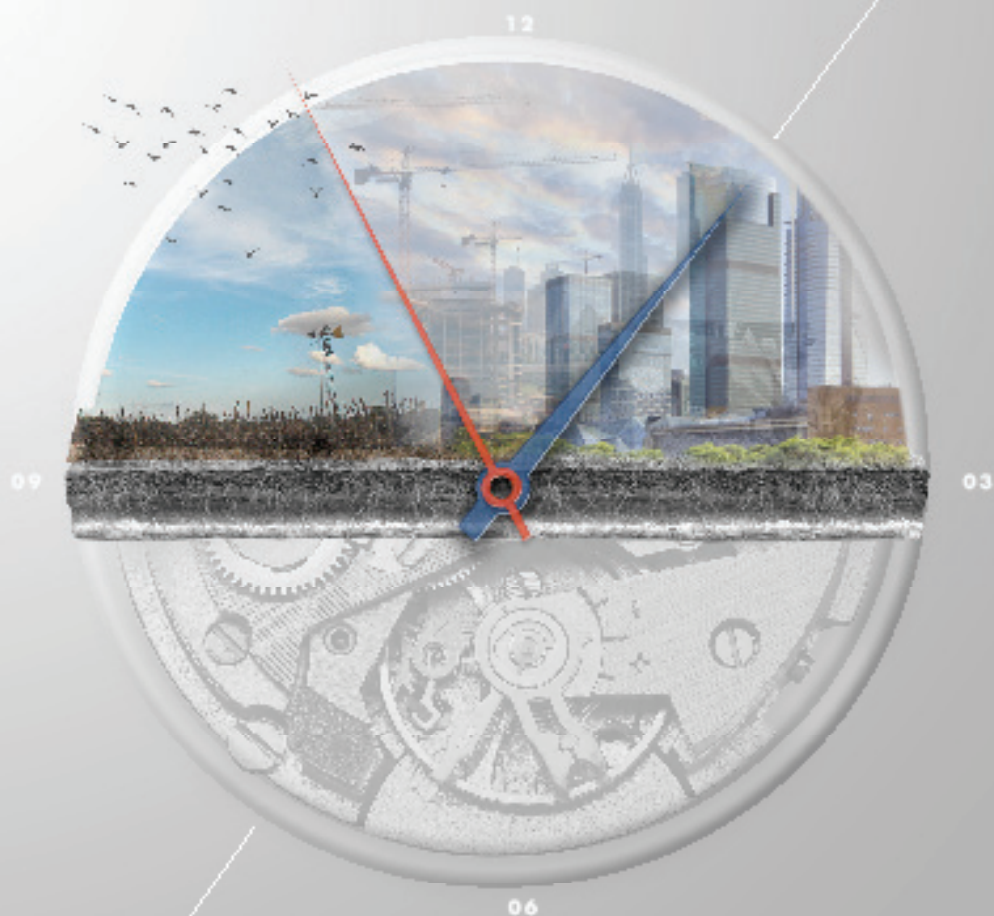




southern african  
development community  
development finance  
resource centre



**2018** ANNUAL REPORT

## VISION

The leader in facilitating development finance solutions in the region and continent



## MISSION

Supporting development finance institutions and governments to achieve national and regional development goals through capacity building, research, advisory services and advocacy



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## PROFILE

### Mandate

The SADC-DFRC is a subsidiary institution of SADC established under the SADC Finance and Investment Protocol (the FIP). It is collectively 'owned' by the SADC-DFI Network, also an FIP organisation, with a current membership of forty-one 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 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 (2014 – 2019) identifies the following key activity areas and sectors:

#### Capacity Building

- Training
- Support to Small and Medium Enterprise (SME) Programmes
- Support to Public Private Partnerships (PPP)/ Infrastructure Programmes
- Other Human Resource Development Services

#### Policy Research and Advisory Services

- Policy, Regulatory and Supervisory Environment for DFIs
- Enabling Environment for SME, Industrial and Infrastructure Development
- Advisory Services, Research and Advocacy

#### Sectoral Focus

- Small and Medium-sized Enterprise Development
- Industrial Development
- Infrastructure Development
- Public Private Partnerships

#### Approach

The DFRC is a lean organisation manned by a small group of professional staff in the strategic areas. To effectively deliver on its mandate, therefore, the DFRC has adopted a collaborative approach which involves utilisation of strategic 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 largely funded through international cooperating partners (donor) sources.

#### Reporting Structures

The SADC DFI Sub-Committee, comprising all national DFIs in SADC member countries is a sub-committee of the SADC Committee of Ministers of Finance and Investment, but 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 all members of the 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.

The DFRC has a functional relationship with the SADC Secretariat, and works together 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 Dumisani Msibi, Goup Managing Director, FINCORP, Swaziland.
- **Chairperson of the Board of Trustees:**  
Mr Phakamile Mainganya, Chief Risk Officer, Industrial Development Corporation of South Africa.
- **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.
- **Chief Executive Officer:** Mr Stuart Kufeni

## **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.



**Mr Phakamile Mainganya**  
**Chief Risk Officer**  
Industrial Development Corporation (RSA)  
Trustee since December 2016  
Board Chair



**Mr Gisbertus Mukulu**  
**Chief Executive Officer**  
National Housing Enterprise (Namibia)  
Trustee since December 2017  
Deputy Board Chair



**Mr Dumisani Msibi**  
**Group Managing Director**  
FINCORP (Swaziland)  
Trustee since December 2016  
Chair - SADC DFI Network  
(Ex-officio)



**Mr Reginald M. Motswaiso**  
**Chief Executive Officer**  
Botswana Housing Corporation  
Trustee since December 2016  
Chair - Audit and Risk Committee



**Mr Benjamin N. Kumalo**  
**General Manager**  
Industrial Development  
Corporation (Zimbabwe)  
Trustee since December 2016



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



**Mr Francisco Antonio Souto**  
**Chief Executive Officer**  
Small Investment Promotion  
Company : Gapi – SI, Mozambique  
Trustee since December 2017



**Mr Bardwazsing Jokhoo**  
**Acting Managing Director**  
Development Bank of Mauritius  
Trustee since December 2016

## **Audit and Risk Committee**

The DFRC Board presently has one Board - committee, the Audit and Risk Committee that 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 Committee Charter.

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



**Mr Reginald M. Motswaiso**  
**Chairperson**

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**Mr Francisco A. Souto**

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**Mr Benjamin N. Kumalo**

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## BOARD CHAIRPERSON'S STATEMENT



Phakamile Mainganya

I have the honour to place before you the 2018/19 Annual Report of the SADC Development Finance Resource Centre (DFRC).

This year has witnessed the DFRC attain higher levels of performance in activities as it continues to consolidate its position as a significant player in the development finance space in the SADC region and beyond. This has seen heightened activity across all fields of operation - capacity building, policy research, public private partnerships and advisory services - with an ever increasing number of stakeholder beneficiaries.

Consequently, our capacity building programmes which more than doubled during the year under review far exceeded the targeted level and the number of participants has commensurately increased. This is partly attributable to the DFRC's deliberate strategy and concerted efforts to extend its programmes beyond members of the

SADC DFI Network, but also other stakeholders in government, non-governmental organisations and the private sector within SADC and other regions such as COMESA and the East African Community. In this regard, it is notable that 30% of the subscription of DFRC programmes is drawn from outside of the DFI Network.

Of particular interest to stakeholders has been programmes which address skills and information gaps in the project value chain and therefore negatively impact the institution's capacity to deliver bankable projects. Hence, higher levels of interest have been registered for such programmes as investment appraisal, public-private partnerships, financial modelling and project management. Demand for corporate governance training also remains high among DFIs and state-owned enterprises, in particular. Added to this has been the increased demand for in-house programmes outside of the scheduled programmes by both

Network members and non-Network members to which the DFRC has successfully responded.

Some significant achievements have also been made in the area of PPPs as more advisory missions have been mounted in SADC member states. This has seen assistance being sort from the DFRC by member states in the establishment of PPP units and development of enabling policy and implementation frameworks. On the part of member DFIs, some technical assistance has been requested regarding establishment of offices under PPP and this has been accompanied by training of staff in this area.

It is also pleasing to note greater collaboration with the SADC secretariat, and other development stakeholders, among them AfDB, JICA, GIZ, NEPAD and PPIAF, in developing projects, especially under the Project Preparation and Development Fund. These efforts which are ongoing within the ambit of the SADC Infrastructure and Industrial development strategies are geared towards project development and the establishment of pipelines of bankable projects to enhance investment in these key development enabling sectors as identified by SADC.

The DFRC has also continued to contribute to strengthening the observance of best practice operational, financial and governance standards in the SADC development finance community. This is being achieved through the annual self-assessments and peer review exercises under the Prudential Standards Guidelines and Rating System (PSGRS) in collaboration with the African Association of Development Finance Institutions (AADFI).

These exercises have witnessed an improved performance of the SADC DFIs with each ensuing year. Significantly, half of the Top 33 high performing DFIs of the AADFI ratings are drawn from the SADC DFI Network. Consistent high performance has seen one of the member institutions acceding to the international crediting agency and being granted

a credit rating. It is our fervent hope that more member DFIs will follow this route which is critical for access to much - needed capital for projects.

This above demonstrates that capacity building, advisory and advocacy work of the DFRC is bearing fruit. It therefore need no emphasis that, it is imperative that we continue driving this process for us to achieve the desired long term results not only in DFI performance, but also in economic and social development in the region.

In broad terms, the DFRC has also continued to participate in regional and international debates pertinent to their role. The regular biannual CEO Forums have also brought together experts to debate important issues of financial inclusion and industrial development. The output of these activities is recorded and circulated to stakeholders, and forms the basis of SADC DFI position on these matters.

The DFRC has also spearheaded the participation of the SADC DFI Network in the Sustainable Development Goals (SDGs). A reporting mechanism for DFI contribution to the SDGs is being evolved to effectively demonstrate SADC DFI contribution to the global development agenda. This ensures the SADC DFI activities generally support the development goals, and that the DFRC's intervention programmes are aligned to achieving the same.

On the financial performance front, I am happy to report that, as in the previous years, the audit report for the financial year 2017/18 provides a clean bill for the DFRC and reaffirms its capacity to continue as a going concern. The financial statements for the year show a profit of \$86,098, a complete reversal of the loss of \$75,262 recorded in the previous year. I am confident that, with the high levels of activity planned for in the coming year, this surplus trend is sustainable.

Regarding matters of institutional governance, new members were elected to the DFRC Board of

Trustees at the December 2017 bi-annual meeting of the Network in Ezulwini, Swaziland. Two members were appointed, namely Mr Gisbertus Mukulu, Chief Executive Officer of the National Housing Enterprise (Namibia) and Mr Francsico Antonio Souto, Chief Executive Officer, Small Investment Promotion Company – GAPI-SI (Mozambique). Mr Benjamin Nkosentya Kumalo, the new General Manager for the Industrial Development Corporation (Zimbabwe) replaced Mr Michael Ndudzo who retired from the Corporation in June 2017. The Industrial Development Corporation of South Africa, represented by Mr Phakamile Mainganya, Chief Risk Officer, assumed the Chairmanship of the Board while Mr Gisbertus Mukulu was appointed Deputy Chair.

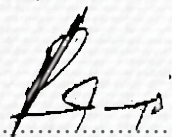
We also bade farewell to Mrs Nthabiseng Posholi, former DFRC Board Chair and Acting Chief Executive Officer of the Lesotho National Development Corporation and Mr Charles Singili, Managing Director for TIB Development Bank (Tanzania) whose terms had expired. I would like to extend our sincere appreciation and gratitude to these members for their positive contributions and unwavering support during their tenure on the Board.

I am also pleased to report that during the year under review, the membership of the SADC DFI Network has grown from thirty seven (37) to forty one (41). We were joined by the Tanzania Agricultural Development Bank, SOciété NAtionale de PARticipations – SONAPAR of Madagascar, the National Industrial Development Corporation of Swaziland and the National Housing Board of Swaziland. With SONAPAR on board, the Network now has membership across all fifteen SADC member countries. Once the Union of Comoros becomes a full member of SADC, efforts will be stepped up to identify institutions eligible for membership. I would like to take this opportunity to thank our members for their tireless work to promote and bring to the attention of non – member institutions in their respective countries the benefits of membership of the SADC DFI Network and its DFRC.

It will be apparent from the following report that the DFRC is well and truly on course to achieve its mission and mandate, principally to elevate development finance institutions to their pride of place, as indispensable players and enablers in the economic and development arena of our member countries and the SADC region at large.

The professionalism and spiritedness of the DFRC Board, Management and staff, and the commitment of the SADC DFIs to the spirit of the Network is to be commended for the achievements attained so far.

I would also like to extend my appreciation to the SADC secretariat for the support and guidance provided over the years



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Phakamile Mainganya  
CHAIRPERSON  
BOARD OF TRUSTEES

**MANAGEMENT & STAFF**



**MR STUART KUFENI**  
Chief Executive Officer



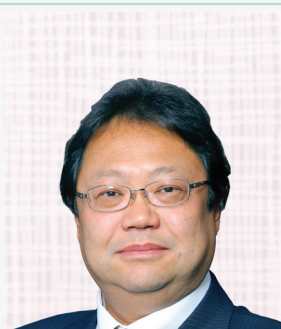
**Dr Herrick C. Mpuku**  
Programmes Manager



**Ms Vero Kgakge**  
Finance and Administration  
Manager



**Mr Kogan D. Pillay**  
Head of Public Private  
Partnerships



**Mr Tetsuya Fukunaga**  
JICA Advisor (Development  
Finance) to SADC-DFRC



**Staff**

## CHIEF EXECUTIVE OFFICER'S STATEMENT



Stuart Kufeni

During the financial year 2017/18, the DFRC scaled new heights in capacity building programme delivery. A record thirty-eight (38) programmes were undertaken, significantly surpassing last year's level of twenty-two (22). Reflecting this growth in activities, participation at the programmes rose to 993, an increase of 61.5 percent above the outturn of the previous year of 615.

Several factors underpin this rise in DFRC programmes but major among them has been the growing popularity of in-house and institution-specific programmes by DFIs and the growing demand for training programmes by non-member institutions, among them government departments, state-owned enterprises (SOEs), municipalities and private sector institutions, including banks. The participation of extra-SADC organisations, especially from the COMESA and EAC regions, has also contributed to the high activity levels.

DFRC activities on the policy, advisory and research front, while having picked up remain constrained by unavailability of financial resources. As a result, a number of research areas and surveys, identified under the current five-year strategic plan (2014 – 2019), now in its final year, aimed at improving the operational and regulatory environment for DFIs, remain unaccomplished. However, as public private partnerships (PPP) continue to gain currency as an investment instrument to crowd-in the participation of private sector investors, particularly in industrial and infrastructure development projects, so has been the demand on the DFRC for capacity building and advisory services in this area.

To this end, the DFRC PPP unit, which also houses the SADC PPP Network, has conducted a number of basic PPP training workshops to acquaint DFIs, government and SOEs staff on the principles of PPP projects. While the SADC PPP Framework and Guidelines developed under the PPP Network, was adopted by Member States through the

SADC Committee of Ministers of Finance and Investment in 2012, requisite skills in identifying, preparing and developing bankable PPP projects remain inadequate and scarce. Thus, the DFRC has identified this space as requiring its active intervention presently and in the foreseeable future.

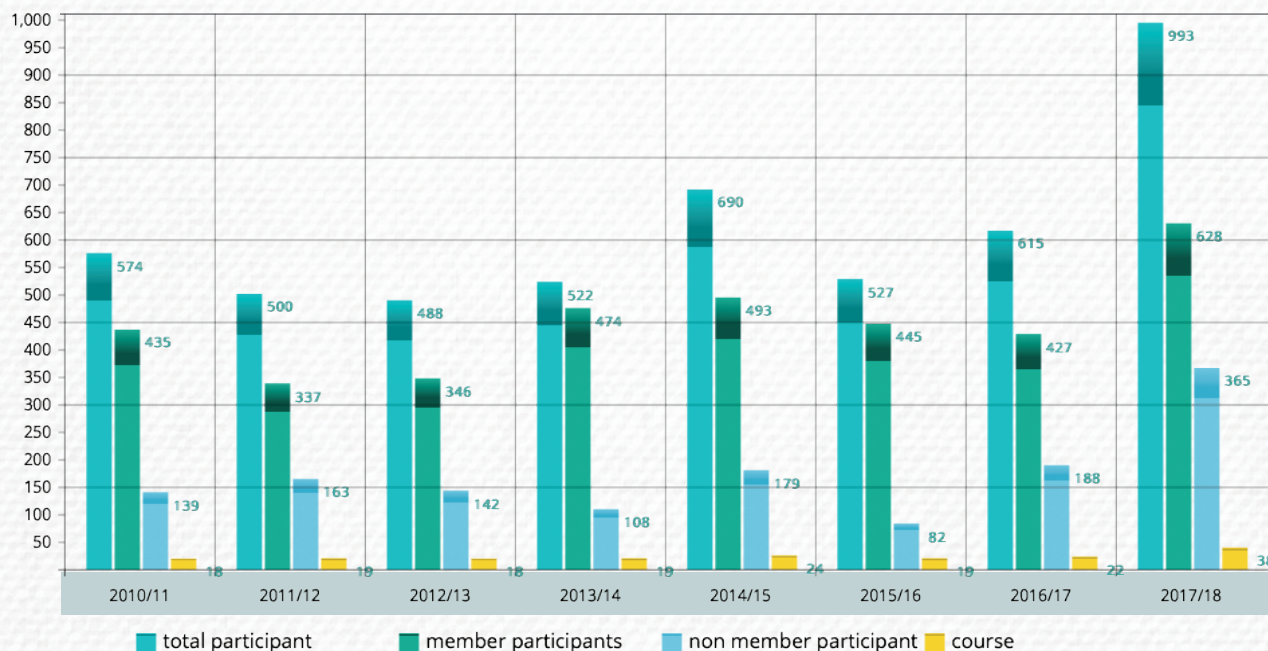
Capacity building activities of the DFRC have over the years tended to fall into two broad categories. The first group consists of preset generic programmes the result of annual consultations between the DFRC and the DFIs through their human or capital development departments to identify common skills gaps at a regional level. These largely constituted the bulk of the training programmes of the DFRC during its inception phase and implementation of its first strategic plan.

Subsequent plans shifted towards addressing specific institutional skills requirements. Overtime, therefore, this form of intervention has grown and

now dominates DFRC capacity building activities. Thus, the DFRC's objective under the current five-year strategic plan which ends in March 2019, has been to shift training in favour of this later category i.e. tailor-made and institution-specific assistance. Consequently, over 50% of courses undertaken this financial year fall into this category.

Attesting to the growing reputation of the DFRC as an institution of excellence in capacity building is the rising number of non – member institutions participating in its programmes. This year, out of the total of 993 participants referred to earlier above, 365 or 36.7% comprised staff from organisations that are not members of the SADC DFI Network. These include DFIs, government departments, state-owned enterprises, non-governmental organisations and private sector entities. This compares with a level of 179 or 29.% in the previous year. Chart 1 below provides a summary of the participation levels during the year.

**Chart 1: Programme Participation**



Also crucial, regarding programme delivery by the DFRC, is the consistently high training courses evaluation levels of ratings by participants as measured by the Programme Evaluation Index (PEI). The index which averaged 89% during the year under review was 9 points above the target threshold of 80%. This is a clear reflection of the good quality and continuing relevancy of the programmes offered by the DFRC to DFIs and other various stakeholders. Regarding other targets, including number of programmes and attendance levels, the DFRC's performance was again well above target as Table 1 below illustrates.

**Table 1: Key Performance Measures**

QUARTER	PROGRAMME EVALUATION INDEX (PEI)			OTHER MEASURES			
	Actual (%)	Target (%)	Variance (%)	No. of Programmes (No.)		Attendance (No.)	
Ending Month				Actual	Target	Actual	Target
June 2016	85	80	5	6	3	192	75
September 2016	90	80	10	11	3	308	75
December 2016	89	80	9	14	3	351	75
March 2017	91	80	11	7	3	142	75
	<b>Cumulative Average Score</b>			<b>Total</b>		<b>Total</b>	
<b>Total/Ave.</b>	<b>89</b>	<b>80</b>	<b>10</b>	<b>38</b>	<b>12</b>	<b>993</b>	<b>300</b>

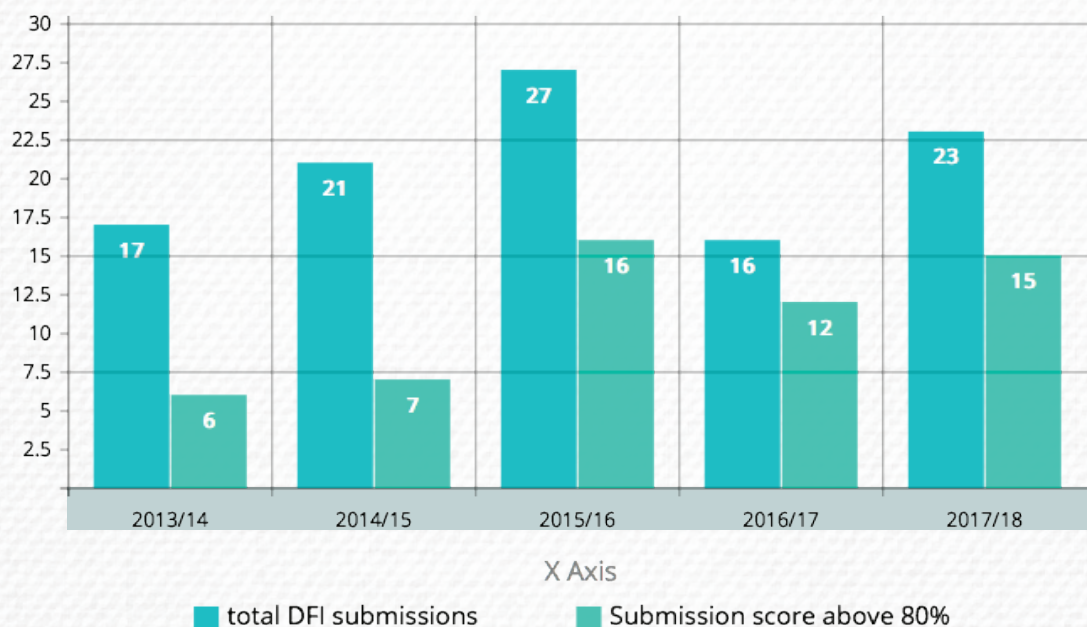
*\*The Performance Evaluation Index is a composite measure of programme performance in various areas, including facilitator performance, administration and logistics, host venues, accommodation and the value of the programme according to feedback from participants.*

The DFRC continues to engage with key stakeholders and participate at different fora in the regional development finance space, especially in the areas of resource mobilisation, financial inclusion, strategic development goals (SDGs) and establishment of new institutions and policy development. At the same time, Chief Executive Officers forums continue to be utilised as the major vehicle for information and knowledge dissemination as well as experience sharing and networking among DFIs and other key development stakeholders.

Implementation, of the AADFI – promoted Prudential Standards Guidelines and Rating System (PSGRS), a cornerstone of the current strategic plan, continues in earnest as it aims to guide and ensure DFIs have best practice operational, financial and governance structures in place so as to enhance their creditworthiness and therefore their capacity to mobilise financial resources.

Since adoption of the PSGRS system by the SADC DFI Network, and its subsequent endorsement by the SADC Committee of Ministers of Finance and Investment, the number of DFIs participating in self-assessments and Peer Review on an annual basis reached a peak in 2015/16, at a total of twenty-seven (27) or 75% of the Network membership then. Due to a number of factors, including perceived bias against non-lending members, unavailability of up to date and audited accounts, the number fell to 16 (sixteen) in 2016/17. These impediments notwithstanding, the number picked up again to twenty-three (23) in 2017/18.

**Chart 3: DFI Submissions and Scores**



As Chart 3 above illustrates, over the past three years a significant proportion of participating member DFIs have consistently achieved high scores. In fact, fifteen (15) or 65% of the participating DFIs scored at 80% ('A' grade) or above. The DFRC will endeavour to see more and more of its members participate in the self-assessment exercise and Peer Reviews as these are critical as early pointers to gaps and weaknesses in their governance, operational and financial systems requiring urgent redress. To realise this, it will be necessary that the negative bias against non-lending members of the Network is addressed. In this respect, the DFRC

will continue consultations with Network members and to engage the Association of African DFIs on the way forward.

The DFRC held two DFI Chief Executive Officers Forums during the course of the financial year. The fora are used as a platform to discuss pertinent regional policy and developmental initiatives critical to the attainment of the regional integration goals. Thus, the prioritisation of industrial development by SADC saw DFI Network hold a conference on the theme “Towards Industrialisation for Sustainable and Inclusive Development – the Role of DFIs” on 6th July 2017 in Dar es Salaam, the Republic of Tanzania.

The second forum held on 7th December 2017 in Ezulwini, the Kingdom of ESwatini, addressed the critical subject of “Financial Inclusion in SADC and Role of DFIs”. Key conclusions were reached to guide and highlight stakeholder expectations as to the role of DFIs in promoting activities in these two areas. These are available on the DFRC website.

The SADC Finance and Investment Protocol (FIP) provides for the establishment of a SADC Regional Guarantee Facility (RGF) under the DFI Network. Work on this project has previously not taken off due to scarcity of financial resources. However, ongoing consultations between the DFRC, the SADC Secretariat and the African Development Bank, indicate that resources will be made available to commence a feasibility study for the establishment of the Facility. Already, draft terms of reference (ToRs) for the study have been completed.

The RGF has as its major function, provision of insurance against political risk for projects. This will particularly benefit infrastructure projects in such areas as energy, transport and water and also industrial development enabling projects. The Facility will undoubtedly complement, if not be an integral part of the Regional Development Fund currently under operationalisation.

Besides the RDF, the DFRC continues to participate in regional initiatives, among these the establishment of the Regional Development Fund, Regional Financial Inclusion strategy and Resource Mobilisation activities as well as implementation of the Industrialisation (inclusive of SMEs) and Infrastructure strategies of which the DFIs have been identified as critical agents.

Looking ahead, as the DFRC embarks on the final year of its third Five-Year Strategic Plan (2011/15 – 2018/19) it is crucial that it evaluates the performance over the past four years and highlight gaps in implementation for purposes of addressing and consolidating these with a view to ensure the successful attainment of set plan objectives and goals. This exercise will, at the same time, set the bedrock upon which to build the new strategic plan to commence implementation in April 2019.

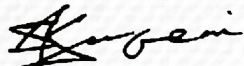
While, as expected, capacity building dominates the activities of the DFRC and that most goals in this area have been met, there is still room to grow. Our goal to be a premier development finance training institution within SADC, regardless of financial and human resources constraints, has largely been achieved. Though the major beneficiaries of our programmes remain the DFIs, as reported in this report, we have also experienced a significant growth in participation by non – member organisations.

Besides member state governments, a rising participation level has also been recorded from state-owned enterprises, non-governmental organisations and the private sector. Also observed has been the increase in participation by extra-SADC organisations and government departments and SOEs. This is in line with the DFRC objective to extend services into the COMESA and East African Community regions to underpin the regional Tripartite Arrangement. The DFRC would like to consolidate this growth and build on it this coming year and into the new strategic plan. Efforts will

therefore be undertaken to sustain this uptrend in non-member participation.

With the increase in non- regional participants, the DFRC's financial position has also improved as, unlike Network members, these attend workshops on a full cost recovery basis. The increase in the number of Network members from 37 (thirty-seven) last year to 41 (forty-one) by the end of the financial year has also contributed to this performance. More effort still has to be made to promote participation in courses by non-members, including those outside the SADC region, not only to buttress the DFRC's reputation as a premier organisation for capacity building and advisory services in development finance but also to contribute towards financial sustainability of the DFRC.

We also look forward to the emergence of new structures in the development finance space of SADC such as the Regional Development Fund, the Regional Credit Guarantee Facility, and the Regional Agriculture Development Fund, to mention some. Their establishment will undoubtedly change the regional development finance architecture towards enhanced efficiency in resource mobilisation, financing and project development and increased investment in key economic sectors to achieve regional integration and its attendant goals.



.....  
STUART KUFENI  
CHIEF EXECUTIVE OFFICER

## **PROGRAMMES FOR FINANCIAL YEAR 2017/18**

Interventions by the SADC – DFRC through training and development programmes, technical assistance, secondments, policy research and advisory services continued to grow reaching a record of thirty-eight (38) programmes when compare to twenty-two (22) in the previous year, 2016/17. This has resulted in a further strengthening of the skills base of development finance institutions, some government departments and several state - owned enterprises, placing them in good stead to pursue socio – economic developmental goals. These activities are detailed in the following sections.

### **Corporate Governance, Gaborone, Botswana**

**12th – 13th March 2018**

The DFRC facilitated a special in – house programme on Corporate Governance for the Basotho Enterprises Development Corporation (BEDCO) in Gaborone, Botswana.

The purpose of the programme was to raise awareness of the concept, practice and relevance of good corporate governance in the context of development finance institutions and the challenges they face.

The programme was attended by twelve (12) participants from the Basotho Enterprises Development Corporation. The programme evaluation gave an overall rating of 94%.

### **Project Finance, Gaborone, Botswana**

**12th – 16th March 2018**

This was a special in – house programme for the Citizen Entrepreneurship Development Agency of Botswana (CEDA).

The programme aimed to enhance the capacity of participants to understand, develop, package and deliver project finance to clients; to make for a more effective execution of deals and achieve improved turnaround of project applications; and better design of projects and improve portfolio performance.

The programme was attended by twenty-three (23) delegates and was evaluated at an overall rating of 95.8%.

### **Financial Modelling, Pretoria, South Africa**

**5th – 9th March 2018**

This was the special in – house programmes for the Department of Trade and Industry of the Republic

of South Africa.

The aim of the programme was to up-skill staff in the areas of business valuation (especially discounted cash flow), scenario planning, management decision making, capital budgeting, cost of capital, financial statement analysis and project finance, using computer based applications.

The training was attended by twenty one (21) participants and had an overall rating of 86%.

### **Public Private Partnership, Lusaka, Zambia**

**19th – 23rd February 2018**

The programme sort to impart skills on implementation of Public Private Partnership Projects, specifically how to structure the relationship between the public sector and the private sector, so that risks are borne by those best able to control them and that increased value is achieved for public services through the exploitation of private sector skills and competencies.

The programme was attended by twenty-six (26) participants and had an overall rating of 87.5%.

### **Investment Appraisal and Risk Analysis, Pretoria, South Africa**

**19th – 23rd February 2018**

A further special inhouse training was conducted. The objective of the programme was, among other areas, to develop skills to plan and assess investment projects, redesign projects to add value, prepare project financing agreements and address stakeholders concerns.

The programme was attended by twenty-two (22) participants and was well received with an overall rating of 92.5%.

### **Due Diligence, Pretoria, South Africa 13th – 16th February 2018**

A further special in – house programme for the Department of Trade aimed at enhancing participants’ skills on how to conduct a due diligence and prepare a business plan and finance applications.

The programme was attended by twenty (20) participants and was rated at 90.1%

### **Financial Modelling – Pretoria, South Africa 29th January – 2nd February 2018**

A third training programme for the Department of Trade and Industry. It was attended by eighteen (18) participants and was evaluated at an overall rating of 90%.

### **Chief Executives Forum – 2017, Ezulwini, Swaziland 7th December 2017**

The Forum focused on the theme “Financial Inclusion in SADC - The Role of DFIs”. The role of development finance institutions as critical drivers of the implementation of the SADC Financial Inclusion Strategy is well recognised.

The objectives of the forum were to explore the status of financial inclusion in the SADC region, and the policy initiatives at national and regional level put in place to foster financial inclusion.

The Forum examined case studies of experiences and practices from the SADC region, and also drew on the research carried out in this field. In particular, the Forum looked at the role that DFIs have played in this process, and the specific policy initiatives that can be put in place to foster their enhanced contribution to this process.

The forum was graced by the Minister of Development Planning of the Republic of Swaziland, His Royal Highness Prince Hlangusempi on behalf of the Minister of Finance.

The forum was attended by seventy-four (74) participants from DFI’s, Parastatals, Private Sector and Government Sectors and it achieved an overall rating of 85.7%.

### **Finance for Non - Finance Managers – Ezulwini, Swaziland 5th – 7th December 2017**

This programme was developed to assist managers and decision makers appreciate the importance of understanding and interpreting financial information, and to use it for the benefit of their departments and their organisations.

Sixteen (16) delegates from the region attended the programme and they gave the programme an overall rating of 88%.

### **Corporate Governance – Gaborone, Botswana 5th – 6th December 2017**

This was a special in – house programme at the request of the Botswana Energy Regulatory Authority (BERA) through the Public Enterprises, Evaluation and Privatisation Agency (PEEPA) aimed at raising awareness of the concept, practice and relevance of good corporate governance.

The programme was attended by ten (10) participants and the programme was evaluated at an overall rating of 90.5%.

### **Investment Appraisal and Risk Analysis – Pretoria, South Africa 4th – 8th December 2017**

A further special in – house programme for the Department of Trade and Industry.

The programme was attended by eighteen (18) delegates and was evaluated at an overall rating of 90.1%.

### **Managing Problem Loans – Gaborone, Botswana 29th November – 1st December 2017**

This was also an in-house training programme for the staff of the Citizen Entrepreneurial Development Agency.

It focused on fundamentals of credit relationship management, managing problem loans and post - investment; and strategies to minimize their occurrence and to optimize recovery of bad loans and nurture redeemable ones to good standing.

Twenty-three (23) participants attended the programme and it attained an 87.4% overall rating evaluation.

### **Due Diligence – Pretoria, South Africa 28th November – 1st December 2017**

Another special in-house programme on Due Diligence for the Department of Trade and Industry in South Africa. It was attended by nineteen (19) staff members who evaluated the programme at an overall rating of 89%.

### **Public Private Partnership, Ezulwini, Swaziland 22nd – 24th November 2017**

The DFRC facilitated a public private partnership programme for National Industrial Development Corporation of Swaziland (NIDCS) for its management as well as local parastatals and ministries.

The overall focus of the programme was on how to implement Public Private Partnership projects, and structure the relationship between the public sector and the private sector, to ensure risks are borne by those best able to control them and how public services could benefit from the exploitation of private sector skills and competencies.

The programme was attended by eighteen (18) participants from various ministries and parastatals in Swaziland. An overall rating evaluation of 90.6% was realised by the programme.

### **Investment Appraisal and Risk Analysis, Naivasha, Kenya 20th – 24th November, 2017**

The DFRC facilitated the special in-house programme for the Tourism Finance Corporation of Kenya.

The programme was aimed at developing skills to plan and assess investment projects, redesign projects to add value, prepare project financing agreements and address stakeholders concerns. The programme covered modern techniques of finance, financial modelling, applied economic analysis, risk analysis and risk management as they are applied to the appraisal of infrastructure projects.

The programme was attended by twenty-six (26) delegates from different institutions within Kenya and was evaluated at an overall rating of 89.8%.

### **Capacity Building Review and Communication Skills for Human Resource Managers, Centurion, South Africa 15th – 17th November 2017**

The aim was to provide an opportunity for development finance institutions to examine the progress in capacity building in the DFI Network and the region, and to develop a roadmap to enhance provision of high quality, relevant and cost effective capacity building interventions, and to enhance cooperation amongst the DFIs in this respect.

Eighteen (18) participants attended the programme and the programme evaluation gave an overall rating of 85.3%.

### **Advanced Project Finance, Naivasha, Kenya: 13th – 17th November 2017**

The DFRC facilitated a further in-house programme on Advanced Project Finance for the Tourism Finance Corporation of Kenya.

The objective of the programme was to enhance staff skills to develop, package and deliver project finance to clients, to make for effective execution of deals and achieve improved turnaround of project applications, better design of projects and overall, improved portfolio performance.

The programme was attended by thirty-two (32) delegates from different institutions within Kenya and was evaluated at an overall rating of 92.9%.

### **Leadership and Management Skills Development, Gaborone, Botswana 1st – 3rd November, 2017**

The programme aimed at upgrading and refreshing the leadership and management skills of supervisors, senior and middle management staff so as to be more effective in achieving results through teamwork.

It therefore focused on basic elements of an Organisational Leadership Culture and identifying

critical elements to design, build and implement the desired high performance culture within an organisation.

The training was attended by twenty-three (23) delegates and it was well received with overall rating of 93.8%.

### **Financial Modelling - Gaborone, Botswana 23rd – 27th October 2017**

This was another in-house training programme for the Citizen Entrepreneurial Development Agency aimed at up-skilling staff in the areas of business valuation, especially discounted cash flow, scenario planning, management decision making, capital budgeting, cost of capital, financial statement analysis and project finance, using computer based applications.

Twenty-five (25) participants attended the programme and it received an overall rating of 90.7%.

### **Investment Appraisal and Risk Analysis - Gaborone, Botswana 9th – 13th October 2017**

The DFRC facilitated the training as a further in – house programme for the Citizen Entrepreneurial Development Agency.

The training was attended by thirty (30) participants and was rated at 89.9%.

### **Chief Executive Officers Colloquium - Cape Town, South Africa 11th – 12th October 2017**

The Colloquium objective was to share the latest leadership thinking and tips to support CEOs and executives within SADC DFIs to lead from more informed perspectives and equip themselves with up-to-date skills for leading their respective institutions.

The Colloquium recognised that the CEO can be both a leader and a manager, and therefore addressed contemporary leadership themes and developments in a dynamic, turbulent and complex national, regional and global environment that is faced today.

Nineteen (19) CEOs and executives attended the colloquium. The programme evaluation gave an overall rating of 86.9%.

### **Corporate Governance and Director Skills - Gaborone Botswana 18th September 2017**

The Public Enterprises Evaluation and Privatisation Agency requested the DFRC to conduct training on corporate governance for their board members.

The purpose of the programme was to raise awareness of the concept, practice and relevance of good corporate governance and the challenges they face within the African landscape. The programme also provided the opportunity for serving directors to improve their skills in the boardroom through a practical and interactive approach that involves case studies, group work and discussions.

The programme was attended by eleven (11) participants and it was evaluated at an overall rating of 90.4%.

### **Due Diligence - Harare, Zimbabwe 18th – 21st September 2017**

The aim of the programme was to enhance participants' skills on how to conduct a due diligence and prepare a business and finance plans. The workshop was conducted on an interactive basis, using practical examples, presentations and case studies.

The programme was attended by twenty-six (26) and it was evaluated at an overall rating of 90.2%.

### **Advanced Project Finance - Harare, Zimbabwe 11th – 15th September 2017**

The programme aimed to provide skills to develop, package and deliver project finance to clients, for effective execution of deals and improved turnaround of project applications, better design of projects and improved portfolio performance.

The training was attended by twenty-five (25) participants and was evaluated at an overall rating of 89.7%.

### **Investment Appraisal and Risk Analysis - Harare, Zimbabwe** **4th – 8th September 2017**

The programme was aimed at developing skills to plan and assess investment projects, redesign projects to add value, prepare project financing agreement and address stakeholders concerns. The programme covered modern techniques of finance, financial modelling, applied economic analysis, risk analysis and risk management as they are applied to the appraisal of infrastructure projects.

Thirty-two (32) delegates, including some from outside the SADC region attended the programme. Participants' evaluation gave the programme an overall rating of 88%.

### **Corporate Governance for NDB - Lobatse, Botswana** **31st August – 2nd September 2017**

The programme was at the request of National Development Bank of Botswana (NDB) for their board members and senior management.

The purpose of the programme was to raise awareness of the concept, practice and relevance of good corporate governance in the context of development finance institutions and the challenges they face within the African landscape. The programme also provided the opportunity for serving directors and senior management to improve their skills in the boardroom through a practical and interactive approach that involves case studies, group work and discussions.

The programme was attended by sixteen (16) participants and was evaluated at an overall rating of 96.4%.

### **Managing Problem Loans - Manzini, Swaziland** **28th – 29th August 2017**

The programme was a special in-house training for the Swaziland Development and Savings Bank. The training among other areas, focused on fundamentals of credit relationship management, managing problem loans and post-investment and strategies to minimize their occurrence, optimize

recovery of bad loans and nurture redeemable ones to good standing.

Sixteen (16) participants attended the programme. The programme evaluation gave an overall rating of 87.8%.

### **Credit Risk Management for SMEs - Manzini, Swaziland** **21st – 25th August 2017**

This programme was again at the request of the Swaziland Development and Savings Bank.

The analysis and assessment of projects, particularly those of Micro, Small and Medium Sized Enterprises (MSMEs), with respect to their financial and technical viability forms one of the major responsibilities of most financial institutions. Financial institutions have a vital interest to finance only those projects which are profitable in the long run and thus ensure the payback of loans for institutional sustainability.

Thirteen (13) participants attended the training and it was evaluated at an overall rating of 97.8%.

### **Leadership and Management Skills Development, Windhoek, Namibia** **31st July – 2nd August 2017**

The programme aimed at upgrading and refreshing the leadership and management skills of supervisors, senior and middle management staff to be more effective in achieving results with their teams.

The training was attended by twenty-seven (27) delegates and the programme evaluation gave an overall rating of 93.2%.

### **Financial Modelling, Windhoek, Namibia** **24th – 28th July 2017**

The aim of the programme was to up-skill staff in the areas of business valuation (especially discounted cash flow), scenario planning, management decision making, capital budgeting, cost of capital, financial statement analysis and project finance, using computer based applications.

Thirteen (13) participants attended the programme. The programme evaluation gave an overall rating of 84.6%.

### **Chief Executive Officers Forum, Dar es Salaam, Tanzania 6th July 2017**

The 14th Chief Executive Officers' Forum for the SADC DFI Network was held on 6th July, 2017 at the Julius Nyerere International Convention Centre in Dar es Salaam, under the theme "Towards Industrialisation for Sustainable and Inclusive Development - Role of DFIs in SADC".

This was in recognition of the prioritisation of industrialisation by SADC Heads of State as a key element towards the achievement of sustainable economic growth and development in the SADC region and enhancing the welfare of its people. Further, it was recognised that the successful implementation of the regional industrialisation strategy requires massive investment across various sectors and that financial institutions, especially DFIs, in tandem with the private sector, play a critical role in mobilising the requisite financial resources.

The forum therefore, among other areas, explored the role and experiences of national DFIs in supporting industrial development, inclusive of the Small and Medium Enterprises (SMEs) sector, and the successes and challenges that they encountered.

The forum was officially opened by Her Excellency Samia Suluhu Hassan, the Vice President of the Republic of Tanzania.

The forum saw a record attendance of over one-hundred (100) delegates, including Senior Government Officials, Ambassadors, and Executives from DFIs, SOEs and the private sector across the SADC region.

The programme evaluation gave an overall rating of 84.7%.

### **Risk Management, Dar es Salaam, Tanzania 3rd – 7th July 2017**

The programme was aimed at assisting participants

in applying a risk management framework in the execution of their duties, while developing risk management policies, procedures and methodologies for their institutions, particularly with respect to credit risk. It focused on the concepts, tools and techniques of credit risk management, but also dealt with aspects of market and operational risk.

Twenty-nine (29) participants attended the programme and they gave it an overall rating of 90.6%.

### **Prudential Standards Guidelines and Rating System Midrand, South Africa 29th – 30th May 2017**

This programme was aimed at promoting the adoption by DFIs of self-assessment practices in line with the AADFI PSGRS for African DFIs. The programme strengthened the technical capacity of participants by enabling them to have a clear understanding of the reviewed PSGRS adopted by AADFI in May 2017. It also prepared participants for self-assessments of their institutions under the system by especially working through the rating process and allowed DFIs the opportunity to peer review their compliance with best practices in SADC and Africa as a whole.

Thirty-five (35) participants from DFIs in the region attended the programme and evaluated it at an overall rating of 88.3%.

### **Export Credit Finance, Sandton, South Africa 25th – 26th May 2017**

DFIs have a pertinent role to play in providing local currency funding for projects being structured and or financed by the international Export Credit Agencies, including China Exim, SACE SpA and the Export Credit Insurance Corporation of South Africa.

The course presented the main features of Export Credit and Credit Insurance products. Participants benefited significantly from this training as it enabled them to understand the basic principles relevant to export credit finance and it also allowed

them to improve their financial structuring skills in developing new projects.

The programme was attended by sixteen (16) participants and was evaluated at an overall rating of 74.3%.

### **Change Management, Maseru, Lesotho 10th – 12th May 2017**

In this volatile, uncertain and complex environment, including disruptive technological developments, it is important to have the capability to lead change.

The purpose of the programme was to ensure that delegates are well equipped in leading and managing changes that affect the way they perform daily tasks and a smooth transition when change occurs in any scenario.

Twenty-one (21) participants attended the programme which was evaluated at an overall rating of 89.7%.

### **Managing Problem Loans, Ezulwini, Swaziland 10th – 12th April 2017**

The training taught fundamentals in managing client relationships, and, in particular, dealing with problem loans to minimise the incidence of default and business failure.

The training was helpful for institutions that wanted to sustain good loan administration practices or were having difficulties in managing their loan portfolio.

Twenty-nine (29) participants from the region, including the private sector, attended the programme. The programme evaluation gave an overall rating of 84.9%.

### **Credit Risk Management for SMEs, Ezulwini, Swaziland 3rd – 7th April 2017**

The training programme was aimed at developing and enhancing credit appraisal officers' skills, knowledge and competencies in undertaking efficient and effective appraisals and assessments

so that only viable projects are ultimately funded. This was in recognition that effective credit appraisals are an essential step in facilitating higher rates of loan repayments.

Thirty (30) participants from DFIs in the region as well as the private sector attended the programme. It was evaluated at an overall rating of 86.6 %.

### **Public Private Partnership, Gaborone, Botswana 3rd – 4th April 2017**

This programme came as a request from the Ministry of Finance and Economic Development of the Republic of Botswana government.

The programme focused on introducing participants to the fundamental concepts of PPP project identification, conducting a feasibility study and appropriate funding mechanisms for infrastructure projects. It covered, among other areas, planning, preparation, procurement and implementation of infrastructure projects, and several issues, including PPP processes, principles of project finance and contract management.

Sixty-two (62) delegates attended the training and it was evaluated at an overall rating of 85.5%.



*Mr Dumisani Msibi, Chair of the SADC DFI Network (middle), and Mr Stuart Kufeni, Chief Executive Officer of SADC-DFRC (right) welcoming Her Excellency Samia Suluhu Hassan, the Vice President of the Republic on Tanzania at the July 2017 CEO's Forum*

## PROGRAMME IMPLEMENTATION

Table 2 below provides a summary of the key features of the programme delivery in the year under review. These include sponsorship, programme evaluation and attendance. As demonstrated, the standard of performance of programmes as encapsulated in the Programme Evaluation Index (PEI) has been consistently high.

**Table 2: Capacity Building Programmes**

NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	DURATION	ACTIVITY DATES	ATTENDANCE	PROGRAMME EVALUATION INDEX
<b>DFRC REGIONAL TRAINING PROGRAMMES</b>					<b>APR - MAR</b>	<b>Overall</b>	
1	Credit Risk Management for SMEs - 2017	SADC-DFRC & Participating DFIs	Swaziland	5 days	3rd - 7 Apr 2017	30	87%
2	Managing Problem Loans - 2017	SADC-DFRC & Participating DFIs	Swaziland	3 days	10th - 12th Apr 2017	29	85%
3	Change Management - 2017	SADC-DFRC & Participating DFIs	Lesotho	3 day	10th - 12th May 2017	20	90%
4	Export Credit Finance - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	25th - 26th May 2017	16	74%
5	Prudential Standards, Guidelines and Rating System -	SADC-DFRC	South Africa	2 days	29th - 30th May 2017	35	88%
6	Risk Management - 2017	SADC-DFRC & Participating DFIs	Tanzania	5 days	3rd - 7th Jul 2017	29	91%
7	14th CEOs' Forum - 2017	SADC-DFRC	Tanzania	1 days	6th Jul 2017	100	85%
8	Financial Modelling - 2017	SADC-DFRC & Participating DFIs	Namibia	5 days	24th - 28th Jul 2017	13	85%
9	Leadership and Management Skills Development -	SADC-DFRC & Participating DFIs	Namibia	3 days	31st Jul - 2nd Aug 2017	27	93%
10	Investment Appraisal and Risk Analysis - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	4th - 8th Sep 2017	32	88%
11	Advanced Project Finance - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	11th - 15th Sep 2017	25	90%
12	Due Diligence - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	4 day	18th - 21st Sep 2017	26	90%
13	Chief Executive Officers' Colloquium - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	11th - 12th Oct 2017	19	87%
14	Capacity Building Review & Communication Skills for Human Resources Managers - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	15th - 17th Nov 2017	18	85%
15	Finance for Non Finance Managers - 2017	SADC-DFRC & Participating DFIs	Swaziland	3 days	5th - 7th Dec 2017	16	88%
16	15th CEOs' Forum - 2017	SADC-DFRC	Swaziland	1 days	7th Dec 2017	74	86%
17	Public Private Partnership (Zambia) - 2018	SADC-DFRC & Participating DFIs	Zambia	5 days	19th - 23rd Feb 2018	26	88%
<b>Total</b>						<b>535</b>	<b>87%</b>
<b>DFI BASED TRAINING PROGRAMMES</b>							
18	PPP Foundation for MFED (2) - 2017	MFED & SADC-DFRC	Botswana	2 days	3rd - 4th Apr 2017	62	86%
19	Credit Risk Management for SMEs for SWAZIBANK -	SWAZIBANK & SADC-DFRC	Swaziland	5 days	21st - 25th Aug 2017	13	98%
20	Managing Problem Loans for SWAZIBANK - 2017	SWAZIBANK & SADC-DFRC	Swaziland	3 day	28th - 30th Aug 2017	16	88%
21	Corporate Governance for NDB - 2017	NDB & SADC-DFRC	Botswana	2 days	1st - 2nd Sep 2017	16	96%
22	Corporate Governance Board Induction for SKTMTH - 2017	PEEPA & SADC-DFRC	Botswana	1 days	18th Sep 2017	11	90%

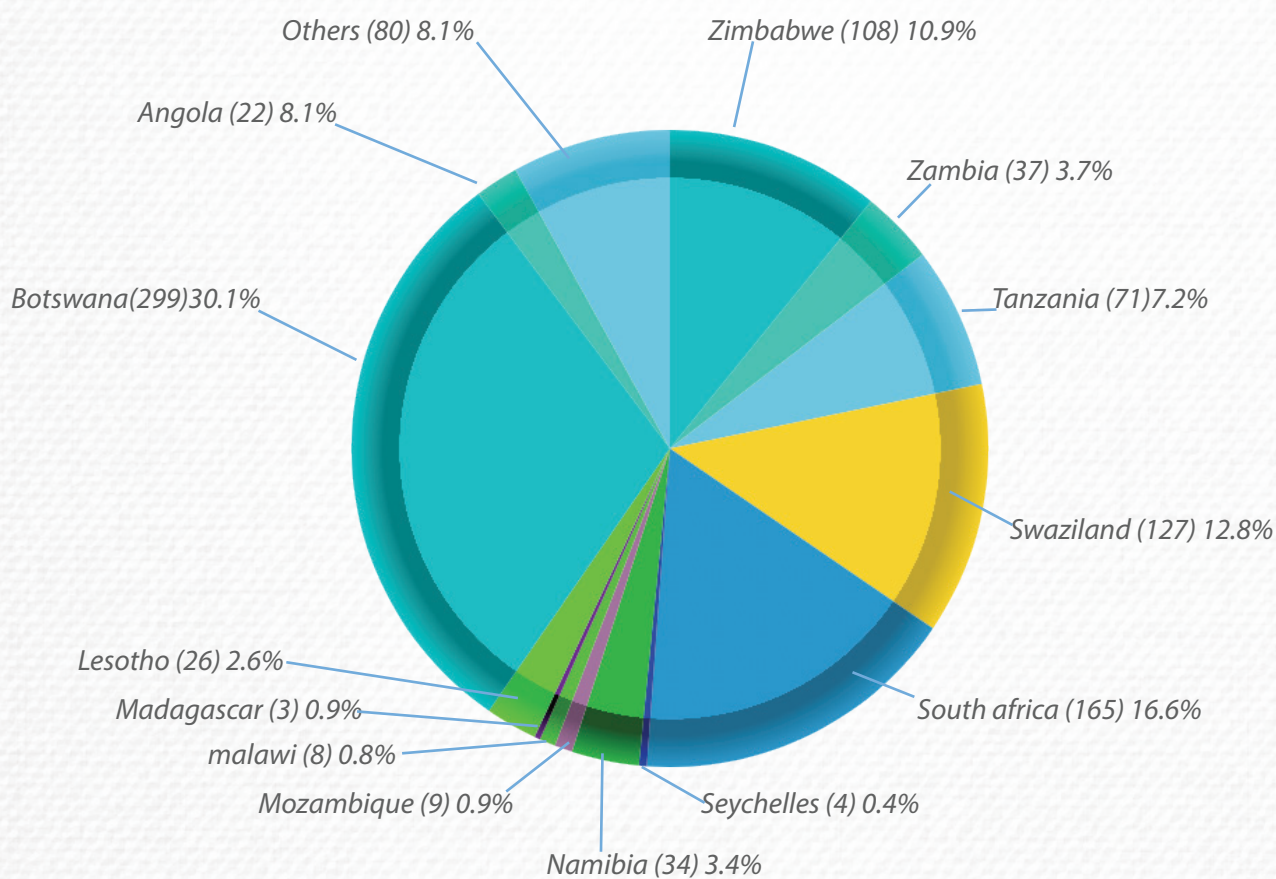
23	Investment Appraisal and Risk Analysis for CEDA -	CEDA & SADC-DFRC	Botswana	5 days	9th - 13th Oct 2017	30	90%
24	Financial Modelling for for CEDA - 2017	CEDA & SADC-DFRC	Botswana	5 days	23rd - 27th Oct 2017	25	91%
25	Leadership and Management Skills Development for CEDA - 2017	CEDA & SADC-DFRC	Botswana	3 days	1st - 3th Nov 2017	23	94%
26	Advanced Project Finance (Kenya) - 2017	TFC, National Treasury, PPP Unit Kenya & SADC-DFRC	Kenya	5 days	13th - 17th Nov 2017	32	93%
27	Investment Appraisal and Risk Analysis (Kenya) - 2017	TFC, National Treasury, PPP Unit Kenya & SADC-DFRC	Kenya	5 days	20th - 24th Nov 2017	26	90%
28	PPP Programme for NIDCS - 2017	NIDCS & SADC-DFRC	Swaziland	4 days	28th - 1st Dec 2017	18	90%
29	Due Diligence for DTI - 2017	DTI & SADC-DFRC	South Africa	4 days	28th Nov - 1st Dec 2017	19	89%
30	Managing Problem Loans for CEDA - 2017	CEDA & SADC-DFRC	Botswana	3 days	29th Nov - 1st Dec 2017	23	87%
31	Investment Appraisal and Risk Analysis for DTI - 2017	DTI & SADC-DFRC	South Africa	5 days	4th - 8th Dec 2017	18	90%
32	Corporate Governance for Directors of Public Enterprises Boards for BERA - 2017	PEEPA & SADC-DFRC	Botswana	2 days	5th - 6th Dec 2017	10	91%
33	Financial Modelling for DTI - 2018	DTI & SADC-DFRC	South Africa	5 days	29th Jan - 2nd Feb 2018	18	90%
34	Due Diligence for DTI - 2018	DTI & SADC-DFRC	South Africa	4 days	13th - 16th Feb 2018	20	90%
35	Investment Appraisal and Risk Analysis for DTI - 2018	DTI & SADC-DFRC	South Africa	5 days	19th - 23rd Feb 2018	22	93%
36	Financial Modelling for DTI (2) - 2018	DTI & SADC-DFRC	South Africa	5 days	5th - 9th Mar 2018	21	86%
37	Project Finance for CEDA - 2018	CEDA & SADC-DFRC	Botswana	5 days	12th - 16th Mar 2018	23	96%
38	Corporate Governance for BEDCO - 2018	BEDCO & SADC DFRC	Botswana	2 days	12th - 13th Mar 2018	12	94%
<b>Total</b>						<b>458</b>	<b>91%</b>
<b>GrandTotal</b>						<b>993</b>	<b>89%</b>

## Participation by country

During the year, nine hundred ninety-three (993) participants attended DFRC programmes. As chart 4 below illustrates, Botswana has the highest number of participants with a share of 30.1% followed by South Africa (16.6%) while Madagascar and Seychelles had the lowest. The high level of participation by Botswana largely reflects increased recourse to institution – specific (in - house) programmes.

**Chart 4: Participation by country**

**Overall Distribution By Country| No. Of Participants |%**



### Participation by Institution

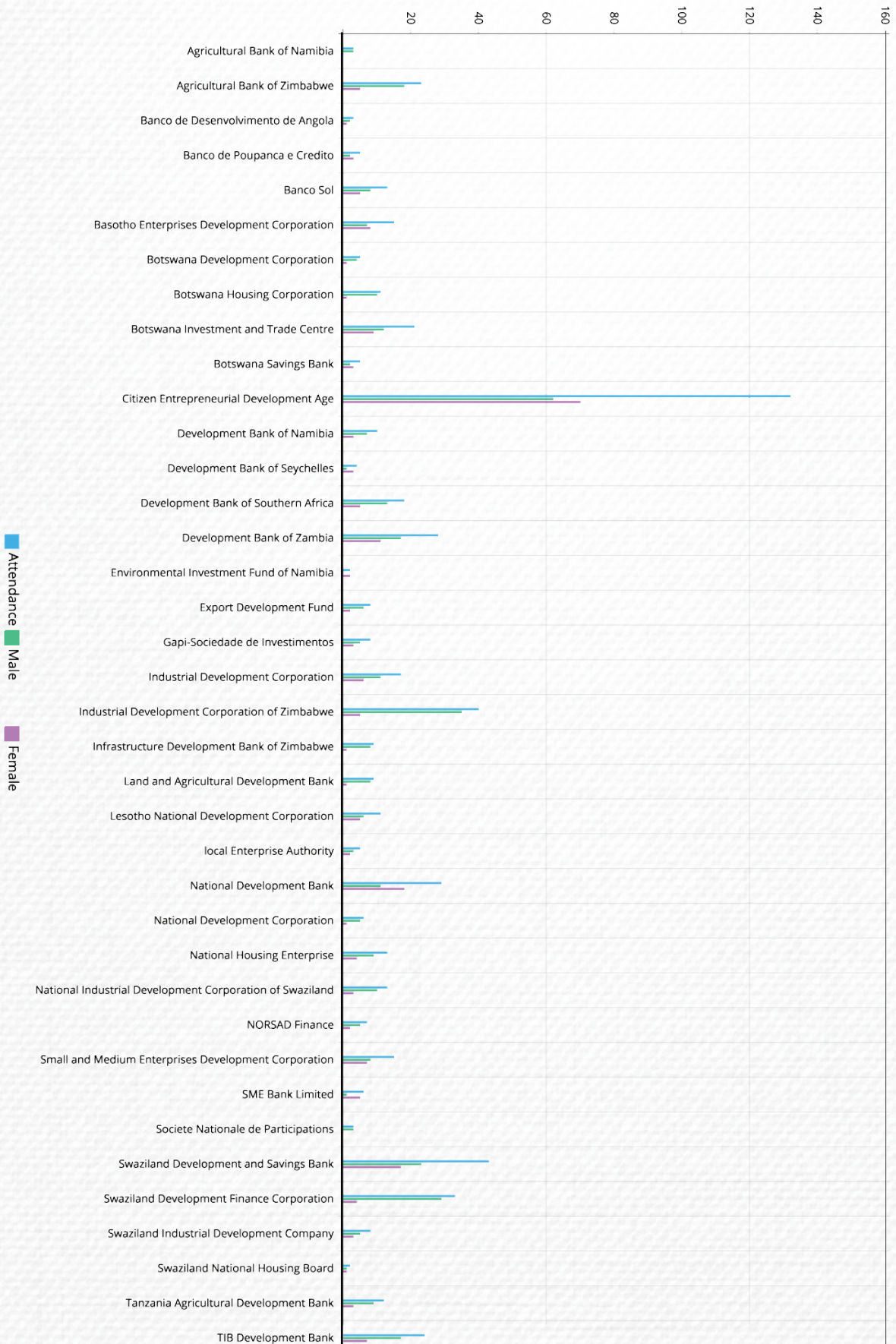
Participation by individual DFIs has been varied and some have made substantial use of the training services through country - and institution - based programmes. The DFRC, in line with its strategic plan goals, has been actively engaging with individual DFIs to develop and implement customised programmes for them.

Table 3 below shows participation levels by DFIs while chart 4 shows participation by DFIs and by gender.

**Table 3: Participation by Institution**

NO	ORGANISATIONAL NAME	COUNTRY	ATTENDANCE	% ATTEND	M	%M	F	%F
1	Agricultural Bank of Namibia (ABN) Namibia	Namibia	3	0.5	3	100	0	0
2	Agricultural Bank of Zimbabwe (AGRIBANK)	Zimbabwe	23	23.7	18	78.3	5	21.7
3	Banco de Desenvolvimento de Angola (BDA)	Angola	3	0.5	2	66.7	5	33.3
4	Banco de Poupanca e Credito (BPC)	Angola	5	0.8	2	40	3	60
5	Banco Sol	Angola	13	2.1	8	61.5	5	38.5
6	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	15	2.4	7	46.7	8	53.3
7	Botswana Development Corporation (BDC)	Botswana	5	0.8	4	80	1	20
8	Botswana Housing Corporation (BHC)	Botswana	11	1.8	10	90.9	1	9.1
9	Botswana Investment and Trade Centre (BITC)	Botswana	21	3.3	12	57.1	9	42.9
10	Botswana Savings Bank (BSB)	Botswana	5	0.8	2	40	3	60
11	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	132	21	63	47.7	69	52.3
12	Development Bank of Namibia (DBN)	Namibia	10	1.6	7	70	3	30
13	Development Bank of Seychelles (DBS)	Seychelles	4	0.6	1	25	3	75
14	Development Bank of Southern Africa (DBSA)	South Africa	18	2.9	13	72.2	5	27.8
15	Development Bank of Zambia (DBZ)	Zambia	28	4.5	17	60.7	11	39.3
16	Environmental Investment Fund of Namibia (EIF)	Namibia	2	0.3	0	0	2	100
17	Export Development Fund (EDF)	Malawi	8	1.3	6	75	2	25
18	Gapi-Sociedade de Investimentos (GAPI-SI)	Mozambique	8	1.3	5	62.5	3	37.5
19	Industrial Development Corporation (IDC)	South Africa	17	2.7	11	64.7	6	35.3
20	Industrial Development Corporation of Zimbabwe (IDCZ)	Zimbabwe	18	2.9	8	44.4	10	55.6
21	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	40	6.4	35	87.5	5	12.5
22	Land and Agricultural Development Bank (LANDBANK)	South Africa	9	1.4	8	88.9	1	11.1
23	Lesotho National Development Corporation (LNDC)	Lesotho	11	1.8	6	54.5	5	45.5
24	Local Enterprise Authority (LEA)	Botswana	5	0.8	3	60	2	40
25	National Development Bank (NDB)	Botswana	29	4.6	11	37.9	18	62.1
26	National Development Corporation (NDC)	Tanzania	6	1	5	83.3	1	16.7
27	National Housing Enterprise (NHE)	Namibia	13	2.1	9	69.2	4	30.8
28	National Industrial Development Corporation of Swaziland (NIDCS)	Swaziland	13	2.1	10	76.9	3	23.1
29	NORSAD Finance	Botswana	7	1.1	5	71.4	2	28.8
30	Small and Medium Enterprises Development Corporation (SMEDCO)	Zimbabwe	15	2.4	8	53.3	7	46.7
31	SME Bank Limited (SMEBANK)	Namibia	6	1	1	16.7	5	83.3
32	Societe Nationale de Participations (SONAPAR)	Madagascar	3	0.5	3	100	0	0
33	Swaziland Development and Savings Bank (SWAZIBANK)	Swaziland	43	6.8	26	60.5	17	39.5
34	Swaziland Development Finance Corporation (FINCORP)	Swaziland	33	5.3	29	87.9	4	12.1
35	Swaziland Industrial Development Company (SIDC)	Swaziland	8	1.3	5	62.5	3	37.5
36	Swaziland National Housing Board (SNHB)	Swaziland	2	0.3	1	50	1	50
37	Tanzania Agricultural Development Bank (TADB)	Tanzania	12	1.9	9	75	3	25
38	TIB Development Bank (TIB)	Tanzania	24	3.8	17	70.8	7	29.2
	<b>TOTAL</b>		<b>628</b>	<b>100%</b>	<b>390</b>	<b>62.1%</b>	<b>238</b>	<b>37.9%</b>

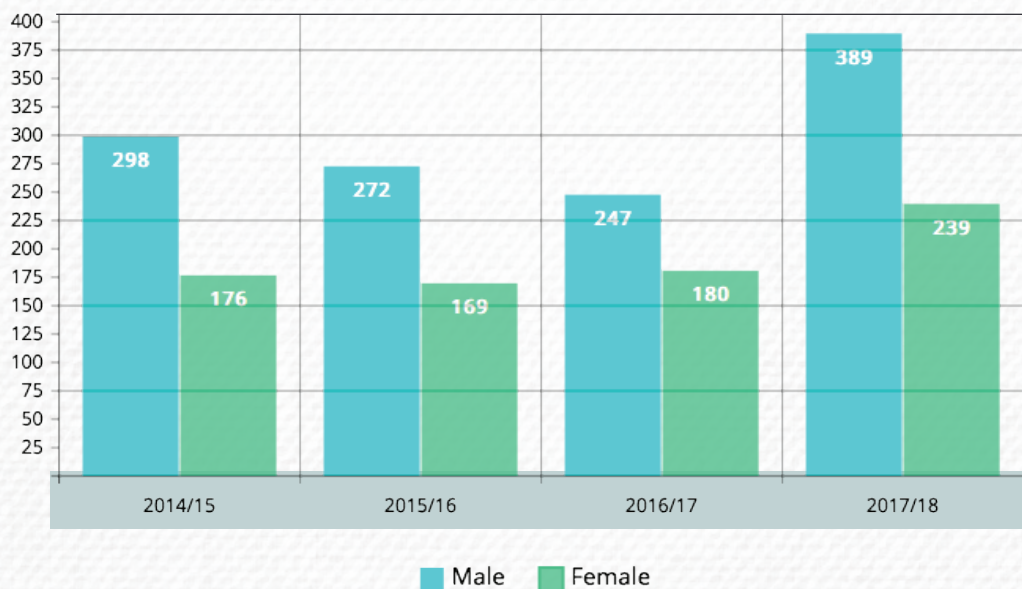
### Chart 4: Participation by Institution and Gender



### Participation by Gender

Compared with the previous year, the 2017/18 financial year has registered an increase in terms of total participation by both male and female as illustrated in chart 5. Female participation, however, at 39.7% remains below the SADC gender participation target threshold of 50%.

**Chart 5: Participation by Gender over 4 years**



### Participation by non - DFI Network members

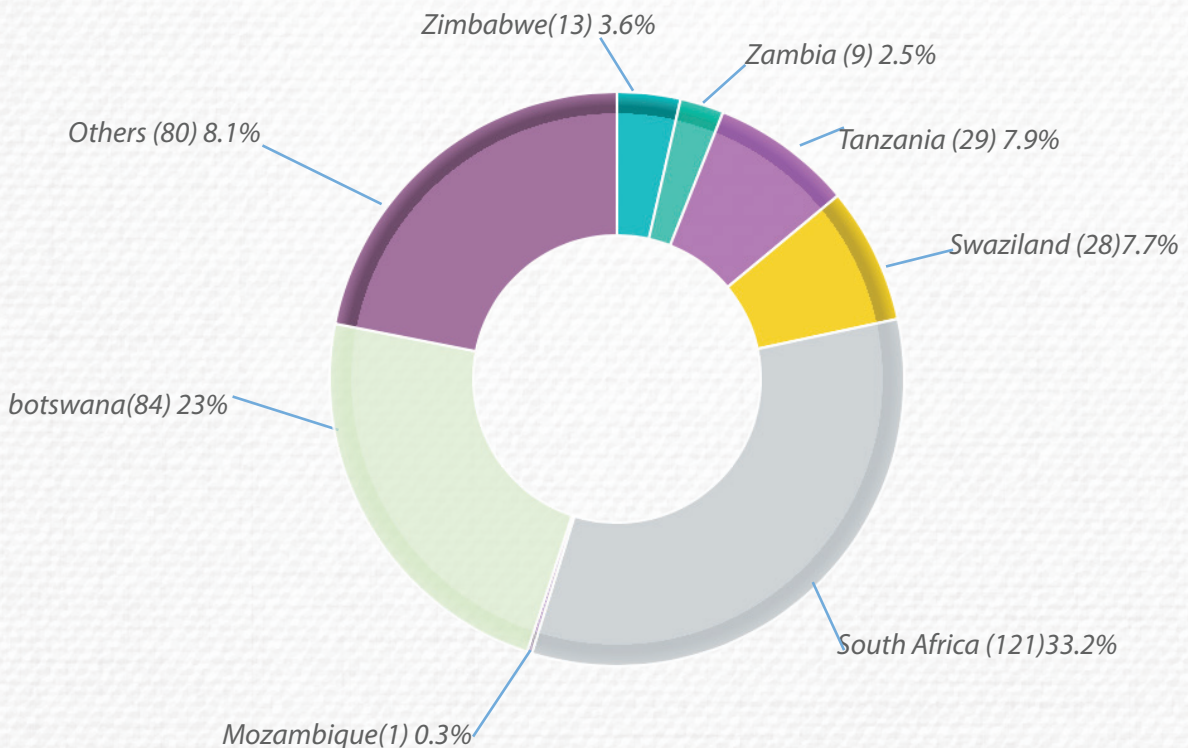
Non – member DFI attendance rose to ninety-two (92) in 2017/18 financial year largely due to the involvement of the South African government departments, local authorities, and other state-owned enterprises. These constitute 33.2% of the total attendances as per chart 6 below. Forty-four (44) individuals or 47.8% were from government institutions and departments, while 22 (twenty – two) or 23.9% came from state-owned enterprises and sixteen (17.3%) represented the private sector.

**Table 6: Participation by non-DFI Network members**

Government	State-Owned Enterprise	Private Sector	Non-Governmental Organisation
44 (47.8%)	22 ( 23.9 %)	16 (17.3%)	10 (10.8%)
<b>Total</b>		<b>92</b>	

**Chart 7** below indicates a total of three-hundred and sixty-five (365) participants from the Governments, SOEs, Private Sector and NGOs from across the SADC member states and beyond. From the 21.9%, of other non - DFI Network members, Kenya contributed 15.9% and the other 5% of delegates were either from SADC Institutions or Secretariats and institutions outside the region.

**Chart 7 :Overall Distribution By Country| No. Of Participants 365, |%**



## PROGRAMME FACILITATORS

Facilitators were drawn from a wide range of fields, principally from across the SADC region. All are highly qualified and experienced experts in their fields of expertise with hands on exposure. Their ratings are generally very high. Below is the table showing their names, affiliation, country and programmes conducted.

**Table 5: Facilitators: Financial Year 2017/18**

NO.	NAME	AFFILIATE ORGANISATION	PROGRAMME NAME
1	Mr Kogan Pillay	SADC-DFRC, Botswana	PPP Foundation for MFED (2) - 2017
			PPP Programme for NIDCS - 2017
			Public Private Partnership (Zambia) - 2018
2	Mr Wendi Matoka	Wadada Consultancy, Zambia	Credit Risk Management for SMEs - 2017
			Credit Risk Management for SMEs for SWAZIBANK - 2017
3	Mr Andrew Mc Robert	Development Bank of Southernw Africa , South Africa	Managing Problem Loans - 2017
4	Mr Trevor Rammitlwa	Independent Consultant, South Arica	Change Management - 2017
			Capacity Building Review & Communication Skills for Human Resources Managers - 2017
5	Mr Buyani Zwane	Breakthrough Development (Pty) Ltd, South Africa	Change Management - 2017
			Chief Executive Officers' Colloquium - 2017
6	Mr Vincenzo Caputi	SACE SpA Italy	Export Credit Finance - 2017
7	Mr Benoit Fugah	Export Credit Insurance Corporation of South Africa	Export Credit Finance - 2017
8	Dr Michael Mahmoud	AADFI, Ivory Coast, Ghana	Prudential Standards, Guidelines and Rating System - 2017
9	Mr Siyanga Malumo	Africana Finance and Investments, South Africa	Risk Management - 2017
			Advanced Project Finance - 2017
			Due Diligence - 2017
			Advanced Project Finance (Kenya) - 2017
			Due Diligence for DTI - 2017
			Investment Appraisal and Risk Analysis for DTI - 2017
			Due Diligence for DTI - 2018

			Investment Appraisal and Risk Analysis for DTI - 2018
			Project Finance for CEDA - 2018
10	Mr Tafadzwa Ganye	Coeng Engineered Sustainable Solutions, South Africa	Financial Modelling - 2017
			Financial Modelling for CEDA - 2017
			Financial Modelling for DTI - 2018
			Financial Modelling for DTI (2) - 2018
11	Dr Dumisani Magadla	Development Bank of Southern Africa, South Africa	Leadership and Management Skills Development - 2017
			Chief Executive Officers' Colloquium - 2017
			Leadership and Management Skills Development for CEDA - 2017
12	Mr Haroon Docrat	Independent Consultant, South Africa	Managing Problem Loans for SWAZIBANK - 2017
13	Mr Charles Nyoka	University of South Africa, South Africa	Corporate Governance for NDB - 2017
			Finance for Non Finance Managers - 2017
14	Mr Stephen Zhanje	University of Limpopo, South Africa	Investment Appraisal and Risk Analysis - 2017
15	Mr Jonnah Pongaponga	Celavie Consultancy, Botswana	Corporate Governance Board Induction for SKTMTH - 2017
			Corporate Governance for Directors of Public Enterprises Boards for BERA - 2017
			Corporate Governance for BEDCO - 2018
16	Mr John Mheyamwa	Industrial Development Corporation, South Africa	Managing Problem Loans for CEDA - 2017

## 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 mobilization of resources to support investment.

The DFRC strives to undertake measures to evaluate compliance with best practices in the DFIs, and in particular with PSGRS system. Such measures are expected to generate advisory reports and action plans for the individual institutions and the DFRC. The following activities were undertaken during the course of the year:

### Prudential Standards, Guidelines and Rating System

The DFRC continues the implementation of the PSGRS system with the annual Self-Assessment and Peer Review being conducted for 2017/18. The tables below show the record of participation (Table 6), and the performance of DFIs in the programme, as well as the results of the 2017 Peer Review (Table 7).

These results are shared with the Association of African DFIs who include them in the overall African ratings. The SADC DFIs compare favorably with other DFIs across Africa.

**Table 6: Record of DFI Participation of DFIs in PSGRS Self-Assessment 2014-2017**

FINANCIAL YEAR	2013/14	2014/15	2015/16	2016/17	2017/18
Score above 80%	6	7	16	12	15
Total DFI submission	17	21	27	16	23
% SADC DFIs in top DFIs	18.7	21.8	50	37.5	45.4

**Table 7: Results of the Peer Review, 2017**

No	Organisation Name	Country	Survey Year	Weighted Overall Score (%)	Governance Standards (%)	Financial Standards (%)	Operational Standards (%)	Regulated by C-Bank	Certified by board	Certified by Auditors
1.	Banco Sol	Angola	2017	96.2	44.4	34.3	17.4	Y	Y	Y
2.	AGRIBANK	Zimbabwe	2017	93.2	45	30.8	17.4	Y	Y	Y
3.	EDF	Malawi	2017	89.6	42.1	30.8	16.8	Y	Y	Y
4.	DBSA	South Africa	2017	88.5	43.2	29	16.2	N	N	N
5.	BSB	Botswana	2017	88.5	41.5	31.4	15.6	Y	Y	N
6.	IDC	South Africa	2017	87.9	43.2	27.8	16.8	N	Y	N
7.	DBZ	Zambia	2017	85.2	42.6	27.2	15.3	Y	N	N
8.	GAPI-SI	Mozambique	2017	85.2	41.5	26.6	17.1	Y	Y	Y
9.	DBN	Namibia	2017	84.9	39.7	31.4	13.9	N	Y	Y
10.	FINCORP	Swaziland	2017	84	41.5	28.4	14.2	P	Y	Y
11.	CEDA	Botswana	2017	84	43.2	25.4	15.3	Y	Y	Y
12.	NDB	Botswana	2017	82.3	40.3	26.6	15.3	Y	Y	N
13.	SWAZIBANK	Swaziland	2017	82	39.7	30.8	11.5	Y	N	Y
14.	LNDC	Lesotho	2017	81.4	39.1	30.8	11.5	N	N	N
15.	IDBZ	Zimbabwe	2017	80.5	41.5	21.9	17.1	Y	Y	Y
16.	BITC	Botswana	2017	77.5	39.7	25.4	12.4	N	Y	Y
17.	ABN	Namibia	2017	77.2	38.5	28.4	10.3	N	Y	Y
18.	TIB	Tanzania	2017	76.3	42.6	17.2	16.5	Y	Y	Y
19.	DBS	Seychelles	2017	72.8	34.4	27.8	10.6	Y	Y	N
20.	NDC	Tanzania	2017	71	40.3	21.3	9.4	N	Y	Y
21.	SIDC	Swaziland	2017	68.9	36.7	21.9	10.3	P	N	Y
22.	LEA	Botswana	2017	67.5	39.1	18.9	9.4	N	N	N
23.	SMEDCO	Zimbabwe	2017	62.7	30.2	18.3	14.2	Y	N	N
<b>Average Total</b>				<b>81.2</b>	<b>40.4</b>	<b>26.6</b>	<b>14.1</b>			

## Sustainable Development Goals (SDG)

As directed by the DFI Network, the SDG Working Groups have met in Dar es Salaam (July 2017) and the Kingdom of Swaziland (December 2017), to identify and concretize ways in which DFI's can support the attainment of the SDG's. The Working Groups covering the SMME, Industrial, Infrastructure and Agricultural sectors, are all working with their respective governments to establish the most effective ways to support the SDG's.

Going forward the Working Groups will also indemnify challenges which hinder the attainment of the SDG's and propose solutions to these challenges that the DFRC can take up on behalf of the Network. In addition, the Working Group's will try and establish investment opportunities for members of the Network and private sector which will also support the SDG's.

## **PUBLIC PRIVATE PARTNERSHIPS**

During the year under review, the DFRC PPP Unit which also serves as secretariat for the SADC PPP Network has undertaken a number of activities, including training programmes in various Member States. The training programmes were aimed at equipping participants with the essential knowledge of PPPs and what is required to attract private sector participation in the delivery of public infrastructure and other services. The training has also helped participants with the structuring of projects that they wished to undertake in their own countries.

In addition to training activities, the PPP unit extended advisory services to member DFIs and government departments. In this regard, the unit has been requested and is working with the management team of the Botswana Investment and Trade Centre Hub (BITC) on their requirements for a head office accommodation to be procured as a PPP project. The next phase is the development of Terms of Reference (ToR) to hire Transaction Advisors

Also seeking assistance to procure a head office under PPP has been the Botswana Housing Corporation (BHC). Consultations began with a workshop to introduce BHC senior staff to the concept of PPPs and how the DFRC would be assisting the organization in procuring some infrastructure through the PPP process. The PPP workshop addressed various areas including conducting a feasibility study, procurement and financing. The next stage will be the development of Terms of Reference for hiring Transaction Advisors.

The National Industrial Development Corporation of Swaziland (NIDCS) has also approached the DFRC seeking advisory services to assist the institution with the identification of some projects, which would be amenable to private sector participation. The process to develop draft ToRs to procure advisors who could review the proposed projects and prioritize them, before full feasibility studies are undertaken has been initiated.

In the meantime, consultations with key stakeholders aimed at identifying projects for development and candidates for feasibility studies as well as identifying requisite sources of funds are ongoing. In this regard, meetings have been held with representatives for the Botswana Trade and Investment Hub to discuss areas of collaboration with regard to SMME development. The Hub has recently begun an SMME programme and wanted to explore areas of collaboration. It was agreed that memorandum of understanding be developed and signed between the DFRC and the BTIH to underpin this collaboration.

On infrastructure development, the PPP Network has had various consultations with sector stakeholders including the World Bank and the AfDB who invited the PPP Head to participate at a conference on developing resilient infrastructure on the African continent and what are the effects of climate change being felt.

The World Bank, in partnership with the DBSA, also held a two-day workshop on developing infrastructure focusing on the development of bankable infrastructure projects and creating long-term opportunities for private investors. Also underscored was much greater emphasis on PPPs in the developing world in this respect, the World Bank urged governments and their DFI's to develop PPP skills not just in infrastructure, but other sectors such as agriculture and SME's.

In addition, the PPP Network, in conjunction with the SADC Infrastructure and Services Directorate and the NEPAD Business Foundation, resubmitted a proposal to the World Bank for additional funding to conduct pre-feasibility studies for potentially bankable infrastructure projects. The proposal is still to be evaluated.

The PPDF, of which the DFRC is a board member, met at the DBSA to get feedback on projects that had been funded and to discuss any new projects that could apply for funding. The meeting agreed that the Government of Mauritius would be given

\$500,000 to begin their renewable energy policy framework, develop potential tariff scales and identify early projects. However, these funds would only be available once the German Development Bank (KfW) and the European Union had released additional funds to replenish the PPDF.

Some projects presented to the Project Preparation and Development Facility included the Dondo Dry Port in Mozambique and the Nata Francis Town toll road in Botswana. These are the outcome of the collaboration between the PPP Network, the SADC Infrastructure and Services Secretariat and the Nepad Business Foundation working together with the DBSA.

The PPP unit is also consulting with the Sustainable Infrastructure Foundation to discuss getting access to the new project preparation call source. This is a software developed through funding from the World Bank and the IMF as a way of standardizing the manner in which infrastructure and industrialization projects are prepared. It is an excellent tool by which both project quality and preparedness can be judged. The PPP Network requested that SADC and the DFI Network be given access to this crucial software which is made available at no cost.

The DFRC in collaboration with JICA will be establishing a database of projects in the SADC region. This database will be compiled from

information provided from members of the DFI Network. The projects will be screened for their potential for significant private sector participation. All information will be made available for those private sector companies who wish to pursue further investment opportunities. These projects will also be eligible for project preparation funding entrusted to a number of DFI's. It should also be noted that this database will support the priorities of infrastructure development and industrialization set by the SDAC Secretariat.

In an effort to support the existing tripartite agreements between the EAC, COMESA and SADC, the DFRC is initiating a process to extend its programme delivery services to these REC's. Based upon a joint resolution that was taken in Nairobi, organized by JICA at TICAD VI, the DFRC will begin providing capacity building programmes this year in partnership with the PTA Bank in Kenya. A concept note has been developed and is currently being reviewed by the various stakeholders. This is viewed as an important initiative as the DFRC is the only institution of its kind on the continent and it wishes to place itself as the premier organization to support DFI's in Africa. The first of these programmes which will be on Fundamentals of PPPs is scheduled for delivery in the third quarter of 2018.





southern african  
development community  
development finance  
resource centre

# Southern African Development Community Development Finance Resource Centre

## **ANNUAL FINANCIAL STATEMENTS** **(year ended 31 March 2018)**

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# **Southern African Development Community Development Finance Resource Centre Annual Financial Statements**

## **GENERAL INFORMATION**

### **Trustees:**

Mr Phakamile Mainganya (Chairperson)  
Mr Gisbertus Mukulu (Deputy Chairperson)  
Mr Dumisani Msibi (Ex-officio- Network Chair)  
Mr Bardwazsing Jokhoo  
Mr Reginald M. Motswaiso  
Mr Francisco Antonio Souto  
Mr Benjamin Kumalo  
Mr Sadwick Mtonakutha (Ex -officio) SADC Secretariat

### **Principal Activities:**

Capacity building centre for the SADC - Development Finance Institutions

### **Physical Address:**

Plot 54352  
West Avenue, Zambezi Towers  
CBD, Tower A, 7th Floor, South Wing  
Gaborone, Botswana

### **Auditors:**

Ernst & Young  
2nd Floor, Plot 22  
Khama Crescent  
Gaborone

### **Bankers:**

Standard Chartered Bank of Botswana Limited

### **Country of Incorporation and Domicile:**

Botswana

### **Functional and Presentation Currency:**

United States Dollars (US\$)

## TRUSTEES' STATEMENT OF RESPONSIBILITY

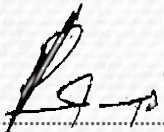
The Trustees are responsible for the financial statements of Southern African Development Community-Development Finance Resource Centre and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial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

The Trustees are also responsible for the Secretariat's system of internal 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.

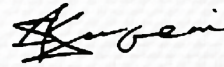
The going concern basis has been adopted in preparing the annual financial statements. The Trustees have no reason to believe that the Secretariat will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards of Auditing, which include 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.

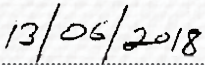
The annual financial statements for the year ended 31 March 2018 on page 45 to 78 were authorised for issue by the trustees and are signed on their behalf by:



BOARD CHAIRPERSON



CHIEF EXECUTIVE OFFICER



DATE

## **TRUSTEES REPORT**

The Trustees' present their report for the year ended 31 March 2018.

### **Operations**

The Secretariat'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 goals of economic growth, employment generation and poverty alleviation.

### **Events subsequent to the period end**

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.

### **Number of employees**

The average number of employees during the period was 12 (2017: 11).

### **Auditors**

Ernst & Young were appointed as the Auditors of the Secretariat during the year.

### **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.

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Southern African Development Community-Development Finance Resource Centre (the Secretariat) set out on pages 45 to 78 which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Southern African Development Community-Development Finance Resource Centre as at 31 March 2018, 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 Financial Statements section of our report. We are independent of the Secretariat in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Southern African Development Community-Development Finance Resource Centre. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Southern African Development Community-Development Finance Resource Centre. 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 Unaudited Non-Cash Donation programme activities Report, 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 financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

#### Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Secretariat'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 Trustees either intend to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Secretariat's financial reporting processes.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

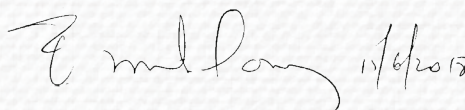
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.



Ernst & Young  
Practising Member: Bakani Ndwapi  
Partner  
Membership Number: 19980026  
Certified Auditor  
Gaborone

## STATEMENT OF COMPREHENSIVE INCOME

### for the year ended 31 March 2018

US \$

	Note	2018	2017
Members' contributions	1	1 278 691	1 172 852
<b>Total revenue</b>		<b>1 278 691</b>	<b>1 172 852</b>
Other income	2	554 502	293 775
Finance income	3	72	382
<b>Expenditure</b>			
Staff costs	4	(722 629)	(674 030)
Program expenses	5	(463 085)	(343 669)
Administration and operating costs	6.1	(495 774)	(459 698)
Finance costs	6	(70 629)	(68 219)
<b>Surplus/ (Deficit) for the year</b>	6.2	<b>81 148</b>	<b>(78 607)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be transferred to surplus in subsequent periods:</i>			
<b>Revaluation gain</b>		4 950	3 345
<b>Other comprehensive income for the year</b>		4 950	3 345
<b>Total comprehensive income /(loss) for the year</b>		<b>86 098</b>	<b>(75 262)</b>

## STATEMENT OF FINANCIAL POSITION

### for the year ended 31 March 2018

**US \$**

	Note	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	899 756	923 564
<b>Current assets</b>			
Trade and other receivables	8	425 832	418 570
Cash and cash equivalents	9	686 831	596 542
		1 112 663	1 015 112
<b>Total assets</b>		2 012 419	1 938 676
<b>Funds and liabilities</b>			
Accumulated surplus		738 656	657 508
Revaluation surplus		9 489	4 539
		748 145	662 047
<b>Non- Current liabilities</b>			
Non -current portion-FNB Loan	10.1	708 023	702 702
<b>Current liabilities</b>			
Trade and other payables	10	488 539	519 348
Current portion- FNB Loan	10.1	67 712	54 579
<b>Total Current Liabilities</b>		556 251	573 927
<b>Total funds and liabilities</b>		2 012 419	1 938 676

## **STATEMENT OF CHANGES IN FUNDS**

### for the year ended 31 March 2018

**US \$**

	<b>Accumulated surplus</b>	<b>Revaluation reserve</b>	<b>Total</b>
<b>Balance at 1 April 2016</b>	736 115	1 194	737 309
Deficit for the year	(78 607)	-	(78 607)
Revaluation gain	-	3 345	3 345
Total comprehensive income/(loss)	(78 607)	3 345	(75 262)
<b>Balance at 31 March 2017</b>	<u>657 508</u>	<u>4 539</u>	<u>662 047</u>
Surplus for the year	81 148	-	81 148
Revaluation gain*	-	4 950	4 950
Total comprehensive income	<u>81 148</u>	<u>4 950</u>	<u>86 098</u>
<b>Balance at 31 March 2018</b>	<u><u>738 656</u></u>	<u><u>9 489</u></u>	<u><u>748 145</u></u>

\* The revaluation gain/loss arises from the changes in the fair value of motor vehicle at year end. Revaluations are carried out at the end of each year by Motor Centre Toyota Botswana. The revaluations are carried out in Botswana Pula and converted to the US\$ reporting currency at year end at the closing exchange rate.

## **STATEMENT OF CASH FLOWS**

for the year ended 31 March 2018

**US \$**

	Note	2018	2017
<b>Cash utilised from operating activities</b>	11	231 852	212 998
Interest received		72	382
		231 924	213 380
<b>Investing activities</b>			
Proceeds on disposal of property and equipment		2 494	-
Purchase of property and equipment	7	(14 629)	(19 473)
		(12 135)	(19 473)
<b>Cash utilised in investing activities</b>			
<b>Financing activities</b>			
Repayments of borrowings		(58 033)	(44 822)
Interest paid		(70 629)	(68 219)
		(128 662)	(113 041)
<b>Increase in cash and cash equivalents</b>		<b>91 127</b>	<b>80 866</b>
Net exchange losses on cash and cash equivalents		(838)	(7 239)
Cash and cash equivalents at beginning of year		596 542	522 915
		686 831	596 542
<b>Cash and cash equivalents at end of year</b>			
<b>Cash and cash equivalents comprise:</b>			
Bank balances - current accounts		144 787	24 895
Bank balances - call accounts		542 044	571 647
		686 831	596 542
<b>Cash and cash equivalents at the end of the year</b>			

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

### 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 fair value.

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 54 and 55.

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.

### Leases

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Operating leases

Leases, which does not transfer substantially all the risks and rewards incidental to ownership to the entity, are classified as operating leases. Payments made under such operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease term.

### Entity as a lessee

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the entity. They are capitalised at

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### Entity as a lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### Property and equipment

Property and equipment is stated at cost except for motor vehicles, less accumulated depreciation and net of accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term constructing projects if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis

over the estimated useful lives of the asset as follows:

Computer equipment	33.33% per annum
Motor vehicles	20% per annum
Furniture and fittings	8.33% per annum
Office equipment	15% per annum
Buildings	2% per annum
Building Improvements	5% per annum

Motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Motor vehicles are revalued annually at the end of the reporting period to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.

A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The revaluation surplus included in equity in respect of motor vehicles will be transferred directly to retained earnings when the asset is derecognised. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

### Impairment of Non-Financial Assets

The entity 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 entity 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 to sell, recent market transactions are taken into account. 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 entity bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the entity'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 recognised 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 recognised 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 recognised impairment losses no longer exist or have decreased. If such indication exists, the entity 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 recognised.

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.

### Taxation

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

### 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 Secretariat using the effective interest rate method on the original settlement amount.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue recognition

Revenue comprises the contributions from members. Revenue is recognised in profit or loss when the following conditions have been satisfied: The amount of revenue can be measured reliably; It is probable that the economic benefits associated with the transaction will flow to the Secretariat; The stage of completion of the transaction at the balance sheet date can be measured reliably; and The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 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.

### Employee benefits

The Secretariat 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 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, bonuses 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.

### Financial instruments

#### Financial assets

The Secretariat's principal financial assets comprise of the trade and other receivables and cash and cash equivalents.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables. The entity determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the entity commits to purchase or sell the asset.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

#### Loans and receivables

Loans and receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs for loans or other operating expenses for receivables.

Trade and other receivables are included in this category.

### De-recognition

#### A financial asset is derecognised when:

The rights to receive cash flows from the asset have expired; The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, net of directly attributable transaction costs. The entity's financial liabilities include trade and other payables.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

#### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are

an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. Trade and other payables are included in this category.

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

### Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Secretariat has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Impairment of financial assets

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs

and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1* — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- *Level 2* — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- *Level 3* — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Entity determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Significant accounting judgements, estimates and assumptions

The preparation of the entity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the entity's accounting policies, management has made judgements, which have the most significant effect on the

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

amounts recognised in the financial statements.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The entity based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Secretariat. Such changes are reflected in the assumptions when they occur.

### Revaluation of property and equipment.

The entity carries some of its property and equipment at fair value, with changes in fair value being recognised in other comprehensive income. The entity engaged an independent valuation specialist to assess fair value of the motor vehicles as at 31 March 2018. Refer to Note 16 for key sources of estimation uncertainty.

### Going concern assessment.

The Board regularly considers and records the facts and assumptions on which it relies to conclude that SADC - DFRC will continue as a going concern. Reflecting on the year under review, the Board of Trustees considered an opinion that adequate resources exist to continue operating and that SADC - DFRC will remain a going concern in the foreseeable future. New and amended IFRS and IFRIC interpretations

### (a) Standards issued but not effective in the current year

Standards issued but not yet effective up to the date of issuance of the Secretariat's financial statements are listed below. This listing is of standards and interpretations issued. The Secretariat intends to adopt those standards when they become effective.

### IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Effective for annual periods beginning on or after 1 January 2018. The organization made an assessment and concluded that there is no significant impact as it does not have advance considerations neither do they make advance payments.

### IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

The adoption of IFRS 9 will have an effect on the classification and measurement of the Secretariat's financial assets as loans and receivables will be classified as debt instruments at amortised cost, but no impact on the classification and measurement of the Secretariat's financial liabilities.

The entity will use the simplified approach as most of their receivables have maturities of less than 12 months and recognise lifetime expected credit losses and these are the credit losses expected over the life of the receivable. The organisation will calculate the expected credit loss using a provision matrix which will basically be based on historically observed default rates adjusted for forward looking estimates.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required

for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Secretariat has assessed the impact of IFRS 15 and do not anticipate a significant effect as the services are provided over time and the DFIs simultaneously consumes and receives the benefits provided by the Secretariat.

### IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).

The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Effective for annual periods beginning on or after 1 January 2019. The Secretariat is still in the process of assessing the impact of the standard.

*(a) Standards issued but not effective in the current year (continued)*

## **IFRS 17- Insurance Contracts**

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

The standard is effective for annual periods beginning on or after 1 January 2021 and is not expected to have an impact on the Secretariat as it does not enter into insurance contracts.

*The following amendments will have no impact on the Secretariat on their effective date.*

*The amendments are effective for annual periods beginning on or after 1 January 2018.*

- a. IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2-Effective 01 January 2018.***(the Secretariat does not have share based payment transactions and is not planning to do so in the future)*
- b. IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4-Effective 01 January 2018** *(the Secretariat does not have insurance contracts and is not planning to do so in the future).*
- c. Transfers of Investment Property (Amendments to IAS 40- Effective 01 January 2018** *(the Secretariat does not have investment property and there are no plans to acquire investment property in future).*
- d. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28\_ Effective date postponed indefinitely.** *(not applicable as the Secretariat is not a joint venture, neither does it have interests in a joint venture).*
- e. Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28- Effective date 01 January 2019** *(not applicable as the Secretariat does not have interests in associates or joint ventures).*
- f. IFRIC Interpretation 23 Uncertainty over Income Tax Treatments- Effective date 01 January 2019** *(not applicable as the Secretariat does not pay income tax).*

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2018

US \$

	2018	2017
<b>1 Members' contributions</b>		
Contributions from Development Finance Institutions (DFI) network members	1 278 691	1 172 852
Member contributions comprises of annual fees received from the DFI Network members on an annual basis		
<b>2 Other income</b>		
Other income*	452 008	163 677
Net gain on disposal of property and equipment	2 494	-
Funds donated directly to SADC-DFRC	100 000	130 098
	554 502	293 775
<b>3 Finance income</b>		
Interest earned from bank and short term deposits	72	382

\*Other income consists of DFIs programme contribution of \$ 118 221 (2017: US \$ 78 250), Capacity building- Non DFIs of US \$ 139 483 (2017: US \$ 9 175) and other income-bad debts recovered of US \$114 614 (2017: US \$ 63 836).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

**US \$**

### 4 Staff costs

	2018	2017
Salaries	568 791	523 299
Gratuity*	139 530	132 121
Other benefits	14 308	18 610
	722 629	674 030

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

Number of persons employed by the Secretariat at the end of the year

### Full time

	2018	2017
	12	11

### 5 Program Expenses

Program expenses	463 085	343 669
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During the year, there was increased programme contributions from DFIs and Non DFIs which resulted in more programme activities being undertaken as per the approved budget for 2018. The Public Private Partnerships (PPP) Programme in the current year contributed to about 32% (2017: 45%) of the total programme costs.

### 6 Finance Cost

Interest Expense	70 629	68 219
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The interest expense relates to the Long term- FNB Loan which was used for the purchase of the office space. The loan was received in March 2016.

### 6.1 Administration Costs

Administration costs	495 723	459 698
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## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

Included in administration expenses are provisions for bad debts amounting to US \$155 742 (2017: US \$124 568), depreciation of US \$43 052 (2017: US \$40 979), exchange losses of US \$76 660 (2017: US \$31 194), conference costs of US \$ 24 335 (2017: US \$32 263), and subsistence allowances of US \$37 212 (2017: US \$28 367).

#### **6.2. Surplus for the year**

Surplus for the year is stated after taking into account the following;

Audit fees – current	10 374	9 700
Board costs	35 996	26 824
Depreciation	43 052	40 979
Exchange loss	76 660	31 194
Staff costs (note 4)	722 629	674 030

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

US \$

### 7 Property & Equipment Year ended 31 March 2018

	Buildings	Buildings Improvements	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
<b>Cost or valuation</b>							
At 1 April 2017	761 425	111 407	28 763	89 653	31 436	115 151	1 137 835
Additions	-	1 563	-	908	11 459	699	14 629
Disposals	-	-	-	(6 891)	(11 085)	-	(17 976)
Revaluation adjustments*	-	-	(3 768)	-	-	-	(3 768)
Revaluation	-	-	4 950	-	-	-	4 950
<b>At 31 March 2018</b>	<b>761 425</b>	<b>112 970</b>	<b>29 945</b>	<b>83 670</b>	<b>31 810</b>	<b>115 850</b>	<b>1 135 670</b>
<b>Depreciation</b>							
At 1 April 2017	20 305	6 215	3 768	63 006	29 038	91 939	214 271
Depreciation charge for the year	15 229	5 634	4 436	13 393	1 906	2 454	43 052
Revaluation adjustments*	-	-	(3 768)	-	-	-	(3 768)
<b>Disposals</b>	-	-	-	(6 891)	(10 750)	-	(17 641)
<b>At 31 March 2018</b>	<b>35 534</b>	<b>11 849</b>	<b>4 436</b>	<b>69 508</b>	<b>20 194</b>	<b>94 393</b>	<b>235 914</b>
<b>Net book value At 31 March 2018</b>	<b>725 891</b>	<b>101 121</b>	<b>25 509</b>	<b>14 162</b>	<b>11 616</b>	<b>21 457</b>	<b>899 756</b>

\* The revaluation adjustments relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset. The buildings (new office space over the portion of section 46 on Lot 54352, Zambezi Towers, New CBD, Gaborone) are used as security for the FNB Loan.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 7 Property & Equipment Year ended 31 March 2017

	Buildings	Buildings Improvements	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
<b>Cost or valuation</b>							
At 1 April 2016	761 425	104 824	30 540	76 763	31 436	115 151	1 120 139
Additions	-	6 583	-	12 890	-	-	19 473
Disposals	-	-	-	-	-	-	-
Revaluation adjustments*	-	-	(5 121)	-	-	-	(5 121)
Revaluation	-	-	3 345	-	-	-	3 345
<b>At 31 March 2017</b>	<b>761 425</b>	<b>111 407</b>	<b>28 764</b>	<b>89 653</b>	<b>31 436</b>	<b>115 151</b>	<b>1 137 836</b>

#### Depreciation

At 1 April 2016	5 076	832	5 121	50 863	27 032	89 489	178 413
Depreciation charge for the year	15 229	5 383	3 768	12 144	2 006	2 450	40 979
Revaluation adjustments*	-	-	(5 121)	-	-	-	(5 121)
Disposals	-	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>20 305</b>	<b>6 215</b>	<b>3 768</b>	<b>63 007</b>	<b>29 038</b>	<b>91 939</b>	<b>214 272</b>
<b>Net book value</b>							
<b>At 31 March 2017</b>	<b>741 120</b>	<b>105 192</b>	<b>24 996</b>	<b>26 646</b>	<b>2 398</b>	<b>23 212</b>	<b>923 564</b>

\* The revaluation adjustments relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset. The buildings (new office space over the portion of section 46 on Lot 54352, Zambezi Towers, New CBD, Gaborone) are used as security for the FNB Loan.

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 March 2018**

### **7 Property & Equipment (continued)**

#### **Additional Information**

If the motor vehicles were measured using the cost model, the carrying amount as at 31 March 2018 would be as follows;

	<b>2018</b>	<b>2017</b>
Cost	35 382	35 382
Accumulated depreciation	<u>(21 229)</u>	<u>(14 153)</u>
Carrying amount	<u>14 153</u>	<u>21 229</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

US \$

### 8 Trade and other receivables

Recoverable program expenditure net of allowance for uncollectible amounts (Note 8.1)

Other receivables (Note 8.2)

Member contributions net of allowance for uncollectible amounts (Note 8.3)

	2018	2017
	-	-
	56 279	136 556
	369 553	282 014
	<u>425 832</u>	<u>418 570</u>

### 8.1 Recoverable program expenditure

These are funds committed to be paid by the donors and still outstanding as at year end.

Total recoverable program expenditure receivable

Provision for bad debts

	20 279	20 279
	(20 279)	(20 279)
	<u>-</u>	<u>-</u>

Movement of the provision for impairment on recoverable expenditure is as follows:

Balance at beginning of year

Amounts written off during the year

Provision for impairment

Balance at end of year

	20 279	-
	-	-
	-	20 279
	<u>(20 279)</u>	<u>(20 279)</u>

### 8.2 Other receivables

Other receivables comprise of the following:

Prepayments and deposits

Staff advances

Recoverable VAT

Other

	4 082	9 828
	538	-
	51 659	120 432
	-	6 306
	<u>56 279</u>	<u>136 566</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

<b>US \$</b>	<b>2018</b>	<b>2017</b>
<b>8.3 Member contributions</b>		
Member contributions are non-interest bearing and are generally on 30-90 days' terms.		
Member contributions due	570 052	446 799
Provision for bad debts	(200 499)	(164 785)
	369 553	282 014

Contributions amounting to US \$ 200 499 (2017: US \$ 164 785) are past due and impaired. Other receivables have no contractual repayment period. Member contributions which are past due and not impaired are disclosed on note 14- on credit risk.

Movement of the provision for impairment of contribution is as follows:

Balance at beginning of year		
Provision for impairment	164 785	146 719
Balance at end of year	35 714	18 066
	200 499	164 785

### **9 Cash and cash equivalents**

Cash at banks and on hand	144 787	24 895
Short-term deposits	542 044	571 647
	686 831	596 542

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one day to three months and earn interest at the respective short-term deposit rates.

Included in cash and cash equivalents are bank balances held with Agribank Zimbabwe amounting to US \$93 010 (2017: US \$50 808). In response to the hard cash shortages in Zimbabwe, the Reserve Bank of Zimbabwe through the Exchange control operations guide (ECOGAD 8) introduced a foreign payments priority list that places restrictions on Agribank Zimbabwe remitting funds outside Zimbabwe (including Botswana) and for SADC-DFRC to withdraw the cash and use it outside Zimbabwe.

### **10 Trade and other payables**

Trade payables	102 317	102 295
Amounts due to DFIs	691	23 055
Other payables*	385 531	393 998
	488 539	519 348

Other payables are made up of gratuity payable of US \$ 371 275 (2017: US \$ 385 536) and other accruals of US \$ 14 255 (2017: US \$8 462).

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

US \$

## 10.1 Long Term Liabilities

Non- current portion-FNB Loan  
Current Portion

	2018	2017
Non- current portion-FNB Loan	708 023	702 702
Current Portion	67 712	54 579
	<b>775 735</b>	<b>757 281</b>

SADC DFRC obtained a loan from FNB amounting to Pula 8 100 000 (US \$ 741 150 at an exchange rate of 0,0915) on 31 March 2016. The loan is secured over the portion of section 46 on Lot 54352, New CBD Gaborone (the new office space). Capital and interest are serviced monthly in arrears in equal instalments 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.

## 11 Cash generated from operating activities

### Operating activities

Surplus/(deficit) for the year	81 148	(78 607)
Interest received	(72)	(382)
Interest paid	70 629	68 219

### Non - cash adjustments:

Depreciation	43 052	40 979
Gain on disposal of property and equipment	(2 494)	-
Unrealised foreign exchange losses	76 660	35 319

### Working capital adjustments:

(Increase) /decrease in receivables	(7 262)	74 333
(Decrease)/increase in payables	(29 809)	73 137
	<b>231 852</b>	<b>212 998</b>

## 12 Related party disclosures

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

Related party transactions entered into during the year are as follows;

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

Member contributions from DFIs (Note 1)	1 278 691	1 172 852
Board members allowances and travel fares (Note 6.1)	35 996	6 824
Amounts due from DFIs (Note 8.3)	570 052	446 799

#### **Note 12 Related parties (continued)**

	2018	2017
Amounts due to DFIs (Note 10)	(691)	(23 055)

Key management personnel includes all Board of Trustee members and senior management

The summary of compensation of key management personnel for the year is as follows:

Short-term employee benefits	517 440	504 804
Gratuity	129 360	126 201
	646 800	631 005

### **13 Commitments and contingencies**

#### **Capital expenditure commitments**

SADC - DFRC has no purchase commitments for property and equipment incidental to the ordinary course of business.

#### **Contingent liabilities**

SADC-DFRC had no contingent liabilities as at 31 March 2018 (2017 - Nil).

### **14 Financial risk management objectives and policies**

The Secretariat is exposed to market risk, liquidity risk and credit risk including primary changes in interest rates and currency exchange rates. The Secretariat does not hold or issue derivative financial instruments for trading purposes.

The Secretariat has written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. Such written policies are reviewed periodically by the Board of Trustees and regular reviews are undertaken to ensure that the Secretariat's policy guidelines are adhered to.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

### US \$

#### 14 Financial risk management objectives and policies (continued)

##### Foreign currency risk

The Secretariat is exposed to the foreign currency risk for transactions that are denominated in a currency other than the reporting currency of the Secretariat, 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 Secretariat's exposure to foreign currency risk, based on notional amounts is summarised as follows;

*The amounts below are in US Dollars (US\$)*

	<b>Euro</b>	<b>Botswana Pula</b>
<b>2018</b>		
Cash and cash equivalents	6 121	227 141
Trade and other receivables	-	56 278
Long Term Loan- FNB Loan	-	(775 736)
Trade and other payables	-	(14 441)
<b>Net exposure</b>	<b>6 121</b>	<b>(506 758)</b>
<b>2017</b>		
Cash and cash equivalents	159 166	87 730
Trade and other receivables	-	136 557
Long Term Loan- FNB Loan	-	(757 281)
Trade and other payables	-	(8 627)
<b>Net exposure</b>	<b>159 166</b>	<b>(541 621)</b>

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2018

### US\$

#### Foreign currency risk (continued)

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

		<b>Increase/ (decrease) in surplus for the year</b>	<b>Increase/ (decrease) in accumulated fund</b>
--	--	---	---

#### Foreign currency risk

##### Botswana Pula

Change in exchange rate	+10%	(50 675)	(50 675)
	-10%	50 675	50 675

##### Euros

Change in exchange rate	+10%	612	612
	-10%	(612)	(612)

### 2017

#### Foreign currency risk

##### Botswana Pula

Change in exchange rate	+10%	54 162	54 162
	-10%	(54 162)	(54 162)

##### Euros

Change in exchange rate	+10%	15 916	15 916
	-10%	(15 916)	(15 916)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

US \$

## 14 Financial risk management objectives and policies (continued)

### Interest rate risk

The Secretariat manages and monitors daily funding requirements. Surplus funds are invested with first rate banking institutions. The Secretariat's exposure to market risk for changes in interest rates relates primarily to the Secretariat's loan and bank balances subject to floating interest rates.

### Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Secretariat's surplus and accumulated fund.

2018		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund	
Interest rate risk	Change in interest rate	+1%	6 868	6 868
		-1%	(6 868)	(6 868)

2017

### Interest rate risk

Change in interest rate	+1%	5 965	5 965
	-1%	(5 965)	(5 965)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

US \$

### 14 Financial risk management objectives and policies (continued)

#### Classification of financial instruments

	Loans & Receivables	Financial Liabilities at amortised cost	Total
<b>2018</b>			
Trade and other receivables	370 090		370 090
Cash and Bank	686 831		686 831
Liabilities	-	(1 250 018)	(1 250 018)
<b>Total</b>	<b>1 056 921</b>	<b>(1 250 018)</b>	<b>(193 097)</b>
<b>2017</b>			
Trade and other receivables	288 319		288 319
Cash and Bank	596 542		596 542
Liabilities	-	(1 261 252)	(1 261 252)
<b>Total</b>	<b>884 861</b>	<b>(1 261 252)</b>	<b>(276 391)</b>

#### Financial instruments designated at fair value through profit or loss

There are no financial instruments which the Secretariat has designated as at fair value through profit or loss.

#### Financial assets pledged as collateral

The Secretariat has not pledged any financial assets as collateral.

#### Financial assets received as collateral

The Secretariat has not received any financial assets as collateral

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

### US \$

#### 14 Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

2018	Loans & receivables & Financial Liabilities at amortised cost	Total
Interest income	72	72
Interest expense	(70 629)	(70 629)
Net interest expense	(70 557)	(70 557)
2017	Loans and receivables (Financial Liabilities) at amortised cost	Total
Interest income	382	382
Interest expense	(68 219)	(68 219)
Net interest expense	(67 837)	(67 837)

#### Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The organisation monitors its risk of a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables. The organisation's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits, bank overdrafts and bank loans. As at 31 March 2018, the organisation had available US\$ 686 831 (2017: US\$ 596 542) in cash deposits. The organisation's borrowings are long term and will mature in 2026 thus funds will not be fully tied towards repayment of the loan but availed to other daily needs of the Secretariat.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Liquidity risk (continued)

The table below summarises the maturity profiles for financial assets and financial liabilities

2018	On demand	Due not later than one month	Due not later than one year	Due after more than one year	Total
<b>Financial liabilities</b>					
Long term Liabilities	-	-	129 527	962 061	1 091 588
Trade and other payables	-	102 864	396 207	-	499 071
Amounts due to the DFIs	-	695	-	-	695
<b>Total</b>	-	<b>103 559</b>	<b>525 734</b>	<b>962 061</b>	<b>1 591 354</b>
<b>2017</b>					
Long term liabilities	-	-	124 301	1 012 554	1 136 855
Trade and other payables	-	505 955	-	-	505 955
Amounts due to the DFIs	-	16 400	-	-	16 400
<b>Total</b>	-	<b>522 355</b>	<b>124 301</b>	<b>1 012 554</b>	<b>1 659 210</b>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 14 Financial risk management objectives and policies (continued)

##### 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 Secretariat 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 actual incurred historical data. Some of the factors considered in determining that members contributions are impaired are the non-payment of balances during the agreed payment period and terms, the financial health of the DFI as well as the economic conditions currently prevailing in the DFI's primary operating economy.

The Secretariat's maximum exposure to credit risk for the components of the statement of financial position as at 31 March 2018 and 31 March 2017 is the carrying amounts as illustrated in Note 8.

##### 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 Secretariat's total credit exposure. At year end, significant concentration of credit risk was on the following trade and other receivables:

	2018	2017
SMEDCO Zimbabwe	37 673	46 170
DBSA	100 750	100 500
IDC Zimbabwe	13 738	-
CEDA	32 800	18 535
BSB	15 416	-
Banco De Poupanca e Credito	-	98 479
DBM Mauritius	-	62 673
Banco Nacional De Investimento	25 030	12 544
IDBZ	14 329	-
SOFIDE DR CONGO	32 295	21 375
BEDCO	16 374	16 775
Department of Trade and Industry	93 483	-
Banco De Desenvolvimento de Angola	59 352	-
ABN	18 788	-
Development Bank of Zambia	14 991	-
SDSB	17 776	-
NDC Tanzania	14 084	25 701
	506 879	402 752

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2018

### US \$

#### 14 Financial risk management objectives and policies (continued)

##### Credit risk (continued)

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

	<b>2018</b>	<b>2017</b>
0- 30 days	102 705	9 168
30- 60 days	109 941	5 798
60- 90 days	250	100 000
<b>Total</b>	<b>212 898</b>	<b>115 416</b>

#### Fair value of financial instruments

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

#### 15. Fair Value Measurement

##### 2018

The following table provides the fair value measurement hierarchy of the Secretariats assets as at 31 March 2018.

Assets measured at fair value	Date of valuation	Totals	Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			US \$	US \$	US \$
Motor vehicles	31 March 2018	25 509	-	-	25 509

Fair value of the motor vehicles was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2018, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 2017

The following table provides the fair value measurement hierarchy of the Secretariat's assets as at 31 March 2017.

Assets measured at fair value	Date of valuation	Totals	Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			US \$	US \$	US \$
Motor vehicles	31 March 2017	24 995	-	-	24 995

#### 15. Fair Value Measurement (continued)

Fair value of the motor vehicles was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2017, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

**Reconciliation of the fair value measurement of the motor vehicles is as follows;**

	US \$
<b>01 April 2016</b>	<b>1 194</b>
Total gains and losses recognised in OCI	3 345
<b>1 April 2017</b>	<b>4 539</b>
Total gains and losses recognised in OCI	4 950
<b>As at 31 March 2018</b>	<b>9 489</b>

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2018

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Detailed Information</b>	<b>Range (weighted average)</b>	<b>Sensitivity Analysis</b>
<b>Motor vehicles</b>	Use of motor guides and evidence from an independent engineer	The model of the vehicle	Fortuner 3/0D 4x2S/Wagon	N/A	N/A
	Use of motor guides and evidence from an independent engineer	Age of the vehicle	4 years	N/A	N/A
	Use of motor guides and evidence from an independent engineer	Mileage of the vehicle	38 631 kms	31- 46 % increase in the mileage would result in a 2%-20% decrease in the Fair value of the Vehicle (average decrease of 11%)	A 11% decrease would result in the fair value of the vehicle decreasing by \$ 2 806
	Use of motor guides and evidence from an independent engineer	Previous accidents a vehicle has been involved in	NIL	N/A	N/A

Much attention is given to valuations given in motor-trade guides. These are based on extensive nationwide research of actual selling prices (rather than just advertised prices).

Evidence from an independent engineer is also used – particularly where the vehicle is not a standard one (for example, because it has been heavily modified). Information from an insurer’s engineer is also used with assessment of the appropriateness of the content and independence of the report done.

Significant increases/(decreases) in usage of the motor vehicle per annum in isolation would result in a significantly higher (lower) fair value of the motor vehicle.

Generally, a change in the assumption made for the estimated value of the vehicle is accompanied by:

- The mileage
- Year of registration
- Model type
- Condition of the vehicle

The Secretariat has assessed that the highest and best use of its motor vehicles do not differ from their current use.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

#### **16. Significant Events After Reporting Date**

The trustees are not aware of any event or circumstance arising since the end of the financial year that will require adjustments to the amounts and disclosures recognised in the financial statements.

## **APPENDIX 1- SUPPLEMENTARY INFORMATION**

### **Non cash donation programme activities For the year ended 31 March 2018**

Funds and sponsorship paid directly to service providers by donors or participating member DFIs for SADC-DFRC programmatic activities are non-cash donations.

<b>NO</b>	<b>PROGRAMMES</b>	<b>COOPERATING PARTNER/ SPONSOR</b>	<b>VENUE</b>	<b>DURATION</b>	<b>ACTIVITY DATES</b>	<b>ATTENDANCE</b>
1	Credit Risk Management for SMEs - 2017	SADC-DFRC & Participating DFIs	Swaziland	5 days	3rd - 7th Apr 2017	30
2	Managing Problem Loans - 2017	SADC-DFRC & Participating DFIs	Swaziland	3 days	10th - 12th Apr 2017	29
3	Change Management - 2017	SADC-DFRC & Participating DFIs	Lesotho	3 days	10th - 12th May 2017	20
4	Export Credit Finance - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	25th - 26th May 2017	16
5	Prudential Standards, Guidelines and Rating System - 2017	SADC-DFRC	South Africa	2 days	29th - 30th May 2017	35
6	Risk Management - 2017	SADC-DFRC & Participating DFIs	Tanzania	5 days	3rd - 7th Jul 2017	29
7	14th CEOs' Forum - 2017	SADC-DFRC	Tanzania	1 day	6th Jul 2017	100
8	Financial Modelling - 2017	SADC-DFRC & Participating DFIs	Namibia	5 days	24th - 28th Jul 2017	13
9	Leadership and Management Skills Development - 2017	SADC-DFRC & Participating DFIs	Namibia	3 days	31st Jul - 2nd Aug 2017	27
10	Investment Appraisal and Risk Analysis - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	4th - 8th Sep 2017	32
11	Advanced Project Finance - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	11th - 15th Sep 2017	25
12	Due Diligence - 2017	SADC-DFRC & Participating DFIs	Zimbabwe	4 days	18th - 21st Sep 2017	26
13	Chief Executive Officers' Colloquium - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	11th - 12th Oct 2017	19
14	Capacity Building Review & Communication Skills for Human Resources Managers - 2017	SADC-DFRC & Participating DFIs	South Africa	2 days	15th - 17th Nov 2017	18
15	Finance for Non-Finance Managers - 2017	SADC-DFRC & Participating DFIs	Swaziland	3 days	5th - 7th Dec 2017	16
16	15th CEOs' Forum - 2017	SADC-DFRC	Swaziland	1 day	7th Dec 2017	74
17	Public Private Partnership (Zambia) - 2018	SADC-DFRC & Participating DFIs	Zambia	5 days	19th - 23rd Feb 2018	26

## APPENDIX 1- SUPPLEMENTARY INFORMATION

18	PPP Foundation for MFED (2) - 2017	MFED & SADC-DFRC	Botswana	2 days	3rd - 4th Apr 2017	62
19	Credit Risk Management for SMEs for SWAZIBANK - 2017	SWAZIBANK & SADC-DFRC	Swaziland	5 days	21st - 25th Aug 2017	13
20	Managing Problem Loans for SWAZIBANK - 2017	SWAZIBANK & SADC-DFRC	Swaziland	3 days	28th - 30th Aug 2017	16
21	Corporate Governance for NDB - 2017	NDB & SADC-DFRC	Botswana	2 days	1st - 2nd Sep 2017	16
22	Corporate Governance Board Induction for SKTMTH - 2017	PEEPA & SADC-DFRC	Botswana	1 day	18th Sep 2017	11
23	Investment Appraisal and Risk Analysis for CEDA - 2017	CEDA & SADC-DFRC	Botswana	5 days	9th - 13th Oct 2017	30
24	Financial Modelling for CEDA - 2017	CEDA & SADC-DFRC	Botswana	5 days	23rd - 27th Oct 2017	25
25	Leadership and Management Skills Development for CEDA - 2017	CEDA & SADC-DFRC	Botswana	3 days	1st - 3rd Nov 2017	23
26	Advanced Project Finance (Kenya) - 2017	TFC, National Treasury, PPP Unit Kenya & SADC-DFRC	Kenya	5 days	13th - 17th Nov 2017	32
27	Investment Appraisal and Risk Analysis (Kenya) - 2017	TFC, National Treasury, PPP Unit Kenya & SADC-DFRC	Kenya	5 days	20th - 24th Nov 2017	26
28	PPP Programme for NIDCS - 2017	NIDCS & SADC-DFRC	Swaziland	3 days	22nd - 24th Nov 2017	18
29	Due Diligence for DTI - 2017	DTI & SADC-DFRC	South Africa	4 days	28th Nov - 1st Dec 2017	19
30	Managing Problem Loans for CEDA - 2017	CEDA & SADC-DFRC	Botswana	3 days	29th Nov - 1st Dec 2017	23
31	Investment Appraisal and Risk Analysis for DTI - 2017	DTI & SADC-DFRC	South Africa	5 days	4th - 8th Dec 2017	18
32	Corporate Governance for Directors of Public Enterprises Boards for BERA - 2017	PEEPA & SADC-DFRC	Botswana	2 days	5th - 6th Dec 2017	10
33	Financial Modelling for DTI - 2018	DTI & SADC-DFRC	South Africa	5 days	29th Jan - 2nd Feb 2018	18
34	Due Diligence for DTI - 2018	DTI & SADC-DFRC	South Africa	4 days	13th - 16th Feb 2018	20
35	Investment Appraisal and Risk Analysis for DTI - 2018	DTI & SADC-DFRC	South Africa	5 days	19th - 23rd Feb 2018	22
36	Financial Modelling for DTI (2) - 2018	DTI & SADC-DFRC	South Africa	5 days	5th - 9th Mar 2018	21
37	Project Finance for CEDA - 2018	CEDA & SADC-DFRC	Botswana	5 days	12th - 16th Mar 2018	23
38	Corporate Governance for BEDCO - 2018	BEDCO & SADC DFRC	Botswana	2 days	12th - 13th Mar 2018	12
	GrandTotal					993

## APPENDIX 1- SUPPLEMENTARY INFORMATION

### Non Cash Donation Programme Activities Year Ended 31st March 2017

NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	DURATION	ACTIVITY DATES	ATTENDANCE
DFRC REGIONAL TRAINING PROGRAMMES					APR - MAR	Overall
1	Management Development Programme	Participating DFIs	Namibia	3 days	13th - 15th April 2016	32
2	Public Private Partnership Programme	Participating DFIs	Zambia	5 days	16th - 20th May 2016	17
3	12th C.E.Os.' Forum	Participating DFIs	Botswana	1 day	9th Jun 2016	58
4	Resource Mobilisation	Participating DFIs	Swaziland	3 days	21st - 23rd Jun 2016	19
5	Investment Appraisal and Risk Analysis	Participating DFIs	Tanzania	5 days	25th - 29th Jul 2016	18
6	Public Private Partnership Foundation	Participating DFIs	Namibia	3 days	15th - 17th Aug 2016	38
7	Financial Modelling	Participating DFIs	Swaziland	5 days	12th - 16th Sep 2016	34
8	Negotiation Skills	Participating DFIs	Botswana	2 days	17th - 18th Oct 2016	22
9	Change Management	Participating DFIs	Botswana	3 days	19th - 21st Oct 2016	14
10	Capacity Building Review and Emotional Intelligence	Participating DFIs	South Africa	3 days	16th - 18th Nov 2016	25
11	Risk Management	Participating DFIs	Zimbabwe	5 days	5th - 9th Dec 2016	25
12	Project Appraisal for SMEs and Enterprise Development	Participating DFIs	Botswana	5 days	13th - 17th Feb 2017	25
13	Monitoring and Evaluation	Participating DFIs	Botswana	5 days	5th - 10th Mar 2017	20
14	Leadership and Management Development Programme – 2015	Participating DFIs	Namibia	3 days	13th - 15th Jul 2015	29
15	Public Private Partnership Foundation	Participating DFIs	Botswana	2 days	6th - 7th Jul 2016	45
16	Debt Management, Workout and Restructuring	Participating DFIs	Botswana	3 days	25th - 27th Oct 2016	25
17	Leadership Programme	Participating DFIs	Botswana	3 days	23rd - 25th Nov 2016	18
18	Financial Modelling	Participating DFIs	Botswana	5 days	28th Nov - 2nd Dec 2016	20
19	Risk Management	Participating DFIs	Botswana	5 days	20th - 24th Feb 2017	19
20	Corporate Governance	Participating DFIs	Namibia	2 days	7th - 8th Mar 2017	12
	<b>Total</b>					
	<b>GrandTotal</b>					<b>465</b>

*The information set out on pages 76 to 80 is not covered by the audit opinion on page no. 43-44.*

## SADC-DFI NETWORK MEMBERS

### ANGOLA

Banco de Poupanca e Credito  
Banco de Desenvolvimento de Angola  
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 Finance Limited

### DEMOCRATIC REPUBLIC OF CONGO

Societe Financiere De Development

### LESOTHO

Basotho Enterprises Development Corporation  
Lesotho National Development Corporation

### MADAGASCAR

SOciété NAtionale de PARticipations – SONAPAR -  
**Joined December 2017**

### MALAWI

Export Development Fund

### MAURITIUS

Development Bank of Mauritius

### MOZAMBIQUE

Banco Nacional de Investimento  
Small Investment Promotion Company – Gapi - SI

### NAMIBIA

Agricultural Bank of Namibia  
Development Bank of Namibia  
Environmental Investment Fund of Namibia  
National Housing Enterprise  
SME Bank Limited

### SEYCHELLES

Development Bank of Seychelles

### SOUTH AFRICA

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

### SWAZILAND

Swaziland Development and Savings Bank  
Swaziland Development Finance Corporation  
Swaziland Industrial Development Company  
National Industrial Development Corporation of Swaziland – **Joined December 2017**  
Swaziland National Housing Board- **Joined December 2017**

### TANZANIA

National Development Corporation  
TIB Development Bank  
Tanzania Agricultural Development Bank – Joined July 2017

### ZAMBIA

Development Bank of Zambia

### ZIMBABWE

Agricultural Development Bank of Zimbabwe  
Industrial Development Corporation  
Infrastructure Development Bank of Zimbabwe  
Small and Medium Enterprises Development Corporation





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