system of internal controls.</li> <li>Considers and approve the Internal Audit Plan.</li> <li>Monitors financial reporting against international accounting standards.</li> <li>Manage financial risks.</li> <li>Monitor compliance with legislation.</li> <li>Considers the reports from both the internal and external auditors who have unrestricted access to the Committee.</li> </ul>	2 members present	At least once every quarter
3. Board Investment Committee	<ul style="list-style-type: none"> <li>Formulation and review of the Investment Policy Statement (IPS).</li> <li>Recommends the Investment Policy Statement to the Board.</li> <li>Reviews the current market conditions affecting investments and advise the Board on the appropriate investment strategy.</li> <li>Ensures adherence to procedures and effective management of investment risks.</li> <li>Monitors and reviews the effectiveness of the Investment Policy Statement.</li> <li>Recommendation of appointment of asset managers to the Board</li> </ul>	2 members present	At least once every quarter
4. Human Capital Committee	<ul style="list-style-type: none"> <li>Ensures that policies relating to human resourcing, remuneration, selection, retention, performance assessment and remuneration of employees are in place and reviewed periodically.</li> <li>Facilitates appointment of the Chief Executive Officer and senior Management positions as may be necessary for the proper discharge of the functions of the Fund.</li> <li>Monitors the implementation of the human resources policies, and report to the Board on progress.</li> <li>Ensures compliance to labour laws.</li> <li>Management of risks associated with human capital.</li> </ul>	2 members present	At least once every quarter

# Corporate Governance

## Delegated Authority

The Board has delegated the day-to-day administration of the Fund to the Chief Executive Officer assisted by the executive management. The Chief Executive Officer is accountable to the Board and report to it on the performance of the Fund on quarterly basis or more frequently as the business of the Fund dictates.

## Board Meetings

The frequency of Board meetings is dictated by the business of the Fund. In terms of section 12(1) of the MVA Fund Act 2007, the Board must meet not less than once in each quarter of the year. Matters which require expeditious attention and approval of the Board are dealt with by way of Special Board Meetings. During the year, the board met on four (4) quarterly sittings of the Main Board and its sub committees. Two special board meeting were held during the year.

The Board has adopted a Charter which sets out the responsibilities of the Board, its structure and governance, responsibility for approving the Fund's statement of values and ensuring a code of conduct to underpin the desired culture within the entity, as well as matters expressly reserved to the Board and those delegated to management. The Board Charter and the Committees' Charters guide the Board and the Committees to discharge their fiduciary duties and outline their mandate, composition and authority. The Board has delegated some functions to its committees in line with best corporate governance practices.

The Board yearly plan is approved by the Board at the beginning of the year for better planning of Board activities. A quorum at any Board meeting consists of any four members and the Board is consensus- oriented. In terms of the Board Charter, the Chairperson has a casting vote and presides over meetings of the Board. Where the Chairperson is not in attendance, the Vice Chairperson presides over the meeting. In the absence of the Chairperson and Vice Chairperson, those present at the meeting may elect any member amongst themselves to chair the meeting. The proceedings of the meeting are recorded, minutes are considered, approved and then passed as a true record of the meetings. This record is then kept by the Fund as a permanent record.

The Board approves the corporate strategy which is then implemented by Management on behalf of the Board. The Board ensures that the strategic plans and initiatives to be delivered each year are included in the operating budget where applicable. Management on a quarterly basis reports the implementation rate of the strategic plan initiatives to the Board.

## Declaration of Interests

The Directors are required to disclose real, potential or apparent conflict of interest in relation to the business being considered at every meeting of the Board and its Committees. The duty to disclose conflict of interest is both a statutory requirement in terms of section 13 of the MVA Fund Act and an established corporate governance principle of fairness and integrity. Disclosures of interest are recorded in minutes of the meeting. The Board continues to maintain annual registers of Directors' interests as part of the efforts to effectively manage potential conflicts of interest.

## Board Induction and Development

Management with the assistance of the Board Chairperson, develops an induction package for newly appointed members. Board members are then taken through an induction programme by Executive Management to familiarise them with the operations of the Fund. The induction programme focuses on MVA Fund Act and MVA Fund Regulations, the roles of the different departments, strategic plan, risk management and other key policies.

To enhance board effectiveness and for continuous improvement, Board members undergo corporate governance training on periodic basis. The purpose of the training is to equip Board members with the requisite skills and knowledge to effectively discharge their fiduciary duties.

## Board Remuneration

The Board fees for the Directors are paid in line with Government Policy. Other expenses such as travel expenses (mileage and accommodation where applicable), are also paid in line with Government rates. Government has effective 1st April 2017 revised the board sitting fees as per Table 3 below for Category A parastatals.

**Table 3: Board Sitting Fees**

Position	Fees
Chairman	P 2,250.00 per sitting
Director	P1,800.00 per sitting

During the financial year 2021 the sum of P813 000.00 was paid towards Board fees and expenses in accordance with Government rates as per the Table 3 above



### Senior Manager - Board Secretary & Legal Services

The Senior Manager – Board Secretary & Legal Services is appointed by the Board and is an advisor to the Board and advises Directors in areas such as corporate governance, updates on legal and statutory amendments and the effective execution of Directors' responsibilities and fiduciary duties. Senior Manager – Board Secretary & Legal Services ensures that the Board Charter is kept up to date and that Board papers are circulated to the Board and its committees timely.

The Board ensures that the Fund establishes and maintains an adequate and effective internal control environment to monitor its continued compliance with internal policies and procedures and to safeguard the Fund's assets.

### Internal Controls

The Board ensures that the Fund establishes and maintains an appropriate and effective internal control structure to monitor its continued compliance with internal policies and procedures and to safeguard the Fund's assets.

### Internal Audit Department

The Internal Audit Department is an independent function which provides assurance to the Board of the existence and effectiveness of the system of internal controls, risk management and corporate governance of the Fund. Senior Manager Internal Audit reports functionally to Chairman of the Audit and Risk Committee and administratively to the Chief Executive Officer.

### External Audit

An external audit process ensures that a company's internal controls, processes, guidelines, and policies are adequate, effective and in compliance with shareholder requirements, industry standards and organizational policies. External audits provide assurance on an entity's financial position.

The Board is enjoined by Section 18 (2) of the MVA Fund Act No 15 of 2007 to appoint an independent auditor to audit the Fund's accounts within three months from the end of the financial year. The Audited accounts forms part of the Annual Report which is compiled and submitted to the Minister within six months from the end of the financial year in terms of Section 19 (1) of the MVA Fund Act No. 15 of 2007.

### Legal Compliance

The Board is ultimately responsible for overseeing the Fund's compliance with specific legislation, rules, and standards in terms of the King IV Code Report on Corporate Governance for South Africa 2016. The Board has delegated responsibility to management for the implementation of effective governance, risk, legal and compliance framework and processes. The Board is cognizant of its responsibility and is explicitly committed to upholding ethical behaviour in conducting its business. The Board through the Senior Manager Board Secretary & Legal Services endeavors to ensure that the Fund complies with laws and regulations of Botswana.

# Sustainability Report



## Introduction

MVA Fund is committed to incorporating sustainability reporting as part of its annual performance evaluation and reporting. Sustainability reporting is the process by which the Fund disclose information on its environmental, economic and social activities in line with the Environment Social Governance (ESG) Framework. Sustainability reporting is valuable not only because it enables the Fund to identify risks and opportunities that may impact its long-term performance, but also because it can help improve transparency and enhance brand image. Sustainability reporting is a vital component of shareholder, employee and stakeholder relations and therefore aids in value creation for MVA Fund. The Fund is therefore committed to meet its present and future needs without compromising its economic sustainability and managing the social impact on the environment.

## Financial Sustainability

For the year ended December 31st 2021 the Fund's solvency ratio was healthy, though it had shown significant volatility in recent years and more importantly, it has deteriorated over the last few years. To address the above challenge, management developed a financial sustainability strategy (FSS) during the financial year 2021 which was approved by the Board for implementation effective 1st October 2021. The objective of the strategy is to ensure that the Fund remains financial healthy and its able to meet its financial obligations when they fall due. Some of the strategic initiatives identified as key to attaining financial sustainability were the following: investment in road safety, operational efficiency (case management and tariff management), trust liability valuation and asset-liability matching. The successful implementation of these initiatives will ensure that the Fund continues to exist and have a positive contribution to the livelihoods of people affected by road traffic

accidents in the country. Despite of the declining solvency ratio, the Fund recorded a total comprehensive income of P219.2 million in 2021 against a total comprehensive loss of P153.43 million. The substantial positive variance was attributable to foreign exchange gains of P167.77 million.

The Fund's investment portfolio grew by 5.7% from P4.22 billion recorded in 2020 to P4.46 billion in 2021 and the portfolio growth was mainly attributable to the offshore investments which registered significant growth of 18.8% from P1.75 billion in 2020 to P2.08 billion in 2021

## Solvency Ratio

The Fund closely monitors the solvency ratio periodically. The solvency ratio is one of the sustainability indicators as it indicates the ratio at which the Fund can pay its financial obligations. The Fund's solvency ratio slightly increased from 237% in 2020 to 240% in 2021 due to the increase in total assets owing to the increase in the offshore portion of the investment portfolio. The Fund financial position remained a healthy as evidenced by the increase in value of its total assets from P4.31 billion in 2020 to P4.61 billion in 2021.

## Investment in Road Safety

Investment in road safety has been identified as one of the key strategic initiatives to attain financial sustainability for the Fund. Investment in road safety is geared towards reducing road traffic crashes and associated fatalities and serious injuries. In the event where one is injured or losses life as a result of a motor vehicle accident, the Fund is mandated to provide compensation in the form of benefits to cover medical and rehabilitation costs, funeral costs, financial loss and other necessary social support services. Therefore, investing in measures that reduce the risk of

road traffic injuries and deaths effectively leads to reduction in claims compensation costs. Investment in road safety was largely driven by MVA Fund Road Safety Strategic Plan 2019- 2023. During the year, the Fund invested P3.3 million towards road safety initiatives and programmes. The investment was intended to intensify road safety educational campaigns to improve road user knowledge and road risk awareness; undertake road safety research and data analysis for evidence-based interventions, support traffic law enforcement on critical risk factors such as speed and drunk driving to improve road user compliance to safety rules.

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 and Youth Clubs as well as key stakeholders in the media and private sector.

### Human Capital

The Fund recognises that human capital is a critical asset that is used to improve organizational performance, drive growth and creates economic value. During the year 2021, the Fund was reeling from the devastating effects of COVID - 19 pandemic which affected its employees both emotionally and mentally. The pandemic took an enormous toll on employees, and it was crucial for the Fund to support the affected employees through staff wellness programmes. The pandemic re-inforced the importance of prioritizing employee well-being to maintain a healthy and productive workforce. The Fund prioritized the provision of psychosocial therapy to support staff in coping with personal challenges and improvement of quality of their life. In addition, the Fund views employee wellness as one of the key priorities and promotes wellness through employees' physical, mental and spiritual well-being. Wellness initiatives play a vital role in employee engagement and retention. The presence of health offerings improves employee engagement and productivity as they address emotional wellbeing among others.

In its endeavour to attract, develop and retain its talent, the Fund developed and reviewed some of its Employee Value Propositions (EVPs) including the following, the review of the salary structure and benefits, driving the performance management process on the recently implemented automated system using the SAP Success Factors platform, implementing the MVA Fund Competency Framework and upskilling staff members to close competency gaps in line with the approved MVA Fund Competency Framework Policy.

### Corporate Social Investment (CSI)

The Fund continues to demonstrate its commitment to social responsibility through initiatives that positively impact the communities it operates in. A notable example is the construction of two bus shelters at Gakgatla Village in the Kweneng District. These shelters improve public infrastructure and provide significant benefits to residents by offering a safe and comfortable

waiting space, particularly during harsh weather conditions. Additionally, the shelters are branded with information about the MVA Fund's products and services, enhancing community awareness and accessibility to the Fund's offerings.

### Environment

The MVA Fund strives to undertake its operations in environmentally friendly offices that promotes efficiencies in energy consumption, water usage, and waste generation while promoting a healthy indoor environment for occupants.

The Head Office premises presently uses a sophisticated HVAC chiller system that uses water to cool and or provide heating in the building. Whilst the system is ideal for the environment it is not that energy efficient, and the Fund is considering replacing it with a modern VRF system that is more energy efficient. The Head Office facility is fitted with energy efficient lighting and a motion light sensor in the third-floor atrium. Moreover, the office premise has a landscape garden that is meant to improve the aesthetic of the building and help improve the quality of air. The landscape garden is maintained using grey water which also serves as a cost saving measure.

Furthermore, to improve its investment income, the Fund during the year commenced the construction of a four (4) storey office building in Francistown and the office is expected to accommodate multiple tenants. The Fund commits to ensuring that the construction works will take cognizance of the environment, and the construction site will be rehabilitated post construction.

The building is expected to be fully fitted with modern energy-efficient lighting, motion light sensors in common areas and the VRF air-conditioning system that uses less energy. Additionally, the building orientation and the choice of glazing allows for maximum utilization of natural light during the day. To incorporate renewable energy and water conservation, a provision has been made for solar panel installation in the building that will help reduce reliance on fossil fuels and lower greenhouse gas emissions, and water-efficient fixtures such as low-flow toilets and faucets will be installed to reduce water usage.

During the construction phase the contractors shall be encouraged to utilize good indoor air quality by using low-VOC (volatile organic compound) paints, adhesives and furnishings. The building shall provide adequate ventilation and access to natural ventilation to enhance occupant comfort and productivity.

By incorporating all these sustainable practices and technologies, the building is expected to significantly reduce its environmental footprint, promotes a healthier workplace, and contribute to a more sustainable future.

# 12

**Annual Financial  
Statements**

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# Annual financial statements

## MOTOR VEHICLE ACCIDENT FUND

### General Information

For the year ended 31 December 2021

The Directors have pleasure in submitting their report and the annual financial statements for the year ended 31st December 2021.

#### Formation

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

#### Nature of business

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

#### Financial results

The financial results are reflected in the financial statements set out on pages 118 to 170.

#### 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  
P Moleta  
G Sekwababe  
T Majova  
C Mokgothu  
B Maripe  
M Mokgothu  
P Gower

#### Bankers

Absa Bank Botswana Limited  
Barclays House, Plot 74358  
Central Business District  
Gaborone  
  
Bank Gaborone  
Plot 74768,  
Central Business District  
Gaborone

#### Board Secretary

Thabo Morotsi

RMB Botswana

Plot 54362, First Place,  
Central Business District  
Gaborone

#### Registered office

MVA Fund House  
Plot 50367  
Fairgrounds Office Park  
Gaborone

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

#### Auditors

Pricewaterhouse Coopers Inc.  
Plot 50371  
Fairgrounds Office Park  
Gaborone

#### Attorneys

Armstrongs Attorneys  
Acacia House, Plot 54358  
Central Business District  
Gaborone

**Directors' responsibility statement**  
for the year ended 31 December 2021

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 2021, and the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow 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 118 to 168 with the supplementary information on page 169 to 170, were approved by the Board of Directors on 6<sup>th</sup> December 2024 and signed on its behalf by:

*Boisa*

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Dr. Boitumelo Mokgatla  
Director



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Michael N. Mokgothu  
Director

# Annual financial statements



## 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

Motor Vehicle Accident Fund's financial statements set out on pages 118 to 168 comprise:

- the statement of financial position as at 31 December 2021;
- 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, including 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

### Key audit matters

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

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Country Senior Partner: R Binedell  
Partners: A S Edirisinghe, I D Molebatsi, S K K Wijesena



We have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of the provision for the incurred but not reported claims (the "IBNR provision")</b></p> <p>The total value of the Fund's gross IBNR provision at 31 December 2021 was P 116,218,963, as disclosed in note 19-Outstanding claims.</p> <p>The determination of the IBNR provision requires the Fund to make an estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date.</p> <p>The calculation of this insurance provision is subject to inherent uncertainty and significant estimates and assumptions.</p> <p>The Fund makes use of an independent actuarial expert (the "management expert") for the valuation of the IBNR provision.</p> <p>We considered the valuation of the IBNR provision to be a matter of most significance to the current year audit because of the judgement required to select an appropriate actuarial technique for estimation and in assessing the appropriateness of reliance on historical claims trends and other factors to estimate the quantum of provision required.</p> <p>The disclosures associated with the IBNR provision are set out in the financial statements in the following notes:</p> <ul style="list-style-type: none"> <li>• Accounting policy 1.13 (page 130) –Claims.</li> <li>• Key sources of estimation uncertainty on page 134; and</li> <li>• Note 19 (page 165)–Outstanding claims.</li> </ul>	<p>We tested the design and effectiveness of controls which the Fund exercises over the recording of claims and other data utilized in the IBNR provision calculation.</p> <p>Having obtained and read the actuarial report issued by the management expert, we held detailed discussions with the management regarding the appropriate selection and use of the valuation methodology and assumptions. Using our actuarial expertise, we independently recomputed the required IBNR provision. We did not identify any matters which indicate that the valuation methodology and assumptions are not aligned to the Fund' business.</p> <p>We tested, on a sample basis, the accuracy and completeness of data used in the calculation of the IBNR provision, by comparing the data used in calculating the IBNR provision to the claims and other information recorded by the Fund. Our testing revealed no material exceptions.</p> <p>We tested the mathematical accuracy of the IBNR provision using the data, methodology and assumptions utilized by the Fund and noted no material errors.</p>

# Annual financial statements



## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Motor Vehicle Accident Fund Annual Financial Statements for the year ended 31 December 2021". The other information does not include the financial statements and our auditor's report thereon.

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

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

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## 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 IFRS Accounting 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.

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## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in



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

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

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

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.

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*PricewaterhouseCoopers*

**PricewaterhouseCoopers**  
**Firm of Certified Auditors**  
**Practicing Member: Kosala Wijesena (CAP 0025 2025)**

**13 February 2025**  
**Gaborone**

# Annual financial statements

## Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

In Pula

	Note	2021	2020
Fuel levy income	2.1	<b>123 241 579</b>	88 562 089
Third party cover income	2.2	<b>3 361 753</b>	3 569 439
Investment income	2.3	<b>183 255 919</b>	119 419 267
Change in fair value of investment property	10	<b>(2 860 000)</b>	2 600 000
Change in fair value of investments at fair value through profit and loss	14	<b>(5 475 816)</b>	(22 623 105)
Foreign exchange gains	26	<b>167 779 318</b>	17 825 975
Other income	3	<b>604 312</b>	1 240 703
<b>Total operating income</b>		<b>469 907 065</b>	210 594 368
Net increase in claims provision	4	<b>(163 367 024)</b>	(141 150 627)
Reinsurance premium		<b>(1 920 940)</b>	(2 047 754)
Investment management fees	12.1	<b>(14 973 445)</b>	(10 789 247)
Property management fees	10.4	<b>(1 857 149)</b>	(2 069 137)
Interest expense	25	<b>(70 237 137)</b>	(138 697 585)
Administrative expenses	5	<b>(91 929 619)</b>	(82 716 887)
Road safety campaign expenses	17	<b>(3 305 742)</b>	(4 953 781)
<b>Total expenses</b>		<b>(347 591 056)</b>	(382 425 018)
<b>Surplus/ (Deficit) for the year before share of profits from associates</b>		<b>122 316 009</b>	(171 830 650)
Share of profit from associates	11	<b>14 182 560</b>	34 414 535
Impairment	29	<b>(463 753)</b>	(3 490 022)
<b>Surplus/ (Deficit) for the year</b>		<b>136 034 816</b>	(140 906 137)
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Changes in fair value of financial assets at fair value through Other Comprehensive Income	12	<b>83 233 677</b>	189 838 937
Total other comprehensive income		<b>83 233 677</b>	189 838 937
<b>Total comprehensive Income</b>		<b>219 268 493</b>	48 932 800

**Statement of financial position**  
at 31 December 2021

In Pula

	Note	2021	2020
<b>Non-current assets</b>			
Property and equipment	8	<b>4 305 899 324</b>	4 044 628 535
Right Of Use Assets	8.1	<b>37 478 095</b>	15 193 334
Intangible assets	9	<b>1 505 426</b>	2 228 540
Investment properties	10	<b>7 984 773</b>	8 434 825
Investment in associates	11	<b>135 770 000</b>	138 630 000
Financial Assets at Fair Value through other comprehensive income	12	<b>271 499 576</b>	274 619 148
Financial assets at fair value through profit or loss	14	<b>3 257 585 768</b>	3 006 308 229
Other receivables	15	<b>536 780 547</b>	550 756 363
		<b>57 295 139</b>	48 458 096
<b>Current assets</b>			
Financial assets at amortised costs	13	<b>313 923 854</b>	273 399 803
Financial assets at fair value through profit or loss	14	<b>209 655 720</b>	228 420 344
Trade and other receivables	15	<b>45 500 000</b>	-
Cash and cash equivalents	16	<b>42 846 264</b>	33 730 480
		<b>15 921 870</b>	11 248 979
<b>Total assets</b>		<b>4 619 823 178</b>	4 318 028 338
<b>Equity</b>			
<b>Reserves</b>			
Fair value and other reserves	17	<b>2 714 285 205</b>	2 495 016 712
Accumulated surplus		<b>2 505 796 554</b>	2 420 486 095
		<b>208 488 651</b>	74 530 617
<b>Non-current liabilities</b>			
Trust liabilities	18	<b>1 642 208 649</b>	1 527 798 487
Lease Liabilities	8.1	<b>1 641 042 754</b>	1 525 811 639
		<b>1165 895</b>	1 986 848
<b>Current liabilities</b>			
Trust liabilities	18	<b>263 329 324</b>	295 213 139
Outstanding claims	19	<b>102 273 511</b>	110 232 544
Trade and other payables	20	<b>137 349 692</b>	133 295 825
Lease Liabilities	8.1	<b>23 147 948</b>	51 191 627
		<b>558 173</b>	493 143
<b>Total equity and liabilities</b>		<b>4 619 823 178</b>	4 318 028 338

# Annual financial statements

## Statement of cash flows for the year ended 31 December 2021

In Pula

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Cash flows from operations	24	<b>144 743 616</b>	27 116 818
Effects of exchange rate changes in valuation of financial assets at fair value through other comprehensive income	12	<b>(167 653 768)</b>	(17 793 148)
<b>Net cash (used in)/generated from operating activities</b>		<b>(22 910 152)</b>	9 323 670
<b>Cash flow from investing activities</b>			
Purchase of equipment	8	<b>(25 505 235)</b>	(10 664 606)
Proceeds on disposal of property and equipment		<b>277 792</b>	984 151
Dividends received from Associate	11	<b>17 302 131</b>	17 163 248
Proceeds on disposal of investments		<b>79 062 850</b>	-
Purchase of investments		<b>(42 796 215)</b>	(22 298 194)
<b>Net cash generated from/ (used in) investing activities</b>		<b>28 341 323</b>	(14 815 401)
<b>Cash flow from financing activities</b>			
Lease Rental Payments		<b>(758 280)</b>	(890 329)
<b>Net cash (used in)/generated from financing activities</b>		<b>(758 280)</b>	(890 329)
Net increase/ (decrease) in cash and cash equivalents		<b>4 672 891</b>	(6 382 060)
Cash and cash equivalents at beginning of year		<b>11 248 979</b>	17 631 039
<b>Cash and cash equivalents at end of year</b>	16	<b>15 921 870</b>	11 248 979

**Statement of changes in equity**  
for the year ended 31 December 2021

In Pula

	Fair value and other reserves	Accumulated surplus	Total
Balance at 01 January 2020	2 230 832 984	215 250 928	2 446 083 912
<b>Total comprehensive income</b>			
Deficit for the year	-	(140 906 137)	(140 906 137)
<b>Other comprehensive income</b>			
Road safety campaign costs	(4 953 781)	4 953 781	-
Transfer to Road safety reserve	4 767 955	(4 767 955)	-
Changes in fair value through other comprehensive income financial assets	189 838 937	-	189 838 937
Total other comprehensive loss	189 653 111	(140 720 311)	48 932 800
Balance as 31 December 2020	2 420 486 095	74 530 617	2 495 016 712
<b>Total comprehensive income</b>			
Surplus the year	-	136 034 816	136 034 816
Transfer to road safety reserve	5 382 524	(5 382 524)	-
Road safety campaign costs	(3 305 742)	3 305 742	-
<b>Other comprehensive income</b>			
Changes in fair value of financial assets at fair value through other comprehensive	83 233 677	-	83 233 677
Total comprehensive Income	85 310 459	133 958 034	219 268 493
<b>Balance at 31 December 2021</b>	2 505 796 554	208 488 651	2 714 285 205

# Annual financial statements

## Significant accounting policies for the year ended 31 December 2021

### 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 Accounting Standards 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 2021.

Standard	Effective Date	Summary
Amendments of IFRS 9 'Financial Instruments', IAS 39 Financial Instruments recognition and Measurement', IFRS7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'-interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021	The phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases' Covid19 Related Rent Concession Amendment	Annual periods beginning on or after 1 June 2020	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID 19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment

## Significant accounting policies (continued)

for the year ended 31 December 2021

### New and Amended Standards adopted by the Fund (continued)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

### Adoption of standards in future financial periods

New standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022, 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;

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.

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

Standard	Effective Date	Summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023  Early application is 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.	<p>The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p>

# Annual financial statements

## Significant accounting policies (continued) for the year ended 31 December 2021

### Adoption of standards in future financial periods (continued)

Standard	Effective Date	Summary
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023	In response to some of the concerns and challenges raised, the Board developed targeted amendments, and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IFRS 3, 'Business combinations'. Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022	<p>The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.</p> <p>In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.</p> <p>The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.</p>
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

**Significant accounting policies (continued)**  
for the year ended 31 December 2021

**Adoption of standards in future financial periods (continued)**

<b>Standard</b>	<b>Effective Date</b>	<b>Summary</b>
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	<p>These amendments include minor changes to:</p> <ul style="list-style-type: none"> <li>IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.</li> <li>IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.</li> <li>IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.</li> <li>IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.</li> </ul>
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

## Significant accounting policies (continued) for the year ended 31 December 2021

### 1.2 Foreign currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

### 1.3 Investments in associates

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

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

When the Fund's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued 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 1.8.

### 1.4 Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit or loss.

### 1.5 Property and equipment

Items of property and equipment 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.

## Significant accounting policies (continued)

for the year ended 31 December 2021

### 1.5 Property and equipment (continued)

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.

Land is recognised at cost and depreciated over the lease period while buildings are recognised at cost and shown at fair value, based on annual valuations by external independent valuers.

#### Work in progress

Properties in the course of construction or development for use as investment properties and other assets not yet commissioned are carried at cost, less any recognised impairment loss. Cost includes professional fees directly attributable to the acquisition of the items.

#### 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:

Freehold land and buildings	Lower of 40 years or remaining period of the lease
Buildings	40 years
Office furniture and equipment	5 – 8 years
Motor vehicles	4 years
Computer equipment	3 – 5 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.

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.

### 1.6 Intangible assets

Intangible assets consist of computer software which is measured 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.

## Significant accounting policies (continued) for the year ended 31 December 2021

### 1.6 Intangible assets (continued)

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.

### 1.7 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.

### 1.8 Impairment of assets

Property and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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

### 1.9 Financial assets

#### Classification

The Fund 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 depends on the entity's business model for managing the financial assets and their contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the profit or loss or OCI. For investments in equity instruments that are not held for trading that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at the fair value through other comprehensive income(FVOCI).

#### Recognition and derecognition

Regular way purchase and sales of financial assets are recognised on trade date, being the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Fund has substantially transferred all the risks and rewards of ownership.

#### Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset or financial asset not at fair value through profit or loss (FVPL), transaction costs that are and directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

## Significant accounting policies (continued) for the year ended 31 December 2021

### 1.9 Financial assets (continued)

#### Debt Instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classifies its debt instrument;

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or losses on derecognition is recognised directly to profit or loss and presented in other gain/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flow and for selling the financial asset, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain/ (losses), and impairment expense is presented as a separate line item of the profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

#### Equity Instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investment in OCI, there is no subsequent reclassification of fair value gains and losses from profit or loss following derecognition of the investment. Dividends from such continue to be recognised in profit or loss as other income when the Fund's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 1.10 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.

### 1.11 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.

## Significant accounting policies (continued) for the year ended 31 December 2021

### 1.12 Employee Benefits

#### 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. The contributions are recognised as employee benefit expense when they are due. 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.

#### Short Term Employee Benefit

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liability in the balance sheet and movement in liabilities and expenses are recognised in statement of profit or loss.

### 1.13 Claims

The Fund is required by applicable regulations and IFRS Accounting Standards 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.

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.

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.

### 1.14 Claims reserve

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

### 1.15 Trust liabilities

#### General damages

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

## Significant accounting policies (continued)

for the year ended 31 December 2021

### 1.15 Trust liabilities (continued)

#### 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 2021 the actual expenditure on road safety initiatives amounts to P3 305 742 (2020: P4 953 781).

### 1.17 Impairment of financial asset

#### a) Assets carried at amortised cost

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Fund uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower/ investee (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's/ investee's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

# Annual financial statements

## Significant accounting policies (continued) for the year ended 31 December 2021

### 1.17 Impairment of financial assets (continued)

#### 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. The current fuel levy is 9.5 thebe per litre.

#### Third Party cover

Third party cover comprises of premiums charged on foreign registered vehicles which enter the country. Third Party is recognised 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.

#### Contracts with customers

The Fund does not have specific contracts with customers and the only performance obligation it has is to cover all road accident victims in Botswana up to one million Pula. The benefit is paid out to claimants or service providers over time depending on the offer given and accepted by the claimant. These contracts fall outside the scope of IFRS 15 as there is no revenue that accrues to the Fund from the signed settlement. The Fund earns fuel levy as noted above.

## Significant accounting policies (continued) for the year ended 31 December 2021

### 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.

### 1.20 Leases - The Fund as the Lessee

The Fund define a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

#### Right of use Assets

As at 31st December 2021, the Fund held five (5) property lease contracts with third parties in its capacity as the lessee. In determining the lease term, management considered the non cancellable period, extension options and termination clauses embedded in the lease contracts. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Fund is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

# Annual financial statements

## Significant accounting policies (continued)

for the year ended 31 December 2021

### 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 as illustrated in note 19. Each reported case is assessed on a separate case by case basis with due regards to specific circumstances, type of claim, previous claim experience, relevant legislature, provided treatment estimates. Known claims estimate are reviewed regularly and updated as information becomes available.

#### Incurred But Not Reported (IBNR) Claims

The Fund engaged QED Actuaries & Consultants (Pty) Ltd to determine the IBNR Provision as at 31st December 2021. The IBNR Provision was calculated on the basis of an actuarial reserving method which relies on past claims experience. The Bornhuetter-Ferguson (BF), Average Cost per Claim (ACPC) or Chain Lader (CL) methods were applied for the 2021 and comparative years. The paid claims data is triangulated with loss year origin periods and annual development periods. Addendum claims are counted as additional claims in the claims number triangulation. In the case of BF ultimate claims estimates, the ultimate loss ratio assumption is applied to the fuel levy. The historical loss ratios for each reserving segment were investigated to inform an initial estimate of ultimate loss ratio. The fuel levy is analogous to an earned premium amount such that it is representative of the exposure of the Fund towards its potential liabilities.

**Basic Chain-Ladder method -** To produce gross reserves on a best-estimate basis, paid development factors are estimated from the data using a volume-weighted method up to the most recent 5 years of claims data. The IBNR reserve for each origin period is then calculated as the difference between ultimate claims projected by the Chain Ladder method and reported claims.

**Bornhuetter-Ferguson Method -** The initial development of each loss year is typically subject to volatility as the cumulative data is sparse. This volatility may cause the estimates of ultimate claims produced by the CL method to be misleading. For this reason, an alternative estimate of the ultimate claims is produced for the more recent loss years using a technique known as the Bornhuetter-Ferguson method. This method requires an initial estimate of the ultimate loss ratio ("IELR") for each lost year. These were based on past experience. The intermediate (or "initial") estimates of ultimate claims are obtained by applying the IELR to the fuel levy. The estimate of ultimate claims from the BF method is used to calculate the IBNR reserve by subtracting reported claims for the origin period from the ultimate figure.

**The Average Cost per Claim (ACPC) Method -** The ACPC method is not a uniquely defined actuarial method but consists of a family of methods involving the two main components making up the ultimate claims experience.

These are:

- Claim frequency (or number of claims)
- Claims severity (or average size of claims)

## Significant accounting policies (continued) for the year ended 31 December 2021

### Key sources of estimation uncertainty (Continued)

#### Incurred But Not Reported (IBNR) Claims (Continued)

The method involves breaking up the total claims experience for each homogeneous group into these two components and modelling each separately to its expected ultimate position. This is done using similar techniques as discussed throughout this document. The ultimate liability can then be determined by multiplying the ultimate number of claims with the ultimate average cost of claims.

#### Residual values of property and equipment

The Fund determines the estimated useful lives and related depreciation charges for its plant and equipment. The depreciation charge is increased where useful lives are less than previously estimated, or it will be appropriately impairing technically obsolete or non-strategic assets that have been identified for sale. Residual values and assets useful lives are assessed annually based on management's judgement of relevant factors and conditions. During the financial year the Fund determined that all assets would have no residual values of any significance at the end of their useful lives.

#### 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.

#### Estimation of fair values of land and buildings and investment property

The properties are independently valued on the basis of open market value, and are revalued annually.

#### Provision for expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Fund invest in Government Bonds and listed Corporate Bonds which have very low default risk.

# Annual financial statements

## Notes to the Financial Statements for the year ended 31 December 2021

### 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, cash at bank and financial assets held at fair value through other comprehensive income, financial assets at amortised cost and financial assets through profit and loss. 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, Barclays Bank of Botswana Limited, Botswana Building Society, First National Bank Botswana Limited and Botswana Savings Bank.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### Financial risk management (continued)

#### 1.1. Credit risk (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

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

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account

The Fund's policy requires the review of individual financial assets that are significant at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Based on the criteria set out above, no loss allowance on financial 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

	2021 P	2020 P
Fuel levy receivables	<b>11 098 693</b>	10 007 798
Third-party receivable	<b>1 320 480</b>	769 545
Other receivables	<b>20 653 371</b>	16 000 638
Staff receivables	<b>67 068 859</b>	55 410 595
	<b>100 141 403</b>	82 188 576
Analysis of trade and other receivables		
Neither past due nor impaired	<b>99 561 202</b>	81 792 371
Past due but not impaired	<b>580 201</b>	396 205
Past due and impaired	<b>2 852 106</b>	2 642 545
Provision for doubtful debts	<b>(2 852 106)</b>	(2 642 545)
	<b>100 141 403</b>	82 188 576

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### Financial risk management (continued)

#### 1.1. Credit risk (continued)

##### **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations. In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating,
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost,
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations,
- An actual or expected significant deterioration in the operating results of the debtor. Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

##### **Write off Policy**

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2021

**Financial risk management (continued)**

**1.1. Credit risk (continued)**

**Trade and other receivables (continued)**

	2021 P	2020 P
<b>Aging of past due but not impaired trade and other receivable</b>		
<b>As at 31 December 2021</b>		
Rent receivable		
Not later than 90 days	580 201	396 205
Later than 90 days	2 852 106	2 642 545
Provision for doubtful debts	(2 852 106)	(2 642 545)
	<b>580 201</b>	<b>396 205</b>

**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 2021, based on various credit rating organisations such as Fitch, Global Credit Rating, Moody's.

	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
<b>As at 31 December 2021</b>					
A- to A+	-	210 300 199	15 873 870	-	226 174 069
Lower than A-	188 633 765	199 519 212	-	-	388 152 977
Unrated	393 646 782	2 847 766 357	48 000	209 655 720	3 451 116 859
	<b>582 280 547</b>	<b>3 257 585 768</b>	<b>15 921 870</b>	<b>209 655 720</b>	<b>4 065 443 905</b>
<b>As at 31 December 2020</b>					
A- to A+	-	197 343 328	11 198 479	-	208 541 807
Lower than A-	195 896 090	112 186 327	-	-	308 082 417
Unrated	354 860 273	2 696 778 574	50 500	228 420 344	3 280 109 691
	<b>550 756 363</b>	<b>3 006 308 229</b>	<b>11 248 979</b>	<b>228 420 344</b>	<b>3 796 733 915</b>

# Annual financial statements

## Financial risk management (continued)

### 1.1. Credit risk (continued)

#### Industry sectors

The following table breaks down the fund's main credit exposure at their carrying amounts, as categorised by the industry sector of our counterparties.

Financial sector	Real estate	Wholesale & retail trade	Public sector	Health care	Technology & Energy	Beverages	Other	Total
<b>Financial assets held at fair value through other comprehensive income</b>								
811 154 706	278 623 046	213 332 082	-	277 103 362	705 613 233	84 494 719	887 264 620	3 257 585 768
<b>Financial assets at amortised cost</b>								
209 655 720	-	-	-	-	-	-	-	209 655 720
<b>Financial assets at fair value through profit or loss</b>								
221 724 289	153 073 579	42 270 546	165 212 133	-	-	-	-	582 280 547
Fuel levy receivables	-	-	11 098 693	-	-	-	-	11 098 693
Third party cover	-	-	-	1 320 480	-	-	-	1 320 480
Other receivables	9 127 237	-	-	-	-	-	-	20 653 371
Cash and cash equivalents	15 921 870	-	-	-	-	-	-	15 921 870
<b>As at 31 December 2021</b>	<b>1267 583 822</b>	<b>431 696 625</b>	<b>266 701 321</b>	<b>166 532 613</b>	<b>277 103 362</b>	<b>705 613 233</b>	<b>84 494 719</b>	<b>898 790 754</b>
Financial assets held at fair value through other comprehensive income								
777 822 317	303 414 972	234 276 504	-	230 266 308	587 019 227	130 599 996	742 908 905	3 006 308 229
Financial assets at amortised cost								
228 420 344	-	-	-	-	-	-	-	228 420 344
Financial assets at fair value through profit or loss								
197 258 836	150 543 097	42 058 340	160 896 090	-	-	-	-	550 756 363
Fuel levy receivables	-	-	10 007 798	-	-	-	-	10 007 798
Third party cover	-	-	-	769 545	-	-	-	769 545
Other receivables	7 699 715	-	-	-	-	-	-	16 000 638
Cash and cash equivalents	11 248 979	-	-	-	-	-	-	11 248 979
<b>As at 31 December 2020</b>	<b>1 222 450 191</b>	<b>453 958 069</b>	<b>286 342 642</b>	<b>161 665 635</b>	<b>230 266 308</b>	<b>587 019 227</b>	<b>130 599 996</b>	<b>751 908 828</b>

Financial assets held at fair value through other comprehensive income  
 Financial assets at amortised cost  
 Financial assets at fair value through profit or loss  
 Fuel levy receivables  
 Third party cover  
 Other receivables  
 Cash and cash equivalents

As at 31 December 2020

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### Financial risk management (continued)

#### 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 2021. Included in the table are the Fund's financial instruments at carrying amounts, categorised by currency.

# Annual financial statements

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### As at 31 December 2021

#### Assets

Financial assets held at fair value through other comprehensive income  
 Financial assets at amortised cost  
 Financial assets at fair value through profit or loss  
 Fuel levy receivables  
 Third party receivable  
 Other receivables and prepayments  
 Staff receivables  
 Cash and cash equivalents

	BWP	US Dollar (BWP equivalent)	Total
Financial assets held at fair value through other comprehensive income	1 173 094 730	2 084 491 038	3 257 585 768
Financial assets at amortised cost	209 655 720	-	209 655 720
Financial assets at fair value through profit or loss	582 280 547	-	582 280 547
Fuel levy receivables	11 098 693	-	11 098 693
Third party receivable	1 320 685	-	1 320 685
Other receivables and prepayments	20 653 371	-	20 653 371
Staff receivables	67 068 859	-	67 068 859
Cash and cash equivalents	15 921 870	-	15 921 870
	<b>2 081 094 475</b>	<b>2 084 491 038</b>	<b>4 165 585 513</b>
<b>Liabilities</b>			
Trust liabilities	1 743 316 265	-	1 743 316 265
Outstanding claims	137 349 692	-	137 349 692
Accounts payable	23 147 948	-	23 147 948
	<b>1 903 813 905</b>	<b>-</b>	<b>1 903 813 905</b>
<b>Net long position</b>	<b>177 280 570</b>	<b>2 084 491 038</b>	<b>2 261 771 608</b>

### As at 31 December 2020

#### Assets

Financial assets held at fair value through other comprehensive income  
 Financial assets at amortised cost  
 Financial assets at fair value through profit or loss  
 Fuel levy receivables  
 Third party receivable  
 Other receivables and prepayments  
 Staff receivables  
 Cash and cash equivalents

Financial assets held at fair value through other comprehensive income	1 256 325 626	1 749 982 603	3 006 308 229
Financial assets at amortised cost	228 420 344	-	228 420 344
Financial assets at fair value through profit or loss	550 756 363	-	550 756 363
Fuel levy receivables	10 007 798	-	10 007 798
Third party receivable	769 907	-	769 907
Other receivables and prepayments	16 000 638	-	16 000 638
Staff receivables	55 410 595	-	55 410 595
Cash and cash equivalents	11 198 479	-	11 198 479
	<b>2 128 899 750</b>	<b>1 749 982 603</b>	<b>3 878 872 353</b>
<b>Liabilities</b>			
Trust liabilities	1 636 044 183	-	1 636 044 183
Outstanding claims	133 295 825	-	133 295 825
Accounts payable	51 191 627	-	51 191 627
	<b>1 820 531 635</b>	<b>-</b>	<b>1 820 531 635</b>
<b>Net long position</b>	<b>308 368 115</b>	<b>1 749 982 603</b>	<b>2 058 340 718</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 1.2. Market risk (continued)

#### Sensitivity analysis

The set of assumptions used for each of the risk factors here under are not forecasts, but merely "what if" scenarios and the likely impact on the current portfolio, based on selected changes in risk variables over a one year horizon

The 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	
	2021	2020
5% Increase/decrease	<b>104 224 552</b>	87 499 130
As a percentage of accumulated surplus	<b>58%</b>	117%

#### Price risk

The Fund is exposed to price risk because of its investment in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio. There have been no significant changes in the price risk management policies and processes since the prior reporting period. Assets exposed to price risk are disclosed in note 12.

	2021	2020
5% Increase/decrease	<b>162 879 288</b>	150 315 411
As a percentage of accumulated surplus	<b>90%</b>	207%

#### 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 2021. 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	<b>424 877 642</b>	<b>1 383 079 118</b>	<b>276 534 278</b>	<b>2 084 491 038</b>
<b>As at 31 December 2021</b>	<b>424 877 642</b>	<b>1 383 079 118</b>	<b>276 534 278</b>	<b>2 084 491 038</b>
Financial assets at fair value through other comprehensive income	414 892 359	861 964 171	473 126 073	1 749 982 603
As at 31 December 2020	414 892 359	861 964 171	473 126 073	1 749 982 603

# Annual financial statements

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### 1.2. Market risk (continued)

#### 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	3 - 12 months	1-5 years	Over 5 years	Total
<b>As at 31 December 2021</b>						
<b>Assets</b>						
Financial assets at amortised cost	<b>199 570 389</b>	<b>10 085 331</b>	-	-	-	<b>209 655 720</b>
Financial assets at fair value through profit or loss	-	-	<b>45 500 000</b>	<b>302 711 269</b>	<b>234 069 278</b>	<b>582 280 547</b>
Staff receivables	<b>667 935</b>	<b>1 368 819</b>	<b>7 736 967</b>	<b>19 850 597</b>	<b>39 398 154</b>	<b>69 022 472</b>
Cash and cash equivalents	<b>15 921 870</b>	-	-	-	-	<b>15 921 870</b>
<b>Total</b>	<b>216 160 194</b>	<b>11 454 150</b>	<b>53 236 967</b>	<b>322 561 866</b>	<b>273 467 432</b>	<b>876 880 609</b>
<b>As at 31 December 2020</b>						
<b>Assets</b>						
Financial assets at amortised cost	104 927 506	37 045 978	-	-	-	86 446 860
Financial assets at fair value through profit or loss	-	-	-	<b>322 440 523</b>	<b>228 315 840</b>	<b>228 420 344</b>
Staff receivables	591 868	1 313 114	5 047 516	17 413 780	31 044 317	55 756 363
Cash and cash equivalents	11 248 979	-	-	-	-	55 410 595
<b>Total</b>	<b>116 768 353</b>	<b>38 359 092</b>	<b>5 047 516</b>	<b>339 854 303</b>	<b>345 807 017</b>	<b>845 836 281</b>

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 1.2. Market risk (continued)

#### Interest rate risk (continued)

##### Sensitivity of net interest income

	2021	2020
Net interest arising from a shift in yield curves of -100 basis points (P'000) As a percentage of accumulated surplus	(5 822 805) (3.2%)	(5 507 564) (7.4%)
Net interest arising from a shift in yield curves of +100 basis points (P'000) As a percentage of accumulated surplus	5 822 805 3.2%	5 507 564 7.4%

### 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. Note 1.2 above shows the liquidity profile of financial assets and table below shows undiscounted cash flows.

#### Liquidity risk management process

The Fund's liquidity management process is carried out within the Fund by the Finance Department, which includes;

- Day-to-day funding, managing and monitoring of future cash flows to ensure that requirements are met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow, and
- Monitoring the statement of financial position liquidity ratio against internal and regulatory requirements.

#### Non - derivative cash flows

The table below presents the cash flows payable by the Fund under non-derivative financial liabilities by remaining contractual maturities at the financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Fund manages the inherent liquidity risk based on expected undiscounted cash inflows.

##### As at 31 December 2021

	Up to 1 month	1-3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Trust liabilities	<b>7 981 107</b>	<b>17 144 073</b>	<b>77 148 329</b>	<b>431 920 415</b>	<b>1 209 122 341</b>	<b>1 743 316 265</b>
Outstanding claims	<b>14 378 149</b>	<b>32 217 191</b>	<b>90 754 352</b>	<b>-</b>	<b>-</b>	<b>137 349 692</b>
Accounts payable	<b>6 388 129</b>	<b>-</b>	<b>16 759 819</b>	<b>-</b>	<b>-</b>	<b>23 147 948</b>
Lease Liabilities	<b>43 915</b>	<b>84 349</b>	<b>429 909</b>	<b>914 208</b>	<b>251 687</b>	<b>1 724 068</b>
<b>Total liabilities</b>	<b>28 791 300</b>	<b>49 445 613</b>	<b>185 092 409</b>	<b>432 834 623</b>	<b>1 209 374 028</b>	<b>1 905 537 973</b>

# Annual financial statements

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### 1.2. Market risk (continued)

### 1.3. Liquidity risk (continued)

#### Non - derivative cash flows (continued)

##### As at 31 December 2020

	Up to 1 month	1-3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Trust liabilities	9 186 045	18 372 091	82 674 408	161 449 920	1 364 361 719	1 636 044 183
Outstanding claims	9 176 155	42 540 022	81 579 648	-	-	133 295 825
Accounts payable	9 108 811	-	42 082 816	-	-	51 191 627
Lease Liabilities	59 861	111 199	322 083	1 593 252	393 596	2 479 991
<b>Total liabilities</b>	<b>27 530 872</b>	<b>61 023 312</b>	<b>206 658 955</b>	<b>163 043 172</b>	<b>1 364 755 315</b>	<b>1 823 011 626</b>

#### 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
<b>As at 31 December 2021</b>			
Capital commitments	657 514	-	657 514
Operating lease commitments	558 173	1 165 895	1 724 068
	<b>1 215 687</b>	<b>1 165 895</b>	<b>2 381 582</b>
<b>As at 31 December 2020</b>			
Capital commitments	205 841	-	205 841
Operating lease commitments	-	-	-
	<b>205 841</b>	<b>-</b>	<b>205 841</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### Capital Risk Management

The Fund's objective when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide benefits to claimants and service its stakeholders.

#### 1.5. Fair value measurement

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Botswana Stock Exchange Aggregated Bond Index and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other information used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management's judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The table below analyses assets and liabilities measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
<b>31 December 2021</b>				
Investment properties	-	-	<b>135 770 000</b>	<b>137 770 000</b>
Financial assets at fair value through other comprehensive income	<b>3 206 234 745</b>	-	<b>51 351 023</b>	<b>3 257 585 768</b>
Financial assets at fair value through profit or loss	<b>395 780 547</b>	<b>186 500 000</b>	-	<b>582 280 547</b>
	<b>3 602 015 292</b>	<b>186 500 000</b>	<b>187 121 023</b>	<b>3 977 636 315</b>

# Annual financial statements

## Notes to the Financial Statements (continued) for the year ended 31 December 2021

### 1.5. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
<b>31 December 2020</b>				
Investment properties	-	-	138 630 000	138 630 000
Financial assets at fair value through other comprehensive income	2 997 453 987	8 019 796	834 446	3 006 308 229
Financial assets at fair value through profit or loss	364 256 363	186 500 000	-	550 756 363
	<b>3 361 710 350</b>	<b>194 519 796</b>	<b>139 464 446</b>	<b>3 695 694 592</b>

#### 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.

	2021	2020
Balance at 1 January	<b>139 464 442</b>	136 864 442
Addition	<b>45 322 774</b>	-
Transfer from level 2	<b>8 019 796</b>	-
Total loss recognised in other comprehensive income	<b>(2 825 989)</b>	-
Total gains recognised in profit and loss	<b>(2 860 000)</b>	2 600 000
	<b>187 121 023</b>	<b>139 464 442</b>
Closing balance		

##### (ii) Unobservable input used in measuring fair value

The fair value of financial assets at fair value through other comprehensive income of **P 51 351 023** (2020: P834 442), being investment in unlisted equity instruments is determined using internal models. The unobservable data used in the valuation is the net assets value of the investee.

The fair value of Investment Property and land and buildings was determined by external valuers, having appropriate recognised professional qualification and relevant experience in the location and cost of property being valued. The properties were independently valued on the basis of open market value.

	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment Property and land and buildings	Market yield of between 5 – 10% Prime rentals of office space between P70 – P120 s.q.m	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>• Higher/lower market yields</li> <li>• Increase/decrease in rental per s.q.m.</li> </ul>

The sensitivity analysis applied a 10% increase/decrease to the market value each property in the portfolio. The fair value of the property portfolio of P135 770 000 will therefore increase/decrease by P13 577 000 based on the 5% sensitivity which is 0.32% of total assets of the Fund and deemed not significant.

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

	2021	2020
<b>2. Operating Income</b>		
	<b>BWP</b>	BWP
<b>2.1. Net Fuel Levy Income</b>		
Fuel Levy Income	111 440 134	100 713 501
Rebates	25 085 789	(1 360 680)
Value added tax	(13 284 344)	(10 790 732)
<b>Net Fuel levy</b>	<b>123 241 579</b>	<b>88 562 089</b>
The current fuel levy is 9.5 thebe per litre.		
<b>2.2. Net third party cover</b>		
Third party cover	4 305 078	4 500 973
Less: VAT on third party cover	(513 307)	(482 247)
Third party expenses	(430 018)	(449 287)
	<b>3 361 753</b>	<b>3 569 439</b>
<b>2.3. Investment income</b>		
Interest income	53 391 431	50 334 720
Dividend income	74 734 192	64 296 466
Profit on sale of investment securities	50 091 982	-
Rental income	5 038 314	4 788 081
	<b>183 255 919</b>	<b>119 419 267</b>
<b>3. Other income</b>		
Profit on disposal of equipment	277 792	984 151
Sundry income	281 956	244 628
Interest on Third Party	2 049	-
Interest on fuel levy	42 515	11 924
	<b>604 312</b>	<b>1 240 703</b>
<b>4. Net increase in claims provision</b>		
Claims Expenses	165 276 391	143 862 611
Right of recourse recoveries	(467 613)	(379 659)
VAT claimed on claim payments	(1 441 754)	(2 332 325)
	<b>163 367 024</b>	<b>141 150 627</b>

# Annual financial statements

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 5. Administration Expenses

The following items have been charged/(credited) as part of administration costs in arriving at the Surplus/ (deficit) for the year.

	2021	2020
	BWP	BWP
Depreciation on property and equipment	<b>2 922 348</b>	3 192 952
Amortisation of intangible assets	<b>1 252 316</b>	1 446 071
Auditors' remuneration- audit fees	<b>474 560</b>	430 400
Directors' emoluments- board sitting fees and expenses	<b>786 353</b>	647 064
Repairs and maintenance- property and equipment	<b>122 305</b>	94 546
Operating lease	<b>(300)</b>	565
Staff costs (Note 6)	<b>70 535 457</b>	63 631 491
Other Administration cost	<b>15 836 580</b>	13 273 798
<b>Administrative Expenses</b>	<b>91 929 619</b>	<b>82 716 887</b>

A detailed breakdown is provided as annexure to these annual financial statements.

### 6. Staff costs

Salaries and wages	<b>54 736 020</b>	49 107 116
Pension costs – defined contribution plan	<b>4 873 204</b>	4 618 340
Leave pay and gratuity	<b>8 445 150</b>	8 101 129
Staff welfare	<b>2 481 083</b>	1 804 906
	<b>70 535 457</b>	<b>63 631 491</b>

### 7. Taxation

The income of the Fund is exempt from income tax in terms of Part One of the 2<sup>nd</sup> 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 2021

## 8. Property and Equipment

	Buildings	Office furniture and equipment	Computer equipment	Motor Vehicles	Work in Progress (WIP)	Total
Year ended 31 December 2021	BWP	BWP	BWP	BWP	BWP	BWP
Net book amount at beginning of year	143 655	859 910	999 025	2 985 064	10 205 680	15 193 334
Additions	-	157 652	578 953	989 565	23 779 066	25 505 236
Disposal	(141 890)	-	(7 596)	-	-	(149 486)
Transfers	-	-	-	-	(802 264)	(802 264)
Depreciation	(1 765)	(333 193)	(659 157)	(1 274 610)	-	(2 268 725)
<b>Net book amount at end of year</b>	<b>-</b>	<b>684 369</b>	<b>911 225</b>	<b>2 700 019</b>	<b>33 182 482</b>	<b>37 478 095</b>
<b>At 31 December 2021</b>						
Cost	980 676	5 282 766	7 884 846	12 449 148	33 182 482	60 479 918
Accumulated depreciation	(980 676)	(5 298 397)	(6 973 621)	(9 749 129)	-	(23 001 823)
<b>Net book amount</b>	<b>-</b>	<b>684 369</b>	<b>911 225</b>	<b>2 700 019</b>	<b>33 182 482</b>	<b>37 478 095</b>
Year ended 31 December 2020						
Net book amount at beginning of year	147 891	1 119 703	1 163 703	1 995 062	2 273 705	6 700 064
Additions	-	171 976	594 567	1 966 088	7 931 975	10 664 606
Depreciation	(4 236)	(431 769)	(759 245)	(976 086)	-	(2 171 336)
<b>Net book amount at end of year</b>	<b>143 655</b>	<b>859 910</b>	<b>999 025</b>	<b>2 985 064</b>	<b>10 205 680</b>	<b>15 193 334</b>
At 31 December 2020						
Cost	1 243 751	5 831 771	7 632 087	12 137 227	10 205 680	37 050 516
Accumulated depreciation	(1 100 096)	(4 971 861)	(6 633 062)	(9 152 163)	-	(21 857 182)
<b>Net book amount</b>	<b>143 655</b>	<b>859 910</b>	<b>999 025</b>	<b>2 985 064</b>	<b>10 205 680</b>	<b>15 193 334</b>

All assets noted above are measured at cost.

Assets with total original cost of P1 273 570 (2020: P1 960 884) and net book value of P149 488 (2020: nil) were disposed off during the year.

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 8.1. Leases

This note provides information for leases where the Fund is the lessee. The lease relates to office space occupied by the Fund in Francistown, Palapye, Kang, Selebi Phikwe and Maun. The right of use assets titles are restricted by the lease liabilities.

#### Measurement of leases

##### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021	2020
<b>Right of Use Assets</b>		
At the beginning of the year	<b>2 228 540</b>	3 250 156
Additions	<b>639 270</b>	-
Disposal	<b>(708 761)</b>	-
Depreciation	<b>(653 623)</b>	(1 021 616)
At end of the year	<b>1 505 426</b>	2 228 540
Cost	<b>2 470 299</b>	3 801 726
Accumulated depreciation	<b>(964 873)</b>	(1 573 186)
Net Book Value	<b>1 505 426</b>	2 228 540
<b>Lease Liabilities</b>		
Current	<b>558 173</b>	493 143
Non-Current	<b>1 165 895</b>	1 986 848
	<b>1 724 068</b>	2 479 991

There was P639 270 additions to right-of-use assets during the year.

##### (i) Amounts recognised in the statement of profit or loss

The profit or loss shows the following amounts relating to leases:

	2021	2020
<b>Depreciation Charge of right of use assets</b>		
Buildings	<b>BWP (653 623)</b>	BWP (1 021 616)
Finance Costs (included in interest expense)	<b>(171 267)</b>	(225 509)

##### (ii) How the Fund's leasing activities were accounted for

Assets and Lease liabilities arising from a lease are initially measured on the present value basis. Lease liabilities include the net present value of the following lease payments;

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Payments of penalties for terminating the lease, if the lease term reflects the Fund exercising that option.

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 8.1. Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the asset group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Fund, used recent third party financing received by the individual lessee as a starting point. Lease payments are allocated between principal and finance cost. The Finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising:

- The amount of the initial lease liability
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

#### The Fund as the lessor

Assets leased out under operating leases are included in investment properties in the statement of financial position. 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. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The Fund mitigates risks associated with rights retained in the underlying lease assets by embedding a rental escalation clause within the lease agreement

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 9. Intangible assets

	Software
<b>Cost</b>	
As 1 <sup>st</sup> January 2021	29 515 354
Additions	802 264
	<hr/>
	30 317 618
Accumulated amortisation	
As 1 <sup>st</sup> January 2021	(21 080 529)
Amortisation charge	(1 252 316)
	<hr/>
<b>At 31 December 2021</b>	(22 332 845)
<b>Net book value</b>	<hr/> <b>7 984 773</b>
<b>Cost</b>	
At 1 <sup>st</sup> January 2020	29 515 354
	<hr/>
<b>At 31 December 2020</b>	29 515 354
<b>Accumulated amortisation</b>	
At 1 <sup>st</sup> January 2020	(19 920 636)
Amortisation charge	(1 159 893)
	<hr/>
<b>At 31 December 2020</b>	(21 080 529)
<b>Net book value</b>	<hr/> <b>8 434 825</b>

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

**10. Investment properties**

	Leasehold properties	Freehold Properties	Total
	BWP	BWP	BWP
<b>Year ended 31 December 2021</b>			
Balance at 1 January 2021	93 370 000	45 260 000	138 630 000
Fair value gain/(losses)	(2 930 000)	70 000	(2 860 000)
	<b>90 440 000</b>	<b>45 330 000</b>	<b>135 770 000</b>
Year ended 31 December 2020			
Balance at 1 January 2020	91 630 000	44 400 000	136 030 000
Fair value Gain	1 740 000	860 000	2 600 000
	<b>93 370 000</b>	<b>45 260 000</b>	<b>138 630 000</b>

**10.1. Details of the leasehold properties are as follows;**

		Date of acquisition	Lease Period (years)	2021 BWP	2020 BWP
MVA Fund House	Land building	Feb 94 Jan 99	50	<b>64 030 000</b>	67 000 000
Plot 16413 Gaborone	Land building	Dec 84 Sep 90	99	<b>3 010 000</b>	3 010 000
Sheraton Houses	Land building	Jan 91	50		
		Nov 93		<b>12 680 000</b>	12 680 000
Plot 19465 and 19466	Building	Feb 03	99	<b>960 000</b>	920 000
Plot 24559 Francistown	Building	Oct 09	99	<b>1 130 000</b>	1 130 000
Tati River Francistown	Residential houses	Aug 13	99	<b>8 630 000</b>	8 630 000
				<b>90 440 000</b>	93 370 000

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 10. Investment properties (continued)

	BWP	BWP
10.2 Freehold properties are as follows;		
<b>Phakalane Acacia Park</b>	<b>15 750 000</b>	15 750 000
Plot numbers 54171, 54172, 54173, 54174, 54175, 54176, 54177, 54178 and 54179		
<b>Phakalane Segodi Park</b>	<b>18 220 000</b>	18 220 000
Plot numbers 55614, 55616, 55618, 55624 and 55640		
<b>Phakalane Golf Estate</b>	<b>11 360 000</b>	11 290 000
Plot number 53628, 53645		
	<b>45 330 000</b>	45 260 000
Total value of investment properties	<b>135 770 000</b>	138 630 000

### 10.3. The fair value measurement

The fair value of investment properties was determined by MG Properties, 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. The Valuation was carried out in December 2021.

### 10.4. Property Management Fees

The Fund's investment properties are managed internally. Property Management fees include letting commission to property agents, repairs and maintenance costs and property valuation costs.

	2021	2020
	BWP	BWP
Property Management Expenses	1 857 149	2 069 137

### 11. Investment in associates

#### As at 31 December 2021

	Feune BWP	Palapye BWP	Francistown BWP	Maun BWP	Total BWP
At the beginning of year	239 743 858	16 492 241	7 920 379	10 462 670	274 619 148
Share of net results for the year	10 077 717	978 089	1 948 865	1 177 889	14 182 560
Dividends Received	(16 052 132)	(1 250 000)	-	-	(17 302 132)
	<b>233 769 443</b>	<b>16 220 330</b>	<b>9 869 244</b>	<b>11 640 559</b>	<b>271 499 576</b>
<b>As at 31 December 2020</b>					
At the beginning of year	218 131 548	17 903 745	11 774 169	9 558 399	257 367 861
Share of net results for the year	32 025 558	1 588 496	(103 790)	904 271	34 414 535
Dividends Received	(10 413 248)	(3 000 000)	(3 750 000)	-	(17 163 248)
	<b>239 743 858</b>	<b>16 492 241</b>	<b>7 920 379</b>	<b>10 462 670</b>	<b>274 619 148</b>

Investment in Feune (Pty) Ltd is deemed a material while the remaining Associates are not material

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

**11. Investments in associates (continued)**

Name of associate	Nature	Fund's share of Investment	Place of business
Engen – Maun partnership	Property letting	25% (2021 – 25%)	Maun
Engen – Palapye partnership	Property letting	20% (2021 – 20%)	Palapye
Francistown retail partnership	Property letting	25% (2021 – 25%)	Francistown
Feune (Pty) Ltd	Property letting	24.85% (2021 -24.85%)	Gaborone

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. All Associates are based in Botswana.

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

	Feune (Pty) Ltd		Feune (Pty) Ltd and other Associates	
	2021 BWP	2020 BWP	2021 BWP	2020 BWP
Non-current assets	<b>330 296 845</b>	323 756 556	<b>360 567 579</b>	354 335 534
Current assets	<b>9 166 777</b>	20 981 311	<b>17 097 730</b>	26 544 661
Current liabilities	<b>(105 694 177)</b>	(104 994 008)	<b>(106 165 733)</b>	(106 261 047)
Net assets	<b>233 769 445</b>	239 743 859	<b>271 499 576</b>	274 619 148
Revenue	<b>31 435 592</b>	34 971 281	<b>35 973 270</b>	38 645 253
Expenses	<b>(13 552 111)</b>	(13 671 594)	<b>(15 023 820)</b>	(14 451 415)
Profit for the year	<b>17 883 481</b>	21 299 687	<b>20 949 450</b>	24 193 838

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

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 12. Financial assets at fair value through other comprehensive income

	2021	2020
	BWP	BWP
At the beginning of the year	<b>3 006 308 229</b>	2 786 704 165
Foreign exchange gain (note 26)	<b>167 653 768</b>	17 793 148
Additions	<b>42 796 207</b>	22 298 194
Disposals	<b>(28 970 851)</b>	-
Fair value gain	<b>83 233 677</b>	189 838 937
Management fees deducted	<b>(13 435 262)</b>	(10 326 215)
	<b>3 257 585 768</b>	3 006 308 229

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 financial assets through other comprehensive income in 2021 (2020: nil). The Fund holds these investments for long term appreciation in value and it is not actively holding them for sale. Hence the reason that these are presented as Financial assets at fair value through other comprehensive income.

#### Acquisition of equity investments

In an effort to increase the investment portfolio, the Fund purchased additional local equity instruments. The Fund purchased 15,180 shares in JTTM (Pty) Limited at a total cost of P42,796,215.00 on the 2nd August 2021.

#### Disposal of equity investments

The Fund disposed 18 800 905 (2020 nil) shares at a profit of P50 091 982, during the year 2021.

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

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

	Number of shares		Fair value	
	2021	2020	2021	2020
<b>Listed</b>				
BanABC	<b>28 375 000</b>	28 375 000	<b>56 182 500</b>	56 182 500
ABSA Bank of Botswana Limited	<b>21 736 440</b>	21 736 440	<b>86 937 082</b>	116 942 047
Botswana Insurance Holdings Limited	<b>11 395 140</b>	11 395 140	<b>199 414 950</b>	199 414 950
Botswana Building Society	<b>36 793 455</b>	36 793 455	<b>29 066 829</b>	40 104 866
Botswana Telecommunications Corp Limited	<b>4 232 400</b>	4 232 400	<b>3 174 300</b>	3 470 568
Chobe Holdings Limited	<b>536 727</b>	536 727	<b>3 918 107</b>	5 061 336
Cresta Marakanelo Limited	<b>9 250 010</b>	9 250 010	<b>9 897 511</b>	12 025 013
Engen Botswana Limited	<b>6 858 692</b>	6 858 692	<b>70 987 462</b>	70 507 354
First National Bank of Botswana Limited	<b>41 053 910</b>	41 053 910	<b>102 634 775</b>	90 318 602
G4S Botswana Limited	<b>1 257 300</b>	1 257 300	<b>3 759 327</b>	4 274 820
Letshego Holdings	<b>10 700 000</b>	10 700 000	<b>14 980 000</b>	7 704 000
New African Properties Limited	<b>36 768 853</b>	36 768 853	<b>113 346 461</b>	118 028 018
Primetime Property Holdings Limited	<b>10 323 016</b>	10 323 016	<b>21 678 334</b>	28 388 294
RDC Properties Limited	<b>17 308 693</b>	17 308 693	<b>46 517 110</b>	38 079 125
Sechaba Brewary Holding Limited	<b>6 324 455</b>	6 324 455	<b>84 494 719</b>	130 599 996
Sefalana Holdings Company Limited	<b>25 083 138</b>	25 083 138	<b>213 332 082</b>	234 276 504
Standard Chartered Bank Botswana Limited	-	10 027 700	-	14 540 165
Turnstar Holdings Limited	<b>31 021 292</b>	31 021 292	<b>61 422 158</b>	77 553 230
<b>Unlisted</b>				
MRI Botswana Limited	<b>738 444</b>	738 444	<b>1 055 975</b>	834 442
JTTM	<b>15 180</b>	-	<b>45 322 774</b>	-
KYS Investments Limited	<b>8 019 796</b>	8 019 796	<b>4 972 274</b>	8 019 796
<b>Total domestic equity investments</b>			<b>1 173 094 730</b>	1 256 325 626
Offshore investments			<b>2 084 491 038</b>	1 749 982 603
<b>Total Financial Assets at Fair Value through other comprehensive income</b>			<b>3 257 585 768</b>	3 006 308 229

The Fund has issued a letter of support to BBS Limited during its banking license application process. If at any point the Fund wants to sell its BBS Limited shares it will have to get approval from Bank of Botswana. No Fair value adjustment has been done relating to this condition.

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 2021 the portfolio composition was as follows:

Equity investments	63% (2020 – 70%)
Cash and cash equivalents	17% (2020 – 12%)
Bonds	20% (2020 – 18%)

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

	2021		2020	
	BWP	US\$	BWP	US\$
Ninety One Fund Managers Botswana	<b>1 052 835 945</b>	<b>92 123 159</b>	894 627 807	85 257 847
Botswana Insurance Fund Managers	<b>1 031 655 904</b>	<b>90 269 647</b>	855 354 796	81 514 976

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 12.1. Investment Management Fees

The Fund pays investment management fees to Investment Managers based on assets value and agreed management fee. Expenses related to local investments includes Brokerage fees, Botswana Stock Exchange fees and commission for local transactions

	2021	2020
	BWP	BWP
<b>Investment Management Fees</b>	<b>14 973 445</b>	10 789 247

The investment management fee for offshore portfolio was 0.65% (2020: 0.65)

### 13. Financial assets at amortised cost

	2021	2020
	BWP	BWP
Fixed deposits- at cost	<b>209 655 720</b>	228 420 344
	<b>209 655 720</b>	228 420 344

The effective interest rate on Fixed Deposits was between 1.25% and 5.90% per annum (2020: 1.95% and 4.75%).

The details of financial assets at amortised are as follows:

2020	Bank	Simple Rate	Placement Date	Maturity Date	Placement Amount	Accrued Interest	Total
	Botswana Building Society	4,75%	08 Nov 2020	01 Apr 2021	85 843 603	603 257	<b>86 446 860</b>
	Banc ABC	2,05%	13 Nov 2020	12 Jan 2021	10 925 173	30 067	<b>10 955 240</b>
	Banc ABC	2,30%	04 Dec 2020	04 Jan 2021	10 177 709	17 957	<b>10 195 667</b>
	Banc ABC	1,95%	14 Dec 2020	13 Jan 2021	10 034 179	9 649	<b>10 043 828</b>
	Banc ABC	3,05%	16 Dec 2020	15 Jan 2021	17 262 979	23 080	<b>17 286 059</b>
	Bank Gaborone	3,50%	13 Nov 2020	12 Jan 2021	15 194 996	71 396	<b>15 266 391</b>
	Bank Gaborone	3,75%	04 Dec 2020	07 Jan 2021	18 784 940	54 039	<b>18 838 979</b>
	Bank Gaborone	4,00%	11 Dec 2020	12 Feb 2021	10 799 493	24 854	<b>10 824 347</b>
	Bank Gaborone	4,00%	24 Dec 2020	25 Jan 2021	10 024 658	8 789	<b>10 033 446</b>
	Bank Gaborone	3,80%	26 Dec 2020	25 Jan 2021	5 114 621	3 195	<b>5 117 816</b>
	First Capital Bank	2,70%	13 Dec 2020	12 Jan 2021	7 026 087	9 875	<b>7 035 962</b>
	First Capital Bank	2,70%	15 Dec 2020	14 Jan 2021	10 162 891	12 780	<b>10 175 671</b>
	First Capital Bank	2,81%	22 Dec 2020	21 Jan 2021	10 142 403	7 808	<b>10 150 211</b>
	First Capital Bank	2,70%	29 Dec 2020	28 Jan 2021	6 048 524	1 342	<b>6 049 867</b>
<b>Total</b>					<b>227 542 256</b>	<b>878 088</b>	<b>228 420 344</b>

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

**13. Financial assets at amortised cost**

2021 Bank	Simple Rate	Placement Date	Maturity Date	Placement Amount	Accrued Interest	Total
				BWP		BWP
Banc ABC	4,25%	14 Dec 2021	12 Jan 2022	8 623 053	18 073	<b>8 641 126</b>
Banc ABC	4,35%	15 Dec 2021	14 Jan 2022	10 072 831	20 408	<b>10 093 239</b>
Bank Gaborone	5,25%	30 Nov 2021	01 Feb 2022	10 039 123	46 207	<b>10 085 331</b>
Bank Gaborone	5,10%	06 Dec 2021	03 Jan 2022	10 539 147	38 287	<b>10 577 435</b>
Bank Gaborone	5,10%	14 Dec 2021	13 Jan 2022	7 628 893	19 187	<b>7 648 080</b>
Bank Gaborone	5,10%	14 Dec 2021	13 Jan 2022	10 172 274	25 584	<b>10 197 858</b>
Bank Gaborone	5,15%	28 Dec 2021	25 Jan 2022	10 263 529	5 793	<b>10 269 321</b>
Botswana Building Society	4,75%	31 Dec 2021	06 Jan 2022	86 388 027	11 242	<b>86 399 270</b>
First Capital Bank	5,00%	15 Dec 2021	15 Jan 2022	10 077 340	23 468	<b>10 100 808</b>
Stanbic Bank	5,90%	12 Oct 2021	10 Jan 2022	15 077 340	198 138	<b>15 331 088</b>
Stanbic Bank	5,50%	06 Dec 2021	06 Jan 2022	12 272 282	48 080	<b>12 320 362</b>
Stanbic Bank	5,10%	09 Dec 2021	10 Jan 2022	10 301 557	33 106	<b>10 334 663</b>
Stanbic Bank	5,00%	14 Dec 2021	13 Jan 2022	7 638 305	18 834	<b>7 657 139</b>
<b>Total</b>				<b>209 149 312</b>	<b>506 408</b>	<b>209 655 720</b>

**14. Financial assets at fair value through profit or loss**

	2021 BWP	2020 BWP
At beginning of year	<b>550 756 363</b>	442 406 040
Additions	<b>37 000 000</b>	198 473 428
Matured	-	(67 500 000)
Changes in fair value	<b>(5 475 816)</b>	(22 623 105)
At end of year	<b>582 280 547</b>	<b>550 756 363</b>

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). All Bonds are designated as Financial assets at fair value through profit or loss because they are held to earn interest income and the contractual terms of all bonds give rise to cash flows on specific dates.

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 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	2021	2020
				BWP	BWP
Botswana Building Society	7 300 000	Dec 23	11.20%	<b>7 259 636</b>	7 291 131
Botswana Building Society	45 500 000	Oct 22	7.75%	<b>45 500 000</b>	45 500 000
Botswana Building Society Debenture	41 000 000	Apr 28	Prime less 0.5%	<b>41 000 000</b>	41 000 000
Botswana Building Society	25 000 000	Sep 27	7.25%	<b>25 000 000</b>	25 000 000
Botswana Development Corporation	14 613 750	Jun 29	8.00%	<b>14 645 162</b>	14 402 435
Botswana Development Corporation	30 000 000	Sep 30	8.00%	<b>28 450 321</b>	28 846 200
Botswana Housing Corporation	30 000 000	Dec 25	7.15%	<b>29 447 901</b>	28 413 090
Botswana Housing Corporation	12 000 000	Feb 28	7.75%	<b>11 578 368</b>	-
Furnmart Limited	42 500 000	Oct 25	8.20%	<b>42 270 546</b>	42 058 340
Prime Time	21 000 000	Jun 24	8.50%	<b>20 619 057</b>	20 784 057
Prime Time	40 000 000	Apr 30	7.00%	<b>40 000 000</b>	40 000 000
Letshego Holdings Limited	35 000 000	Nov 24	7.60%	<b>35 000 000</b>	35 000 000
RDC Properties	30 000 000	Mar 26	7.75%	<b>29 217 128</b>	28 299 720
RDC Properties	35 000 000	Mar 27	7.25%	<b>33 789 493</b>	33 046 230
Stanbic Bank Botswana Limited	45 000 000	Nov 24	7.75%	<b>43 142 383</b>	43 467 705
Stanbic Bank Botswana Limited	25 000 000	Jun 28	6.90%	<b>24 822 270</b>	-
Government Bonds BW007	75 000 000	Mar 25	8.00%	<b>81 609 049</b>	85 164 375
Government Bonds BW007	13 000 000	Nov 24	8.00%	<b>14 145 568</b>	14 761 825
Government Bonds BW011	15 000 000	Sep 31	7.75%	<b>14 783 665</b>	17 721 255
				<b>582 280 547</b>	550 756 363

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

**15. Trade and other receivables**

	2021	2020
	BWP	BWP
Fuel levy receivable	<b>11 098 693</b>	10 007 798
Third- party receivables	<b>1 320 480</b>	769 545
Dividends	<b>1 307 685</b>	456 907
Interest	<b>7 819 552</b>	7 242 808
Other receivables and prepayments	<b>14 378 240</b>	10 943 468
Provision for doubtful debts	<b>(2 852 106)</b>	(2 642 545)
Staff receivables	<b>9 773 720</b>	6 952 499
	<b>42 846 264</b>	33 730 480
Staff receivables non-current	<b>59 248 751</b>	50 388 944
Staff loan amortisation (loss)/gain	<b>(1 953 612)</b>	1 930 848
Total Non-Current Receivable	<b>57 295 139</b>	48 458 096
Total trade and other receivables	<b>100 141 403</b>	82 188 576

The carrying values of Trade and other receivables are reasonable approximations of their fair values due to the short-term nature thereof. Non-current staff receivable has been amortized based on the prevailing market rates.

**16. Cash and cash equivalents**

	2021	2020
	BWP	BWP
Cash in hand	<b>48 000</b>	50 500
Cash at Bank	<b>15 873 870</b>	11 198 479
	<b>15 921 870</b>	11 248 979

**16.1. Cash at Bank**

Deposits held at call accounts	<b>16 174 861</b>	11 301 639
Unpresented Cheques	<b>(300 991)</b>	(103 160)
	<b>15 873 870</b>	11 198 479

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 17. Fair value and other reserves

	Fair value reserves		Other reserves		Total
	FAFVTOCI*	Freehold property	Insurance reserve	Road safety campaign	
	BWP	BWP	BWP	BWP	
Balance at 1 January 2020	1 461 326 426	3 184 075	716 618 095	49 704 388	2 230 832 984
Expenditure incurred	-	-	-	(4 953 781)	(4 953 781)
Transfer from accumulated surplus	-	-	-	4 767 955	4 767 955
Net fair value gains during the year in other comprehensive income	189 838 937	-	-	-	189 838 937
<b>Balance at 1 January 2021</b>	<b>1 651 165 363</b>	<b>3 184 075</b>	<b>716 618 095</b>	<b>49 518 562</b>	<b>2 420 486 095</b>
Expenditure incurred	-	-	-	(3 305 742)	(3 305 742)
Transfer from accumulated surplus	-	-	-	5 382 524	5 382 524
Net fair value gains during the year in other comprehensive income	83 233 677	-	-	-	83 233 677
<b>Balance at 31 December 2021</b>	<b>1 734 399 040</b>	<b>3 184 075</b>	<b>716 618 095</b>	<b>51 595 343</b>	<b>2 505 796 554</b>

\* Financial Assets at Fair Value through other comprehensive income

### 18. Trust liabilities

18.1	2021		2020
	BWP	BWP	
Undertaking liabilities for future medical expenses	1 240 781 824		1126 809 553
Liabilities for financial support	502 534 441		509 234 630
	<b>1 743 316 265</b>		1 636 044 183
Current liability portion	102 273 511		110 232 544
Non-current liability portion	1 641 042 754		1 525 811 639
	<b>1 743 316 265</b>		1 636 044 183
18.2			
Opening Balance	1 636 044 183		1 449 198 969
Claims reserved	176 970 891		154 821 787
VAT on Reserves	3 921 590		15 696 536
Payments	(115 851 510)		(102 480 367)
Write backs	(28 045 326)		(26 913 877)
Interest on write backs	(15 876 882)		-
Interest	86 153 319		145 721 135
	<b>1 743 316 265</b>		1 636 044 183

**Notes to the Financial statements (continued)**  
for the year ended 31 December 2021

**19. Outstanding claims**

	2021	2020
	BWP	BWP
Balance at the beginning of the year	<b>133 295 825</b>	140 487 748
Prior years claims settled in current year	<b>(79 043 328)</b>	(79 668 864)
	<b>54 252 497</b>	60 818 884
Increase in provision for outstanding claims	<b>83 097 195</b>	72 476 941
	<b>137 349 692</b>	133 295 825
Balance at end of year	<b>137 349 692</b>	133 295 825
Comprising of:		
Known claims	<b>21 130 729</b>	42 250 077
Estimated unreported claims (IBNR)	<b>116 218 963</b>	91 045 748
	<b>137 349 692</b>	133 295 825

Presentation of the above note was changed in the current year to only reconcile movement of outstanding claims.

The Fund establishes a claim liability account, which includes estimates of future payments for reported (known) claims and unreported claims (Incurred But Not Reported, 'IBNR') with respect to events which could result in an expense to the Fund. Provisioning is a complex process dealing with uncertainty, requiring the use of informed estimates and judgements. Any changes in the estimates are reflected in the comprehensive income in the period in which estimates are changed.

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**

	2021	2020
	BWP	BWP
Trade payables	<b>361 570</b>	2 782 945
Fuel levy refund	-	28 232 222
Deferred Third Party Cover Income	<b>446 140</b>	343 824
Accrued expenses	<b>3 300 625</b>	3 640 816
Other payables	<b>2 279 794</b>	2 299 727
Leave pay and gratuity payables	<b>16 759 819</b>	13 892 093
	<b>23 147 948</b>	51 191 627

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 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:

	2021 BWP	2020 BWP
Property and equipment	657 514	205 841

### 22. Related parties

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Fund directly or indirectly, this is made up of the Executive Management which includes Chief Executive Officer, General Managers and Senior Managers. Investment in Associate and Members of the Board of Directors are considered as being related to the Fund.

#### Key Management Personal

Salaries and short-term benefits  
Gratuity Expense

BWP	BWP
14 707 814	12 050 354
2 090 843	1 451 231
<b>16 798 657</b>	<b>13 501 585</b>
<b>786 353</b>	<b>647 064</b>
<b>16 052 132</b>	<b>10 413 248</b>
<b>1 250 000</b>	<b>3 000 000</b>
<b>-</b>	<b>3 750 000</b>
<b>17 302 132</b>	<b>17 163 248</b>

#### Board members' fees and expenses

#### Dividends received from Related Parties

Feune (Proprietary) Limited  
Palapye Engen Partnership  
Francistown Retail Partnership

### 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 2021

**24. Cash flows from operating activities**

	2021	2020
	BWP	BWP
Net deficit	<b>136 034 816</b>	(140 906 137)
Adjustments for:		
Depreciation on property and equipment	<b>2 922 348</b>	3 192 952
Amortisation of intangible assets	<b>1 252 316</b>	1 159 893
Impairment	-	3 490 022
Fair value (loss)/gain on investment properties	<b>2 860 000</b>	(2 600 000)
Share of associates profits	<b>(14 182 560)</b>	(34 414 535)
Profit on disposal of property and equipment	<b>(227 733)</b>	(984 151)
Profit on disposal of investments	<b>(50 091 982)</b>	-
Finance Costs-Leases	<b>171 267</b>	225 509
Management Fees	<b>13 435 262</b>	10 326 215
	<b>92 173 734</b>	(160 510 232)
Movements in current assets and liabilities		
Trade and other receivables	<b>(17 952 827)</b>	(9 134 061)
Financial assets at fair value through profit and loss	<b>(31 524 184)</b>	(108 350 323)
Financial assets at amortised cost	<b>18 764 624</b>	120 924 394
Outstanding claims	<b>4 053 867</b>	(7 191 923)
Trade and other payables	<b>(28 043 679)</b>	4 533 749
Trust liabilities	<b>107 272 081</b>	186 845 214
	<b>52 569 882</b>	187 627 050
Cash flows from operating activities	<b>144 743 616</b>	27 116 818

**25. Interest Expense**

	BWP	BWP
Interest on Trust Liability	<b>86 153 319</b>	145 721 238
Finance costs	<b>171 267</b>	225 509
Interest data clean up	<b>(209 161)</b>	-
Interest written back	<b>(15 878 288)</b>	(7 249 162)
	<b>70 237 137</b>	138 697 585

**26. Foreign Exchange gains**

	BWP	BWP
Exchange gains/(loss) on offshore available for sale investments	167 653 768	17 793 147
Exchange gain on foreign payments (Realised)	125 550	32 828
	<b>167 779 318</b>	<b>17 825 975</b>

**27. 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.

# Annual financial statements

## Notes to the Financial statements (continued) for the year ended 31 December 2021

### 28. Financial Assets

The Fund holds the following financial instruments

	2021	2020
	BWP	BWP
<b>Financial assets held at the fair value through other comprehensive income</b>		
Local Equities and offshore investments (note 12)	<b>3 257 585 768</b>	3 006 308 229
<b>Financial assets at fair value through profit or loss</b>		
Local Bonds (note 14)	<b>536 780 547</b>	550 756 363
<b>Financial Assets at amortised cost</b>		
Fixed Deposits (note 13)	<b>209 655 720</b>	228 420 344
Fuel levy receivable (note 15)	<b>11 098 693</b>	10 007 798
Third Party receivable (note 15)	<b>1 320 480</b>	769 907
Other receivables and prepayments	<b>20 653 371</b>	16 000 638
Staff receivables	<b>67 068 859</b>	55 410 595
Cash and cash equivalent (note 16)	<b>15 921 820</b>	11 198 479
	<b>4 120 085 258</b>	3 878 872 353
<b>Financial Liabilities</b>		
<b>Financial Liabilities at armotised cost</b>		
Trust Liabilities (note 18.1)	<b>1 743 316 265</b>	1 636 044 183
Outstanding Claims (note 19)	<b>137 349 692</b>	133 295 825
Leave pay and gratuity (note 20)	<b>16 759 819</b>	13 892 093
Fuel Levy refund (note 20)	<b>-</b>	28 232 222
Deferred Third Party (note 20)	<b>446 140</b>	343 824
Other payables and accrued expenses (note 20)	<b>5 941 989</b>	8 723 488
Leases Liabilities	<b>1 724 068</b>	2 479 991
	<b>1 905 537 973</b>	1 823 011 626

### 29. Impairment

All assets are reviewed for impairment losses whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Management has assessed the credit loss on the financial assets and no material impairment were noted except for the below listed assets.

	2021	2020
	BWP	BWP
Rent receivable	<b>209 561</b>	2 642 545
Other assets	<b>254 192</b>	847 477
	<b>463 753</b>	3 490 022

### 30. Going Concern

The going concern has been adopted in preparing these financial statements. Given the economic consequences of the 2020 COVID-19 pandemic, the Directors have carefully reviewed the qualitative and quantitative assumptions underpinning the going concern assessment. The Directors have no reason to believe that the Fund will not be a going concern in the foreseeable future based on the available cash resources.

**Supplementary schedule to the financial statements**  
**Detailed statement of profit or loss and other comprehensive income**  
 for the year ended 31 December 2021

**In Pula**

	2021	2020
<b>Net fuel levy income</b>		
Fuel levy income	111 414 083	100 713 501
Less: rebate	25 085 789	(1 360 680)
Less: VAT on fuel levy	(13 258 293)	(10 790 732)
	123 241 579	88 562 089
<b>Net third party cover</b>		
Third party cover	4 305 078	4 500 973
Less: VAT on third party cover	(513 307)	(482 247)
Third party expenses	(430 018)	(449 287)
	3 361 753	3 569 439
Investment income	53 391 431	50 334 720
Interest	74 734 192	64 296 466
Dividends	50 091 982	-
Net gain from sale of investments	5 038 314	4 788 082
Rental income		
	183 255 919	119 419 268
Change in fair value of investment property	(2 860 000)	2 600 000
Change in fair value of investments at fair value through profit and loss	(5 475 816)	(22 623 105)
Foreign exchange losses	167 779 318	17 825 975
Other income	604 312	1 240 703
	469 907 065	210 594 368
<b>Total operating income</b>		
Net increase in claims provision	(163 367 024)	(141 150 627)
Reinsurance premium	(1 920 940)	(2 047 754)
Investment management fees	(14 973 445)	(10 789 247)
Property management fees	(1 857 149)	(2 069 137)
Interest expense	(70 237 137)	(138 697 585)
Road safety expenses	(3 305 742)	(4 953 781)
<b>Administrative expenses</b>		
Advertising	(1 512 335)	(1 355 660)
Audit Fees	(474 560)	(430 400)
Amortisation costs	(1 275 080)	1 446 071
Bank Charges	(238 020)	(217 559)
Custodial Fees	(109 817)	(100 675)
Directors Expenses	(786 353)	(647 064)
Data Processing Expenses	(1 799 696)	(1 924 190)
Office Cleaning & Consumables	(813 238)	(509 793)
Entertainment	(12 636)	(32 214)
	(7 021 735)	(3 771 484)

"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 114 - 117"

# Annual financial statements

## Supplementary schedule to the financial statements

### Detailed statement of profit or loss and other comprehensive income (continued) for the year ended 31 December 2021

#### In Pula

	2021	2020
<b>Administrative expenses (Continued)</b>		
Brought forward from previous page	(7 021 735)	(3 771 484)
Depreciation	(2 922 348)	(3 192 952)
Insurance	(1 155 428)	(1 159 158)
Legal Fees	(111 172)	(348 794)
Library	(38 169)	(30 460)
Motor Vehicle Expenses	(379 559)	(421 162)
Postage & Telephone	(664 181)	(603 549)
Printing & Stationery	(325 821)	(230 408)
Professional Fees	(913 041)	(2 623 327)
Rent & Rates	300	(565)
Recruitment Expenses	(75 936)	(93 615)
Repairs & Maintenance	(122 305)	(94 546)
Salaries	(55 185 185)	(49 107 116)
Medical Aid	(1 158 470)	(1 100 099)
Pension Costs	(4 873 204)	(4 618 340)
Leave Pay	(1 696 154)	(1 936 745)
Gratuity	(6 812 890)	(6 237 738)
Security	(122 700)	(134 540)
Other Staff Costs	(1 322 613)	(704 808)
Subscriptions & Licences	(4 183 654)	(3 281 612)
Travel	(924 483)	(749 396)
Training	(864 464)	(1 180 812)
Training Levy	(208 262)	(189 556)
Utilities	(848 145)	(906 105)
	(91 929 619)	(82 716 887)
<b>Total expenses</b>	<b>(347 591 056)</b>	<b>(382 425 018)</b>
<b>Deficit for the year before share of profits from associates</b>	<b>122 316 009</b>	<b>(171 830 650)</b>
Share of profit/(loss) from associates	14 182 560	34 414 535
Impairment	(463 753)	(3 490 022)
Surplus/ (Deficit) for the year	<b>136 034 816</b>	<b>(140 903 137)</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Change in fair value of available for sale investments	<b>83 233 677</b>	<b>189 838 937</b>
Total other comprehensive income	<b>83 233 677</b>	<b>189 838 937</b>
<b>Total comprehensive income for the year</b>	<b>219 268 493</b>	<b>48 932 800</b>

"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 114 - 117"

## Notes

## Notes



## MOTOR VEHICLE ACCIDENT FUND

Annual Report 2021

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