southern african
development community
development finance
resource centre

ANNUAL REPORT 2023

Vision

To be a Centre of Excellence for development finance solutions

Mission

To support Development Finance Institutions and Governments to achieve national and regional development and integration through capacity building, research and advisory services

CONTENTS

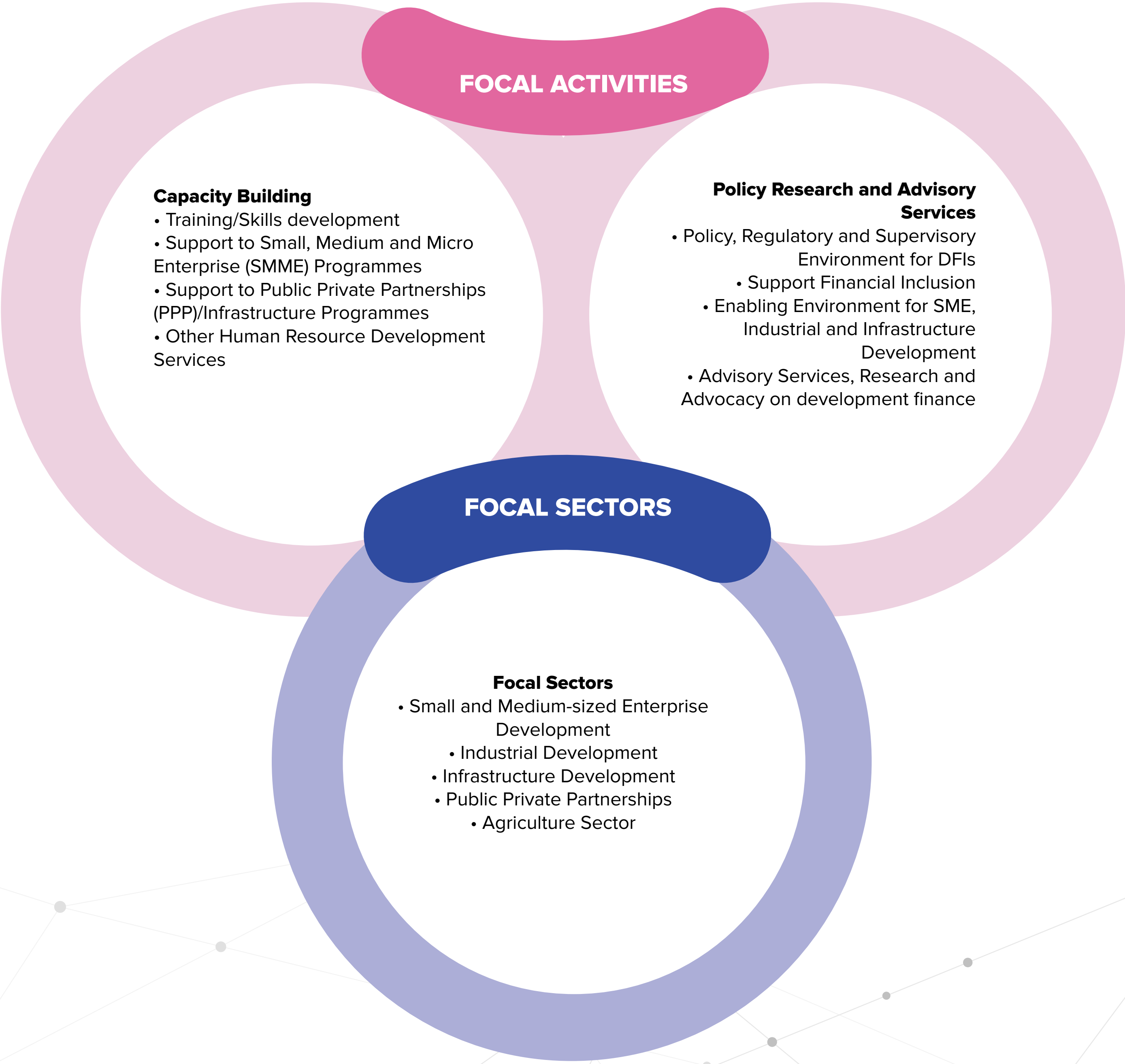
PROFILE

Mandate

The Southern African Development Community - Development Finance Resource Centre (SADC-DFRC) is a subsidiary institution of SADC established under the SADC Protocol on Finance and Investment (the FIP). It is collectively 'owned' by the SADC Development Finance Institutions (DFI) Network, also an FIP organisation, with a current membership of forty-one (41) national DFIs. Through technical and capacity building support, as well as policy research, advocacy and advisory services, our mandate is to promote the effective mobilisation of resources by the financial sector, in particular the DFIs, for investment in key areas with the potential to stimulate sustainable and inclusive growth, generate employment and alleviate poverty, in line with the objectives of SADC under the Revised Regional Indicative Strategic Development Plan (RISDP).

Focal Areas

The Strategic Plan of the DFRC (2019 – 2024) identifies the following key activity areas and sectors:



Working Approach

The DFRC is a lean organisation manned by a small group of professional staff in key strategic areas in line with its mandate. To effectively deliver on the mandate, the DFRC has adopted a collaborative approach which involves utilisation of strategic development and technical partners in the selected focal areas. In this regard, the DFRC operates as facilitator and catalyst to DFIs, SADC Member States Governments, State – Owned Enterprises (SOEs) and other key development stakeholders.

Financing of Activities

The DFI Network members finance the bulk of the administrative budget of the DFRC through annual contributions while programme activities are funded through a cost recovery approach coupled with funding from international cooperating partners (ICPs) or donor sources. Technical and strategic partnerships are also leveraged on to support DFRC programme activities.

Reporting Structures

The SADC DFI Sub Committee, comprising all national DFIs in SADC member countries, is a committee of the SADC Committee of Ministers of Finance and Investment and reports to the Ministers through the Committee of Senior Treasury Officials (STOs). In turn, the Committee of Ministers of Finance and Investment reports to the SADC Council of Ministers through the Integrated Committee of Ministers.

The SADC DFI Network, presently consisting of forty-one (41) members, all signatories to the establishing memorandum of understanding and are members of the SADC DFI Sub-Committee, has the overall responsibility of the DFRC and supervises it through a Board of Trustees. The Board is appointed by the Network from its membership as constituted under the SADC Protocol on Finance and Investment.

The DFRC has a functional relationship with the SADC Secretariat through the Directorate of Finance, Investment and Customs (FIC) while operational links exist with the other Directorates of the SADC Secretariat.

GOVERNANCE STRUCTURE

Shareholders
SADC-DFI Network Members

Chairperson of the SADC DFI Network
Mr Francis Macheka
Group Chief Executive Officer
AFC Holdings Group, Zimbabwe

Chairperson of the Board of Trustees
Mr Muzikayise Dube
Managing Director
Eswatini National Industrial Development Corporation

Board of Trustees
Eight members, appointed for two-year terms,
including two members appointed ex-officio

Audit and Risk Committee
Three members, tenure in line with Board term

Financial Sustainability Committee
Three members, tenure in line with Board term

Chief Executive Officer
Mr Stuart Kufeni

BOARD OF TRUSTEES

BOARD OF TRUSTEES

The Board of Trustees provides leadership and oversight to the DFRC and ensures good corporate governance. It approves all policies of the DFRC and ensures sound financial management of the institution, as well as providing strategic direction to Management. The Board interacts directly with the DFI Network and with the policy levels of SADC Governments.

BOARD MEMBERS

Mr Muzikayise Dube
Managing Director
Eswatini National Industrial Development Corporation
Trustee since December 2021
Board Chair

Mr Rian Coetzee
Head
Industry Planning and Project Development
Industrial Development Corporation, RSA
Trustee since December 2022
Deputy Board Chair

Mr Francis Macheka
Group Chief Executive Officer
AFC Holdings, Zimbabwe
Trustee since December 2022 (Ex-officio)
Chairman of the SADC DFI Network

Mr Fredrick Chanza
Managing Director
Export Development Fund of Malawi
Trustee since January 2022
Chairman of the Audit and Risk Committee

Mr Sadwick Mtonakutha
Director
Finance, Investment and Customs (FIC) Directorate
SADC Secretariat
Trustee since December 2016 (Ex-officio)

Mr Thomas Z. Sakala
Chief Executive Officer
Infrastructure Development Bank of Zimbabwe
Trustee since December 2021

Ms Ogone Madisa
Chief Executive Officer
National Development Bank, Botswana
Trustee since May 2023
Chairperson of the Financial Sustainability Committee

Dr Raphael Karuaihe
Chief Executive Officer
Agribank of Namibia
Trustee since December 2022

The DFRC Board presently has two committees as follows:

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in carrying out its functions of providing strategic guidance to the institution, in particular, overseeing the financial reporting and disclosure and the internal controls and risk management systems. The Audit and Risk Committee derives its mandate from the Audit and Risk Charter.

The Audit and Risk Committee is comprised of the following Board members:

Mr Fredrick Chanza
– Chairperson

Ms Ogone Madisa

Dr Raphael Karuaihe

FINANCIAL SUSTAINABILITY COMMITTEE

The committee was formed in June 2023 with the oversight responsibility for the development and implementation of the Resource Mobilisation Strategy, which includes diversification of the DFRC income sources to ensure financial sustainability.

The Financial Sustainability Committee is comprised of the following Board members:

Ms Ogone Madisa
- Chair

Mr Fredrick Chanza

Dr Raphael Karuaihe

BOARD CHAIRPERSON'S STATEMENT

Mr Muzikayise Dube

The SADC DFRC has come a long way traversing a period generally characterised by a strong growth path in its operations and thus carving a niche in the regional development finance space as a Centre of excellence. Almost ten thousand programme beneficiaries later and a solid membership of forty-one (41) up from seventeen (17) development finance institutions at inception, this year, 2023, the DFRC celebrates twenty years of existence. The DFRC Board of Trustees is elated with this feat and we wish to extend our gratitude to the DFI Network membership and to all key stakeholders who have travelled this journey with us.

In recognition of this great achievement, the 2023 annual report serves as a 20th anniversary celebratory publication highlighting some milestones and achievements of the DFRC over the past two decades. While we celebrate, we are not oblivious of the debilitating effects the Covid-19 pandemic, exacerbated by the adverse geo-political situation arising from the Russia-Ukraine war, has had both at the global and country level. In sympathy, , our DFI membership has since 2020 contended with difficult times as their operations were impacted on and registered declines in performance as portfolios contracted.

While the world economy, together with the emerging and developing economies, have since 2022 been on the uptrend, albeit registering below-average growth rates, there are strong indications that we are not entirely out of the doldrums. The threat of a sticky inflation scenario remains a possibility and thus may prolong the easing of the tight anti-inflationary monetary policy regimes adopted by central banks over the past three years well into 2024. In part, as a consequence of this, the World Economic Outlook of the International Monetary Fund of October 2023 estimates a slight decline in world output from an estimated 3.0% in 2023 to 2.9% in 2024. Sub-Saharan Africa, however, to some extent buoyed up by improved performance in the two largest economies viz. South Africa and Nigeria, is expected to record a growth of 3.3% and to rise to 4.0% during the respective years.

Consequent to the effects of the pandemic and the prevailing geo-political situation, predictably some of our Network members are still to recover fully to pre-pandemic performance levels. As a result, some members continue to face difficulties meeting contributions towards the operational budget of the DFRC. I am, however, pleased to announce that, although this has affected capacity to deliver on programme activities with the resultant loss of income, the DFRC has tenaciously managed to remain afloat and is gradually regaining its foothold and targets to be at its pre-pandemic operational level by end of 2024.

The adverse economic environment regardless, I am happy to announce that, once again, as has become a perennial outcome, the DFRC was assessed as a going concern by the external auditors while it recorded a small loss of $39 727 during the financial year 2022-2023.

Going forward, efforts to keep the DFRC on even keel, financially, will be undertaken within the framework of a resource mobilisation strategy that will prioritise recruitment of new members to the Network; increasing internally generated income by ensuring higher participation in programmes, particularly from non-members within and beyond the SADC region; and build, strengthen and leverage strategic partnerships for programme delivery. I am confident, with the guidance and direction of the Board, these efforts on the part of DFRC management and staff will come to bear fruit in the short-to-medium term.

Already, during the current financial year, in June 2023, the DFI Network welcomed a new member, the NBM Development Bank of Malawi whose mandate is primarily focused on small micro and medium scale enterprises (SMMEs) development. The DFRC has intensified its recruitment efforts and other prospective members have been approached.

The exercise, which has been extended to embrace the engagement of strategic partners, is picking up momentum.

The Board is cognisant of the need to ensure DFRC continues to deliver value for money for the DFI Network members and stakeholders who, among others, include SADC member states, state-owned enterprises, international cooperating partners and financial institutions. In this regard, towards the close of the current financial year which is the fifth and last under the 2019/20-2023/24 Strategic Plan, DFRC management will develop a new Five-Year Strategic Plan for the period 2024/25-2029/30 for approval by the Board. The plan, apart from reviewing performance and challenges of the past five years, is also expected to look at improving performance in the critical areas of stakeholder engagement and financial sustainability of the Centre. To underscore the importance of the financial sustainability objective, the Board in June 2023 established an additional committee under it, the Financial Sustainability Committee, whose principal mandate is to monitor and evaluate implementation of the Resource Mobilisation Strategy of the Centre.

The 2024/25-2029/30 Strategic Plan is being formulated at an opportune time as it will be taking place at the time of completion of two important studies that the DFRC is undertaking with the support of the SADC Directorate of Finance, Investment and Customs (FIC) with funding from its SIBE EU-funded programme. The two studies focus on Best Policies and Practices on SME Financing and a DFI Environmental Scan which is an update on the 2014 DFI survey. Findings of the first study are expected to shed light on challenges facing SMEs in the region and come up with guidelines on best practice policy frameworks and financing practices to support the SME sector as a driver of sustainable and inclusive socio-economic development. As for the DFI scan, the objective is to assess challenges arising from current policy, regulatory, operational, financial and governance practices that impede DFIs from effectively executing their developmental mandates and propose solutions in line with best practice experiences of other developing regions.

Findings and recommendations from the two studies will put the spotlight on areas needing corrective measures for DFIs, including skills and institutional gaps, governance shortcomings and policy frameworks weaknesses. As per its mandate, the DFRC will take these on board and incorporate them within the Five-Year Strategic Plan (2024/25- 2029/30) as key deliverable areas to enhance the contribution of DFIs as instruments for national and regional development. My board is, therefore, keen to see to it that the DFRC develops a robust plan upon which to build and escalate its operations in the coming years towards achievement of its mission as a 'Centre of Excellence for development finance solutions in the region'.

Regarding matters of institutional governance, the DFI Network, at its December 2022 meeting held in Maputo, made new Board appointments following end of tenure of office for some members. The new members are Mr Tshokolo Nchocho, Chief Executive Officer of the Industrial Development Corporation (RSA); Ms Ogone Madisa, Chief Executive Officer of the National Development Bank, Botswana; Dr Raphael Karuaihe, Chief Executive Officer of the Agribank Namibia; and Mr Francis Macheka, Group Chief Executive of the AFC Holdings, Zimbabwe who is ex-officio in his capacity as Chairperson of the SADC DFI Network. Ms Patricia Bernarda Paiva Vaz D'Almeida, Chief Executive Officer of the Banco de Desenvolvimento de Angola became Deputy Chair of the Network, while Mr Muzikayise Dube, Managing Director of the Eswatini National Industrial Development Corporation took over as DFRC Board of Trustees Chairperson.

Subsequently, the Board at its March 2023 meeting elected additional members from the National Development Bank - Botswana, and Agribank Namibia to the Audit and Risk Committee (ARC) which is chaired by Mr Fredrick Chanza, Managing Director of the Export Development Fund of Malawi. Mr Rian Coetzee, Head of Planning and Project Development at the Industrial Development Corporation (RSA) was elected Deputy Chair of the Board.

As mentioned already, the Board established an additional Committee, the Financial Sustainability Committee, and this is chaired by Ms Ogone Madisa, Chief Executive Officer of the National Development Bank, Botswana.

On behalf of the Board, I would like to welcome the incoming board members and, at the same time, extend our heartfelt gratitude to the outgoing members for their sterling guidance and advice in ensuring effective oversight of our Centre. In addition, I would like to express sincere appreciation for the collective commitment of Network members, the SADC Member State governments, the SADC Secretariat and our international cooperating and strategic partners for their continued and invaluable support. Our gratitude also goes to the management and staff of the DFRC for their professional excellence and the resilience to withstand challenges and keep the doors of the Centre open for business at all times.

Muzikayise Dube
CHAIRPERSON - BOARD OF TRUSTEES

MANAGEMENT AND STAFF

The Management Team is responsible for the execution of strategy and day-to-day management of the institution. The team comprised the following:

Mr Stuart Kufeni
Chief Executive Officer

Ms Veronica Kgakge
Finance and Administration Manager

Staff

1	Bryan Masheleng	5	Lila Mannathoko
2	Tshenolo Mogotsi	6	Keneilwe Binang
3	Lesego Turay	7	Mariam Gumede
4	Kingsley Mmipi	8	Tsholofelo Senwelo

CHIEF EXECUTIVE OFFICER'S STATEMENT

Mr Stuart Kufeni

The strong post-pandemic recovery in DFRC programme activities in FY2021/22 continued into FY2022/23 albeit at a slightly reduced level in terms of the number of programmes undertaken. This dip is primarily a reflection of a fall in the number of collaborative trainings with strategic partners, particularly SADC Center For Renewable Energy and Energy Efficiency (SACREEE) and low uptake of inhouse training courses by member DFIs which were on high demand in the previous year. In addition, as some DFIs are still to recover fully from the lingering negative effects of the pandemic, they have tended to rationalise costs which has resulted in cuts in staff training budgets.

Consequently, in FY2022/23, a total of twenty-one programmes with a participation level of seven hundred and seventeen (717) was realised. This compares to thirty-one (31) programmes and eight hundred and seventy two (872) participants in the previous year.

The demand for DFRC programmes to address skills gaps and for purposes of institutional strengthening remains quite high among DFIs and going by the average performance evaluation index of 92%, the programmes are not only of high quality but are also relevant. Efforts to expand participation to non-members continue and, though somehow lower than anticipated, some positive results have been observed. As Chart 1 below demonstrates, while member participation declined in FY2022/23, reversing the rise in the previous year, participation by non-members has increased consolidating the growth of the past two years. The DFRC would like to see this uptrend persist more so for purposes of augmenting the income of the Centre as an integral part of its resource mobilisation efforts.

Chart 1: Number of Courses and Participants

As we come to the end of the current 2019/20 – 2023/24 strategic plan, the DFRC will be developing a new plan for 2024/25 – 2029/30 in the last quarter ending 30 March 2024. The new plan will benefit significantly from recommendations and findings of the DFI Environment Scan underway and targeted for completion in December 2023. Similar to the 2014 scan, the 2023 scan findings will inform the Centre's programme activities over the next five years, in both the mandated areas of capacity building, policy research and advisory services, which will be targeted at improving and strengthening DFIs' institutional capacity. In this respect, DFRC trainings and workshops will aim to address identified skills gaps as well as governance and operational weaknesses.

Further, the scan will also bring to the fore policy and regulatory impediments that constrain the operational environment of the DFIs in SADC. These will be addressed by engaging with member states and regulatory authorities to align them with best practices, especially pertaining to governance, operational and financial practices. It is particularly in recognition of such constraints that the DFRC, in collaboration with AADFI, introduced the Prudential Standards, Guidelines and Rating System (PSGRS) which was adopted by and is closely observed by the SADC Committee of Ministers of Finance and Investment. Annually, , the performance of DFIs on PSGRS is reported to the Committee and hence the unrelenting efforts by DFRC to have more of the DFI Network membership participate in the PSGRS.

Last year's PSGRS self-assessment and peer review exercise was attended by thirty-two institutions from across Africa and of these ten (10) were members of the SADC DFI Network. Of those that participated in the rating exercise, they achieved ratings of C+ at the lowest level with the highest performing, in this case DBSA, attaining an AA ranking. With time, the DFRC would like to see DFIs transition to global credit ratings as this would give a boost to DFIs capacity to mobilise much needed financial resources from the global capital markets.

Moving forward, the matter of resource mobilisation remains crucial for the financial sustainability of DFRC and hence will be prioritised as a strategic objective of the 2024/25 – 2029/30 Five-Year Strategic Plan. A resource mobilisation strategy to be completed and approved by the Board in FY2023/24 will constitute the operational vehicle for the implementation and achievement of the financial sustainability goal.

In order to realise the goals of the new strategic plan, it is important that DFRC has the relevant staff in place to drive the identified strategic objectives. At full capacity, the DFRC would have a staff complement of fifteen (15). Presently there are only nine (9) staff and key positions such as the Programmes Manager and Senior Research and Data Officer are vacant.

As a result, operations have been hamstrung, particularly in the policy research and advisory department. Financial resources will be required to bring the DFRC to full staff complement and to operate at full capacity and this places the resource mobilisation framework at the core of the strategic plan.

We are confident that DFRC will be able to recruit the critical staff in the coming year and that it will also fully resume the pre-Covid 19 growth trajectory by the end of financial year 2024/25.

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Stuart Kufeni
CHIEF EXECUTIVE OFFICER

CELEBRATING 20 YEARS OF BUILDING PARTNERSHIPS FOR ECONOMIC GROWTH AND DEVELOPMENT

MILESTONES AND ACHIEVEMENTS (2003 – 2023)

Having opened its doors in July 2003, the SADC DFRC celebrates twenty (20) years of operation this year. As one of the successful SADC subsidiary institutions, the DFRC positioned itself as a hub for technical support and advice on development finance matters, both at regional and national level. Notwithstanding global challenges, including the 2008 financial crisis and the emergence of Covid-19 pandemic in 2020, the institution celebrates significant milestones as part of its contribution to the regional development finance space.

Some noteworthy achievements and milestones include the following:

1) Support to Regional initiatives

The DFRC has and continues to render support to SADC regional initiatives and these include the review of the Regional Indicative Strategic Development Plan, establishment of the Project Preparation and Development Facility (PPDF) feasibility and implementation of the Regional Development Fund and contributions to the Financial Inclusion Strategy, among others.

Of the three-pillar SADC Development Finance System approved by the Committee of Ministers of Finance and Investment, pursuant to the Development Finance Study of 1998, the SADC DFI Network and the SADC DFRC were established and operationalised in 2000 and 2003, respectively. The third structure, the SADC Regional Development Fund, is currently being operationalised through technical assistance of the African Development Bank (AfDB).

In addition, as a key stakeholder in the SADC Substructures, the DFRC has also been actively involved in various consultancies, including review of the Finance and Investment Protocol, whose Annex 9 is the instrument that governs the SADC DFI Network and the DFRC.

2) Advisory Services and Policy Research

Through advisory services and policy research, DFRC has facilitated institutional strengthening and the improvement of the policy and regulatory environment within which the DFIs operate. This has been achieved through the engagement of responsible government and SADC structures such as the Committee of Ministers of Finance and Investment and through feasibility studies in cases where new development finance institutions have been deemed necessary. Cases in point are the World Bank-sponsored feasibility study on the establishment of an SMME development finance institution for the Government of the Republic of Malawi in 2007 and the African Development Bank financed SADC DFI scan of 2014. The DFRC also led the feasibility study and participated in the establishment of the PPDF.

3) Establishment of the SADC PPP Network

The DFRC established the SADC PPP Network under its aegis in 2012. The PPP department has been catalytic in stimulating private sector participation in socio-economic infrastructure, through dissemination of crucial information on projects and extensively promoting public-private dialogue. In this regard, the PPP Network directly supports and complements the SADC development agenda. The PPP department has also been instrumental in the development of the SADC PPP Guidelines, which now provide a practical framework for Member States some of whom have also benefited from the advice and assistance of the department in the establishment and staffing of their PPP units.

4) Institutional Governance

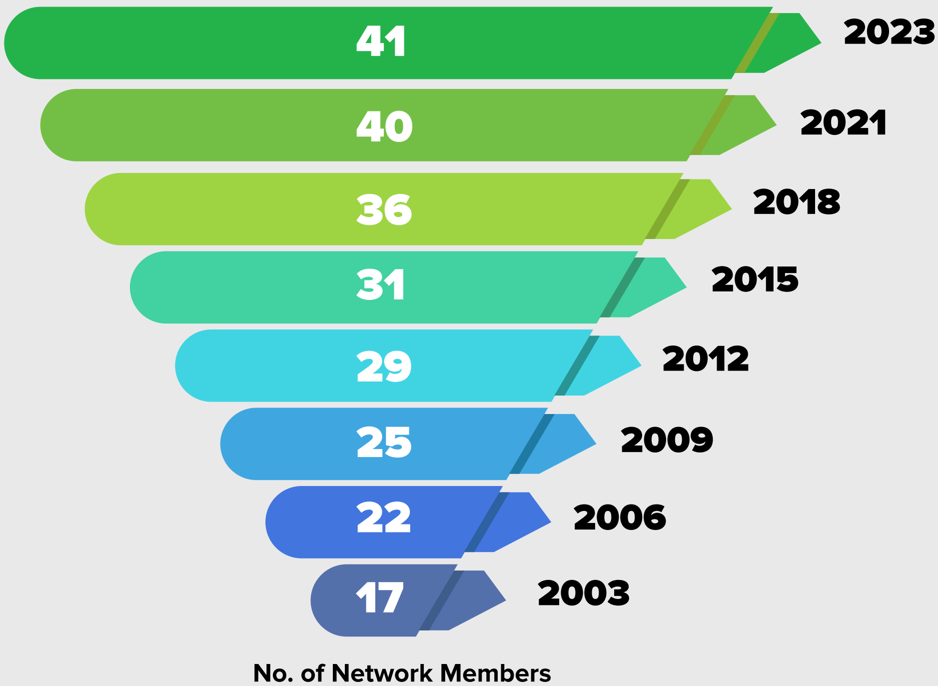
The DFRC follows best business practice where both Chairmanship of the Network, and board representation is appointed on rotational basis, thereby giving each institution and country equal opportunity to the governance structure. This is guided by the Board Charter and the SADC Finance and Investment Protocol (FIP). In addition to the above, for alignment with the SADC regional strategic goals, the SADC Secretariat through its Directorate of Finance, Investment and Customs has a permanent seat on the DFRC Board. Through direction of successive Boards which change every two years, the institution has undertaken a vehicle of five-year strategic plans with each focussing on changing objectives of the Centre, a result of realization of significant achievements mainly from good governance.

5) Expansion of DFI Network Membership

The Centre has witnessed close to 60% increase in membership from seventeen (17) who signed the Memorandum of Understanding from inception in 2000 to the current forty-one (41). Membership is in two categories (Full and Associate), with the latter category attracting investment partners who are not solely national DFIs, such as the Norsad Capital.

Chart 2 below depicts growth in membership over the years and has taken into account members liquidated from Malawi, Namibia, Tanzania and Zimbabwe.

Chart 2: Growth in DFI Network Membership



6) Strategic partnership

The institution operates as a Centre, and partly delivers its mandate by signing Memorandum of Agreements with key strategic partners. These stakeholders vary in focus and examples are the Sustainable Development Goals Centre for Africa (SDGC/A), Chartered Institute of Development Finance (CIDEF), SADC Centre for Renewable Energy and Energy Efficiency (SACREEE), Association of African Economic and Development Japan (AFRECO), among others. This arrangement extends to academic institutions such as African Centre for Development Finance (University of Stellenbosch Business School), where the DFRC CEO is a Board Member. Furthermore, the DFRC also has a strong partnership with a pool of resource persons who are facilitators for various training programmes and advisory services.

7) Adoption of the Prudential Standards Guidelines and Rating System (PSGRS)

Introduction and the adoption of the AADFI Prudential Standards, Guidelines and Rating System in 2009 to improve the governance and management of DFIs, and enhance their ratings by lenders, donors, regulators and other stakeholders. To date, of the forty-one members of the SADC DFI Network, eighty percent have participated at least once in the PSGRS self-assessment exercise.

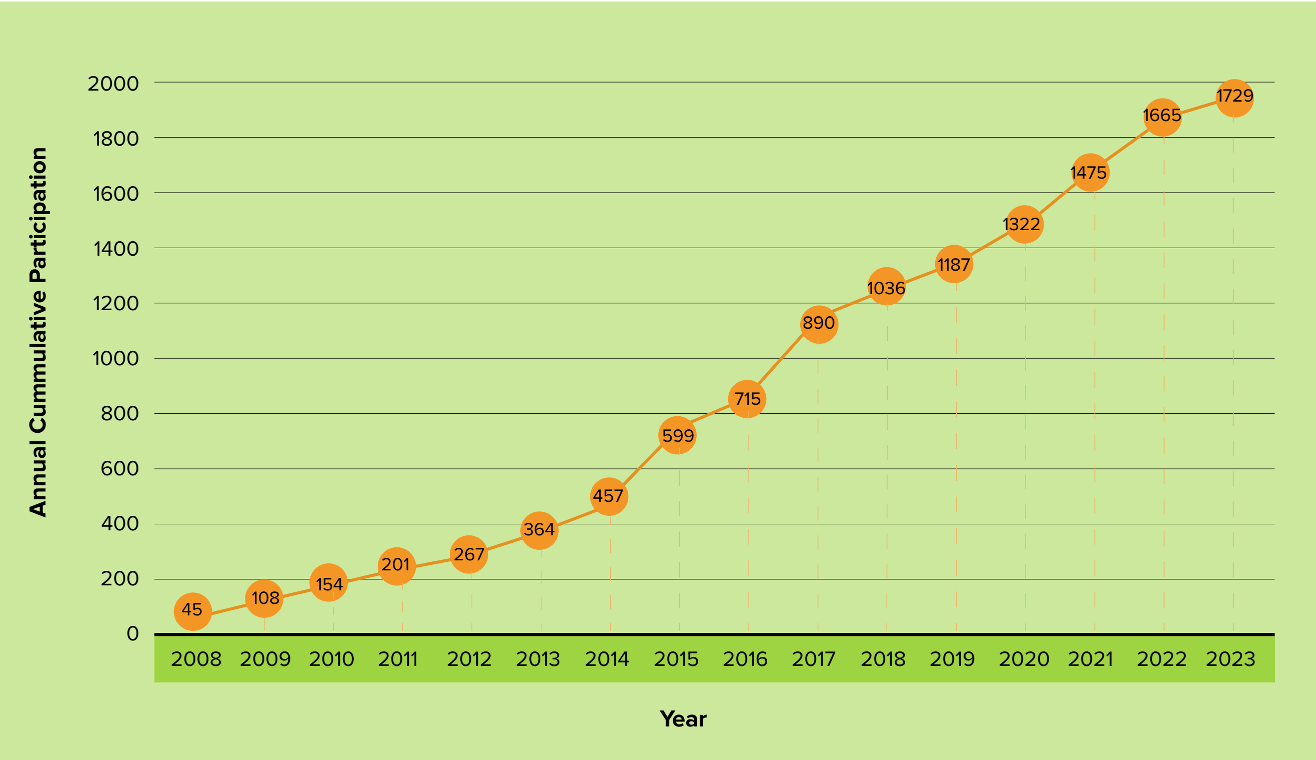
8) International Cooperating Partners

The DFRC has over the years received support of International Cooperating Partners (ICPs) at a bilateral and multilateral level to fund training programmes, conferences, surveys and research. These institutions include the African Development Bank (AfDB), the Global Corporate Governance Forum (GCGF), the Development Bank of Southern Africa (DBSA) and the Public Private Infrastructure Advisory Facility (PPIAF) the Japanese International Cooperation Agency (JICA) and the Danish International Development Agency (DANIDA). Financial support has also been received from the Canadian International Development Agency (CIDA), the EU through implementation of the SADC Finance and Investment Protocol (FIP), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Industrial Development Corporation of South Africa (IDC-SA), among others. This has resulted in a strengthened and stable relationship between the Centre and the donor community and engagements continue particularly through the SADC TIFI Thematic Group Meetings.

9) Chief Executive Officers Forum

To promote a collective approach in addressing regional challenges, the DFRC in 2008 introduced thematic CEOs Fora focusing on topical issues as an integral part of the Agenda for the SADC DFI Network bi-annual meetings. Experts leading discussions are drawn from the Network and internationally, while attendance includes the DFIs, State Owned Enterprises, Government officials, financial institutions and the private sector. A total of one thousand seven hundred and twenty-nine (1729) delegates have attended the fora since inception. Considering the level of participation which is mainly CEOs/MDs and Senior Executives, this is a significant milestone. Chart 3 below illustrates cumulative participation between 2008 – 2023.

Chart 3: CEOs Forum Cumulative Participation



10) **Sustainable Development Goals**

As part of its contribution to implementation of the United Nations Sustainable Development Goals, the DFI Network in 2016, introduced four sector-specific Working Groups which serve as communities of practice to assess DFI impact on these crucial goals through sharing of information on projects as well as best practice on operational, financial and governance matters. The initial four groups viz, Industry, Agriculture, SME and Infrastructure, and now five with addition of Resource Mobilization have proved to be of significant value to Network Members as most confront severe limitations of accessing finance for projects. The groups meet regularly and report progress to the SADC DFI Network Meetings bi-annually, and the reports are escalated to respective Governments through Senior Treasury Officials of SADC.

11) **Head Office Acquisition**

To cut down on rising office rental costs while, at the same time, increasing its asset base, in 2016 the Centre acquired a new office in the Gaborone CBD, Botswana where the Network operations are Centred. The acquisition was made through a bank loan and in 2022 the DFRC paid off the loan.

12) **Capacity Building Programmes**

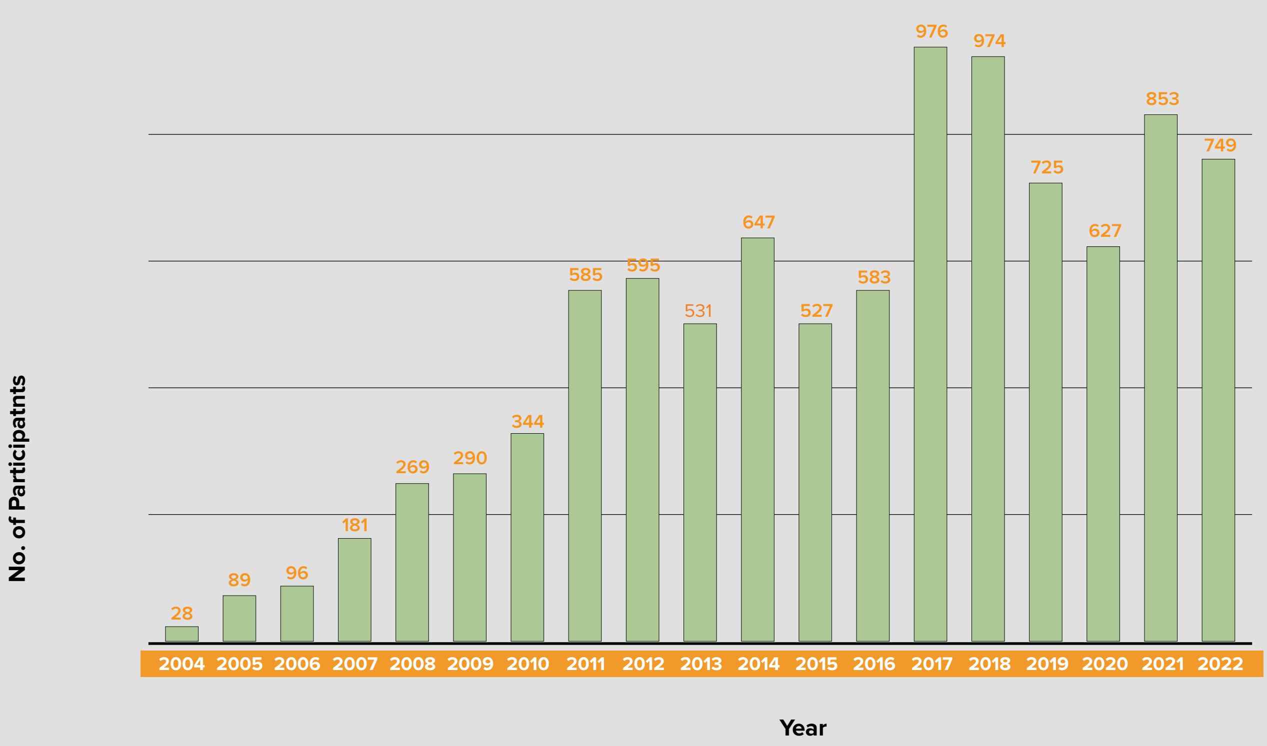
Through regular surveys and consultations with Network members, the DFRC has been able to identify skills and institutional gaps within DFIs which adversely impact their capacity to prepare and develop projects to bankability. These skills such as project appraisal, feasibility studies, risk management and project implementation, to mention some, have proved instrumental in growing DFI project portfolios. In addition, the DFRC's capacity building efforts have facilitated the standardization of skills and the adoption of best practice corporate governance frameworks and operational structures among DFIs.

The Programme Evaluation Index (PEI) for capacity building programmes has always shown results which far surpass the 85% threshold, showing strong and growing acceptance of the programmes as an integral part of the development programmes of the DFIs in the region.

To date, the DFRC has recorded almost ten thousand (10,000) participants from three hundred and fifty-four (354) training workshops and conferences, not only from DFIs but also from Member State governments, state – owned enterprises (SOEs), the private sector and other development stakeholders.

Chart 4 below provides information on annual participation levels from 2004 to 2022.

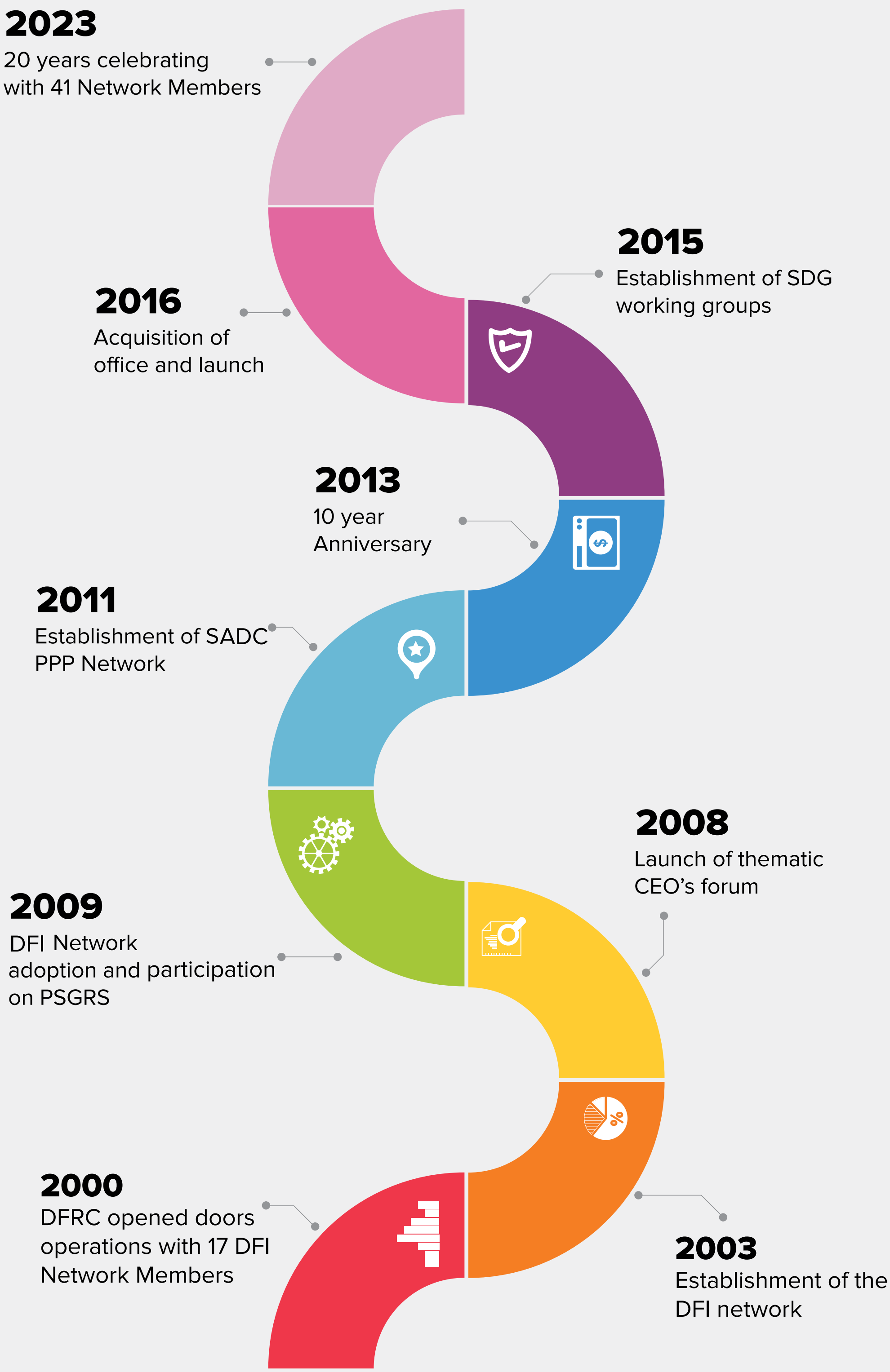
Chart 4: Total number of trained participants



Milestone Chart

Pictorial representation of some key milestones and achievements over the past two decades is as per Chart 5 that follows. The success has, however, not been achieved without challenges.

Chart 5: Milestones and achievements



Gratitute and Tribute

The DFRC recognises significant contribution of Dr Rosalind Thomas, its founding Chief Executive Officer who played a key role in establishing the institution and development of its first five-year Strategic Business Plan (2004-9), two-year Work Programmes and Financial Sustainability Strategy. Her tenure saw the DFRC embark on implementation of initiatives on institutional strengthening, financial sector strengthening and reform, SME development and Infrastructure/PPP delivery. Institutional strengthening activities encompassed various training programmes on Corporate Governance, Project Management and Investment Appraisal and Risk Analysis for DFIs staff.

The DFRC also pays tribute to some SADC citizens who have been instrumental to various achievements of the Network and these include, among others: Mr Stanley Matsebula, former Managing Director for Eswatini Bank; Dr Vincent Mhlanga, former Managing Director for FINCORP, Eswatini; Professor Damian Gabagambi, former Managing Director of the National Development Corporation of Tanzania; Mr Somkhosi (Sam) Malaba, former Chief Executive Officer of Agribank Zimbabwe; Mr Nokokure Murangi, former Director of the then Trade, Industry, Finance and Investment at the SADC Secretariat; and Mr Kogan Pillay, former PPP Head at the SADC DFRC. May their souls rest in eternal peace.

CAPACITY BUILDING PROGRAMMES

Capacity Building interventions remain the pillar of mandate delivery and this includes training and development as well as technical assistance to the Network Members, Governments, and State-owned enterprises, among others.

During the year under review, twenty-one (21) activities were undertaken with participation level of seven hundred and seventeen (717) delegates, compared to eight hundred and seventy-two (872) realized in the previous year. The decline was largely due to a decrease in institution-specific programmes for both members and non-members. Notably, some programmes were delivered in collaboration with the SADC Centre for Renewable Energy and Energy Efficiency, a strategic partner of the DFRC.

Table 1 below outlines a programme performance summary reflecting an average of 92.1% programme evaluation index realized in the year, which far surpasses the target of 85% and this reflects the high quality and relevance of the trainings offered.

Table 1: List of Capacity Building Programmes for 2022/23

No	Activity Name	Objective	Date	Attendance	PEI (%)
1.	Corporate Governance for Public Procurement Regulatory Authority (PPRA)	To enhance good corporate governance, and promote reform in corporate governance policies in SADC member states	March 2023	23	94.9
2.	Deal Structuring Training	To set terms that guide a smooth transfer of business ownership	March 2023	23	89.8
3.	Financial Modelling	To enhance the skills of developing and applying financial models to practical business situations	March 2023	20	97.5
4.	Business Analytics	To assist participants understand the need for computerized support of managerial decision making, recognize the evolution of such computerized support to the current state – analytics/data science and describe the Business Intelligence (BI) methodology and concepts	March 2023	9	NA
5.	Project Management	Exposure to the concept and practice of project management, focusing on specialised modern techniques of project planning and scheduling, project cost estimating and budgeting, resource planning, risk management and quality management	February 2023	21	95.4
6.	SADC DFI CEOs Forum	Implementing the AfCFTA: Assessing the SADC Region readiness and the DFI Role	December 2022	101	91
7.	Capacity Building Review	Consultative conference on review of capacity building and enhancing skills and coaching and leader skills for HR practitioners	November 2022	14	NA
8.	Roundtable on Creating Sustainable DFIs - Southern Africa	The roundtable was a collaboration of the AADFI, SADC-DFRC and the DBSA. It was part of the agenda under the Sustainability Standards and Certification Initiative (SSCI) programme and was the outcome of the AADFI Retreat for CEOs of National DFIs	October 2022	33	NA
9.	Funding SMEs in Renewable Energy Sector Part II	Exposure to basic funding requirements for SME's in the renewable energy sector	October 2022	30	NA

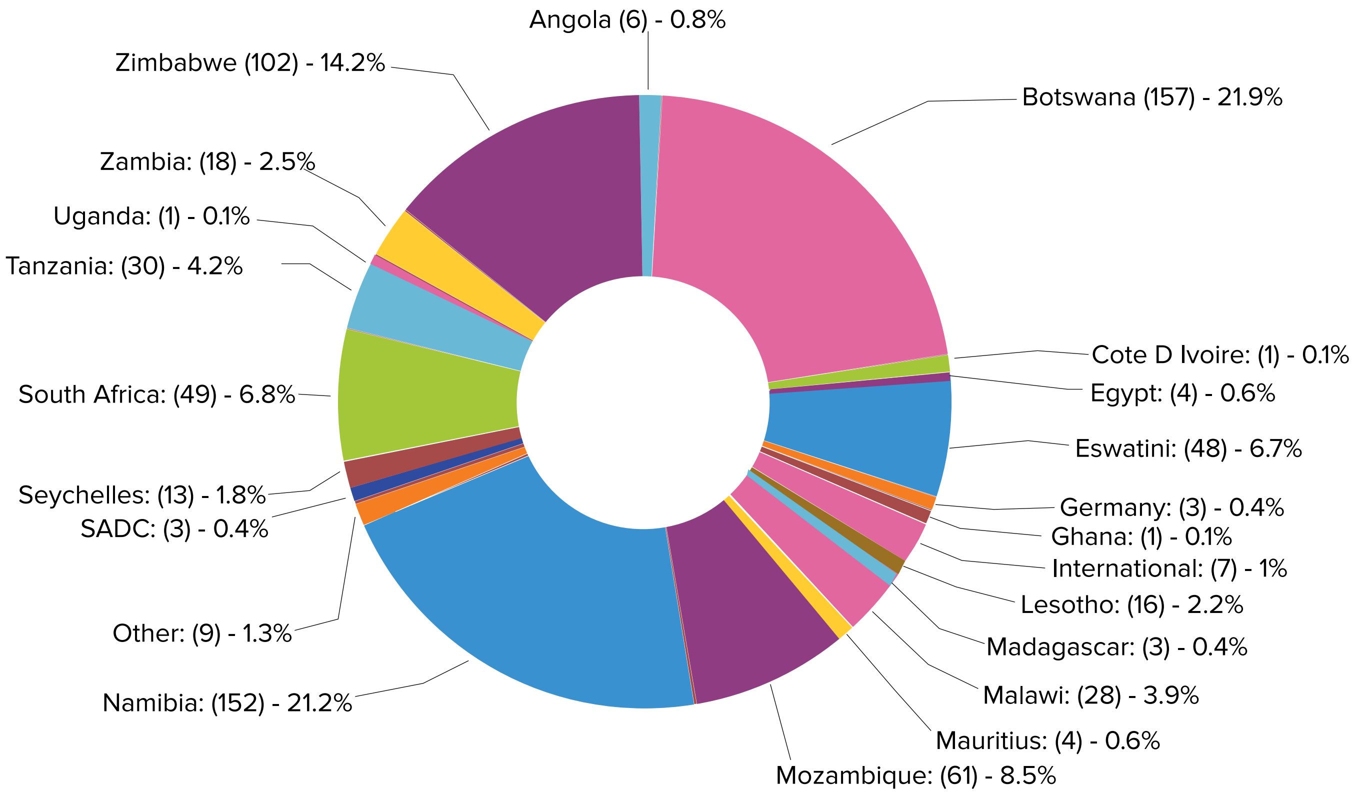
No	Activity Name	Objective	Date	Attendance	PEI (%)
10.	Funding SMEs in Renewable Energy Sector Part 1	Exposure to basic funding requirements for SMEs in the renewable energy sector	August 2022	25	NA
11.	Monitoring and Evaluation	To equip participants with the skills and knowledge of the power of measuring results as well as understanding M&E terminologies	July 2022	14	98.1
12.	Youth Empowerment	Sharing of Skills Development, Capacity Building and Mentoring ideas for youth development.	June 2022	30	NA
13.	SADC DFI CEOs Forum	Addressing the basics of affordable housing in the region	June 2022	89	76.5
14.	Business Plan Development (SACREEE)	To equip entrepreneurs with skills on a viable business plan development	June 2022	32	NA
15.	Performance Management	To familiarize participants with the alignment of business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals	June 2022	26	95.7
16.	Marketing (SACREEE)	To assist mastering the principles and techniques of project development, marketing and management	June 2022	32	NA
17.	Team Management (SACREEE)	To increase understanding of team dynamics and stages of team development, recognize the challenges and barriers to effective teamwork	June 2022	33	NA
18.	Record Keeping for Energy Business and Preparation of Financial Reports (SACREEE)	To equip entrepreneurs with basic skills on bookkeeping with a focus on cash flow, income statement, and balance sheet	May 2022	32	NA
19.	Customer Service for DBN	To enhance skills on identifying customer needs and implement appropriate strategies matching emerging trends on customer satisfaction	May 2022	85	91
20.	Risk Management	To improve skills of assessing and managing credit and operational risk	May 2022	14	93.2
21.	Green Climate Fund	To improve understanding of Green Climate Fund framework and accreditation requirements.	April 2022	31	90.4
			Total	717	92.1

N/A denotes programmes that have not been evaluated

Participation by Country

Country participation shows Botswana leading at 21.9% and followed by Namibia with 21.2%. This has been the trend for the past year where the two countries led by 34.8% and 14.4% in the financial year 2021/22. These high numbers are largely attributable to member DFIs in the countries resorting to inhouse programmes which are tailor-made to meet specific institutional requirements. Chart 6 below is a representation of the number of participants and related percentage with the two countries having achieved over 20% each, while from the Network, Madagascar was the lowest at 0.4%, partly accounted for by the fact that the country has only one DFI.

Chart 6: Country Participation



Participation by Member Institutions

Table 2 illustrates comparison of participation levels by Network members, showing the Development Bank of Namibia being by far above other members at one hundred and twenty-six (126), followed by the Citizen Entrepreneurial Development Agency and the GAPI Sociedade de Investimentos (GAPI-SI) at twenty-six (26) each. The high number of the DBN emanates from the institution specific-programmes.

Table 2: Participation by Member DFI

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
1	AFC Holdings	Zimbabwe	10	2.3	7	70	3	30
2	Agricultural Bank of Namibia (AGRIBANK)	Namibia	4	0.9	2	50	2	50
3	Banco de Desenvolvimento de Angola (BDA)	Angola	5	1.1	2	40	3	60
4	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	1	0.2	1	100	0	0
5	Botswana Development Corporation (BDC)	Botswana	7	1.6	4	57.1	3	42.9
6	Botswana Housing Corporation (BHC)	Botswana	11	2.5	8	72.7	3	27.3
7	Botswana Investment and Trade Centre (BITC)	Botswana	4	0.9	2	50	2	50
8	Botswana Savings Bank (BSB)	Botswana	5	1.1	5	100	0	0
9	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	26	6	18	69.2	8	30.8
10	Development Bank of Namibia (DBN)	Namibia	126	29	55	43.7	71	56.3
11	Development Bank of Seychelles (DBS)	Seychelles	13	3	1	7.7	12	92.3
12	Development Bank of Southern Africa (DBSA)	South Africa	19	4.4	14	73.7	5	26.3
13	Environmental Investment Fund of Namibia (EIF)	Namibia	6	1.4	4	66.7	2	33.3
14	Eswatini Development and Savings Bank (ESWATINI BANK)	Eswatini	12	2.8	10	83.3	2	16.7
15	Eswatini Development Finance Corporation (FINCORP)	Eswatini	9	2.1	9	100	0	0
16	Eswatini Housing Board (EHB)	Eswatini	3	0.7	0	0	3	100
17	Eswatini National Industrial Development Corporation (ENIDC)	Eswatini	6	1.4	5	83.3	1	16.7
18	Export Development Fund (EDF)	Malawi	2	0.5	2	100	0	0
19	Gapi-Sociedade de Investimentos (GAPI-SI)	Mozambique	26	6	15	57.7	11	42.3
20	Industrial Development Company of Eswatini (IDCE)	Eswatini	15	3.4	6	40	9	60
21	Industrial Development Corporation (IDC)	South Africa	11	2.5	7	63.6	4	36.4
22	Industrial Development Corporation of Zimbabwe (IDCZ)	Zimbabwe	20	4.6	9	45	11	55
23	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	20	4.6	13	65	7	35
24	Lesotho National Development Corporation (LNDC)	Lesotho	6	1.4	2	33.3	4	66.7
25	Local Enterprise Authority (LEA)	Botswana	14	3.2	10	71.4	4	28.6
26	National Development Bank (NDB)	Botswana	13	3	8	61.5	5	38.5

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
27	National Development Corporation (NDC)	Tanzania	1	0.2	1	100	0	0
28	NORSAD Capital	Botswana	2	0.5	2	100	0	0
29	Small and Medium Enterprises Development Corporation (SMEDCO)	Zimbabwe	24	5.5	17	70.8	7	29.2
30	Societe Nationale de Participations (SONAPAR)	Madagascar	3	0.7	3	100	0	0
31	Tanzania Agricultural Development Bank (TADB)	Tanzania	4	0.9	2	50	2	50
32	TIB Development Bank (TIB)	Tanzania	5	1.1	4	80	1	20
		TOTAL	**433**	**100%**	**248**	**57.3%**	**185**	**42.7%**

Participation by Non-Members

As part of efforts to broaden the outreach and service offering, the DFRC continues to deliver programmes to governments, SOEs, other financial institutions and the private sector, among others. From the total of 717 participants in the past financial year, 40% is constituted by non-members. Consequently, the DFRC realized a 15% increase in the number of participants from the previous year and this was not only largely due to the high value of programmes offered but also the institution's efforts to extend services beyond the Network.

Table 3 and Chart 7 below provide a summary of participation by Non-Members.

Table 3: Participation by Non-Member Institutions

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
1	Absa Botswana	Botswana	3	1.1	2	66.7	1	33
2	African Capacity Building Foundation (ACBF)	Zimbabwe	2	0.7	2	100	0	0
3	African Center for Economic Transformation (ACET)	Ghana	1	0.4	1	100	0	0
4	African Development Bank	South Africa	2	0.7	2	100	0	0
5	African Export-Import Bank (Afreximbank)	Egypt	2	0.7	1	50	1	50
6	AG Energies Company Limited	Tanzania	4	1.4	100	0	0	0
7	Agência para a Promoção de Investimento e Exportações (APIEX)	Mozambique	2	0.7	1	50	1	50
8	Arab Bank for the Economic Development of Africa (BADEA)	Sudan	2	0.7	2	100	0	0
9	Architects' Association of Botswana	Botswana	3	1.1	1	33.3	2	66.7
10	Associacao Mocambicana de Bancos (AMB)	Mozambique	1	0.4	1	100	0	0
11	Association of African Development Finance Institutions (AADFI)	Cote D Ivoire	1	0.4	1	100	0	0

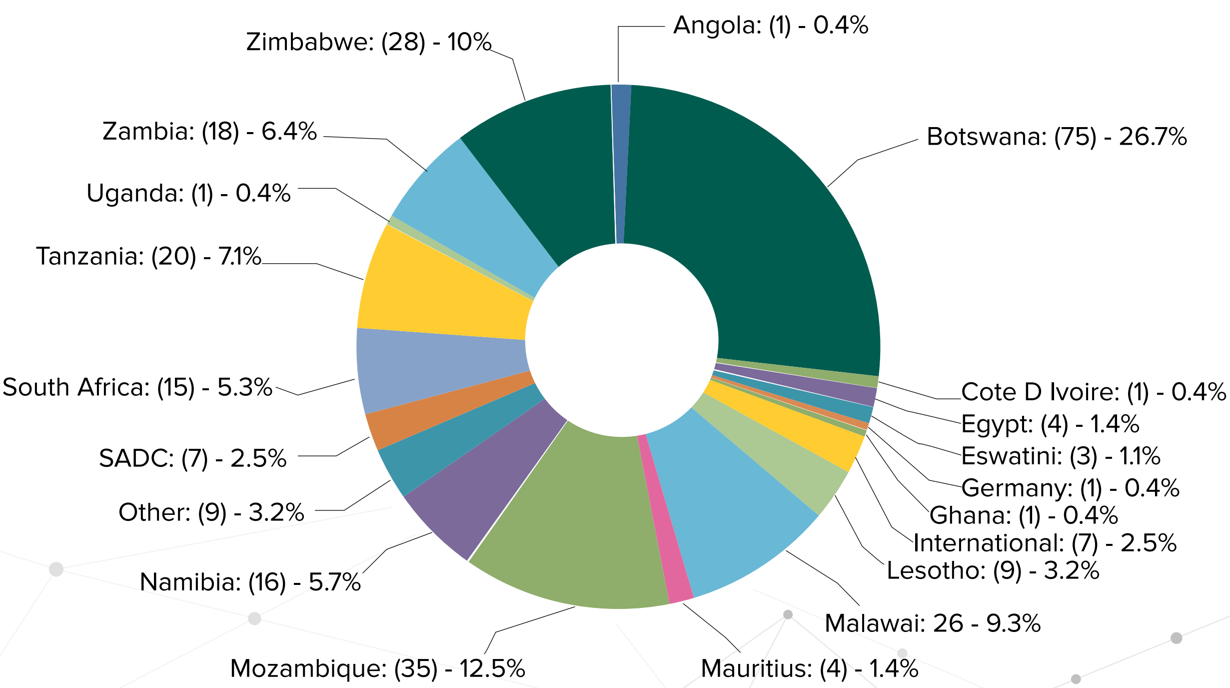
No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
12	BAJ Enterprise	Malawi	4	1.4	4	100	0	0
13	Banco Africano de Desenvolvimento - BAD	Mozambique	2	0.7	1	50	1	50
14	BDO Zimbabwe Chartered Accountants	Zimbabwe	1	0.4	1	100	0	0
15	BENEDICTINE SISTERS OF SAINT GERTRUDE CONVENT IMILIWAHA	Tanzania	4	1.4	0	0	4	100
16	BIO DIESEL BOTSWANA	Botswana	4	1.4	4	100	0	0
17	British High Commission – BW	Botswana	1	0.4	0	0	1	100
18	Camara de Comércio de Moçambique	Mozambique	5	1.8	5	100	0	0
19	Column Trading Group	Namibia	1	0.4	1	100	0	0
20	Confederacao das Associacoes Economicas de Mocambique (CTA)	Mozambique	3	1.1	3	100	0	0
21	De Green Rhino Energy	Zimbabwe	1	0.4	1	100	0	0
22	EcoGen	Malawi	4	1.4	4	100	0	0
23	Eigna's Power	Malawi	4	1.4	0	0	4	100
24	Embaixada de Angola – MZ	Mozambique	1	0.4	1	100	0	0
25	Energy Systems Group	Botswana	4	1.4	4	100	0	0
26	Engineers Registration Board -BW	Botswana	3	1.1	2	66.7	1	33.3
27	ENRAPOWER PLC	Zimbabwe	4	1.4	4	100	0	0
28	Epsilon Energia Solar (EES)	Mozambique	4	1.4	4	100	0	0
29	European Organisation for Sustainable Development (EOSD)	Germany	1	0.4	1	100	0	0
30	European Union	Angola	1	0.4	0	0	1	100
31	Export Credit Insurance Corporation of South Africa (ECIC)	South Africa	1	0.4	1	100	0	0
32	Fundação para o Desenvolvimento da Comunidade (FDC)	Mozambique	1	0.4	1	100	0	0
33	GFA Consulting Group GmbH	Germany	2	0.7	0	0	2	100
34	Gongali Model Co. Ltd	Tanzania	4	1.4	0	0	4	100
35	High Commission of Zambia – BW	Botswana	1	0.4	1	100	0	0

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
36	Honeybush Holdings	Botswana	4	1.4	0	0	4	100
37	ICM - Instituto de Cereais de Moçambique	Mozambique	1	0.4	1	100	0	0
38	Ikhaya Futurehouse (IFHS)	South Africa	1	0.4	0	0	1	100
39	Independent Consultant	SADC	1	0.4	0	0	1	100
40	Independent Participant	Botswana	9	3.2	7	77.8	2	22.2
41	Instituto de Gestao das Participacoes do Estado (IGEPE)	Mozambique	2	0.7	2	100	0	0
42	Instituto Para A Promocas das Pequenas e Medias Empresas (IPEME)	Mozambique	4	1.4	2	50	2	50
43	International Finance Corporation (IFC) - RSA	South Africa	1	0.4	0	0	1	100
44	JICA – Mozambique	Mozambique	2	0.7	2	100	0	0
45	JICA Botswana	Botswana	1	0.4	1	100	0	0
46	Kafue Gorge Regional Training Centre (KGRTC)	Zambia	2	0.7	2	100	0	0
47	Kukula Solar	Zambia	4	1.4	4	100	0	0
48	Lanforce Energy	Zimbabwe	1	0.4	0	0	1	100
49	Lanits Investment	Botswana	4	1.4	4	100	0	0
50	Leal Energie Ltd	Mauritius	4	1.4	4	100	0	0
51	Letacc Firm Of Chartered Accountants	Lesotho	1	0.4	1	100	0	0
52	Malawi Agriculture and Industrial Investment Corporation (MAIIC)	Malawi	4	1.4	4	100	0	0
53	Metse	Botswana	1	0.4	1	100	0	0
54	MG Properties	Botswana	1	0.4	0	0	1	100
55	Ministério da Indústria e Comércio MZ	Mozambique	3	1.1	1	33.3	2	66.7
56	Ministério das Relações Exteriores (MIREX) – AO	Angola	1	0.4	0	0	1	100
57	Ministry of Finance -TZ	Tanzania	1	0.4	1	100	0	0
58	Ministry of Foreign Affairs -TZ	Tanzania	3	1.1	2	66.7	1	33.3
59	Mofajus Investment ltd	Tanzania	4	1.4	4	100	0	0
60	Mwenje Hub	Zimbabwe	4	1.4	0	0	4	100
61	Natfort Energy	Zimbabwe	4	1.4	4	100	0	0

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
62	Ndagha Electrical & Solar Engineers	Malawi	4	1.4	0	0	4	100
63	NGWANA ENTERPRISES PTY LTD	Botswana	4	1.4	4	100	0	0
64	O.J's Energy Kiosk & Investment	Zimbabwe	4	1.4	4	100	0	0
65	Oriface Irrigation and Water Supply Limited	Malawi	4	1.4	4	100	0	0
66	PC Solar World	Malawi	1	0.4	1	100	0	0
67	Powerquest	Zambia	4	1.4	4	100	0	0
68	Precise Technical Solutions	Lesotho	4	1.4	4	100	0	0
69	ProAzul Moçambique	Mozambique	2	0.7	2	100	0	0
70	Public Procurement Regulatory Authority (PPRA)	Botswana	23	8.2	11	47.8	12	52.2
71	Real Estate Advisory Council	Botswana	2	0.7	2	100	0	0
72	Real Estate Institute of Botswana (REIB)	Botswana	2	0.7	1	50	1	50
73	Resilience BV	Mozambique	1	0.4	1	100	0	0
74	Riberry	Botswana	2	0.7	2	100	0	0
75	Roscoe Bonna Valuers	Botswana	1	0.4	1	100	0	0
76	SADC Centre for Renewable Energy and Energy Efficiency (SACREEE)	Namibia	3	1.1	3	100	0	0
77	SADC Development Finance Resource Center (SADC-DFRC)	SADC	13	4.6	5	38.5	8	61.5
78	SADC Secretariat	SADC	5	1.8	4	80	1	20
79	Sand City Trading 68 cc	Namibia	4	1.4	4	100	0	0
80	Solar Age cc	Namibia	4	1.4	0	0	4	100
81	Solarsun Energy	Zimbabwe	4	1.4	0	0	4	100
82	South African High Commission -MZ	Mozambique	1	0.4	1	100	0	0
83	Standard Chartered Bank – Botswana	Botswana	1	0.4	1	100	0	0
84	SUNFLOWER ENERGY AFRICA	South Africa	4	1.4	0	0	4	100
85	Sunharvest Energy Farm	Namibia	4	1.4	0	0	4	100
86	Sunway City	Zimbabwe	1	0.4	1	100	0	0

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
87	Sylike Medical	Botswana	2	0.7	1	50	1	50
88	Tanganda Tea	Zimbabwe	1	0.4	1	100	0	0
89	Tautona Holdings	South Africa	2	0.7	1	50	1	50
90	TMGG Pty Ltd	South Africa	4	1.4	0	0	4	100
91	Transnet	South Africa	1	0.4	0	0	1	100
92	Tumunike Solar Energy Ltd	Zambia	4	1.4	0	0	4	100
93	Turkish Embassy – BW	Botswana	1	0.4	0	0	1	100
94	Uganda Development Bank Limited (UDBL)	Uganda	1	0.4	0	0	1	100
95	University of Pretoria	South Africa	1	0.4	0	0	1	100
96	University of Stellenbosch Business School	South Africa	1	0.4	0	0	1	100
97	Wid Energy Africa Ltd	Zambia	4	1.4	0	0	4	100
98	Yarona Civil Contractors	Lesotho	4	1.4	0	0	4	100
99	Youth Enterprise Revolving Fund	Eswatini	3	1.1	1	33.3	2	66.7
100	Zimbabwe Energy Regulatory Authority (ZERA)	Zimbabwe	1	0.4	0	0	1	100
		TOTAL	**284**	**100%**	**172**	**61%**	**112**	**39%**

Chart 7: Non-Member Participation by Country



Participation by Gender

Chart 8 below shows male participants dominating the DFRC programmes at 58.6%, whilst females represent 41.4%. It is noteworthy that this has been the trend for the past eight years as reflected in Chart 9. Female participation has lowered to 41.4% as compared to 45.6% in the previous year. The Network, , encourages female participation as per the SADC Gender Policy 50/50 guidelines which recognizes gender equality as an integral part of regional integration, economic growth and social development.

Chart 8: Participation by Gender

Chart 9: Gender Participation Trends: 2015/16 – 2022/23

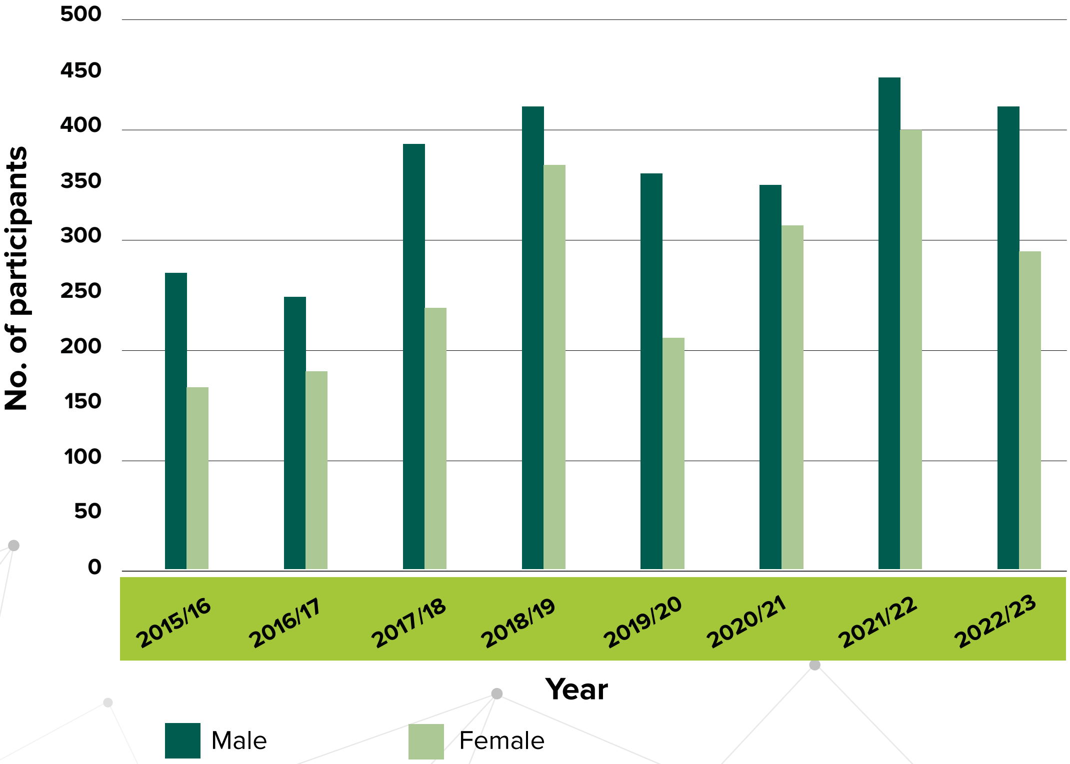
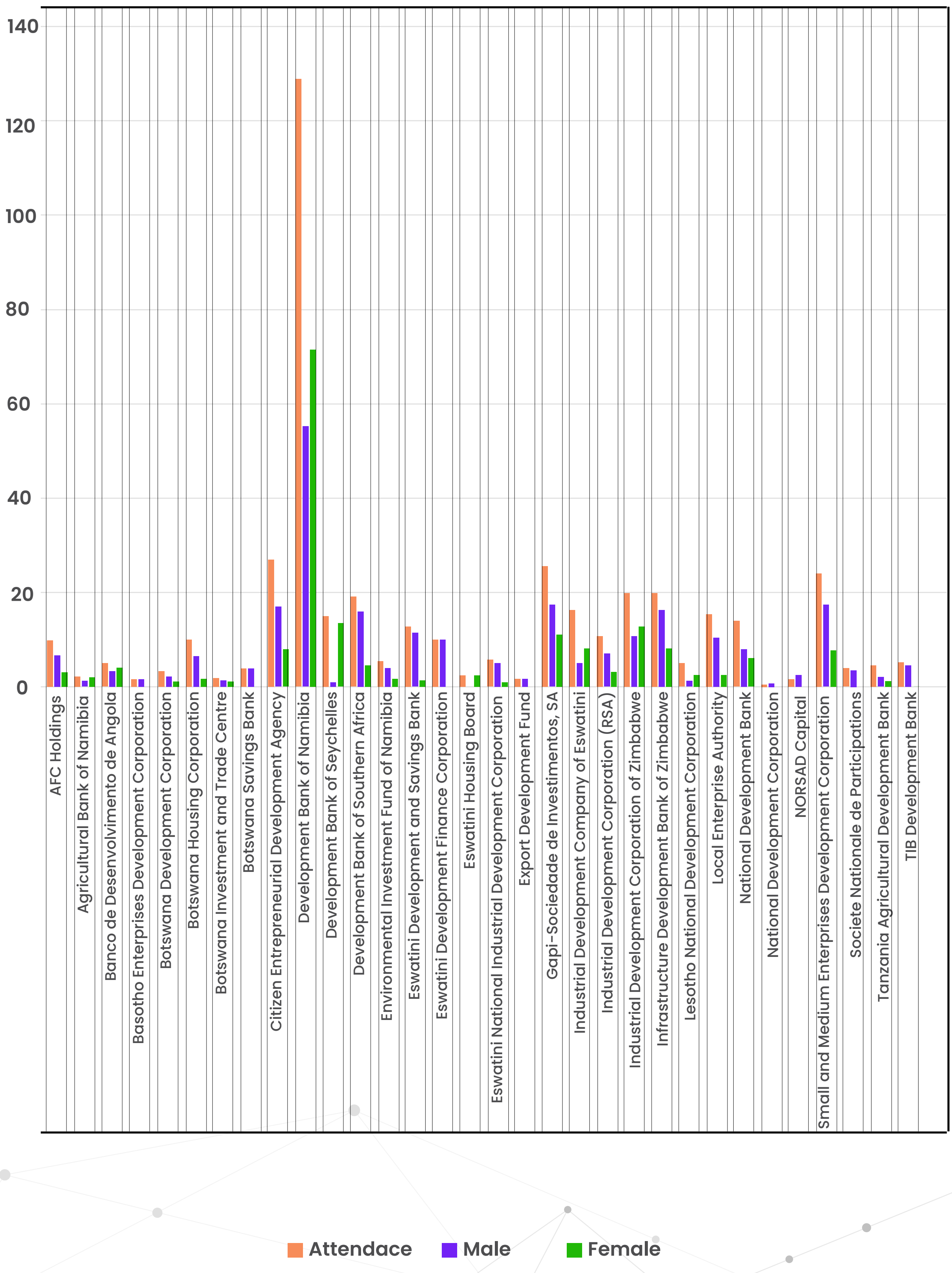


Chart 10: Participation by gender per DFI



POLICY RESEARCH AND ADVISORY SERVICES

The policy research and advisory programme supports financial sector strengthening and capital markets development and deepening. The objective is to influence effective policy and regulatory changes, particularly as they relate to the DFI operational environment, so as to enhance the efficient mobilisation of resources to support investment. During the year under review, progress is reported on the Prudential Standards, Guidelines and Rating Systems (PSGRS), Sustainable Development Goals (SDG) Working Groups, and Collaborative Research with SADC Centre For Renewable Energy and Energy Efficiency (SACREEE).

Prudential Standards, Guidelines and Rating System

From the Policy front, the DFRC continues to support implementation of the PSGRS every year, under the auspices of the Association of African Development Finance Institutions (AADFI). In this regard, the DFRC partnered with AADFI to manage the PSGRS process among its member DFIs in the SADC region.

The 12th PSGRS Self-Assessment and Peer Review result recorded that thirty-two (32) DFI's had completed and submitted self-assessments, and of these, ten (10) were members of the SADC DFI Network as compared to nine (9) in the previous year. Of the 32, twenty-two (22) participated in the rating exercise. The Development Bank of Southern Africa (DBSA) with a rating of AA was the highest ranked while the remaining network members' ratings ranged between C+ and B+. Table 4 below shows the ratings of the twenty-two participating DFIs across Africa.

Table 4: DFI Ratings

Institutions	Codes	Rating Indices
Agricultural Bank of Namibia	193	B+
Agricultural Finance Corporation (AFC), Kenya	133	B+
Bank of Industry Ltd, Nigeria	148	A+
Banque d'Investissement et de Développement de la CEDEAO (BIDC) - Togo	189	A+
Banque Magrébine d'Investissement et de Commerce Extérieur, Tunisia	217	B+
Banque Nationale pour le Développement Économique, Burundi	113	C
Banque Nationale de d'Investissement (BNI) – Côte d'Ivoire	119	B
Caisse des Dépôts et Consignations du Bénin	215	C+
Development Bank of Nigeria	144	A+
Development Bank of Rwanda	158	A
Development Bank of Southern Africa	164	AA
East African Development Bank (EADB)	191	A
Environmental Investment Fund of Namibia	204	C+
Fonds Africain de Garantie et de Coopération Économique, Bénin	178	A+
GAPI, Sociedade de Investments, SA (GAPI-SI)	146	B+
Groupe Crédit Agricole du Maroc	143	A+
Infrastructure Development Bank of Zimbabwe	199	B+
Nigerian Export-Import Bank	156	B
Shelter Afrique, Kenya	212	A+
Tamwil El Fellah (TEF), Morocco	210	C+
Trade and Development Bank, Kenya	185	A+
Uganda Development Bank Limited	176	A+

Table 5 below shows the compliance indices for the thirtytwo DFIs that participated. Of the ten (10) Network members, the highest rated, at 92%, was the Gapi-Sociedade de Investimentos (GAPI-SI) of Mozambique.

Table 5: DFI Compliance Indices

Institutions	Codes	Compliance Indices
Agricultural Bank of Namibia	193	82
Agricultural Finance Corporation (AFC), Kenya	133	93
Bank of Industry Ltd, Nigeria	148	95
Banque de Développement des États des Grands Lacs, Congo	121	85
Banque d'Investissement et de Développement de la CEDEAO (BIDC) - Togo	189	85
Banque Magrébine d'Investissement et de Commerce Extérieur, Tunisia	217	86
Banque Nationale de d'Investissement (BNI) – Côte d'Ivoire	119	86
Banque Nationale pour le Développement Économique, Burundi	113	96
Caisse des Dépôts et Consignations du Bénin	215	83
Development Bank of Namibia	196	77
Development Bank of Nigeria	144	96
Development Bank of Rwanda	158	95
Development Bank of Seychelles	162	75
Development Bank of Southern Africa	164	87
East African Development Bank (EADB)	191	96
Environmental Investment Fund of Namibia	204	84
Eswatini Development & Savings Bank	168	86
Federal Mortgage Bank of Nigeria	151	77
Fonds Africain de Garantie et de Coopération Économique, Bénin	178	91
GAPI-Sociedade de Investimentos, Mozambique	146	92
Groupe Crédit Agricole du Maroc	143	99
Infrastructure Development Bank of Zimbabwe	199	82
Kenya Development Corporation	218	76
Nigerian Export-Import Bank	156	83
Shelter Afrique, Kenya	212	87
Small and Medium Enterprises Development Corporation, Zimbabwe	200	72
Société Financiére de Développement, DRC	127	71
Société Tunisienne de Banque	174	78
Tamwil El Fellah (TEF), Morocco	210	97
TIB Development Bank Limited, Tanzania	172	72
Trade and Development Bank, Kenya	185	98
Uganda Development Bank Limited	176	94

The PSGRS is critical as a precursor to international credit ratings, a prerequisite for effective access to capital markets. In this regard, the DFRC will strive to ensure that network members participate in the PSGRS annually.

SDG Working Groups

The DFI Network continues to report its contribution to implementation of the United Nations SDGs through projects delivered by the Working Groups' five (5) identified sectors, viz. Agriculture, SME, Infrastructure, Industry and Resource Mobilisation. Representation in these groups is from various institutions and members are not confined to a specific group since activities for respective DFIs cut across various sectors. The groups meet to enhance cooperation, particularly on project implementation and also discuss issues related to financing, resource mobilisation, policy development and also skills-related deemed relevant to the respective DFI mandates. Reports from such interventions were submitted and discussed at the SADC DFI Network Meetings held on 24th June and 1st December 2022.

From the Working Groups reports the following were noted:

i) **The Infrastructure Working Group** compiled a framework for the delivery of affordable housing that complies with the best practices and presented the framework at the June 2022 CEOs Forum under the theme "Addressing the basics of affordable housing in the region". This was in recognition of the Sustainable Development Goal 11 with the premise, "Make cities and human settlements inclusive, safe, resilient and sustainable" and is also in line with the UN-Habitat's vision of "A better quality of life for all in an urbanizing world". The assignment was in addition to other projects the Working Group shared during the course of the year. The group is co-chaired by the Development Bank of Namibia and Development Bank of Southern Africa. Key findings from this forum included the following:

   a) Member states need to develop or improve housing finance policies to be smart and target to reach the truly poor. Well targeted policies, combined with solid financial inclusion programs are key to bringing opportunities to these segments of the population.

   b) South Africa is the main supplier of construction materials in the region. However, as SADC DFIs, it is important to embrace the idea of developing a construction and infrastructure value chain in the region. Most countries have raw materials to manufacture construction materials which could be used in the region. This will also create employment as the value chain will be developed and more people will be hired.

   c) It has been established that most construction materials come from South Africa to other member states in the region. These materials are certified according to South African building regulations but are often acceptable in other member states. The region could standardise these materials in line with South African standards as a benchmark.

   d) Solutions to improve the supply of affordable housing in the region should include private-public partnerships, financial sector regulatory and mortgage banking development, as well as improved infrastructure and urban planning.

ii) **The SME Working Group** led by the Eswatini Development Finance Corporation (FINCORP) considered developing a framework for benchmarking and peer review. The purpose was to enable the SME – focused development finance institutions to benchmark and learn best practices from each other as well as deliver service excellence to their clientele.

iii) **The Agriculture Working Group** appointed the AFC Land and Development Bank of Zimbabwe as Chair. The group further crafted and agreed on a vision "to promote collaborative initiatives that enhance access to catalytic agricultural financial support through innovative technological interventions across integrated agricultural value chains''. This would be delivered in line with appropriate SDG goals.

iv) The **Resource Mobilization Working Group** which was established in 2022 and is currently led by the Development Bank of Southern Africa, is driven under the vision "Pursuit of enhanced collaboration among SADC DFIs to expand regional resource mobilisation for the funding of sustainable investments, that in turn will ensure increased resource availability for the development and implementation of SADC programmes in support of regional development and integration''.

v) The **Industry Working Group** led by the Industrial Development Corporation of South Africa is driven under the vision "To enable the development of manufacturing industries and value chains in the region". Progress on interventions over a year includes review of the group constitution, Identification of projects undertaken by each member DFI, status on project implementation, challenges as well as updates on innovative and new solutions.

The DFRC continues to encourage participation of all Network members in relevant groups, as these groups are a useful part of the DFI Network and make a meaningful contribution to both national development and regional integration.

Collaborative Research with SACREEE

As part of its strategy to expand resources available, the DFRC leverages the support of strategic partners on projects of mutual benefit to all involved partners. It is in this spirit that SACREEE has over the past years become a strong strategic partner to the DFRC and this was effected through a memorandum of understanding between the two organisations. Together the DFRC and SACREEE have collaborated on the following assignment:

i) **Renewable Energy Transitions in a Period of Debt Distress in Southern African Development Community (SADC) Countries: What is the Role for Development Finance Institutions in a Green and Inclusive Recovery?**

SACREEE, in collaboration with the University of Pretoria Centre for Human Rights (CHR) and Boston University Global Development Policy (GDP) Center, have jointly developed a policy paper on the "Renewable Energy Transitions in a Period of Debt Distress in Southern African Development Community (SADC) Countries: What is the Role for Development Finance Institutions in a Green and Inclusive Recovery?". The Policy paper was a follow up to the 2020 report by SACREEE, GDP Center, SADC DFRC, CHR and the Development Bank of Southern Africa (DBSA) on the "Expanding Renewable Energy for Access and Development: The Role of Development Finance Institutions in Southern Africa". That report provided a roadmap for how the SADC region could expand the use of renewable energy to increase energy access and spur economic development.

Electrifying SADC countries with clean energy from renewable sources is a major regional goal, but how can it be financed now that the COVID-19 pandemic has made it harder for countries to repay their debts or to justify accumulating more debt? Access to clean, reliable, affordable and available electricity in SADC countries is critical for socio-economic growth and development. This requires the pooling of technical and financial resources to address massive investment gaps. But it is also an opportunity to explore innovative approaches to financing and de-risking projects and to improving their overall contributions towards economic development - a role for which development finance institutions are well suited.

With this background in mind, SACREEE, CHR and the GDP Center collectively developed three policy briefs which were preceded by three online workshops held between June and October 2021. This report is a synthesis of the policy briefs that was presented to the SADC DFI Network Meeting in June 2022.

The report and its findings can be accessed on the SACREEE website. **www.sacreee.org**

ii) **Pre-feasibility study facility for renewable energy and potentially energy efficiency projects in the SADC Region**

SACREEE made a presentation on the "Pre-feasibility study facility for renewable energy and potentially energy efficiency projects in the SADC Region". This is a collaborative research assignment with DFRC which seeks to analyze existing prefeasibility support facilities, identify gaps and eventually propose a customized Facility for the SADC Region, especially for the sustainable energy and infrastructure related projects.

The research is taking place between January 2023 and June 2024 when the results and recommendations will be presented to a SADC DFIs platform. This is informed by similar previous research work on “Expanding renewable energy for access and development and the role of DFIs in Southern Africa” and “Renewable energy transitions in a period of debt distress in SADC countries and the role for DFIs for a green and inclusive recovery in 2020 and 2022”.

DFRC AND REGIONAL INITIATIVES

The DFRC, through membership of various committees established under the SADC Secretariat, has and continues to render technical support to regional initiatives, including:

- Review of the Protocol on Finance and Investment (FIP);
- Regional Development Fund operationalisation;
- Financial Inclusion Strategy implementation;
- Trade Industry Finance and Investment (TIFI) Thematic Group Meetings; and
- RISDP (2020 – 2030) Implementation.

In addition, DFRC holds regular consultative meetings with private sector entities, international cooperating partners (ICPs) and other key development stakeholders, including the African Development Bank (AfDB), African Export-Import Bank (Afreximbank), the Japan International Cooperation Agency (JICA), Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), the Chartered Institute of Development Finance(CIDEF) and the Association of African Development Finance Institutions (AADFI), among others.

Some of these partnerships are done through signing an MoU that outlines how the two institutions will collaborate.

Furthermore, through the SIBE Programme (Support to Improving the investment and Business Environment in SADC Region), the DFRC has been actively involved in providing guidance to the Short-Term Experts engaged as well as engagement of relevant stakeholders contribution to various consultancies and these among others include:

- Consultancy to develop the SADC Strategy of Financial Inclusion and SME Access to Finance 2023 – 2028;
- Consultancy to conduct an environmental scan of the national Development Finance Institutions in SADC Region in the wake of Covid-19 and other developments since the last environmental scan in 2014, as a basis for enhancing their financial activities; and
- Consultancy on services to document best policies and practices on SMEs financing within and outside the region, develop a knowledge product and build capacity of DFIs on best policies and practices on SMEs financing.

As part of its efforts to broaden the network membership, the DFRC has for the past year approached several institutions to join and the NBM Development Bank of Malawi acceded to membership. Efforts continue to pursue members both regionally and at international level.

Southern African Development Community Development Finance Resource Centre

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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General Information

Nature of business and principal activities	Capacity building, policy research and advisory services for the SADC- Development Finance Institutions and member states
Trustees	Mr. Muzikayise Dube (Chairperson) Mr. Rian Coetzee (Deputy Chairperson) Mr. Francis Macheka Dr. Raphael Karuaihe Mr. Jerry Mwendapole Mr. Fredrick Chanza Mr. Thomas Sakala Mr. Sadwick Mtonakutha (Ex-officio, SADC Secretariat) Mr. Stuart Kufeni (Chief Executive Officer)
Business address	Plot 54352 West Avenue, Zambezi Towers CBD, Tower A, 7th Floor, South Wing Gaborone, Botswana
Postal address	Private Bag 0034 Gaborone, Botswana
Bankers	Standard Chartered Bank of Botswana Limited First National Bank Botswana Limited AFC Commercial Bank Limited Zimbabwe
Auditors	Mazars Certified Auditors Plot 139 Gaborone International Finance Park
Country of Incorporation and Domicile	Botswana
Functional and Presentation Currency	United States Dollars

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Trustees' Responsibilities and Approval

The Trustees are responsible for the financial statements of Southern African Development Community Development Finance Resource Centre and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

The Trustees are also responsible for the Centre's system of financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Trustees have no reason to believe that the Centre will not be a going concern in the forseeable future based on forecasts and available cash resources.

The Trustees have reviewed the Centre's cash flow forecast and subsequent budget for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the Centre has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 49 to 75, which have been prepared on the going concern basis, were approved by the board on 6 June 2023 and were signed on their behalf by:

....	....
Muzikayise Dube (Chairperson)	**Stuart Kufeni (Chief Executive Officer)**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Trustees Report

The Trustees present their report for the year ended 31 March 2023.

1. Operations

The Centre's operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

SADC-DFRC is a subsidiary institution of SADC established in July 2003 to serve as a sub-regional Centre of excellence to strengthen the SADC Development Finance Institutions (DFIs) Network and to enhance the capacity of the SADC DFIs to deliver on their mandates towards the achievement of the SADC RISDP (Regional Indicative Strategic Development Plan) goals of economic growth, employment generation and poverty alleviation.

2. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the period end date and the date of this report. The Trustees are not aware of any matters or circumstances arising since the end of the financial year up until the date these financial statements were authorised for issue, not dealt with in this report or the financial statements that would significantly affect the operations of the Centre or the results of its operations.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

A review of subsequent budgets and cashflow forecasts for the next 12 months revealed positive results, as well as the current liquidity and solvency position of the year and do not believe that the loss in the current year would have a significant impact on operations. The entity is a going concern. The entity is in a net asset position.

An increase year reviewed the budgets and cashflow forecast for the next 12 months, as well as the current liquidity and solvency position of the year and do not believe that the loss has adequate financial resources to continue in operation for the foreseeable future. The entity is a going concern. Current year deficit is irrelevant. The entity is in a net asset position.

4. Number of employees

The average number of employees during the period was 10 (Ten).

5. Auditors

Mazars were appointed auditors in the year 2021 to 2022 and have been re-appointed for the 2022 to 2023 financial year.

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www.mazars.co.bw

Independent Auditor's Report

To the Trustees of Southern African Development Community Development Finance Resource Centre

Opinion

We have audited the annual financial statements of Southern African Development Community Development Finance Resource Centre (SADC DFRC) (the Centre) set out on pages 49 to 75 which comprise the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Southern African Development Community Development Finance Resource Centre (SADC DFRC) as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Centre in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of the consolidated and separate financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana.

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

Other Information

The Trustees are responsible for the other information. The other information comprises the Trustees Responsibility Statement and the Trustees Report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Annual Financial Statements

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

In preparing the annual financial statements, the Trustees are responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Centre either intend to liquidate the Centre or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Centre's financial reporting processes.

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

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

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

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

Mazars

Date 27-11-2023

Mazars
Certified Auditors
Practicing Member: Devaprasad Arakkal (CAP 0036 2023)

Gaborone

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

**ANNUAL FINANCIAL STATEMENTS
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Statement of Financial Position as at 31 March 2023

Figures in US Dollar	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	3	755,960	789,660
Current Assets			
Trade and other receivables	4	194,847	259,874
Bank and cash	5	567,496	557,013
		762,343	**816,887**
Total Assets		**1,518,303**	**1,606,547**
Equity and Liabilities			
Equity			
Revaluation Surplus		27,030	27,030
Accumulated Surplus		1,068,099	1,107,828
		1,095,129	**1,134,858**
Liabilities			
Current Liabilities			
Trade and other payables	6	423,174	341,568
FNB Mortgage loan	7	-	130,121
		423,174	**471,689**
Total Equity and Liabilities		**1,518,303**	**1,606,547**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of Comprehensive Income

Figures in US Dollar	Note(s)	2023	2022
Revenue	8	892,709	1,068,901
Other operating income	9	94,190	6,659
Other operating gains (losses)	10	17,943	10,131
Other operating expenses		(1,038,569)	(869,751)
Operating (loss) profit	11	**(33,727)**	**215,940**
Interest Income		193	15
Interest expense	12	(6,193)	(15,812)
(Loss) profit for the year		**(39,727)**	**200,143**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on motor vehicle revaluation		-	6,891
Other comprehensive income for the year net of taxation		**-**	**6,891**
Total comprehensive (loss) income for the year		**(39,727)**	**207,034**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of Changes in Funds

Figures in US Dollar	Revaluation reserve	Accumulated Surplus	Total
Balance at 01 April 2021	**20,139**	**907,685**	**927,824**
Profit for the year	-	200,143	200,143
Other comprehensive income	6,891	-	6,891
Total comprehensive income for the year	**6,891**	**200,143**	**207,034**
Balance at 01 April 2022	**27,030**	**1,107,826**	**1,134,856**
Loss for the year	-	(39,727)	(39,727)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(39,727)**	**(39,727)**
Balance at 31 March 2023	**27,030**	**1,068,099**	**1,095,129**

The revaluation gain arises from the changes in the fair value of motor vehicle at year end. Revaluation was carried out at the end of the preceding year by Global Loss Adjusters. The revaluations are carried out in Botswana Pula and converted to the US$ reporting currency at year end at the closing exchange rate.

No revaluation of the vehicle was done in the current year as management are still confident that the fair value done reflects the current fair value of the vehicle with no significant changes anticipated.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of Cash Flows

Figures in US Dollar	Note(s)	2023	2022
Operating activities			
Cash generated from/(used in) operations	13	146,851	(4,832)
Interest received		193	15
Interest expense		(6,193)	(15,812)
Cash (used in)/generated from operating activities		**140,851**	**(20,629)**
Investing activities			
Purchase of property and equipment	3	(3,676)	(513)
Cash utelised in investing activities		**(3,676)**	**(513)**
Financing activities			
Repayment of FNB mortgage loan		(130,121)	(129,626)
Cash utelised in financing activities		**(130,121)**	**(129,626)**
(Decrease)/Increase in cash & cash equivalents for the year		**7,054**	**(150,768)**
Cash at the beginning of the year		557,013	697,331
Effect of exchange rate movement on cash balances		3,429	10,450
Cash & cash equivalents at end of the year	5	**567,496**	**557,013**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Accounting Policies

1. Significant accounting policies
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.1 Basis of preparation
The financial statements are stated in United States Dollars (US Dollars), denoted by US$, which is also the functional & presentation currency. All values are rounded to the nearest USD ($1) except when otherwise indicated. The financial statements are prepared on the historical cost basis, with the exception of motor vehicles which are measured at revalued amounts.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period, of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future are disclosed on page 59. The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year.

Reporting currency and currency translation
All transactions have been translated into US Dollars at rates of exchange ruling at the date of the transaction.

Monetary assets and liabilities at the reporting date have been translated into US Dollars at the foreign exchange rate ruling at that date.

Any foreign exchange differences are dealt with in the profit or loss in the year in which the difference arises. Non monetary assets and liabilities denominated in currencies other than US Dollars which are stated at historical cost, are translated to US Dollars at the foreign exchange rate ruling at the date of the transaction.

1.2 Significant judgements and sources of estimation uncertainty

Fair value estimation
Certain assets and liabilities of the Centre are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing
The recoverable amounts of cash- generating units and individual assets have been determined based on the higher of value- in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.3 Property, plant and equipment

Property and equipment are tangible assets which the Centre holds for its own use.

An item of property, plant and equipment is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the Centre, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalization of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements except for motor vehicles of parts of property and equipment are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Centre and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Centre. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

1.3 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	12 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6.67 years
Computer equipment	Straight line	3 years
Buildings improvements	Straight line	20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognized.

Impairment of non-financial assets

The Centre assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Centre estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Accounting Policies

1.3 Property, plant and equipment (continued)

to sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Centre bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Centre's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the profit or loss in expense categories consistent with the function of the impaired asset, except for a motor vehicle previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Centre estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

1.4 Financial instruments

Financial instruments carried on the statement of financial position include receivables, cash deposits and term finance liabilities and payables. Financial instruments are recognised when the Centre becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the Centre that is not subject to suspensive conditions. Regular way investment transactions are recognizsed by using trade date accounting. Financial instruments held by the Centre are classified in accordance with the provisions of IFRS 9 Financial
Instruments.

Financial instruments are classified at initial recognition as measured at amortized cost or fair value through other comprehensive income or fair value through profit and loss. Financial liabilities are initially recognized at amortized cost or fair value through profit and loss.

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired, or liabilities assumed.

The Centre's financial instruments are financial assets and liabilities held at amortized cost.

Trade and other receivables

Classification

Trade and other receivables, prepayments, are classified as financial assets subsequently measured at amortized cost (note 4).

Recognition and measurement

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

1.4 Financial instruments (continued)

They are subsequently measured at amortized cost.

Trade and other receivables denominated in foreign currencies

Impairment

The Centre assesses at each reporting date whether there is an indication that an asset may be impaired.

The Centre recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Centre expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Centre considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Centre may also consider a financial asset to be in default when internal or external information indicates that the Centre is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Centre. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in profit or loss.If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed.

Accounting policy on financial instruments- impairment of financial assets details the approach to determining whether an instrument or a portfolio of instruments is subject to twelve-month ECLs or Lifetime ECLs.

Measurement and recognition of expected credit losses

The Centre makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 4.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 11).

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Accounting Policies

1.4 Financial instruments (continued)

Write off policy

The Centre writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Receivables written off may still be subject to enforcement activities under the Centre recovery procedures. Any recoveries made are recognized in profit or loss.

Credit risk
Details of credit risk are included in the trade and other receivables note (note 4) and the financial instruments and risk management note (note 15).

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortized cost line item.

Trade and other payables

Classification
Trade and other payables (note 6), are classified as financial liabilities subsequently measured at amortized cost.

Recognition and measurement
They are recognized when the Centre becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.5 Tax

Tax expenses

No provision for taxation is required as the Centre is exempt from taxation in terms of the second schedule of the Income Tax Act (Chapter 52:01).

1.6 Impairment of assets

The Centre assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Centre estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Employee benefits

Defined benefit plans

The Centre does not have a retirement benefit scheme of its own. Provision is made for gratuity benefit obligations to its present employees, as required under the Botswana Employment Act. Gratuity benefits are not considered to be a retirement

1.7 Employee benefits(continued)

benefit plan as the benefits are payable on completion of each individual employee contract and a provision made on a yearly basis. Employee entitlements to annual leave, and medical aid, are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by the employee up to the reporting date. Termination benefits are recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.

1.8 Provisions and contingencies

Provisions are recognised when:

- the Centre has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

1.9 Revenue recognition

The Centre adopted IFRS 15 Revenue from contracts with customers in the previous financial year.

In terms of IFRS 15, Revenue from contracts with customers, the Centre applies a 5-step approach when reviewing customer contracts in order to determine how revenue is recognised. These steps are:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the Centre satisfies a performance obligation

The Centre earns its fee revenue from donor income, DFI member & programme contributions, capacity building programmes and interest. The five-step approach is only relevant to DFI member & programme contributions and capacity building programmes which are derived from contributions from DFI members. Donor income and interest are not within the scope of IFRS 15, particularly interest income is covered under the requirements of IAS 32- paragraph 35.

1.10 Interest Received

Interest received is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Centre using the effective interest rate method on the original settlement amount.

Donor income

Donor income is credited to the profit or loss when these amounts are received and banked. Donor income for future use is recorded as a liability on receipt. The liability is deferred income and when the costs are incurred the deferred income is amortised and recognised in Profit or Loss and costs expensed in Profit or Loss. Funds and sponsorship paid directly to service providers by donors for SADC-DFRC programmatic activities are accounted for as non-cash donations. Donor income is recognised in the profit and loss as Other income.

Performance obligations

DFI member, programme and capacity building contributions are generally accrued at a point in time. The Centre does not place further pre-conditions and the contributions are computed on fixed percentages based on the budget. The contributions fall due and

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Accounting Policies

1.10 Interest Received (continued)

payable when billed either monthly, quarterly or bi-annually as stipulated in the budget.

IFRS 15 considerations:
A contract/agreement exists between the Centre and the DFI members.

The agreement is subject to DFI member, programme and capacity building contributions.

Performance obligations

The performance period and the performance obligations, described above were met as at the evaluation date. No further asset or liability recognised at 31 March 2023.

There were no significant judgements applied in the revenue recognised as the budget and agreement explicitly state the exact contribution from each member.

No incremental costs were incurred to fulfil the contract with a customer.

Impairment assessment
The ECL provision matrix is initially based on the Centre's historical observed default rates. The Centre calibrates the matrix to adjust the historical credit loss experience with forward-looking information. The forward-looking information considered includes forecast economic conditions, a positive economic growth rate is projected in 2023, consequently lead to low default by receivables debtors. However forward-looking information was assessed after grouping receivables based on their geographical areas.

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Centre has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material.
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material.
Amendments to IAS 16 'Property, Plant and Equipment on Proceeds before Intended Use	01 January 2022	The impact of the amendments is not material.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	01 January 2022	The impact of the amendments is not material.

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2. New Standards and interpretations (continued)

2.2 Standards and interpretations not yet effective

The Centre has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Centre's accounting periods beginning on or after 01.01.2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies	01 January 2023	Impact is currently being assessed
Amendments to IAS 1 Presentation of Financial Statements - Non- current liabilities with Covenants	01 January 2024	Impact is currently being assessed
Amendment to IFRS 16 Leases - Lease Liability in a sale and Leaseback	01 January 2024	Impact is currently being assessed
Amendment to IAS 8 Accounting Policies, changes in Accounting Estimates and Errors - Definition of Accounting Estmates	01 January 2023	Impact is currently being assessed
Amendment to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a single Transaction	01 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current Amendments to IAS 1	01 January 2023	Unlikely there will be a material impact
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or Joint venture	To be determined	Impact is currently being assessed
IFRS 17 Insurance Contracts	01 January 2023	Impact is currently being assessed

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Figures in US Dollar

3. Property, plant and equipment

	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost revaluation**	**Accumulated depreciation**	**Carrying value**
Buildings	761,425	(111,676)	649,749	761,425	(96,447)	664,978
Furniture and fixtures	42,269	(30,739)	11,530	42,269	(28,492)	13,777
Motor vehicles	56,375	(45,238)	11,137	56,375	(37,928)	18,447
Office equipment	30,556	(23,155)	7,401	26,878	(20,423)	6,455
IT equipment	101,001	(97,735)	3,266	101,001	(93,524)	7,477
Building Improvements	112,970	(40,093)	72,877	112,970	(34,444)	78,526
Total	**1,104,596**	**(348,636)**	**755,960**	**1,100,918**	**(311,258)**	**789,660**

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Additions**	**Depreciation**	**Total**
Buildings	664,978	-	(15,229)	649,749
Furniture and fixtures	13,777	-	(2,247)	11,530
Motor vehicles	18,447	-	(7,310)	11,137
Office equipment	6,455	3,676	(2,730)	7,401
IT equipment	7,477	-	(4,211)	3,266
Building Improvements	78,526	-	(5,649)	72,877
	789,660	**3,676**	**(37,376)**	**755,960**

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Revaluations	Depreciation	Total
Buildings	680,206	-	-	(15,228)	664,978
Furniture and fixtures	16,024	-	-	(2,247)	13,777
Motor vehicles	19,113	-	6,891	(7,557)	18,447
Office equipment	8,403	513	-	(2,461)	6,455
IT equipment	15,952	-	-	(8,475)	7,477
Building Improvements	84,175	-	-	(5,649)	78,526
	823,873	**513**	**6,891**	**(41,617)**	**789,660**

Additional Information

The Motor Vehicle were revalued on 31 March 2022. If motor vehicles were measured using the cost model, the carrying amount as at 31 March 2023 would as follows.

Cost	35,382	35,382
Accumulated depreciation	(35,382)	(32,385)
	-	**2,997**

* Motor Vehicles - The revaluation adjustments related to the accumulated depreciation as at the revaluation date, that was eliminated against the gross carrying amount of the revalued asset.

* Buildings - The buildings (new office space over the portion of section 46 on Lot 54352 , Zambezi Towers , CBD Gaborone) are used as security for the FNB loan.

4. Trade and other receivables

Financial instruments:		
Member contribution receivable	690,832	902,648
Loss allowance	(528,527)	(681,226)
Trade receivables at amortised cost	162,305	221,422
Non-financial instruments:		
Recoverable VAT	30,881	37,262
Employee costs in advance	607	-
Prepayments	1,054	1,190
Total trade and other receivables	**194,847**	**259,874**
Split between non-current and current portions		
Current assets	194,847	259,874

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4. Trade and other receivables (continued)

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	162,305	221,422
Non-financial instruments	32,542	38,452
	194,847	**259,874**

Credit losses

Contributions amounting to US$528,527 (2021: US$681,226) are past due and impaired. Other receivables have no contractual repayment period. Member contributions which are past due and impaired are disclosed on note 17- on credit risk. Management's assessment of the impairment provision has considered each DFIs specific circumstances.

Movement of the provision for impairment of contribution is as follows

Expected credit loss allowance reconciliation	**2023**	**2022**
Balance at beginning of the year	681,226	687,885
Recovered & reversed	(74,663)	(130,323)
Impairment losses	145,187	123,664
Write -off from Debtors Irrecoverable	(223,223)	-
Expected credit loss	**528,527**	**681,226**

5. Bank and cash

Cash and cash equivalents consist of:		
Current account	75,704	28,890
Deposits at call	491,743	527,896
Cash on Hand	49	227
	567,496	**557,013**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The deposits on call are withdrawable on demand.

Exposure to currency risk

US Dollar amount		
US Dollar	392,317	377,227
Pula	120,822	124,947
Euro	54,356	54,778
ZWL	-	61
	567,495	**557,013**

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Figures in US Dollar	2023	2022
6. Trade and other payables		
Financial instruments:		
Accrued expense	31,139	43,652
Accrued leave pay	53,741	70,953
Amounts due to DFI's	2,821	2,821
Gratuity Accrued	274,466	223,985
Trade payables	140	157
Non-financial instruments:		
Amounts received in advance	60,867	-
	423,174	**341,568**
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	362,307	341,570
Non-financial instruments	60,867	-
	423,174	**341,570**

Trade and other payable terms and conditions

The trade and other payables are non- interest bearing and are normally on 30-60 day terms.

7. FNB Mortgage loan

	2023	2022
First National Bank Botswana	-	130,121

SADC DFRC obtained a loan from FNB amounting to Pula 8,100,000 (US $ 741,150 at an exchange rate of 1.0915) on 31 March 2016. The loan is secured over the portion of section 46 on Lot 54352, New CBD Gaborone (the office space). Capital and interest are serviced monthly in arrears in equal installments for up to 120 months (10 year period). The lending being at prime lending rate plus 2.5% with prime rate being the publicly quoted basic rate of interest from time to time published by First National Bank. The loan was fully repaid by year end. No new loans were taken up by the organisation.

Split between non-current and current portions

	2023	2022
Current liabilities	-	130,121

8. Revenue

	2023	2022
Revenue from contracts with customers		
DFI Member Contributions	819,034	1,012,801
DFI 's Programmes contribution	73,675	56,100
	892,709	**1,068,901**

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Figures in US Dollar	2023	2022

8. Revenue (continued)

Disaggregation of revenue

The Centre has disaggregated revenue into geographical areas in the following table which is intended to depict how the nature, timing, amount and uncertainity of revenue and cash flows are affected by economic date.

The Centre disaggregates revenue from customers as follows:

Timing of revenue recognition

Geographical Area - Over the period

	2023	2022
Angola	109,805	112,861
Botswana	115,316	118,578
Eswatini	62,167	63,731
Lesotho	12,326	12,717
Madagascar	11,001	11,414
Malawi	11,333	10,737
Mauritius	17,332	17,730
Mozambique	11,129	11,400
Namibia	55,109	57,047
Seychelles	10,551	10,867
South Africa	304,461	484,667
Tanzania	37,873	39,135
Zambia	11,419	11,740
Zimbabwe	49,212	50,176
DFI Programme Contribution	73,675	56,101
	892,709	**1,068,901**

9. Other operating income

	2023	2022
Other income	1,362	-
Recoveries from defaulting members	74,663	6,659
Sundry Income	18,165	-
	94,190	**6,659**

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Figures in US Dollar	2023	2022
10. Other operating gains (losses)		
Foreign exchange gains (losses)		
Net foreign exchange gains	17,943	10,131
11. Operating Surplus (loss)		
Operating Surplus for the year is stated after charging (crediting) the following, amongst others:		
Administration and Operating Expenses	**108,895**	**121,678**
Employee costs		
Staff costs (including gratuity , leave pay, medical aid and other benefits)	**559,801**	**664,841**

Gratuities are employee benefits payable on completion of each individual employee contract and an accrual is made on a yearly basis. Gratuity contribution is calculated at 25% of the agreed salary as per the employment contract.

	2023	2022
Average number of persons employed during the year		
Full time	10	11
Depreciation		
Depreciation of property, plant and equipment	**37,376**	**41,617**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2023	2022
Staff Costs	559,801	664,841
Depreciation	37,376	41,617
Operating and administration expenses	278,279	121,678
DFI programme expenses -DFRC	163,113	41,615
	1,038,569	**869,751**

Audit fees included in operating and administration expenses amount to (2023:US$7,554), (2022:US$15,471)

	2023	2022
12. Interest expense		
Finance charges on Mortgage loan	**6,193**	**15,812**

Mortgage loan was fully repaid in the current financial year.

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Figures in US Dollar	2023	2022
13. Cash generated from/(used in) operations		
Surplus / Deficit for the period	(39,727)	200,143
Adjustments for:		
Depreciation	37,376	41,617
(Gains) losses on foreign exchange	(3,429)	(10,131)
Interest income	(193)	(15)
Interest expense	6,193	15,812
Changes in working capital:		
Trade and other receivables	65,027	(220,602)
Trade and other payables	81,604	(31,656)
	146,851	**(4,832)**

14. Related parties

Relationships

SADC- Development Finance Resource Centre is a subsidiary institution of Southern African Development Community (SADC). Therefore, SADC and all its affiliate members are related parties of the Centre including member Development Finance Institutions (DFIs), Board of Trustee and Key management personnel.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Amounts due from DFIs	690,732	902,648
Amounts due to DFIs	(2,821)	(2,821)
	687,911	**899,827**
Related party transactions		
Member contributions from DFIs	818,934	1,012,801
Board member allowances and travel fares	(11,576)	(10,530)
	807,358	**1,002,271**
Compensation to key management		
Short - term benefits	323,228	319,686
Long - term benefits (Gratuity)	80,807	72,686
	404,035	**392,372**

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Notes to the Annual Financial Statements

15. Financial instruments and risk management

Classification of financial instruments

Financial instruments

2023	Note(s)	Debt instrument at Amortised cost	Financial Liabilities amortised cost	Total	Fair value
Trade and other receivables	4	162,305	-	162,305	162,305
Cash and cash equivalents	5	567,496	-	567,496	567,496
Gratuity payable		-	(274,467)	(274,467)	(274,467)
		729,801	**(274,467)**	**455,334**	**455,334**

2022	Note(s)	Debt instrument at Amortised cost	Financial Liabilities amortised cost	Total	Fair value
Trade and other receivables	4	221,422	-	221,422	221,422
Cash and cash equivalents	5	557,013	-	557,013	557,013
FNB Loan		-	(130,121)	(130,121)	(130,121)
Accounts payable			(158)	(158)	(158)
Gratuity payable		-	(223,985)	(223,985)	(223,985)
		778,435	**(354,264)**	**424,171**	**424,171**

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15. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a loss. The Centre is exposed to credit risk from its operating activities primarily (trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. An impairment analysis is performed at the end of each reporting year on an individual basis on all the balances due from DFIs. The calculation is based on the expected credit losses. Some of the factors considered in determining that members, the financial health of the DFI as well as the economic conditions currently prevailing in the DFIs primary operating economy.

The Centre's maximum exposure to credit risk of the component of the statement of financial position as at 31 March 2023 and 31 March 2022 is the carrying amount as illustrated in Note 9.

Financial instruments designated at fair value through profit or loss.

There are no financial instruments which the Centre has designated as at fair value through profit or loss. Financial assets pledged as collateral.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry, or geographic factors similarly affect entities of counterparties whose aggregate credit exposure is significant in relation to the Centre's total credit exposure. At year end, significant concentration of credit risk was on the following trade and other receivables:

	2023	2022
SMEDCO Zimbabwe	36,391	23,859
Industrial Development Corporation of Zimbabwe	(6,916)	62,363
Eswatini Development & Savings Bank	44,194	41,694
Export Development Fund	8,925	28,401
Societe Financiere De Developpement	39,046	44,036
BEDCO	45,412	45,412
BANCO Sol	189,737	130,270
National Industrial Development	(4,257)	26,170
Banco de Poupanca e Credito	10,588	173,548
Development Bank of Zambia	82,218	54,268
Land and Agricultural Development Bank of South Africa	-	161,555
AFC Commercial Bank	(5,777)	13,391
Botswana Savings Bank	11,401	14,951
Eswatini Development Finance Corporation	12,908	12,725
National Development Bank	14,505	10,735
Societe Nationale de Participations	11,001	11,414
Tanzania Agricultural Development Bank	12,788	13,670
Development Bank of Mauritius	17,300	-
National Development Corporation	23,819	-
Industrial Development Company	19,051	-
TIB Development Bank	15,659	-
	577,993	**868,462**

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15. Financial instruments and risk management (continued)

Write off Policy

The Centre writes off trade and other receivable balances, and any related allowances for impairment losses , when there is determination that the receivable is uncollectible. This determination is reached after considering information such as the occurance of significant changes in the debtors financial position such that the debtor can no longer pay the obligation.

Member contributions which are past due and not impaired are as follows based on the 30-90 day terms:

	2023	2022
0-30 days	-	166,455
30-60 days	34,580	43,776
60-90 days	-	11,414
Above 120 days	127,725	-
	162,305	**221,645**

		2023			2022		
Trade and other receivables	4	723,374	(528,527)	194,847	941,100	(681,226)	259,874
Cash and cash equivalents	5	567,496	-	567,496	557,013	-	557,013
		1,290,870	**(528,527)**	**762,343**	**1,498,113**	**(681,226)**	**816,887**

15. Financial instruments and risk management (continued)

Impairment of Assessment

The tables above shows the values of the Centre's financial istruments subject to ECL. The total amount of provision using the simplified approach in calculating the ECLs is $ 528,527 and is detailed below. A provision was made for impairment of $ (US$528,527) based on IFRS 9's expected credit loss model.

Trade and Other receivables Account

Accounts receivable	**629,965**	**(528,527)**	**101,438**
Accounts receivable	**902,648**	**(681,226)**	**221,422**

Amount Provided

Trade and other receivables are based on the past trends and history and the loss model based on IFRS 9. The Net Flow rate reveals that collections are periodically and regularly received and hence the loss given default (LGD) is conservatively determined at a percentage of the exposure to default for receivables possessing the same characteristics. In this case the DFIs were grouped based on their geographical locations. Additional separate considerations were made for some that were in significant financial distress.

Fair value of financial Instruments

The fair value of all financial instruments approximates their carrying amounts reflected in the statement of financial position.

Capital Risk Management

The Centre define capital as the total accumulated funds of the Centre as noted in the statement of changes in funds. The Centre long-term objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term DFI member satisfaction. Management is of the view that these objectives are being met. The Centre is not subject to any externally imposed capital requirements.

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15. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering the cash or another financial asset. The Centre monitors its risk of a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables. The Centre's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and bank loans. As at 31 March 2023, the Centre had available US $ 567,496 (2022: US $ 557,014) in cash deposit. The Centre borrowings are short term and will mature in 12 month's time thus funds will not be fully tied towards repayment of the loan but availed to other daily needs of the Centre.

2023

		Carrying amount
Current liabilities		
Trade and other payables		362,307
Financial liabilities at fair value	7	130,121

2022

Current liabilities						
Trade and other payables	6	2,979	114,606	223,985	341,570	341,570
Financial liabilities at fair value	7	-	130,121	-	130,121	130,121

Foreign currency risk

The Centre is exposed to the foreign currency risk for transactions that are denominated in a currency other than the reporting currency of the Centre , the United States Dollar. Other than locally incurred expenses, all other expenses consist of costs paid and denominated in US $. Revenue consists of amounts denominated in US $. The Centre's exposure to foreign currency risk, based on notional amounts is summarised as follows:

The amounts below are in US Dollars (US $).

2023

Cash and cash equivalents	-	54,356	-	120,822
Trade and Other receivables	-	-	-	(115,316)
Net exposure	**-**	**54,356**	**-**	**5,506**

2022

Cash and cash equivalents	-	54,778	61	116,393
Long Term Loan- FNB Loan	-	-	-	(138,100)
Trade and Other receivables	-	54,356	-	(130,121)
	-	**54,778**	**61**	**(151,828)**

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15. Financial instruments and risk management (continued)

The following table demonstrates the sensitivity to a reasonably possible change in Botswana Pula (BWP) and Euro's with all other variables held constant, of the Centre's surplus and accumulated funds (due to changes in fair value of monetary assets and liabilities)

2023 Foreign currency risk

Botswana Pula	+10%	(12,082)	(12,082)
Change in exchange rate	-10%	12,082	12,082
Euros	+10%	(5,436)	(5,436)
Change in exchange rate	-10%	5,436	5,436
	-	-	-

2022 Foreign currency risk

Botswana Pula	+10%	(32,665)	(32,665)
Change in exchange rate	-10%	32,665	32,665
Euros	+10%	3,251	3,251
Change in exchange rate	-10%	(3,251)	(3,251)
ZWL dollar	+10%	5	5
Change in exchange rate	-10%	(5)	(5)
	-	-	-

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE (SADC DFRC)

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Detailed Income Statement

Figures in US Dollar	Note(s)	2023	2022
Revenue			
DFI Member contribution		819,034	1,012,801
DFIs Programmes contribution		73,675	56,100
	8	**892,709**	**1,068,901**
Other operating income			
Other Income		1,362	-
Recoveries from defaulting members		74,663	6,659
Sundry Income		18,165	-
	9	**94,190**	**6,659**
Other operating gains (losses)			
Foreign exchange gains		17,943	10,131
Other operating expenses			
Accounting fees		1,007	-
Bad debts		145,187	-
Depreciation		37,376	41,617
Irrecoverable VAT		367	-
Operating expenses	11	108,895	121,678
Programmes Expenditure -DFRC		163,113	41,615
Small Value Assets		4,404	-
Staff costs		559,801	664,841
Subsistance Allowance		7,208	-
Travelling expenses		11,211	-
		1,038,569	**869,751**
Operating (loss) profit	11	**(33,727)**	**215,940**
Interest Income		193	15
Interest expense	12	(6,193)	(15,812)
(Loss) profit for the year		**(39,727)**	**200,143**

SADC-DFI NETWORK MEMBERS

ANGOLA
Banco de Desenvolvimento de Angola
Banco de Poupanca e Credito
Banco Sol

BOTSWANA
Botswana Development Corporation
Botswana Housing Corporation
Botswana Investment and Trade Centre
Botswana Savings Bank
Citizen Entrepreneurial Development Agency
Local Enterprise Authority
National Development Bank
Norsad Capital

DEMOCRATIC REPUBLIC OF CONGO
Societe Financiere De Developpement

LESOTHO
Basotho Enterprises Development Corporation
Lesotho National Development Corporation

MADAGASCAR
SOciété NAtionale de PARticipations – SONAPAR

MALAWI
Export Development Fund
NBM Development Bank (joined June 2023)

MAURITIUS
Development Bank of Mauritius

MOZAMBIQUE
Banco Nacional de Investimento
Gapi-Sociedade de Investimentos, SA (GAPI-SI)

NAMIBIA
Agricultural Bank of Namibia
Development Bank of Namibia
Environmental Investment Fund of Namibia
National Housing Enterprise

SEYCHELLES
Development Bank of Seychelles

SOUTH AFRICA
Development Bank of Southern Africa
Industrial Development Corporation
Land and Agricultural Development Bank of South Africa

ESWATINI
Eswatini Development and Savings Bank
Eswatini Development Finance Corporation
Eswatini Housing Board
Industrial Development Company of Eswatini
National Industrial Development Corporation of Eswatini

TANZANIA
National Development Corporation
Tanzania Agricultural Development Bank
TIB Development Bank

ZAMBIA
Development Bank of Zambia

ZIMBABWE
AFC Holdings
Industrial Development Corporation of Zimbabwe Limited
Infrastructure Development Bank of Zimbabwe
Small and Medium Enterprises Development Corporation