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WHO WE ARE, WHAT WE DO

Established through an Act of Parliament; The Botswana Tourism Organisation Act No. 14 of 2009 which repealed the Botswana Tourism Board Act 2003, the Organisation is mandated to market and position Botswana as a premier tourist destination; promote investment in the tourism sector; and to classify and grade tourism facilities.

THE ORGANISATION

More specifically, the Act under Section 4 mandates the Botswana Tourism Organisation as follows:-

Botswana Tourism Organisation shall do all such things as are necessary to market and promote Botswana tourist attractions, and to encourage and facilitate travel, by local and foreign tourists, to the said attractions.

- a) To plan, develop and implement tourism marketing and promotion strategies aimed at creating and sustaining a positive image of Botswana as a tourist and investment destination.
- b) Plan, formulate and implement strategies for promoting sustainable tourism development in collaboration with the private sector in the tourism industry, local authorities, local communities and non-governmental Organisations.
- c) Implement government policies and programmes aimed at facilitating the continued growth and development of the tourism sector.
- d) Develop and implement appropriate strategies for achieving annual work plan objectives and set performance targets aimed at the promotion of tourism business in Botswana.
- e) Establish and expand local as well as international travel trade networks to promote and sell Botswana as a tourist destination.
- f) Manage and coordinate Botswana tourism promotional and publicity programmes.
- g) Provide market research information and market intelligence on tourism.
- h) Promote the expansion of existing tourist enterprises and new investments in the tourism sector.
- i) Market and promote the establishment of joint tourist enterprise ventures between citizen and foreign investors.
- j) Promote the improvement of tourist enterprise and service standards.
- k) Grade and classify tourist enterprise facilities.
- l) Conduct tourism awareness campaigns and tourism research within and outside Botswana.
- m) Develop and improve the existing tourism opportunities and diversify the sector to include other forms of tourism, such as cultural and heritage tourism, eco-tourism, entertainment, recreational and leisure tourism and bring them to the required standards.
- n) Select, develop and bring to the required marketable standard, any tourism project, solely or through partnerships with any community based Organisation or any individual; and
- o) Select and facilitate any tourism project from any community based Organisation or any individual to bring the project to the required marketable standard.

BTO commenced its operation in 2006, and has its head office in Gaborone, Botswana as well as seven (7) local satellite offices in Maun, Kasane, Francistown, Selebi Phikwe, Palapye, Tsabong and Ghanzi.

The organization also operates information offices in Gaborone, Kang and Letlhakane. In addition, the organization has international representative offices in the United Kingdom covering the United Kingdom and the Republic of Ireland, the United States of America and in Germany covering Germany, Austria, Switzerland, France and Italy.

CHAIRMAN'S STATEMENT

VISION

“To be globally recognised as a premier tourism promotions Organisation”

MISSION STATEMENT

“To develop Botswana into a unique preferred tourism destination of choice in order to increase the sector's contribution to the nation's economic growth, through active participation of the local and international communities for the sustainable utilization of tourism resources”

CORPORATE VALUES

Botho / Hospitality

To serve our customers and stakeholders in a courteous, pleasant and professional manner to project a positive image about the Botswana Tourism Organisation.

Result Oriented

To work together as a team, harness and deploy available resources for optimal output.

Creativity, Innovation & Entrepreneurship

To apply initiative and business ingenuity to ensure that the Board continues to be competitive.

Customer Focus

To provide high standard deliverables that exceed customer expectation, effectively and efficiently build customer confidence.

Strategic Oriented

To effectively rationalize human and material resources at our disposal to maximize industry growth and competitiveness.

Professionalism

To apply high standards of service delivery at all times.



Travel and Tourism continues to be a very important sector in the growth of the economy of Botswana. 2013 has seen continued growth of Tourism in Botswana with strong development and future growth prospects from both the international and domestic markets. This has delivered good direct and significant indirect economic impact for Botswana's economy.

It is important to note that the UN Statistics Division approved Tourism Satellite Accounting methodology (TSA:RMF 2008), quantifies only the direct contribution of Travel & Tourism to a Country's GDP, but World Travel and Tourism Council (WTTC) recognises that Travel & Tourism's total contribution is much greater through its indirect and induced impacts.

In 2013, travel and tourism in Botswana was forecast to have a total contribution of 8.4 % of the Gross Domestic Product (GDP), and to account for one in twenty (1/20) direct jobs and has a total contribution of one in ten (1/10) jobs in Botswana.

The year 2013/14 marked the first year of implementation of the new BTO Strategy that built on the foundation laid out by the previous strategy and sought to develop a refreshed marketing strategy framework for the Organisation to effectively promote Botswana. The new Board, put together during the last quarter of the financial year under review, sought to maintain the key strategic intents of BTO and going forward, re-align the Organisation to be able to be more strategically focused on global and innovative promotion of Botswana. The Board has initiated and is promoting new and innovative tourism products to facilitate the diversification of both area and core product in Botswana, which will lead to new employment opportunities; both direct in-sector together with up and down stream in the value chain, delivering greater economic diversification for the Country. This being undertaken in a sustainable and repeatable manner.

Over the years, a lot of work has been done to establish and introduce policies, strategies and standards for the tourism industry. This has helped develop and lift the standard of our industry into where we are today. BTO and the industry needs to continue in its drive to deliver high standards and be holistically competitive with all players from around the world. Going forward, BTO will be exploring ways of returning higher value to local communities and Botswana as a whole, through the development of the tourism cluster concept and the better understanding of the tourism value chain.

The Board remains resolute to guide this transitional era of tourism development, in an industry which is known to be transitional by nature. Tourism in Botswana has the ability and resources, both natural and manmade, to grow our contribution to both local employment and GDP by three-or four-fold in the next decade. We must just make sure that we as the industry leaders are ready to step-up to the challenge.

NEIL FITT
CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS



Neil Fitt
Chairman

Mr. Neil Patrick Fitt is the Permanent Secretary in the Ministry of Environment Wildlife and Tourism (MEWT). He is also Chairman of the Board.

Mr. Fitt joined MEWT after serving in the Ministry of Agriculture, as the Agriculture Hub Coordinator. His role as the inaugural coordinator was to develop and drive the objectives of the hub towards commercialisation and diversification of the sector. Mr. Fitt gained agricultural work experience in several countries; Australia, Botswana, New Zealand, Saudi Arabia, United Kingdom and Zambia. He has over 38 years' experience in agriculture and land resource management. He has extensive experience in agriculture-based business, with a focus on the development of natural resource management plans, which include agronomic, environmental management, resource assessment and the planning, design and installation of irrigation systems.

Mr. Fitt has held various positions in a number of Boards in Botswana which include; the National Advisory Council in Tourism before the establishment of the Tourism Board. He is the Chairman of the Technical Committee of the Local Organising Committee of the Botswana National Olympic Committee and an Affiliate member of the Institute of Horticulture in the United Kingdom.

Mr. Fitt, who was born and educated in the United Kingdom has lived in Botswana for the past 28 years.



Laurence Khupe
Vice Chairman

Mr. Khupe is a Partner at Collins Newman & Co, and is Head of the Firm's Dispute Resolution and Real Estate and Property Divisions (resigned). Laurence has extensive experience spanning over 15 years. As a commercial lawyer, Laurence has advised on large scale projects and regularly services international clients doing business in Botswana. He has acted for large mining houses, financial institutions, big corporations and parastatals in a wide range of commercial matters.

He is a Director of several large companies in Botswana. Amongst his notable directorships, Laurence has been a member of the Board of Directors of Botswana Tourism Organisation since 2007. He is currently the Vice Chairman of the Board.

His area of expertise covers Mining and Resources, Banking and Financial Services, Private Equity, Capital Markets, Privatisation, Regulatory Work, Tourism and Hospitality, Property and Development, as well as Mergers & Acquisitions.

Mr. Laurence Khupe was admitted as an Attorney, Conveyancer and Notary Public in 1996.

Laurence has served as the Registrar of the Anglican Diocese of Botswana for the past 10 years.



Cherri Briggs
Board Member

Cherri Briggs is the current president and owner of Explore INC, an Organisation she founded in 1992, to pursue her interests in conservation and community development in Africa. Her operations started in Botswana and the company has since grown to be a reputable African Travel Company based in the United States of America. Ms. Briggs has extensive experience and passion in the area of economic development and conservation.

Ms. Briggs is the recipient of several Condé Nast Traveler's prestigious awards and specifically, "Top Travel Specialist for Southern Africa", "Top Villa Specialist for Africa" and has been honoured with the Condé Nast Traveler's first award for social responsibility in travel.

She sits on several advisory boards including the North American Safari Operators Association, for which she is a founding member.



Thilorthamay Naicker
Board Member

Mrs. Thilorthamay Naicker is an independent Knowledge Consultant and entrepreneur. Ms. Naicker is committed to transforming Botswana's economy through the adoption of ICT as an economic pillar for diversification and making Botswana a Regional Technology /ICT Hub, with a focus on capacity and skills development toward economic sustainability.

She brings to the Board of Directors, her vision to achieve economic transformation of Botswana to enhance competitiveness of the Botswana Tourism product offering.

Mrs Naicker is a member of the University of Botswana Computer Science Faculty Advisory Council and was a member of the Botswana Education Hub Strategy and Business Plan Committee. The Botswana Computer Science Faculty Advisory Council, as well as the Botswana Education Hub Strategy and Business Plan Committee.



Jonathan Moore Gibson
Board Member

Mr. Jonathan Moore Gibson has over thirty years' experience in the tourism sector, including commercially running successful hotels, camps and air charter operations.

He has vast experience in leadership and management of large scale tourism operations. His interest has always been in the conservation of Botswana's natural resources through sustainable commercial use by both the private sector and the relevant communities living in close proximity to the resources. Mr. Gibson has contributed significantly to the conceptualization of the Kavango Zambezi Transfrontier Conservation Area, as well as the establishment of the Chobe Wildlife Trust. He has served on the Executive Committee of Hospitality and Tourism Association of Botswana (HATAB) and as a Board member on the then Botswana Tourism Board.

Mr. Gibson is currently Chairman of the Chobe National Park Management Committee and an Honorary Warden for the Department of Wildlife and National Parks.



Thabo B. Dithebe
Acting Chief Executive Officer

Mr. Thabane is the current Chief Executive Officer of the Citizen Entrepreneurial and Development Agency (CEDA), the Agency he has been with since 2003. Mr. Thabane has previously served in the previous Board of Directors of the Botswana Tourism Organisation.

He has also served in various Boards both locally and internationally. He is currently the Board Chairman for Norsad Finance, Deputy Board Chairman of the SADC-DFRC and the former Chairman of the Finance and Audit Committee of Board of Directors of Botswana Tourism Organisation.

He has progressed over time in different management positions within CEDA. One of his main achievements is the establishment of the Young Farmers Fund. Mr. Thabane is an Alumni of the University of Botswana, London Business School as well as the Wits Business School.



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CORPORATE GOVERNANCE



This section describes Botswana Tourism Organisation's top-level governance arrangements and provides details on the Board of Directors' responsibilities, as well as the main governance practices currently in place.

Botswana Tourism Organisation is committed to implementing best practice in matters of corporate governance, and ensuring accountability, integrity, transparency and efficiency are reflected in its day-to-day operations. The Organisation places a strong emphasis on the importance of these values by ensuring that:

- there is a focus on project planning and that the performance of key projects and contracts is monitored in line with best practice.
- there is open communication with the Botswana Government, and the Minister.
- sound risk management policies and procedures as well as all reasonable measures to minimise the incidence of fraud are in place.

Enabling Legislation

Botswana Tourism Organisation's governance arrangements are prescribed by the Botswana Tourism Act, 2009. The Act is BTO's enabling legislation and describes the Organisation's specific objectives, functions and powers. The Act also describes the financial management, accountability and audit obligations of the Organisation. BTO as a parastatal must also consider and apply ministerial directions and statements of expectation that are issued from time to time.

Board of Directors

Botswana Tourism Organisation is governed by a nine-person Board of Directors and Chief Executive Officer as Ex-Officio Member. As prescribed in the Act, the Board's main responsibilities are to ensure the proper and efficient performance of the Organisation's functions, and to determine Botswana Tourism's policy in relation to any matter.

Term of Office

In terms of Section 7 (1) of the Act, a member other than the Chairman shall hold office for a period not exceeding three years and shall be eligible for re-appointment for a further term of three years, while the Chairman of the Board shall hold office for a period not exceeding five years, eligible for reappointment at the end thereof.

Board Committees

Section 13(1) of the Act provides for an appointment of committees as the Board may find necessary for the purposes of performing its

functions. Members of these committees are drawn from the Board and may include any other person not being a member of the Board with specialised skills, and members shall hold office for a term to be determined by the Board. During the period under review, there were five (5) Board Committees, being;

The Finance and Audit Committee

The Committee's responsibility is to provide guidance in financial, accounting and audit issues to ensure that effective standard control policies and measures are in place.

Human Capital Committee

The committee is responsible for providing guidance to the Organisation on matters concerning the Organisation's human capital, employee conditions of service and remuneration.

Investment Committee

The purpose of the Investment Committee is to provide an investment guidance forum to the Botswana Tourism Board in terms of the Organisation itself, as well as on its function of facilitating tourism investment in the Country. The Committee reviews on an ongoing basis, the appropriateness of the Investment Plan in light of economic and business conditions affecting the Country, and makes any recommendations for Board approval as may be appropriate. In doing so, the Committee monitors the adherence to and the performance of the investment strategies as well as ensuring that investment returns (both income and capital appreciation) fall within acceptable limits thereby encompassing institutional viability and optimum land use.

External Tender Committee

The purpose of the Board's External Tender Committee is to carry out tender adjudication and award pertaining to procurement of goods and services whose value exceeds the Chief Executive limits as determined in the Organisation's Procurement Policy.

Quality Assurance Committee

The Committee reviews and approves formulation of standards for Board ratification prior to submission to the Botswana Bureau of Standards (BOBS) for its own approval and adoption into the National Standards. The Committee also reviews and ratifies grading and eco-certification assessments of tourist facilities carried out by operational and certified grading officers at BTO.

Number of Board Meetings Held Section 14 (2) of the Act requires that the Board meets a minimum of four (4) times a year. During the period under review, the Board met four (4) times.

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ACTING CEO'S STATEMENT

Thabo B. Dithebe



It is notable that that the Travel and Tourism sector in Botswana remained resilient throughout 2013/14, especially in light of the challenges the industry faced due to the global economic downturn that affected most tourist source markets.

The year 2013/14 also marked the first year of the implementation of the Botswana Tourism Organisation (BTO) Strategy 2013 to 2018. The strategy is underpinned by a strong focus on marketing and promotion of Botswana as a destination of choice, and a continued emphasises on tourism product and geographic diversification, investment promotion

and facilitation in the tourism sector, as well as grading and classification of tourism facilities for improvement of service quality. The strategy advocates for development of a robust Marketing Strategy that ensures the right consumers, from the right markets, with the right messages.

Some of the key highlights of activities carried during the year under review on the investment promotion space include the development of tourism management plans for concession areas in and around the Okavango Delta and Chobe including those that were changing from consumptive to non-consumptive tourism. This exercise was extended to cover potential tourism development areas like Gaborone Game Reserve, Maun Educational Park, Ditlhopo Ranch as well as the re-development of Kasane/Kazungula area for tourism.

It is important to highlight that has grown significantly due to BTO's continued strategic focus to develop and promote cultural and sports events with assistance from communities and the private sector. It is our believe that this growth will contribute positively to the economic diversification and sustainable economic growth of Botswana.

On the regional and global front, the BTO continued to participate in various travel and tourism fairs and exhibitions as well as targeted road shows. Several new travel fairs such as WTM Latin America, WTM Africa and We Are Africa were also introduced to the industry and due to the positive feedback, BTO will continue to participate to provide a platform for the industry at the fairs. To further enhance awareness on Botswana in international markets, BTO is to embark on a global Botswana campaign with a focus on digital marketing and use of social platforms.

In order to continue improving quality and competitiveness of the tourism sector, BTO reviewed grading standards for accommodation facilities, and continues to encourage facilities to be eco-certified. Grading standards for Mobile and Camping Grounds have also been developed, and implementation will commence after approval by the Botswana Bureau of Standards (BOBS).

Travel and Tourism in Botswana continues to record notable growth, and I would like to thank the industry and the BTO team for their hard work and commitment to excellence during 2013/14.

THABO BRIAN DITHEBE
CHIEF EXECUTIVE OFFICER (ACTING)

EXECUTIVE MANAGEMENT



Thabo B. Dithebe
Acting CEO



Malebogo Morakaladi
Business Development Manager



Zibanani Hubona
Corporate Legal Counsel



Mernard Mothetho
Finance Manager

MANAGEMENT



Obenne Mbaakanyi
Marketing Manager



Tafa Tafa
Investment Promotion Manager



Dickson Wiya
Finance Manager



Joyce Morontshe
Quality Service Manager



Tebo Selotatse
Human Resources
& Administration Manager



Patrick Yane
Acting Internal Audit Manager



Morongwa Koontse
IT Manager



Mpho Mathlagela
Procurement Manager



Keitumetse Setlang
Public Relations & Communications
Manager

DOMESTIC TOURISM

Marketing

Botswana Tourism Organisation (BTO), through the Marketing Department has achieved a milestone of international recognition through strategic collaboration with the international travel industry to put the sector on the global map of travel in ensuring that we still become a premier destination of choice as a way to stimulate demand for the Botswana Tourism product. On the domestic front, we have seen increased awareness and demand for local events, which have become an exciting platform to increase demand for local travel thus pioneering tourism infrastructural development in various areas of Botswana.

Domestic Campaigns

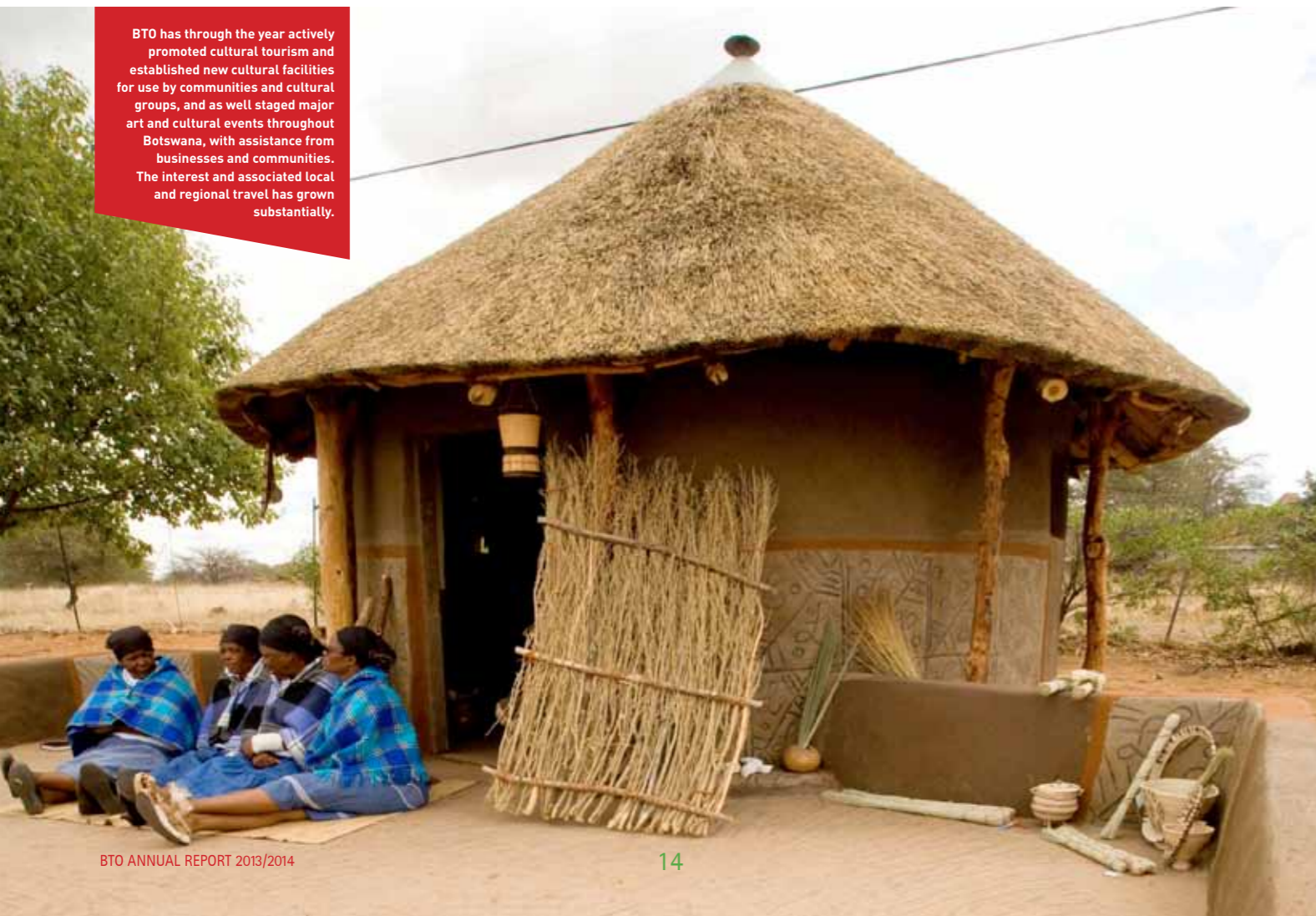
Botswana Tourism continues to promote and increase tourism awareness through various platforms such as TV adverts, outdoor media and using various media campaigns to reach out to the domestic market. The rationale of these campaigns is to be forever present in the minds of the local traveller and to remind them of some of the beautiful local destinations waiting for the traveller to explore with confidence and full knowledge of the destination.

Explore Your Botswana

The 2013 chapter of the “Explore Your Botswana” Campaign was held in Francistown, Kang, Selebi Phikwe, and Gaborone. The sessions ran from 0900hrs – 1400hrs and included Outside Broadcasts on various selected commercial radio stations.

The Campaign was targeted at educating the domestic market and promoting domestic travel both for the upcoming festive season and in the future. The Campaign was featured on various media, including a weather sting aired before and after the 1900hrs and 2000hrs news bulletin on Botswana Television (BTV). Selected local radio stations carried live interviews on the varied tourism destinations and products in the Country. Operators gave away prizes including, but not limited to merchandise and accommodation and weekend vouchers in order to stimulate product awareness and usage.

BTO has through the year actively promoted cultural tourism and established new cultural facilities for use by communities and cultural groups, and as well staged major art and cultural events throughout Botswana, with assistance from businesses and communities. The interest and associated local and regional travel has grown substantially.



Cultural Tourism

Dithubaruba Cultural Festival, Molepolole

Held at the “Ko Ntsweng” Heritage Site, this annual community event celebrates the Bakwena culture. BTO partnered with the community through the Kgosi Sechele I Museum for this event, which showcases traditional song, dance poetry and Setswana food under the theme “Bana Ba Kgwale Ba Bitsana Ka Melodi” a Setswana proverb which translates to: “people with a similar heritage and culture know each other through song”. The theme has an overarching objective of forging unity amongst the Bakwena ethnic groups geographically dispersed in some parts of Botswana and in the North West Province of the Republic of South Africa. The Festival also hosted performers from Hukuntsi and Phokeng in South Africa.

The Festival also featured an exhibition display whose main purpose was to market and promote Kweneng handicraft producers and expose them to the domestic and international markets.

Domboshaba Festival of Culture and History, Domboshaba Ruins

Held for the 13th time, Domboshaba Festival of Culture and History has grown into one of the largest cultural festivals in the Country. This annual cultural event is held near Domboshaba Ruins, a unique stone masonry architectural signature of the Banyayi - Bakalanga Empire and Civilisation which stretches from Khami Ruins near Bulawayo in Zimbabwe. This year's festival theme was “Mother Tongue Instruction and Inclusive Education”, and highlighted the important role language played in education and development of societies. Botswana Tourism sponsored the publicity and promotion of this event hosted in partnership with the local trust - Domboshaba Cultural Trust (DCT). The event has not only grown in terms of attracting an audience from Botswana and Zimbabwe, but also promotes the richness of the Kalanga culture, historical heritage and architectural remains which are the pride of its communities.

Western Kgalagadi Cultural Association (WKCA) Festival, Kang

The Western Kgalagadi Cultural Festival is a cultural tourism product initiated by the BTO and spear-headed by the Western Kgalagadi Cultural Association the objectives of which are:

- to increase tourist flows to the Western Kgalagadi Conservation Corridor;
- to share and promote primarily San culture and cultures of other ethnic groups in the area; and
- to generate income for residents of the WKCC in general, as well as the membership of the Western Kgalagadi Cultural Association.

The successful 2013 event further enhanced its objective of increasing awareness on the cultures in Western Kgalagadi, as well as encouraged development of tourism products in the area.

Son of the Soil Cultural Festival, Boetelo Lodge, Notwane.

The Son of the Soil Cultural Festival organised by Bana –ba- Mmala, was held on Saturday 23 February 2013 at Boetelo Lodge in Notwane area. The Festival has become one of the must-attend experiential cultural events for enthusiasts and continues to grow from strength to strength. The theme for this year's celebrations was ‘Kgomo’, which means ‘Cattle’ in English. The theme explored the significance of cattle in the traditional Setswana way of life and in the present times.



DOMESTIC TOURISM

(Continued)

Sports and Adventure Tourism

The Toyota Kalahari Botswana 1000 Desert Race, Kumakwane

The Toyota Kalahari Botswana 1000 Desert Race has been running for thirty two (32) years, and the 2012 event was held from 21 – 24 June 2012, with the Designated Starting Point (start and finish point) in Kumakwane. Maintaining its 4-day duration format, the Quad and Bike race was held from the 21 - 22 June 2012, while the Car race was from 23 - 24 June. Of significance has been accreditation of the event as one of the four feeder races to the Dakar Rally, the other races in that category being held in China, Australia and Egypt. The implication for this inclusion of the race in this elite league of races is that the winning crew (driver and co-driver) of the Toyota Kalahari Botswana 1000 Desert Race gains automatic entry into the Dakar Rally in the subsequent year. This aspect can only mean we will continue to see more interest in the local race growing from strength to strength and attract both local and international competitors. This accreditation also raises the Goodwill of our Country and enhances pride in residents of the people of Botswana.

The race continues to benefit the people of Botswana in quite a number of ways, including direct income that accrues to local communities' developmental initiatives and increased sales in businesses in the vicinity of Kumakwane and surrounding areas during the weekend of the race.

The Kalahari Challenge, Gaborone

The Kalahari Challenge is an annual bicycle challenge starting and finishing at Gaborone Rugby Club, that covers some scenic parts of the Southern region including Mokolodi Nature Reserve, Fikeng Valley in Manyana and Ranaka Valley. The event has seen an increase in interest and participation in the past four years; the race recorded a total of 191 participants in 2009, and 313 in 2012, of which 128 were from Botswana, 169 South Africans, 14 Namibians and 2 Zimbabweans.

This marked growth in cycling as a sporting event augments growth in the sports tourism sub-sector and contributes towards the Botswana tourism product diversification and geographic dispersion.



Tour de Tuli Cycle Challenge, Northern Tuli

This annual event takes place in the Tuli region with the Limpopo Valley Airfield serving as the start-off point. The event sees cyclists take on a challenging distance of approximately 300km, (with approximately 60-80km of hard cycling per day) and traversing the majestic landscapes of three different African countries: Botswana, Zimbabwe and South Africa and three National Parks: Northern Tuli Game Reserve (Start Point), Tuli Safari Area and Mapungubwe National Park (End Point).

This year featured over 500 cyclists from all over the world. The Tour de Tuli is an event that seeks to raise funds for Children in the Wilderness, a charity programme run by Wilderness Safaris. The programme's objective is to empower and teach children from communities that live in and around their operations on the importance of conservation. Botswana Tourism Organisation (BTO) has been participating at this event for the past five years with a view to create awareness for the Tuli region. In addition, this event presents Botswana as a truly adventure destination, which appeals to adventure seekers in the world of travel.

This year, as in the past years, BTO invited and provided hospitality to journalists from selected public and private local media houses, with a view of creating more local awareness for the area and the Tour de Tuli event.

The Khawa Dune Challenge & Cultural Festival, Khawa

Botswana Tourism Organisation (BTO) in collaboration with the Ministry of Youth, Sport and Culture (MYSC) and Culture and Botswana Motor Sport (BMS) hosted the inaugural Khawa Dune Challenge & Cultural Festival, a family-oriented event involving a Quad and Motor Bike Challenge traversing the Khawa Sand Dunes, a Camel Race, cultural activities showcasing the cultures of the Kgalagadi, as well as fun Camel rides.

This event is one of its kind in Botswana, combining both motorsport and culture, adding a new dimension to tourism product development. Of particular importance is the introduction of Camel activities as part of the event in order to add value and to enhance the sustainability of the camel-centred tourism product from the Camel Park in Tsabong, which is close to completion.



INTERNATIONAL MARKETS

Botswana Travel and Tourism Expo (BTTE), Kasane

BTO in November 2013 launched the first Botswana Travel and Tourism Expo (BTTE) in Kasane. This show is a Business-to-Business platform, which brought together 80 International Tour Operators, 9 travel and trade journalists from European countries such as Germany, France, Austria, Belgium, Italy, and Switzerland. We believe this flagship expo will greatly benefit Botswana in increasing sales of tour packages from Europe to Botswana. The plan is to host it annually with different themes and different source market operators.

Japan Association of Travel Agents (JATA), Japan

BTO participated in the Japan Association of Travel Agents (JATA) travel fair from 20 to 23 September 2012. JATA is a travel fair aimed at promoting and for travel and has grown to become one of the largest tourism events in Asia. With a goal of igniting demand in the tourism industry, the event has expanded in scale in response to ongoing changes in the marketplace, now offering more business meeting opportunities and open for the public to learn about travel. A total of four (4) local operators participated in the Fair in 2012, down from six (6) as recorded in 2011. BTO has been participating in the Fair since 2006. Through this fair, not only does Botswana target potential tourists in the Japanese market, but it also gains a footing within other Asian countries such as China, Korea, the Philippines and Malaysia, thus availing opportunity to increase Botswana's market share outside its traditional markets. The evident benefit of participating in this Fair has been the reported increase of Japanese tourists in the past several years as reported by local tourism operators.

New York Times Travel Show /NYTTS (Trade & Consumer) United States of America

Now in its tenth year, this fair is staged annually in New York - USA over three days, presents a diverse range of destinations and brings together world buyers and sellers from every sector of the industry and enables them to gain insights into the US travel market. The Travel Show features exhibitors from around the globe and has a specific focus on travel destinations, tour operators and cruise lines. Previously only attended through the BTO Representative in the USA, this year's inaugural participation by BTO from its head office in Botswana included four (4) operators from Botswana amongst them Camps and Tour Operators. The US market as the current main Botswana overseas source market, still presents opportunities to increase market share as well as product consumption amongst the existing customers, therefore underlying the importance of BTO participating in this fair going forward.

Fitur Travel Show, Spain

This fair staged annually in Madrid – Spain, is a five-day business event presenting a diverse range of destinations and bringing together worldwide buyers and sellers from every sector of the industry to converge in Spain for FITUR. In 2013, BTO participated in this fair with a total of twelve (12) operators amongst them Camps, Lodges and Tour Operators, therefore, marking an increase from seven (7) recorded in 2012.

Matka Nordic Travel Fair, Finland

BTO participated in the Fair with its International Representative in Germany. The Fair serves as an ideal platform for eminent industry professionals from this sector to deliberate upon the latest trends, views and perspectives from the global tourism sector and has its focus on the overall development of the luxury travel market. Exhibitors sell tour packages, travel agency services, transportation options and accommodation packages during this event. Three (3) operators amongst them Camps, Lodges and Tour Operators participated from Botswana.

World Travel Market (WTM) Travel Fair, London, United Kingdom

A traditional must-attend fair, the World Travel Market (WTM) London takes place annually in November. This four-day business-to-business event, presenting a diverse range of destinations and industry sectors to the UK brings together global international travel and tourism professionals, giving them a conducive platform to meet, network, negotiate and conduct business. BTO participated in this fair with a list of exhibitors which included but was not limited to lodges, mobile safaris, ground operators and transportation companies. BTO participates in this fair with local operators with objectives to create product awareness of the individual operators, enable the operators to develop relationships with the travel trade, stay abreast with the latest developments in the travel trade industry, as well as to diversify their market base. This year, BTO participated with a total of twenty-one (21) operators, marking an increase of 11 percent, as compared to the nineteen (19) participants in the previous year.

Moscow International Travel & Tourism Fair (MITT), Russia

Botswana Tourism Organisation participated in Moscow International Travel & Tourism Fair for the first time, with only one (1) local operator under its umbrella. The principal objectives of attending MITT were to gain a footing into the Russian market and establish Botswana as a premier and safe destination, as well as to showcase Botswana and its tourism product as an alternative destination for the Russian market, which tends to have a preference for Europe and the Indian Ocean islands. Furthermore, the Organisation set out to establish the extent of knowledge about Botswana within the Russian market as well to create face-to-face interactions with the Russian traveller and Russian tourism businesses. Russia forms part of the BRICS market (alongside Brazil, India, China and South Africa), and is characterised by resilience to global economic upturns, a market that has a high level of disposable income and as such has potential to be a new and important source market for the Botswana Tourism product.

International Tourism Bourse (ITB), Germany

Botswana Tourism attended the International Tourism Bourse (ITB), an annual Fair which is staged annually in Berlin - Germany. The Fair offers a unique opportunity for the global travel industry players to meet and establish business partnerships. The first three days of the five-day event are dedicated to the trade only, whilst the last two are dedicated to consumers. With Germany together with the United Kingdom and United States of America consisting the top three overseas source markets for the Botswana tourism sector, the importance of participating at ITB cannot be overemphasised.

In 2013 BTO participated along with twenty six (26) local operators, up from twenty-one (21) in the previous year, representing a 24 percent increase. Another notable achievement was that approximately 15 percent of the participating operators were small scale operators as well as first time participants at ITB and at a travel fair of any form.

In addition, BTO also hosted a networking session which was attended by at least one hundred and fifty (150) tourism professionals. This networking event, as well as the various others in a similar mode gives local operators a platform for business to business interactions from which sales and relationships are cultivated.



AFRICA AND REGIONAL MARKETS

World Travel Market (Africa)

World Travel Market Africa (WTM) is the leading Business-to-Business (B2B) exhibition for Africa's Leisure travel industry, bringing the world to Africa and promoting Africa to the world's leading source markets. WTM is the only trade show of its kind to cater to inbound and outbound buyers and partners. Held for the first time in Cape Town, Botswana Tourism Organisation (BTO) participated with 18 local operators, who benefited immensely from this new debut travel exhibition, meeting tour operators from all over the globe. BTO will continue to participate at this exhibition.

World Travel Market (Brazil)

Botswana Tourism Organisation (BTO) participated again at WTM Brazil with two (2) local operators. This travel exhibition specialises in the emerging Latin American market, which has a huge potential to the local travel industry. This year, there was a 20% increase of exhibitors in relation to 2013. 2500 regional tour operators participated at this year's event. This is evident that the exhibition has a growing momentum in the Latin America market, and thus providing an opportune platform to the Botswana operators to market and promote their products to this mentioned market. BTO will continue to participate at this exhibition.

We Are Africa

We Are Africa is the genre-shattering travel trade exhibition carefully curated with a selection of outstanding African and Indian Ocean travel brands from Cairo to Cape Town and Dakar to Port Louis to showcase their products and services to some of the world's finest travel trade buyers directly in charge of sourcing products from Africa. We Are Africa channels the unique energy and charisma of the continent to create an extraordinary environment in which to do business. This is a business to business show that was hosted for the first time in Africa and brought together nine (9) specially invited operators from

Botswana to be a part of this exhibition. The show was highly successful to the Botswana travel industry and BTO. Marketing will continue to participate at this event.

WTM Africa

Held for the first time in Africa and specifically Cape Town, Botswana Tourism Organisation hosted 18 local operators for business networking new tour operators from especially the Asian market.

WTM Brazil

Botswana Tourism Organisation for the second time participated in WTM Brazil with 2 local operators. This specialises in emerging Latin American market which has a huge potential. BTO is to follow up with a familiarisation tour for the Brazilian tour Operators to expose them to the Botswana tourism product.

We Are Africa

This is a business to business show that was hosted for the first time in Africa and brought together 9 Africa specialists from all over the world. The show was very successful and BTO will continue to participate in.

Victoria Falls Marathon, Zimbabwe

Held in Zimbabwe, the Victoria Falls International Marathon is registered with the Association of International Marathon and Distance Races (AIMS) and is developed in conjunction with the National Athletics Association of Zimbabwe (NAAZ).

Dubbed the most thrilling marathon on the African continent, the Marathon has gained popularity and recognition worldwide due to its characteristic combination of athletics with tourism, entertainment, and charitable activities.



BTO sets up a stall during the event, with the objective of marketing the Chobe National Park as a tourism destination as its proximity to Victoria Falls allows for ease in co-packaging of both destinations.

PURE Life Experiences, Morocco

Operating strictly on an invitation-only basis, PURE Life Experiences is the world's leading networking platform and market place for the Experiential Travel Sector. BTO is still the only National Tourism Agency in the world allowed to exhibit at this exclusive travel exhibition, thereby bearing testimony to the high quality of the Country's tourism product. Furthermore, several high-end local tourism facilities have won international prestigious awards at the show.

In 2013, five (5) of Botswana's luxury facilities, a slight decrease from six (6) recorded in the previous year were invited to PURE.

Sanganai / Hlanganani Travel Fair, Zimbabwe

Held annually in Harare – Zimbabwe, the Sanganai / Hlanganani-World Travel & Tourism Africa Fair showcases Africa's tourism products. The Fair attracts international buyers and media from different markets. BTO participates at the fair with a view to provide a platform to the Botswana tourism operators to tap into the regional tourism market. This Fair also provides BTO an opportunity to further relationships with other regional tourism organisations as well as operators with the expected benefit of packaging the multiple Country tourism products for the markets.

Having participated in 2010 and 2011 with the objective of testing the feasibility of the fair, participation in 2012 included four (4) Botswana operators.

Namibia Travel Expo, Namibia

The Namibia Travel Expo attracts participation and visitors from local, regional and international tourism businesses. Botswana operators

participated at the BTO stand, mainly to tap into the high number of German and other European markets that patronise Namibia as a tourist destination. A considerable portion of this market, mainly self-drives consume the tourism product in the northern part of the Country and as such, BTO has to position local operators to benefit from this market which already has an appetite of the local tourism product.

In 2013, thirteen (13) local operators participated in this fair, up from six (6) recorded in the previous.

Zambia International Travel Expo (ZITE), Zambia

Botswana Tourism's participation at the ZITE aims at enabling the tourism industry in Botswana to gain insights into current trends affecting the regional tourism industry and providing an opportunity to further relationships with other organizations and operators with the benefit of packaging diverse tourism products regionally.

Supported by the Botswana High Commission in Zambia, BTO has been participating at the Fair for the past four years, and in 2012, for the first time BTO exhibited with four (4) local tourism operators. It was however observed that the fair has somewhat broadened its content beyond direct travel and tourism focus.

INDABA Travel Show – Durban, South Africa

INDABA is one of the largest tourism marketing events, not only in the African calendar but one of the top three 'must visit' events of its kind on the global calendar. It showcases the widest variety of Southern Africa's best tourism products and services, and attracts international visitors and media from across the world.

In 2013, the BTO Botswana stand housed forty-seven (47) Botswana businesses, a decrease from fifty (50) recorded the previous year, making INDABA the biggest travel exhibition for the Botswana tourism sector.

“Increasing at an alarming rate, poaching is now at an all-time high in Africa. Fuelled by rising demand, the illegal trade in ivory and rhino horn has seen the number of elephant and rhino poached throughout Africa rise significantly in recent years. This ominous trend can only be reversed if governments, conservation-minded companies and concerned citizens unite and take immediate action, standing shoulder-to-shoulder. The continued survival of these species is at stake - 2011 saw the western black rhino subspecies declared extinct by the IUCN. In 2013, over 1 000 rhinos were poached in South Africa alone, up from 668 in 2012, and 448 in 2011. - Rhinos Without Borders.

The Government of Botswana has a conscious conservation decision to re-introduce Rhino into the Okavango Delta to protect and save this magnificent endangered animal.



QUALITY SERVICES

Objective and Purpose

The Quality Assurance Department strategises and implements the Organisation's role of promoting and improving industry standards through the development and implementation of grading standards and promoting tourism businesses that adhere and use leading environmental management practices and quality standards across all industry sectors (eco-certification). This report gives a brief outline of activities carried out by this Department for the year under review.

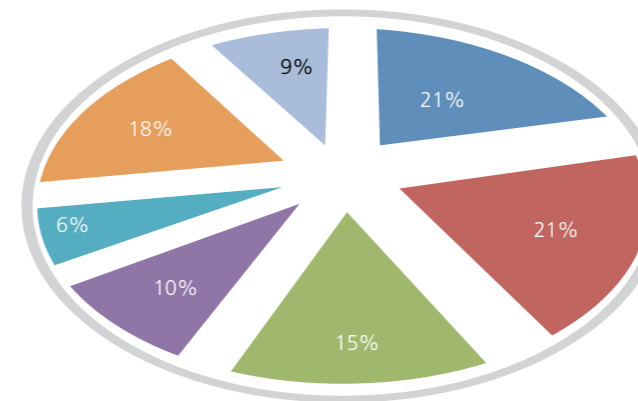
GRADING AND CLASSIFICATION

Quality Services Committee (QSC) is responsible for ratifying graded and eco-certified facilities and currently, the Committee has seven (7) members stands as follows: Ms. Thilorthamay Naicker (Chairperson of the Committee and also a member of the Botswana Tourism Board); Mr. Lawrence Khupe (Member of the Botswana Tourism Board); Ms. Tebogo Modisagape (Committee member, Interior Architect, Val Interiors); Mr. Obonye C. Lopang (Manager, Engineering Standards, Botswana Bureau of Standards); Mr. Ted Soutter (Hospitality and Tourism Association of Botswana); Mr. Eric Motsumi (Lecturer, Gaborone Technical College) and Mr. Thabo Dithebe (Acting Chief Executive Officer, Botswana Tourism Organisation).

Total graded facilities in 2013/14

1 Star	98
2 Star	96
3 Star	68
4 Star	45
5 Star	29
Grade Pending	85
No Award	43
Total	464

NUMBER OF GRADED FACILITIES



■ 1 Star	■ 5 Star
■ 2 Star	■ Grade Pending
■ 3 Star	■ No Award
■ 4 Star	

The table above shows that the number of accommodation facilities has increased from 424 in the previous year to 464, representing an increase of 9.4%. The increase was due to licensing of new accommodation facilities. The overall grading results indicate that there has been a marked improvement in the number of facilities that acquired 1, 2 and 3 Star. These increased by 12, 17 and 12 respectively in March 2014. Other Star ratings have increased slightly.

Poor service delivery and non-compliance with standards remains a major challenge from all accommodation categories, with the exception of game lodges and camps where there is good service delivery, as evidenced by the high number of game lodges and camps facilities (28) within the 5 star rating categories.

Customer Feedback programme

In order to ensure adherence to standards and the grade awarded to any facility, periodic checks and monitoring measures are undertaken from time to time. Customer feedback system in the form of guest questionnaires continues to be used in all graded facilities, as well as entry/exit points to get feedback from the users. The feedback questionnaires can also be accessed online at (www.botswanaturism.co.bw).

Grading Promotional Material

The following grading promotional materials were produced during the year under review:

Website

The Botswana Tourism Organisation website, which includes information on grading and detailed information about the graded accommodation facilities in Botswana continues to be updated as and when new information is submitted by graded facilities.

Amendment of Grading Standards for accommodation facilities

Grading standards for accommodation facilities have been reviewed in order to align them with changes in the industry. The Third Edition was printed in February 2014 and these revised standards have started to be implemented.

Industry Mentoring

Tourism Stakeholder Workshops

The department started conducting stakeholder consultative workshops in Gaborone on the 5th November 2013. The workshop was a joint effort between Botswana Tourism Organisation and the Department of Tourism.

The purpose of the consultative workshop was to discuss with stakeholders issues/challenges pertinent to licensing and grading of accommodation tourist facilities; particularly non-compliance to the licensing and grading requirements; with a view to devise functional solutions and strategies to address these challenges.

QUALITY SERVICES

(Continued)

The workshops targeted mostly the departments associated with issuance of licenses and permits and ensure compliance i.e. approval of buildings, plans and inspection.

Regional Support

Participation at the Lesotho Accommodation Quality Star Grading Program Launch

The department participated at the Lesotho Accommodation Quality Star Grading Program Launch on the 21st August 2013 held at Maseru Sun Hotel. BTO was invited because of its close working relationship with Lesotho Tourism Development Corporation and also the Lesotho Grading Program was benchmarked with that of Botswana.

The main activities during the launch included a presentation on the Lesotho Grading Program, introduction of the Awards Committee, sharing of grading experience by BTO, key note address by Honourable Minister of Tourism, Environment & Culture, Mrs. Mamahele Radebe, the unveiling of the Lesotho Grading Corporation Plaque and the awarding of certificates to the first six (6) of the twelve (12) graded accommodation establishments.

Lesotho has adopted the Regional Tourism Organisation of Southern Africa (RETOSA) harmonised accommodation grading standards. More than 250 standards including quality assurance, responsible tourism and universal accessibility have been developed for each of the six (6) categories of accommodation- (Hotel, Guesthouse, Bed & Breakfast, Self Service Accommodation, Lodge and Camping Grounds).

The launch was a success and was highly attended by representatives from the private sector that has played an integral part in the development of the Lesotho Grading Program.

Eco-Certification

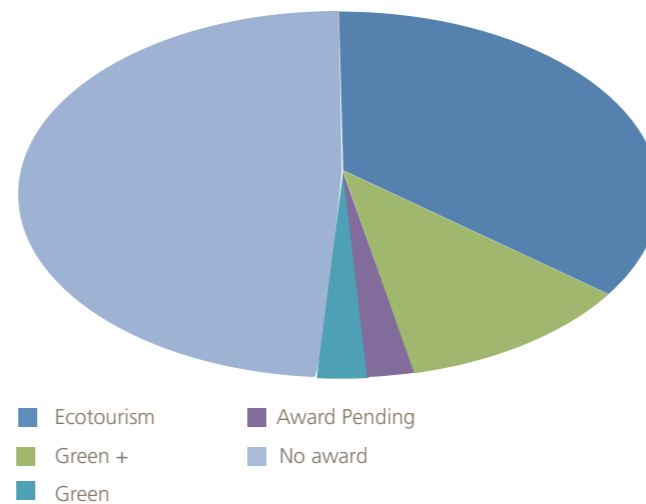
The mandate of the Environmental Section is to promote best practice management systems across all industry sectors, with a view to facilitate tourism development that is environmentally sustainable. In pursuance of the above, the section ensures collaborative approach with relevant stakeholders both public and private to raise the profile of Botswana Tourism Organisation. The Section is also responsible for implementation of the National Ecotourism Strategy (2002), in assisting prospective entrepreneurs on issues relating to sustainable tourism development. In implementing the National Ecotourism Strategy, the following achievements have been made so far:

Status of Certified Facilities

During the year under review, a total of 8 facilities applied for Certification, out of which 1 attained Ecotourism, which is the highest award; 3 attained Green+; and 4 No Award, due to the rigorous nature of the scheme.

Overall since the inception of the Botswana Ecotourism Certification System in 2009, a total of Forty-seven (47) facilities participated in the system. Out of these 47 facilities, seventeen (17) attained Ecotourism which is the highest award, five (5) attained Green+ which is the mid-range, and one (1) attained Green which is the entry level. Twenty-three (23) facilities have No Award and one (1) has its award pending awaiting ratification by the Quality Assurance Committee (QAC). The table below reflects the overall status of the facilities that applied for certification up to date.

AWARD	NUMBER
Ecotourism	17
Green +	5
Green	1
Award Pending	1
No Award	23
Total	47



The International Ecotourism Society (TIES)

TIES, is the oldest and largest association dedicated to promoting ecotourism and sustainable tourism development throughout the world. BTO has been a member of TIES and started to attend international conferences organised by TIES in September 2008 in Vancouver, Canada, followed by participation in Portland, Oregon in USA in September 2010, which was followed by participating in Monterey, California, USA, in September 2012.

Global Sustainable Tourism Council (GSTC)

GSTC is a global initiative dedicated to promoting sustainable tourism practices around the world. BTO has been a member of GSTC since March 2011 and has participated in GSTC programs by the Okavango Delta Ramsar Site as a First Adopter of the GSTC Destination Criteria. This was followed up by the site verification visit in July 2012. BTO participated at the GSTC 3rd Annual General Meeting in September 2012 in Washington DC, USA.

Botswana Tourism Attended Ecotourism & Sustainable Tourism Conference (ESTC13) Safari Park Hotel, Nairobi, Kenya

Botswana Tourism participated, at ESTC at Safari Park Hotel, in Nairobi, Kenya from 24th to 27th September 2013. The conference was attended by about 450 participants from almost 45 countries. It attracted keynote speakers like Costas Christ, Editor, National Geographic Traveller who also served as Chairman for World Tourism Council – Tourism for Tomorrow Awards from which the Okavango Delta Ramsar Site was a Winner of 2010 Destination Stewardship.

The focus of the conference was to highlight and promote ecotourism's role in sustainable development. The aim was also to strengthen the industry commitment to the recent UN Resolution, "Promoting of Ecotourism for Poverty Eradication & Environmental Protection." It was an opportunity for Botswana Tourism to showcase the steady increase in number of our eco-certified facilities, from seven (7) at ESTC 2010, to fourteen (14) at ESTC 2012 and to twenty-one (21) during ESTC 2013. This gives us a competitive edge over our competitors in the Safari style tourism industry and enhanced market niche. It was complimented by the so popular sponsorship for the prize give-away of an adventure safari to Botswana at some of the Eco-certified camps.

Botswana Sponsorships and Exhibition at ESTC 2013

Botswana Tourism sponsored the Prize Give-away at a cost of US\$3,500, which included an exhibition booth and complimentary registration. Supplies at the exhibition table included; discover Botswana, compact disks for accommodation directory, the four regions of Botswana, Maps, Ecotourism Standards and flyers with the list of Eco-certified facilities.

Botswana Tourism also offered a journey sponsored for a give away, prize draw of six nights' accommodation for two people at the following eco-certified facilities Chobe Game Lodge, Chitabe Camp, Jao Camp with an additional two nights stay at a Wilderness Safaris Camp in Botswana at 50% off Rack Rate. It was augmented by regional flights by Air Botswana.

Prize Give-away Draw

The prize give-away draw was coordinated by Dr. Kelly Bricker, ESTC Chair and Chair of TIES Board with Deirdre Campbell, TIES Executive Board Member and ESTC Steering Committee Member. It was randomly picked from a bag filled with the "Ecotourism & Sustainable Tourism Conference Passport" during the Celebration of Cultures and World Tourism Day evening event, held on Friday 27th September. The winner of the prize give-away Terry Madoka, an Event Coordinator, in Nairobi, Kenya. She and her partner visited Botswana in February 2014.

Regional Sustainable Tourism Accreditation Scheme

Botswana Tourism has been a member of the Sustainable Tourism Network Southern Africa (STNSA) which represents sustainable tourism certification schemes in Southern African Development Community (SADC) region. The regional members work with RETOSA into harmonising regional Certification and Grading Standards to enhance

a regional brand. BTO has participated in the Regional Conferences organised by STNSA since 2009 up till May 2012. However, the network has grown over time and changed its name at the last AGM to be called the Sustainable Tourism Certification Alliance Africa, with an initial focus now on countries in Southern and East Africa. The Alliance aims to enable an integrated approach to sustainable tourism certification throughout the continent.

Botswana Tourism participated at the 2nd Annual Conference, 5th Annual General Meeting and training workshop by Global Sustainable Tourism Council (GSTC). Joyce Morontshe, Acting Quality Services Manager and Mafila Richard Malesu, Environment and Safety Coordinator, attended both events. This was opportune time to attend both because they happened within just before commencement of Indaba 2013 event, as most participants also attended the event held in Durban South Africa.

The aim of the Annual Conference was to generate knowledge and understanding of the demand for sustainable tourism products in Africa's major tourism source markets; facilitating the sharing of best practice and harmonisation, among the sustainable tourism standards-setting and certification bodies in Africa.

Botswana Tourism presented on Botswana's Ecotourism Certification System. The conference was attended by delegates from Africa including, Kenya, Lesotho, Madagascar, Namibia, South Africa, Swaziland and Tanzania and Mauritius, as well as several international donors / players; GTZ from Germany, Global Sustainable Tourism Council (GSTC) now based in Spain, International Trade Centre (ITC), a joint agency of United Nations and WTO and the Regional tourism Organisation of Southern Africa (RETOSA).

Participation in the Global Sustainable Tourism Awards

Botswana Tourism continues to participate in global initiatives, such as the internationally recognised up-market traveller and tourism award;- *Condé Nast Travellers 2013 World Savers Award for Tourism Destinations*

The Okavango Delta Ramsar Site (ODRS) on 16th September 2013 in Annapolis, MD, USA) won the Condé Nast Travellers 2013 World Savers Award in the category: Sustainable Destination for Developing Countries. ODRS won this accolade due to policies put in place to ensure that the tourism sector protects the environment and benefits local people.

The ODRS has been recognised for successful conservation efforts that have resulted in the wetland being home to the largest population of Africa's Savannah Elephants. Although Botswana faces the challenge of balancing human populations and animal populations, the Country has been commended for its efforts in the Government working with private companies to tract movements of elephants by planting chillies as a deterrent. Acclaimed publication, Condé Nast Traveller has also congratulated Botswana on the Protection of Rhinos through the relocation program. To date, 11 white rhinos have been born in the wild, and 32 are running free.

QUALITY SERVICES (Continued)

Furthermore, His Excellency the President of the Republic of Botswana, Seretse Khama Ian Khama was honoured with the Global Visionary award for 2013 by the Condé Nast Traveller for advancing sustainable tourism policies and practices in Botswana. His Excellency has been applauded for commitment to develop Botswana in a sustainable manner - not with "the short-term approach that leaves nothing for the future." President Khama's vision to wean Botswana off its reliance on diamond mining and develop agriculture and low-impact tourism has been applauded by the publication.

With such qualities, an environmentally responsible and luxurious Botswana can be said to be indeed a tourism destination of choice.

Environment Impact Statements (EIS)

Botswana Tourism implements EIS for its projects and activities and also receives requests for input in EIS from stakeholders through the Department of Environmental Affairs (DEA) for the Organisation's input from time to time. To date, ten (10) EIS have been analysed and advised accordingly.

- EIS for Oil and Gas Exploration in and around Makgagadi and Nxai Pans National Park
- EIS for River Front Lodge and Safaris in Tsanakona along Thamalakane River in Maun
- EIS for Integrated Tourism Potential for the Central District
- EIS for Matlapana Six Storey Hotel in Matlapana, Maun
- EIS for Khawa Dune Challenge and Cultural Festival
- EIS for EIS for Camp Grounds at Koanaka in NG 14
- EIS for Camp Grounds at Gcwihaba in NG 14
- EIS for Land Use Plan of the Village of Khawa
- EIS for Lepokole Nature Reserve
- EIS for Kazungula Lodge



INVESTMENT PROMOTION AND PROJECTS

LAND BANK INITIATIVE

The land bank initiative is geared towards improving on investors' services provided by BTO, through identifying and facilitating access to land for tourism development. Through this initiative, BTO was involved in the following activities during the reporting period;

Development of Management plans: BTO facilitated the development of several management plans listed below. The intention for the development of such is to assist all stakeholders including investors, land authorities as well as regulators on optimal utilisation of tourism related land and activities, at the same time ensuring that they are done in an environmentally sustainable manner. Some of the management plans were developed in order to advise on the new land use proposal, which was shifting away from consumptive to non-consumptive use. The following are sites/ concessions that had management plans developed.

- NG 21 in Ngamiland
- NG 25 in Ngamiland
- NG 32 in Ngamiland
- CH 12 in Chobe District
- Maun Educational Park
- Lake Ngami

Development of Feasibility Studies: BTO facilitated the development of feasibility studies for the development of two farms in the Central District that were provided by the land authorities for tourism development. These feasibility studies were developed to establish the possible viable tourism projects that can be embarked on in these farms. The farms were:

- Farm 77
- Farm 84 OQ

Tourism Site Identification and Verification: BTO participated in several tourism identification and verification exercises together with other stakeholders; this was in an effort to ensure that there is a

large pool of land with relevant required features to attract tourism development.

The following are projects embarked on during the reporting period.

- Identification of tourist, recreational and leisure sites in the Central District in collaboration with the Ngwato Land board
- verification of sites identified in the Makgadikgadi Framework Management Plan in collaboration with the Department of Environmental Affairs

Tenders for Non- Consumptive Utilization and Management of Concessions and Sites in Protected Areas.

BTO facilitated the tendering processes on behalf of the land authorities, for non-consumptive utilization and management of concessions and site within Ngamiland District and Central District. The following is a list of sites and concessions that were tendered out during this reporting period:

- NG 21 Ngamiland
- NG 24 Ngamiland
- NG 42 re-tender Ngamiland
- NG 43 Ngamiland
- NG 47 Ngamiland
- CT 2 re-tender Central District
- CT 3 re- tender Central District

Business Development Services.

The Investment Promotion Department continues to provide business development services to local and international investors interested in investing in the tourism industry. These services include the following:

- Review and advise on Business plans
- Facilitation of acquisition of land
- Advocacy to other service providers in support of investor projects (land authorities, financiers)
- Facilitation of Joint Venture Partnerships



ORGANISATIONAL DEVELOPMENT

Organisational Structure & Human Capital Resourcing

The Human Resources Department is mandated to ensure that the Organisation has formulated policies and procedures in place which are in compliance with Labour Laws, regulations, code of good practice/ conduct and that the Conditions of Service are followed by staff.

The Organisation rolled out the implementation of a five (5) year Organisational Strategy during the financial year 2013/14 as well as an aligned Organisation Structure to ensure operational delivery of the strategy. The total staff complement BTO is 124.

ORGANISATION	MALE	FEMALE	TOTAL
HEAD OFFICE - GABORONE	31	33	64
Executive Management	3	2	5
Management	5	4	9
Middle Management	17	10	27
Frontline Staff	24	32	56
Satellite Offices (Botswana)	18	17	35
United Kingdom (London)	-	2	2
Washington DC (Rep.)			Sub-contracted company
Germany (Rep.)			Sub-contracted company
TOTAL	49	52	101

*Mothusi Gafose (the new Procurement Officer) included in the list; joining from 3rd November 2014

Some of the new and existing positions remained vacant for some-time awaiting appointment of the Board and that negatively affected departments like projects and business operations.

Staff Development And Training

The Organisation remains committed to ensuring that their staff acquires the requisite on the job training for their respective portfolios. Some members of staff have undergone training for grading awareness in Cape Town targeting mainly Tourism Development Managers.

Further as part of staff development various staff members attended various courses related to their field of work during the year these included attendance of courses on Project Management and update on International Financial Reporting Standards (IFRS) by the staff in the Finance Department.

Internship Programme

The Organisation has taken heed of the Government's call to absorb graduates as Interns so that they learn on the job. The Organisation has during the financial year 2013/13 engaged and placed a total of thirteen (13) Interns within the various departments. A total of two (2) from these Interns were able to get permanent employment within the Organisation.

Performance Management

The Organisation has a performance management review process in place. This process provides employees opportunity to be rewarded for good performance and for the Organisation to close skills gaps that might have been identified during the annual performance reviews. The performance review and appraisal process is in its fourth successful year running.



ANNUAL FINANCIAL STATEMENTS

31 March 2014

African fish eagles are familiar birds of prey on the waterways of Botswana, noted for their distinctive and haunting call. These eagles perch on branches overlooking the water, swooping down to catch fish which are then carried back to the perch or dragged to shore if too big to carry. African fish eagles also eat birds, monkeys and even crocodile hatchlings. These efficient predators can get away with spending as little as 10 minutes a day actively hunting.



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GENERAL INFORMATION
For the year ended 31 March 2014

DIRECTORS

Appointed

N Fitt	17 December 2013
L Khupe	17 December 2013
T Naicker	17 December 2013
T P Thamane	17 December 2013
C Briggs	17 December 2013
J M Gibson	17 December 2013

CHIEF EXECUTIVE OFFICER (ACTING)

Thabo Brian Dithebe

NATURE OF BUSINESS

The Botswana Tourism Organisation (BTO), is a parastatal body set up through an Act of Parliament with the mandate to: Market the Botswana tourist product, grade and classify tourist accommodation facilities as well as to promote investment in the tourism sector. -

HEAD OFFICE

Plot 50676
Fairgrounds Office Park
Gaborone

BANKER

First National Bank of Botswana Limited
Barclays Bank Plc (United Kingdom)

AUDITOR

Deloitte & Touche

**BOTSWANA TOURISM ORGANISATION
DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS
31 March 2014**

Directors' responsibility statement for the annual financial statements

The directors are responsible for the preparation and fair presentation of the annual financial statements of Botswana Tourism Organisation ("the Organisation or BTO"), comprising the statement of financial position as at 31 March 2014, and the statement of comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Botswana Tourism Organisation Act, 2009, to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements and their report is presented on page 33.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Tourism Organisation Act, 2009, 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.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Organisation and all employees are required to maintain the highest ethical standards in ensuring the Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Organisation. While operating risk cannot be fully eliminated, the Organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have made an assessment of the Organisation's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.


The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Directors' approval of the annual financial statements

The annual financial statements set out on pages 34 to 52, which have been prepared on the going concern basis, were approved by the board of directors on 18 September 2014 and are signed on its behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA TOURISM ORGANISATION PURSUANT TO SECTION 22(3) OF THE BOTSWANA TOURISM ORGANISATION ACT, 2009

Report on the Financial Statements

We have audited the accompanying financial statements of Botswana Tourism Organisation, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 34 to 52.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of Botswana Tourism Organisation as at 31 March 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Pursuant to section 22(3) of the Botswana Tourism Organisation Act, 2009, we report on the following:

- a) We have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- b) The accounts and related records of the Botswana Tourism Organisation have been properly kept; and
- c) The Botswana Tourism Organisation has complied with all the financial provisions of the Act with which it is the duty of the Organisation to comply with.

Deloitte & Touche

Deloitte & Touche
Certified Auditors
Practising Member: C Ramatlapeng (20020075)

Gaborone
18 September 2014

BOTSWANA TOURISM ORGANISATION
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	<u>Notes</u>	<u>2014</u> P	<u>2013</u> P
INCOME			
Government grants	1	83 579 352	65 577 391
Grading fees		213 500	166 000
Interest receivable on call deposits		435 365	1 459 720
Other income	2	1 274 692	1 208 578
Total income		<u>85 502 910</u>	<u>68 411 689</u>
EXPENDITURE			
Employment costs	3	27 752 591	26 736 882
Exhibitions costs	4	6 541 527	6 047 093
Promotions	5	10 227 231	4 255 493
Overseas representation costs	6	15 716 500	14 810 092
Other expenses	7	31 517 375	33 083 931
Expenditure on community-based projects	8	-	2 736 573
Total expenditure		<u>91 755 224</u>	<u>87 670 064</u>
Total comprehensive deficit for the year		<u>(6 252 314)</u>	<u>(19 258 375)</u>

BOTSWANA TOURISM ORGANISATION
STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	<u>Notes</u>	<u>2014</u> P	<u>2013</u> P
ASSETS			
Non-current assets			
Property, plant and equipment	9	8 857 010	10 660 959
Current assets			
Trade and other receivables	10	2 177 042	2 807 674
Amounts due from related parties	11	2 437 615	-
Cash and cash equivalents	12	17 330 923	31 801 924
		<u>21 945 580</u>	<u>34 609 598</u>
Total assets		<u>30 802 590</u>	<u>45 270 557</u>
FUNDS AND LIABILITIES			
Funds			
Accumulated funds		2 307 045	8 559 359
Non-current liabilities			
Capital grants	13	8 857 010	10 660 959
Current liabilities			
Amounts due to related parties	11	23 717	554 694
Trade and other payables	14	13 700 620	11 776 849
Project grants	15	5 914 198	13 718 696
		<u>19 638 535</u>	<u>26 050 239</u>
Total funds and liabilities		<u>30 802 590</u>	<u>45 270 557</u>

**BOTSWANA TOURISM ORGANISATION
STATEMENT OF CHANGES IN FUNDS
For the year ended 31 March 2014**

	Accumulated funds P
Balance at 1 April 2012	27 817 734
Total comprehensive deficit for the year	(19 258 375)
Balance at 31 March 2013	8 559 359
Total comprehensive deficit for the year	(6 252 314)
Balance at 31 March 2014	2 307 045

**BOTSWANA TOURISM ORGANISATION
STATEMENT OF CASH FLOWS
For the year ended 31 March 2014**

	Notes	2014 P	2013 P
CASH FLOWS FROM OPERATING ACTIVITIES:			
Total comprehensive deficit for the year		(6 252 314)	(19 258 375)
Adjustments for:			
Amortisation of capital grant	13	(3 235 404)	(3 318 009)
Depreciation of property, plant and equipment	9	3 235 404	3 318 009
Profit on disposal of items of property, plant and equipment		(97 276)	(444 148)
Excess expenditure on project grants		-	2 736 573
Interest receivable on call deposits		(435 365)	(1 459 720)
Operating deficit before working capital changes		(6 784 955)	(18 425 670)
Decrease/(increase) in trade and other receivables		630 632	(1 988 652)
(Increase)/decrease in amounts due from related parties		(2 968 592)	363 161
Increase/(decrease) in trade and other payables		1 923 771	(2 218 145)
Decrease in project grants		(7 804 498)	(498 621)
Net cash used in operating activities		(15 003 642)	(22 767 927)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	9	(1 567 488)	(2 542 728)
Proceeds from disposal of items of property, plant and equipment		135 166	444 148
Interest receivable on call deposits		435 365	1 459 720
Net cash used in investing activities		(996 957)	(638 860)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital grants received	1	1 567 488	2 542 728
Capital grants reversed on disposal of property, plant and equipment	13	(37 890)	-
Net cash generated from financing activities		1 529 598	2 542 728
Net decrease in cash and cash equivalents for the year		(14 471 001)	(20 864 059)
Cash and cash equivalents at beginning of year		31 801 924	52 665 983
Cash and cash equivalents at end of year		17 330 923	31 801 924
Comprising:			
Bank and cash balances	12	17 330 923	31 801 924

BOTSWANA TOURISM ORGANISATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the year ended 31 March 2014

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which have been consistently followed in all material respects, and comply with operative International Financial Reporting Standards.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the entity has adopted all the new and revised Standards issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2013. There have been no significant changes to the financial results of the Organisation arising from the adoption of the revised standards and new interpretations. Other than improved presentation and disclosures, the adoption of these standards did not result in changes to the entities accounting policies. The following standards adopted by the entity during the year did not have an effect on the entity's financial statements:

The following standards adopted by the entity during the year did not have an effect on the entity's financial statements:

IAS 1 (amendment) Presentation of items of other comprehensive income
 IFRS 7 - Financial Instruments: Disclosures (offsetting of assets and liabilities)
 IFRS 10 - Consolidated Financial Statements
 IFRS 11 - Joint Arrangements
 IFRS 12 - Disclosure of Interests in Other Entities
 IFRS 13 - Fair Value measurement
 IAS 19 - Employee Benefits: (Post-employment and Termination Benefits projects)
 IAS 27 - Consolidated and Separate Financial Statements
 IAS 28 - Investments in Associates and Joint Ventures

At the date of authorisation of these financial statements, the following standards and interpretations were issued but not yet effective:

IFRS 9 - Financial Instruments : (Classification and measurement)	Effective	01 January 2017
IFRS 9 - Financial Instruments : (Financial liabilities and derecognition)	Effective	01 January 2015
IFRS 10 - Consolidated Financial Statements: Investment Entities	Effective	01 January 2014
IAS 36 - (Amendment) recoverable amount disclosures for non-financial assets	Effective	01 January 2014
IAS 32 - Financial instruments: Offsetting Financial Assets and Financial Liabilities	Effective	01 January 2014
IAS 19 - Employee Benefits: (Defined benefit plans amendment to IAS 19)	Effective	01 July 2014
Annual Improvements 2010-2012 Cycle	Effective	01 July 2014
Annual Improvements 2011-2013 Cycle	Effective	01 July 2014
IFRIC 21 - Levies (recognition of liability for levies imposed by a Government in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets)	Effective	01 January 2014

Management has not yet evaluated the impact of these standards, amendments and interpretations on the Organisation's financial results.

BOTSWANA TOURISM ORGANISATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2014

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of the assets, except on work in progress, over their estimated useful lives, to estimated residual values. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following methods and rates were used during the period to depreciate property, plant and equipment to estimated residual values:

Leasehold Improvements	The lesser of remaining life of lease or 10 years
Motor vehicles	4 years
Furniture and fittings	10 years
Office equipment	4 years
Computer equipment	3 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

IMPAIRMENT OF ASSETS

At each reporting date, the Organisation reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange gains and losses arising on translation of foreign currencies are taken to the statement of comprehensive income.

**BOTSWANA TOURISM ORGANISATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2014**

EMPLOYMENT RETIREMENT BENEFITS

For non-management employees, the Organisation operates a defined contribution pension scheme. Payments to the scheme are charged as an expense to the statement of comprehensive income as they fall due. For management employees, the Organisation pays gratuity in accordance with the respective contracts of employment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid investments readily convertible to cash and subject to insignificant risk of loss of value.

Cash on hand and in banks and other short term deposits, which are held to maturity are carried at cost or amortised cost.

RELATED PARTIES

Related parties are defined as those parties:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity;
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
- (b) that are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arms length basis and accordingly included in the revenue and expenditure statement.

PROJECT GRANTS

Project grants relate to grants received from the Government of Botswana for specific projects. These are deferred and included in current liabilities. The related expenditure is netted off against the project grant funds received. Expenditure funded from the Organisation's retained earnings that is not recoverable from the Government of Botswana is recognised in the statement of comprehensive income.

LEASING

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**BOTSWANA TOURISM ORGANISATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2014**

FINANCIAL INSTRUMENTS

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Organisation's principal financial assets are 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Recognition of financial assets

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

Financial liabilities and equity instruments issued by the Organisation

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Organisation's equity comprises accumulated funds.

**BOTSWANA TOURISM ORGANISATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2014**

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments issued by the Board (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Organisation's principal financial liabilities are 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Organisation derecognises financial liabilities when, and only when, the Organisation's obligations are discharged, cancelled or they expire.

GOVERNMENT GRANTS

Government grants comprise funds received from the Ministry of Environment, Wildlife and Tourism in respect of the recurrent expenditure of the entity. Funds received and used to acquire items of property, plant and equipment are deferred as capital grants and subsequently amortised into government grants over the useful lives of the related items of property, plant and equipment. The funds due from the Ministry of Environment, Wildlife and Tourism are recognised once the budget has been approved and confirmation of the grant receivable is received by the Organisation.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives of plant and equipment and residual values

The Organisation reviews the estimated useful lives of plant and equipment at the end of each annual reporting period.

Other estimates made

The Organisation also makes estimates in the calculation of the provision for doubtful debts.

**BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 March 2014**

	2014	2013
	P	P
1 GOVERNMENT GRANTS		
Grants in respect of the Botswana Tourism Organisation Act, 2009	81 911 437	64 802 110
Less: amounts used to acquire items of property, plant and equipment	(1 567 488)	(2 542 728)
Add: Amortisation of capital grants	3 235 404	3 318 009
	<u>83 579 352</u>	<u>65 577 391</u>
2 OTHER INCOME		
Profit on disposal of property, plant and equipment	97 276	444 148
Bad debts recovered	518 091	-
Sundry income	659 325	764 430
	<u>1 274 692</u>	<u>1 208 578</u>
3 EMPLOYMENT COSTS		
Basic salaries	21 245 655	20 754 575
Temporary staff salaries	96 295	67 611
Telephone and cell phone allowances	6 922	9 730
Car allowance	51 146	-
Other allowances	403 641	341 142
Medical aid	581 099	501 143
Pension fund contributions	2 821 992	2 692 901
Gratuity	1 305 910	1 272 373
Leave pay	778 977	816 331
Overtime allowance	460 953	281 076
	<u>27 752 591</u>	<u>26 736 882</u>
4 EXHIBITIONS COSTS		
External exhibitions:		
WTM - United Kingdom	2 313 868	2 730 072
WTM - cost recoveries	(105 000)	(126 000)
WTM - Brazil	745 094	-
WTM - Brazil - cost recoveries	(57 000)	-
ITB - Germany	1 285 542	956 264
ITB - cost recoveries	(237 000)	(153 933)
INDABA - South Africa	949 820	1 120 396
INDABA South Africa - cost recoveries	(252 000)	(314 940)
JATA - Japan	425 099	331 742
Japan Association for Travel Agents - cost recoveries	(12 000)	(21 000)
FITUR - Spain	441 851	538 543
FITUR - cost recoveries	(12 000)	(27 000)
Pure Life - Morocco	756 625	540 281
Pure Life - cost recoveries	(45 515)	(38 060)
Tourism Namibia	146 469	82 999
Namibia Expo - cost recoveries	(39 000)	(45 815)
External Exhibitions - stand	314 674	-
Other fairs - cost recoveries	(78 000)	-
Regional Fairs (Zambia and Zimbabwe)	-	316 075
External Exhibition - Top RESA - cost recoveries	-	(12 000)
	<u>6 541 527</u>	<u>5 877 624</u>
Internal exhibitions	-	169 469
	<u>6 541 527</u>	<u>6 047 093</u>

BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

	2014	2013
	P	P
5 PROMOTIONS		
Publications	3 056 561	344 587
Website hosting	22 400	184 911
Corporate gifts - other promotional items	-	176 331
Calendars	164 741	-
Banners	2 114	-
Others	523 040	184 969
Annual promotional events	279 085	228 573
Desert Race	1 509 940	1 046 729
Khawa Dune Challenge	2 171 306	2 071 956
BTTE	2 445 050	-
Press conference expenses	52 994	17 437
	<u>10 227 231</u>	<u>4 255 493</u>
6 OVERSEAS REPRESENTATION COSTS		
Agency retainer fees - Germany	931 685	866 526
- United Kingdom and Ireland	1 657 492	1 543 530
- France and Italy	336 090	288 837
- United States of America	685 766	786 422
	<u>3 611 033</u>	<u>3 485 315</u>
Marketing expenses - Germany	4 671 744	4 598 452
- United Kingdom and Ireland	3 330 858	2 846 508
- France and Italy	649 775	1 034 816
- United States of America	3 395 640	2 845 001
- Scandinavia	57 450	-
	<u>12 105 467</u>	<u>11 324 777</u>
Total overseas representation costs	<u>15 716 500</u>	<u>14 810 092</u>
7 OTHER EXPENSES		
Advertising	5 703 973	6 785 336
Auditor's remuneration	191 291	175 529
- Current year	189 291	173 774
- Prior year underprovision	2 000	1 755
Business travel	4 344 580	4 563 711
Car rental	32 471	21 041
Computer expenses	718 688	562 537
Corporate sponsorships	1 293 596	484 861
Kasane Integrated Tourism Strategy	-	98 493
Community based projects	791 857	2 470 498
Depreciation of property, plant and equipment	3 235 404	3 318 009
Directors' fees	79 060	368 800
Foreign exchange loss	313 631	325 502
Freight charges	495 434	320 301
General expenses	607 913	475 537
Grading - star rating certificates	69 485	155 803
Inbound travel costs	249 163	16 002
Internet costs	1 445 191	1 422 037
Insurance	469 251	554 057
Motor vehicle running costs	781 352	578 457
Total carried forward	<u>20 822 341</u>	<u>22 696 511</u>

BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

	2014	2013
	P	P
7 OTHER EXPENSES (Continued)		
Total brought forward	20 822 341	22 696 511
Office expenses	5 719 784	4 618 139
Printing, stationery and postage costs	231 867	498 674
Professional fees	1 159 889	873 096
Publications	251 113	540 473
Recruitment costs	298 483	130 844
Repairs and maintenance	707 212	560 230
Statistics	283 399	252 931
Training costs	127 799	1 135 086
Utilities	1 879 370	1 715 236
Venue hire	36 118	62 711
	<u>31 517 375</u>	<u>33 083 931</u>
8 EXPENDITURE ON COMMUNITY-BASED PROJECTS		
Moremi heritage sites	-	183 137
Lepokole heritage sites	-	522 969
Seboba park	-	2 030 467
	<u>-</u>	<u>2 736 573</u>

Expenditure on community based projects comprises of expenditure funded by the Organisation. In the current year, excess expenditure has been recognised as a receivable to be recovered from the Tourism Development Fund.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements		Motor Vehicles		Furniture and Fittings		Office Equipment Safes		Office Equipment		Computer Equipment		Work-in-Progress		Total	
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
COST																
At 01 April 2012	5 942 614	6 314 974	4 654 450	98 355	2 197 646	4 799 281	290 326	24 297 646								
Additions	-	986 798	218 320	-	590 684	561 588	185 338	2 542 728								
Disposals	-	(970 337)	-	-	(6 518)	(219 377)	-	(1 196 232)								
Transfer to profit or loss	-	-	-	-	-	-	(12 867)	(12 867)								
Transfers	296 612	-	103 261	-	-	-	(399 873)	-								
At 31 March 2013	6 239 226	6 331 435	4 976 031	98 355	2 781 812	5 141 492	62 924	25 631 275								
Additions	-	101 171	468 563	-	468 563	850 819	146 935	1 567 488								
Disposals	(33 039)	(308 099)	(36 526)	-	(36 526)	(228 125)	-	(605 789)								
Transfer to profit or loss	-	-	-	-	-	-	(98 143)	(98 143)								
Transfers	85 116	-	26 600	-	-	-	(111 716)	-								
At 31 March 2014	6 291 303	6 124 507	5 002 631	98 355	3 213 849	5 764 186	-	26 494 831								

ACCUMULATED DEPRECIATION

At 1 April 2012	1 790 675	4 349 514	1 342 475	29 429	1 479 027	3 857 419	-	12 848 539
Charge for the year	711 699	953 951	484 377	9 836	494 964	663 182	-	3 318 009
Disposals	-	(970 337)	-	-	(6 518)	(219 377)	-	(1 196 232)
At 31 March 2013	2 502 374	4 333 128	1 826 852	39 265	1 967 473	4 301 224	-	14 970 316
Charge for the year	740 124	923 778	509 610	9 836	394 630	657 426	-	3 235 404
Disposals	(15 198)	(308 099)	-	-	(16 477)	(228 125)	-	(567 899)
At 31 March 2014	3 227 300	4 948 807	2 336 462	49 101	2 345 626	4 730 525	-	17 637 821

CARRYING AMOUNT

At 31 March 2013	3 736 852	1 998 307	3 149 179	59 090	814 339	840 268	62 924	10 660 959
At 31 March 2014	3 064 003	1 175 700	2 666 169	49 254	868 223	1 033 661	-	8 857 010

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**BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014**

10 TRADE AND OTHER RECEIVABLES

Trade receivables
Prepayments
Other receivables

	2014	2013
	P	P
Trade receivables	93 500	9 500
Prepayments	1 762 652	2 461 951
Other receivables	320 890	336 223
	<u>2 177 042</u>	<u>2 807 674</u>

Trade receivables comprise amounts receivable from local hotels provided with grading services. An allowance is made, if deemed necessary, for estimated irrecoverable amounts. The directors consider that the carrying amount of the trade and other receivables approximates their fair value. There are no trade receivables past due but not impaired.

11 AMOUNTS DUE FROM/(TO) RELATED PARTIES

Ministry of Environment, Wildlife and Tourism:

Tourism Development Fund:

Balance at beginning of year
Arising during the current year
Balance at end of year

Balance at beginning of year	-	-
Arising during the current year	2 437 615	-
Balance at end of year	<u>2 437 615</u>	<u>-</u>

Current account:

Sundry expenses

Sundry expenses	(23 717)	(554 694)
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Net amounts due from/(to) related parties

Net amounts due from/(to) related parties	2 413 898	(554 694)
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12 CASH AND CASH EQUIVALENTS

Bank account balances - other funds
- project funds (Note 15)
Cash on hand balances

Bank account balances - other funds	11 411 947	18 083 221
- project funds (Note 15)	5 914 198	13 718 696
Cash on hand balances	4 778	7
	<u>17 330 923</u>	<u>31 801 924</u>

13 CAPITAL GRANTS

Balance at beginning of year
Funds used to acquire property, plant and equipment
Amortisation to capital grants
Reclassification of property, plant and equipment to profit or loss
Reversal on disposal of property, plant and equipment
Balance at end of year

Balance at beginning of year	10 660 959	11 449 107
Funds used to acquire property, plant and equipment	1 567 488	2 542 728
Amortisation to capital grants	(3 235 404)	(3 318 009)
Reclassification of property, plant and equipment to profit or loss	(98 143)	(12 867)
Reversal on disposal of property, plant and equipment	(37 890)	-
Balance at end of year	<u>8 857 010</u>	<u>10 660 959</u>

The balance comprises grants received from the Government utilised for the acquisition of items of property, plant and equipment. The carrying amount of the capital grants is equivalent to the carrying amount of property, plant and equipment.

14 TRADE AND OTHER PAYABLES

Trade payables
Leave pay and gratuity accruals
Other payables

Trade payables	4 935 510	3 620 668
Leave pay and gratuity accruals	3 497 835	2 643 716
Other payables	5 267 275	5 512 465
	<u>13 700 620</u>	<u>11 776 849</u>

Trade and other payables comprise amounts owing to international tourism marketing agents, accruals for staff leave pay and gratuity, as well as other sundry creditors. The average age of the trade payables is 30 days (2013: 30 days). The Board has financial risk management policies in place to ensure that trade payables are settled on time.

15 PROJECT GRANTS	Balance at beginning of year		Grants received		Expenditure		Expenditure funded by BTO		Expenditure funded by Tourism Development Fund		Balance at end of year	
	P		P		P		P		P		P	
31 March 2014												
Camel projects	4 448 498		-	(6 159 806)	-	-	-	1 711 308	-	-	-	142 074
Eco-tourism manual	142 074		-	-	-	-	-	-	-	-	-	-
Moremi heritage sites	-		-	-	-	-	-	-	-	-	-	-
Lepokole heritage sites	-		-	(704 803)	-	-	-	704 803	-	-	-	-
Seboba park	-		-	(21 504)	-	-	-	21 504	-	-	-	-
Tourism research monitoring	750 000		-	-	-	-	-	-	-	-	-	750 000
Head of State Summit	1 251 276		356 200	(1 292 772)	-	-	-	-	-	-	-	314 704
Land bank	7 046 991		49 061	(2 468 489)	-	-	-	-	-	-	-	4 627 563
Dams management	79 857		-	(10 647 374)	405 261	-	-	-	-	-	-	79 857
	<u>13 718 696</u>		<u>405 261</u>	<u>(10 647 374)</u>				<u>2 437 615</u>				<u>5 914 198</u>
31 March 2013												
Camel projects	-		7 066 626	(2 618 128)	-	-	-	-	-	-	-	4 448 498
Eco-tourism manual	142 074		-	-	-	-	183 137	-	-	-	-	142 074
Moremi heritage sites	-		-	(183 137)	-	-	-	-	-	-	-	-
Lepokole heritage sites	1 305 228		1 235 000	(3 063 197)	-	-	522 969	-	-	-	-	-
Seboba park	(1 678 624)		7 713 137	(8 064 980)	-	-	2 030 467	-	-	-	-	-
Tourism research monitoring	750 000		-	-	-	-	-	-	-	-	-	750 000
Head of State Summit	894 736		900 000	(543 460)	-	-	-	-	-	-	-	1 251 276
Land bank	9 702 097		-	(2 655 106)	-	-	-	-	-	-	-	7 046 991
Dams management	365 233		-	(285 376)	-	-	-	-	-	-	-	79 857
	<u>11 480 744</u>		<u>16 914 763</u>	<u>(17 413 384)</u>			<u>2 736 573</u>					<u>13 718 696</u>

**BOTSWANA TOURISM ORGANISATION
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
 31 March 2014**

15 PROJECT GRANTS (Continued)	2014 P	2013 P
Cumulative project grants received		
Camel projects	10 034 333	10 034 333
Eco-tourism manual	553 259	553 259
Moremi heritage sites	4 944 500	4 944 500
Lepokole heritage sites	6 224 601	6 224 601
Seboba park	13 487 356	13 487 356
Tourism research monitoring	750 000	750 000
FIFA 2010 World Cup	605 264	605 264
Head of State Summit	2 150 936	1 794 736
Land Bank	14 151 067	14 102 006
Mobile safaris and camping grounds	616 000	616 000
Dams management	1 232 000	1 232 000
	<u>54 749 316</u>	<u>54 344 055</u>
Cumulative expenditure funded by BTO		
Camel projects	1 383 528	1 383 528
Moremi heritage sites	5 936 581	5 936 581
Lepokole heritage sites	585 177	585 177
Seboba park	2 030 467	2 030 467
Mobile safaris and camping grounds	89 661	89 661
	<u>10 025 414</u>	<u>10 025 414</u>
Cumulative expenditure funded by Tourism Development Fund		
Camel projects	1 711 308	-
Lepokole heritage sites	704 803	-
Seboba park	21 504	-
	<u>2 437 615</u>	<u>-</u>
Cumulative project expenditure		
Camel projects	(13 129 169)	(6 969 363)
Eco-tourism manual	(411 185)	(411 185)
Moremi heritage sites	(10 881 082)	(10 881 082)
Lepokole heritage sites	(7 514 580)	(6 809 777)
Seboba park	(15 539 327)	(15 517 823)
FIFA 2010 World Cup	(605 264)	(605 264)
Head of State Summit	(1 836 232)	(543 460)
Land Bank	(9 523 504)	(7 055 015)
Mobile safaris and camping grounds	(705 661)	(705 661)
Dams management	(1 152 143)	(1 152 143)
	<u>(61 298 147)</u>	<u>(50 650 773)</u>
Unspent project funds	<u>5 914 198</u>	<u>13 718 696</u>

Project grants represent funds received from the Government of the Republic of Botswana in respect of the development of Community Based Organisations and other projects as determined by the Government. In the current year, the funds provided by the Government of the Republic of Botswana in respect of some of the projects were fully utilised. In order to ensure the appropriate completion of the projects, the Organisation, following a decision of the Board of Directors, has funded the additional costs of the projects from its accumulated funds from prior years. However with effect from the current year, these projects will be funded by the Tourism Development Fund. As a result any excess expenditure will be recovered by the Organisation from the Tourism Development Fund. Consequently, a receivable of P2,437,615 has been recognised in the Statement of Financial Position.

BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

16 PENSION FUND

The Organisation operates a defined contribution pension fund for its employees. It is funded by contributions from the Organisation. At the year end, there was no difference between amounts funded and amounts charged to the statement of comprehensive income.

Other than the normal contributions due in terms of the Rules of the Pension Fund, the Organisation has no other obligations or commitments towards the fund members.

17 OPERATING LEASE COMMITMENTS

Amounts committed in respect of monthly rental of properties amounted to:

	<u>2014</u>	<u>2013</u>
	P	P
Payable within one year	3 157 245	1 781 290
Payable within two to five years inclusive	5 786 939	6 329 868
	<u>8 944 184</u>	<u>8 111 158</u>

These commitments will be financed from internal resources and revenue grants received from the Government of Botswana.

18 FINANCIAL INSTRUMENTS

18.1 Categories of financial instruments

Financial assets

Loans and receivables (including bank balances and cash)	<u>20 182 928</u>	<u>32 147 647</u>
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Financial liabilities

Trade and other payables (including amounts due to related parties)	<u>13 724 337</u>	<u>12 331 543</u>
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18.2 Capital risk management:

There is no active capital risk management process in place primarily because the Organisation is constituted under an Act of Parliament. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of the Organisation comprises accumulated funds as disclosed in the statement of changes in funds.

18.3 Currency risk:

The Organisation is exposed to the foreign currency risk on the Euro and the United States dollar through its liabilities to international service providers. There is no active foreign currency risk management process adopted by the Organisation primarily because foreign expenditure is incurred on a prepayment basis. The foreign currency denominated liabilities at reporting date amounted to P3,491,967 (2013: P2,101,525). In the event that there was a 5% devaluation of the Botswana Pula against the Euro and United States Dollar, the impact would be a decrease in the surplus for the year by P174,596 (2013: P105,076). An equal and opposite effect would result if the Botswana Pula appreciated by 5% against the Euro and United States Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

BOTSWANA TOURISM ORGANISATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 March 2014

18 FINANCIAL INSTRUMENTS (Continued)

18.4 Interest rate risk:

Financial instruments that are sensitive to interest rate risk are bank balances on call. The Organisation invests excess cash resources in a call account which earns interest on a daily basis. A 1% increase in interest rates would result in an increase in the surplus for the year of P66,127 (2013: P199,507), while a decrease in interest rates by a similar margin would result in equal and opposite effect on the surplus for the year. 1% is considered the most likely movement in interest rates based on the past interest rates adjustments announced by the Bank of Botswana.

18.5 Credit risk:

The Organisation does not engage in any material trading activities. In this regard the credit risk associated with trade and other receivables is not considered to be material. The Organisation holds bank accounts with reputable financial institutions.

18.6 Liquidity risk management:

The Organisation's capital and operational expenditure is funded by the Government of Botswana in the form grants given in terms of the Botswana Tourism Organisation Act (2009).

19 TAXATION

No provision for taxation is required as the Organisation is exempt from taxation in terms of the Second Schedule of the Income Tax Act (Chapter 52:01).

20 RELATED PARTY TRANSACTIONS

The Organisation entered into the following transactions with related parties.

Revenue:

Grants in respect of the Botswana Tourism Organisation Act, 2009	<u>81 911 437</u>	<u>64 802 110</u>
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Expenses:

Directors' fees and expenses (Note 7)	79 060	368 800
Impairment of amounts due from related parties	<u>-</u>	<u>2 736 573</u>

At reporting date, the Organisation had the following balances with related parties:

Amounts due from/(to):

Ministry of Environment, Wildlife and Tourism:		
Tourism Development Fund (Note 11)	2 437 615	-
Current account (Note 11)	<u>(23 717)</u>	<u>(554 694)</u>
	<u>2 413 898</u>	<u>(554 694)</u>

