

2011 Annual Report



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Mission & Vision

VISION

To be a centre of excellence which efficiently and pro-actively facilitates development finance solutions for the SADC region.

MISSION

To provide capacity building, policy research and advisory services in development finance to SADC development finance institutions and Governments - thereby contributing to SADC's goals of economic growth and sustainable development.

Corporate Profile

Mandate

The SADC-DFRC is a subsidiary institution of SADC under the SADC Finance and Investment Protocol (FIP) collectively 'owned' by the SADC-DFI Network with a current membership of twenty seven national DFIs. Through technical and capacity building support, as well as policy research and advisory services, the mandate of the DFRC 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 Regional Indicative Strategic Development Plan (RISDP).

Focal Areas

The 2009 – 2014 Strategic Plan of the DFRC places emphasis on the following activity areas and sectors:

Capacity Building

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

Policy Research and Advisory Services

- Policy, Regulatory and Supervisory Environment
- Enabling Environment for SME and Infrastructure Development
- Advisory Services

Sectoral Focus

- Small and Medium-sized Enterprise Development
- Infrastructure Development

Approach

The DFRC is a lean organisation manned by a small group of professionals in the strategic areas. Thus, to effectively

deliver on its mandate, the DFRC has adopted a collaborative approach which involves utilisation of strategic partners in its focal areas. In this regard, the DFRC operates as facilitator and catalyst to DFIs, SADC governments and other key stakeholders.

Financing of Activities

The administrative budget of the DFRC is funded through contributions by DFI Network members on the basis of an agreed formula while its programme activities in the areas of capacity building, policy research and advisory services are largely funded from 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 responsible for Finance and Investment (COMFI), but reports to them through the Committee of Senior Treasury Officials (STOs) of SADC. In turn, COMFI reports to the SADC Council of Ministers through the Integrated Committee of Ministers.

The DFI Network consists of DFIs, all members of the DFI Sub-Committee, but have, through a Memorandum of Understanding, the responsibility for the overall supervision of the operations and funding of the administrative budget of the DFRC. Supervision of the DFRC is through a Board of Trustees appointed by the Network and reports to it biannually.

The DFRC has a functional relationship with the SADC Secretariat, and works through the Secretariat's Directorate for Trade, Industry, Finance and Investment (TIFI), while operational links exist with the other directorates of the SADC Secretariat.

Abbreviations

AADFI	Association of African Development Finance Institution
CEDA	Citizen Entrepreneurial Development Agency
CEO	Chief Executive Officer
COMFI	Committee of Ministers Responsible For Finance and Investment of SADC
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DFRC	Development Finance Resource Centre
EU	European Union
EUDF	European Union Development Fund
EXCO	Executive Committee
FINCORP	Swaziland Finance and Development Corporation
FIP	Finance and Investment Protocol
GIZ	German Development Corporation
ICP	International Cooperating Partners
IDC	Industrial Development Corporation
LEA	Local Enterprise Authority
PPDF	Project Preparation and Development Facility
PPP	Public-Private Partnerships
PTA	Preferential Trade Area
RDF	Regional Development Fund
RTAF	Regional Technical Assistance Facility
RSA	Republic of South Africa
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern African Development Community
SEDCO	Small Enterprise Development Corporation
SOE	State Owned Enterprises
SME	Small and Medium Enterprises
STO	Senior Treasury Officials
SWOT	Strength Weakness Opportunity Threats
TIB	Tanzania Investment Bank
UNOPS	United Nations Office for Projects and Services

Board of Trustees



Ms Maria Nthebolan
Managing Director
Botswana Development Corporation
Trustee since November 2009
Chair since February 2010



Ms Neo Mokhesi
Divisional Executive: Marketing &
Corporate Affairs
Industrial Development Corporation – RSA
Trustee since November 2009
Deputy Chair since March 2011



Ms Boitumelo Gofhamodimo
Director: Trade, Industry, Finance and
Investment – SADC Secretariat
Trustee since May 2010 (Ex - officio)



Dr Eliezer T Gina
Managing Director
Swaziland Industrial Development
Corporation
Trustee since November 2010



Mr Vinson Hailulu
Chief Executive Officer
National Housing Enterprise – Namibia
Trustee since November 2010



Mr Adolfo Muholove
Director of Development Programmes and
Micro Finance, Small Investment Promotion
Agency (GAPI/SARL)- Mozambique
Trustee since November 2010



Mr Gideon Nasari
Managing Director
National Development Corporation –Tanzania
Trustee since November 2010



Mr Hurrydeo Bissessur
Acting Managing Director
Development Bank of Mauritius
Chair of SADC DFI Subcommittee
Trustee since November 2009
(Ex-officio)

Executive Secretary's Foreword



Dr Tomaz Augusto Salomão
Executive Secretary of SADC

I have once again the pleasure of introducing the Annual Report of the SADC Development Finance Resource Centre for 2010/11.

Emerging and developing economies, including Sub-Saharan Africa, continue to experience higher post-financial crisis economic growth. This growth impetus is largely commodity-driven and is in response to rising demand and favourable commodity prices. However, growing external risk in the form of rising food and fuel prices, coupled internally with growing levels of unemployment, threaten its sustainability. The African Development Bank and other multilateral organisations estimated an average growth rate for Africa of 5% in 2010. Marginally higher levels of growth are projected for 2011 and 2012. High and rising levels of unemployment, particularly among the youth, and growing income inequalities show that the economic growth has not been wholly inclusive and has not translated into equally spread socio-economic benefits.

Against this trend of rising unemployment and inflationary pressures, governments in the region are compelled to adopt short-term stabilisation policies and at the same time move

towards more inclusive and socially equitable growth strategies. Stabilisation will require that policymakers put in place necessary fiscal and monetary policies while efforts to grow and develop the economies are to be pursued more rigorously, both at the national and regional levels. At the regional level, I am pleased to report that the process to review the Regional Indicative Strategic Development Plan (RISDP) has commenced and an in-house desk assessment report was submitted to the August 2011 Council. This will be complemented by a comprehensive independent review which is due to commence.

The revised RISDP should provide the necessary development framework to effectively coordinate these policy efforts within the ambit of regional integration in a changing economic environment.

It is important to note that the attainment of sustainable, inclusive and equitable development is predicated on availability of requisite institutional mechanisms to mobilise development finance and channel it towards key growth drivers. These include infrastructure development and promotion of small and medium-sized enterprises. And, where these are not in place, that initiatives for their urgent establishment be undertaken.

It is in this respect that I welcome the operationalisation of the SADC Project Preparation and Development Facility (PPDF) which is being managed and hosted by the Development Bank of Southern Africa. The establishment of the PPDF should result in a pipeline of bankable critical regional infrastructure projects in areas such as energy, transportation, and information, communication and technology. This is crucial to the enhancement of private sector participation in infrastructure, particularly through Public Private Partnerships (PPPs), which is unavoidable especially when viewed against the huge fiscal constraints facing governments in the region.

It is important to note that the PPDF, as a precursor to the establishment of a fully-fledged SADC Regional Development Fund, complements the work of the SADC Development Finance Institutions (DFIs) Network and the Development Finance Resource Centre (DFRC) as part of the emerging development finance architecture of SADC and as envisaged under the Protocol on Finance and Investment, which was ratified in April 2010.

Executive Secretary's Foreword

I would therefore like to encourage the DFIs, individually and collectively under the umbrella of the Network, to double up their efforts to mobilise resources and to provide the necessary advice and expertise to governments on regional infrastructure projects. In the case of infrastructure, and as observed earlier, in view of the dearth of government resources in this sector, DFIs are expected to play an important role intermediating between governments and the private sector in the execution of PPP projects. In addition, the activities of the DFIs to stimulate growth of small and medium-sized enterprises (SMEs) through improved access to financial resources and business services should be commended as it addresses directly the growing problem of unemployment.

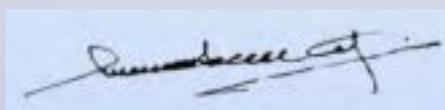
The cooperation and collaboration of the DFIs at a regional level through the regional network will also spur cross-border and regional projects, encourage trans-border equity participation, joint financing and managing of large-scale projects and generally enhancing the pool of available development finance. Thus, the activities of DFIs directly complement those of the Regional Development Fund whose mandate would primarily be to raise resources for investment towards regional infrastructure projects with the DFRC providing soft infrastructure in the form of capacity building and policy advisory services within the development finance system.

It is therefore the function of the DFRC to ensure that national DFIs and governments have the necessary skills to undertake feasibility studies, manage risks, appraise projects (including PPPs) and effectively manage projects in order to execute their development mandates. Also crucial is that Governments should complement the resource mobilisation and skills development efforts by ensuring enabling policy and legal frameworks and internal institutional arrangements to promote investment in general and the effectiveness of investment instruments such as PPP. In this regard, it is pleasing to

note that the DFRC envisages an increasing role in capacity building and policy support in the coming years. As this annual report highlights, the DFRC's performance in skills development is noteworthy. To date, in excess of 1,000 staff from DFIs, governments and regional institutions have been trained. Further, it is commendable that under its new Five-Year Strategic Plan (2011 – 14), the DFRC intends to continue to diversify its training activities to also benefit government departments and state-owned enterprises, especially those involved in infrastructure delivery. This is commendable. The promotion of PPPs under the stewardship of the DFRC leading to the launch of the SADC PPP Network in February 2011 as a critical building block towards a comprehensive SADC PPP Capacity Development Strategy is equally laudable.

Sustainable, inclusive and socially equitable development remains a key imperative for SADC governments, and indeed for all developing and emerging economies. The indispensable role that the DFRC plays in ensuring that national DFIs and governments have the necessary skills and policy guidance to effectively execute their development mandates is now well recognised and accepted. I therefore look forward to the continued contribution of the DFRC towards the development agenda of the region.

I commend this annual report to you.



Dr Tomaz A. Salomão
Executive Secretary
SADC

Chairperson's Report



Ms Maria Nthebolan
Chairperson

Introduction

It is a pleasure for me to present the Annual Report of the SADC Development Finance Resource Centre for 2010/2011. This has been a year of further consolidation where the DFRC continued making strides in establishing itself as a centre of excellence, and the first port of call on issues of capacity building and knowledge management in development finance in the SADC region, while building robust and sustainable administrative and governance systems. The good overall performance of the Centre is underscored by an unqualified audit report for the year.

Strategic Issues

The end of the 2010/2011 financial year coincided with the end of the first business plan (2009–2011), under the Five-Year Strategic Plan (2009–14). This provided an opportunity to the Board and Management of the DFRC to take stock of achievements over the last two years, and to review the Strategic Plan to reaffirm its continued validity as a base for developing the business plan for the next two-years.

The performance of the DFRC over the last two years has shown significant improvement with key benchmarks in the operations and finance areas being realised. This is clear evidence that the plan was well-founded, and that the efforts of management, under the guidance of the Board, were well directed and meaningfully rewarded.

The review of the Strategic Plan, through an environmental scan and internal self-assessment, also revealed that it remained essentially valid in terms of vision, mission and strategic directions, but needed to be underpinned by a clear set of operating values to guide the work of the institution. Thus, the existing Strategic Plan could still form the basis of the new Business Plan for the period, 2011–2013.

The new plan envisages pursuing the following:

- Augment programme funding through bilateral and multilateral sources;
- Strengthen internal capacity to provide a wide range of services to stakeholders;
- Provide more institution-specific programmes;
- Increase membership, especially from other SADC countries; and
- Extend services to non-DFIs based on existing competences.

Through this, the DFRC can reinforce its position as a regional centre of development finance providing high quality services to its stakeholders and clients in a sustainable manner, and in a way in which the needs of its member institutions and SADC governments are met.

Stakeholder Relations

The DFRC has continued to engage vigorously with stakeholders such as the SADC Secretariat and some of the principal bilateral and multilateral cooperating partners with a view to delivering on its mandate based on shared goals.

Through the SADC Secretariat, the DFRC has continued to draw on the European Development Fund support to the implementation of the SADC Finance and Investment Protocol for its capacity building programmes, all of which have been successfully conducted.

Chairperson's Report

The DFRC has also worked closely with the Secretariat on its programmes and was assigned the lead role in the development of a region-wide capacity building strategy for public private partnerships (PPPs). The elements of this strategy were developed with the technical and financial support of the German Agency for International Cooperation (GIZ), and encompassed networking, capacity building, awareness and marketing as well as policy and regulation for PPPs.

As an offshoot of the foregoing development, and working with an expanded network of bilateral and multilateral partners – the African Capacity Building Foundation, the Development Bank of Southern Africa, the World Bank Institute and the National Treasury of South Africa PPP Unit – and the blessing of the SADC Secretariat, the DFRC coordinated a major regional conference on PPPs, which drew well over 150 delegates from across the region and beyond. The conference culminated in the successful launch of the SADC PPP Network to facilitate on-going engagement between PPP practitioners and other stakeholders in the region. As a clear demonstration of its growing stature in the region, the DFRC was elected to serve as interim Secretariat of this network in its formative stages.

The DFRC has also worked closely with the Development Bank of Southern Africa and the United Nations Office for Project Services (UNOPS) in setting up a Regional Technical Assistance Facility to provide technical expertise to member DFIs in their strategic and transformational programmes. Seed money of US\$3million has been made available by the DBSA, and other multilateral institutions are being approached to provide additional funding. Already, three member institutions of the SADC DFI Network are benefitting from the facility, and further expansion is anticipated as more resources become available.

In view of the significant demand for capacity building to address skills gaps in critical areas in DFIs and national Governments, it is my fervent hope that the efforts and initiatives of the DFRC, working together with key international cooperating partners, will result in further augmentation of resources available towards the development of a vibrant regional development finance system which fully supports SADC's development goals.

Financial Performance

Once again this year the DFRC presented unqualified financial statements audited by Ernst & Young Botswana. We are also pleased with the auditors' opinion that the DFRC has the ability to continue as a going concern.

The financial performance of the DFRC for the financial year 2010/11 shows a surplus of US\$80,976 while it recorded a surplus of US\$635,185 on a cumulative basis.

Total assets have increased by 25% from the previous financial year. This is primarily due to donor funds received during the year, and accrued for utilisation in the subsequent years, and the surplus for the year. The surplus is partly attributed to contributions received during the year, which were previously provided for as doubtful.

The financial statements also reflect a significant improvement in the funding from donors towards programmes, particularly the European Union through the SADC Finance and Investment Protocol Implementation Fund.

Governance

At our May 2010 Meeting of the SADC DFI Subcommittee we welcomed the approval of a seat on the DFRC Board of Trustees in an ex officio capacity for the SADC Secretariat. Ms Boitumelo Gofhamodimo, Director of Trade, Industry, Finance and Investment was subsequently appointed a Board member. This brings the total number of DFRC Board members to eight.

The November 2010 meeting of the DFI Subcommittee saw new members being elected to the Board namely, Dr Eliezer T Gina, Managing Director for Swaziland Industrial Development Corporation; Mr Vinson Hailulu, Chief Executive Officer of the National Housing Enterprise, (Namibia); Mr Adolfo Muholove, Director of Development Programmes and Micro Finance for the Small Investment Promotion Agency (GAPI/SARL), (Mozambique) and Mr Gideon Nasari, Managing Director, National Development Corporation, (Tanzania). At the same meeting Mr Hurrydeo Bissessur, Acting Managing Director for the Development Bank of Mauritius was elected the new Chairman of the DFI Subcommittee and in this capacity also becomes an ex-officio member of the Board.

Chairperson's Report

In the course of the year we also bade farewell to Mr Somkhosi Malaba, Chief Executive Officer, Agribank (Zimbabwe); Ambassador Leonard lipumbu, Chief Executive Officer, Agribank (Namibia); Mr Tseliso Mokhosi, Acting Chief Executive Officer, Basotho Entrepreneurial Development Corporation (Lesotho); and Mr Motebang Mokoaleli, Acting Chief Executive Officer, Lesotho National Development Corporation whose terms on the Board had come to an end. On behalf of the Board I would like to extend to them our sincere gratitude for their unwavering support and contributions to the DFRC during their tenure on the Board and wish them all the best in future endeavours.

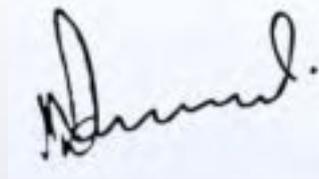
With the retirement of Mr Malaba, Ms Neo Mokhesi, Divisional Executive:Marketing and Corporate Affairs, Industrial Development Corporation (South Africa) was elected Deputy Chair of the Board.

Conclusion

I wish in conclusion to thank all my fellow members on the Board of Trustees for their commitment to the SADC DFI

Network and to the DFRC, which has seen the DFRC make substantial strides over the last few years. Their knowledge, experience and wisdom have certainly contributed to the evolution and growing stature of our institution and the Network in the SADC development finance space.

I also wish to commend the Management for rising to the occasion even under serious resource constraints and adverse global conditions for ably managing the DFRC and making a difference in matters of development finance in the region. The resilience, innovation and goal-driven ethos is recognised and supported.



Maria Nthebolan
Chairperson
Board of Trustees

Management



Mr Stuart Kufeni
Chief Executive Officer
MA Economics (Manchester), BSc (Hons) Economics (Zimbabwe)
(Banking, Macroeconomics and Development Finance)

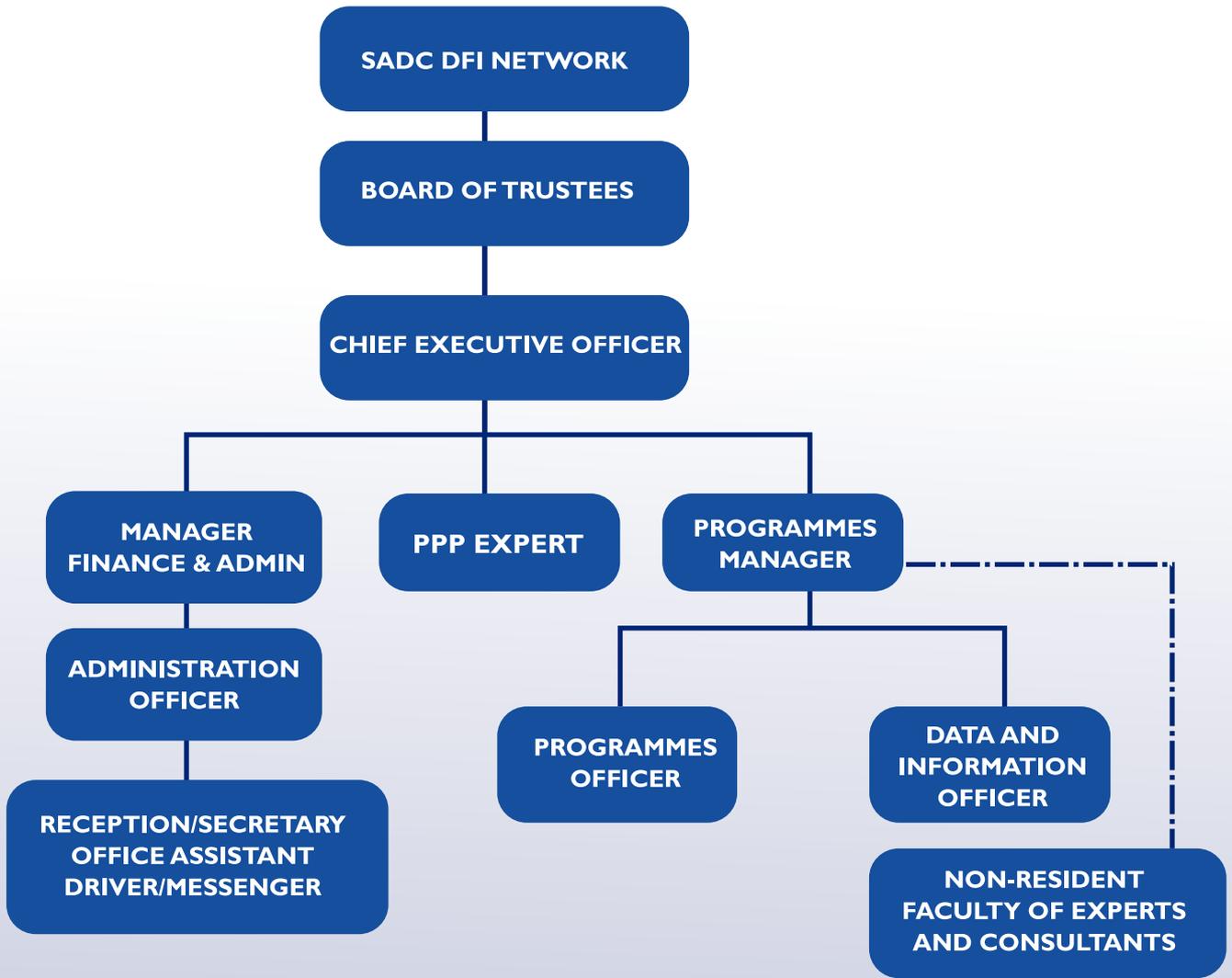


Dr Herrick Chota Mpuku
Programmes Manager
PhD (Birmingham), MBA (Bradford), MSc (Oxon), BBA
(Zambia), FICM (UK)
(Human Resources Development, International and
Development Economics)



Ms Vero Kgakge
Finance and Administration Manager
B.Com - Accounting (Botswana)
(Finance and Administration)

Organogram



SADC DFRC STAFF

Chief Executive Officer's Report



Mr Stuart Kufeni
Chief Executive Officer

The DFRC has over the past year recorded a notable rise in its capacity building programmes while its involvement in emerging regional development-oriented structures and policy discourse has also been on the increase. These positive trends which are expected to continue into the future are not only pleasing but attest to the growing recognition of the organisation as a regional centre for development finance.

As anticipated, capacity building activities dominated the DFRC's activities during the course of the year under review. A total of fifteen programmes, three more than the planned target, and six above the previous year's level, were recorded.

This noteworthy achievement, to some significant extent, reflects the growing trend among DFI Network members to outsource training for their organisations to the DFRC. Thus, of the fifteen programmes, four (about 27%), were requested by individual DFIs for training of their staff and board members. These courses were largely funded from the training budgets of the institutions with the DFRC assisting where possible with the financing of the programmes facilitators.

This development among the DFIs is a clear recognition of the DFRC's capacity to formulate and run specific training, more suitable to their requirements than what other non-DFI focused training institutions would offer. We encourage this development and look forward to more and more of our member DFIs entrusting the DFRC with their training requirements.

In recognition of the growing recourse to the DFRC by DFIs for institution-based training support, it has accordingly allocated more resources under the new Business Plan (2011-13) to meet this demand. In tandem, the DFRC will of course continue to run generic courses albeit at reduced levels in comparison to the previous years.

We reported the establishment of a Regional Technical Assistance Facility last year with seed capital of US\$1.5 million provided by the DBSA with the other two partners namely the DFRC and UNOPS providing administration and project implementation/agency support, respectively. It is pleasing to note that in the course of the just ended year, a further US\$1.5 million was made available to the facility by DBSA.

Efforts to bring on board other sponsoring partners, mainly international cooperating partners and multilateral financial institutions, are quite advanced. We are therefore hopeful of more resources being made available for the facility in the foreseeable future. Regarding implementation, three DFIs have so far benefited from the facility each recruiting two experts for initial terms of six months. With more resources at its disposal the Facility should overtime extend its assistance to more DFIs in the region.

Buoyed by the growing support of international cooperating partners and strategic partner organisations, the DFRC has during the just ended year extended its activities to encompass PPP capacity development in the region. This has enabled the DFRC to resuscitate an area of activity that for a while had been on the back burner, owing to financial constraints. The programmes on PPP are being undertaken within the overall SADC PPP Capacity Development Strategy of which the DFRC is collaborating closely with the SADC Secretariat.

Chief Executive Officer's Report

A major objective of the PPP strategy is to develop capacity within governments, state-owned enterprises and development finance institutions in SADC to appraise, design, implement and manage PPP projects. In addition, the strategy also aims to develop appropriate policy, regulatory and legal frameworks and the institutional architecture for the effective implementation of PPPs.

The PPP strategy is against the background of a growing recognition among SADC governments of the imperative to crowd-in and to enhance private participation in investment, particularly to address critical infrastructure gaps. In this respect, utilisation of such instruments as public private partnerships (PPPs) is not only a step in the right direction but is somewhat unavoidable especially when viewed against the severe budgetary constraints that most governments in the region presently face.

A major milestone for the PPP strategy was the convening of a major stakeholder conference in February 2011 which was hosted by DBSA. This was organised by various partner institutions under the leadership of the DFRC. These included the DBSA, the SADC Secretariat, the World Bank Institute, the German GIZ, the African Capacity Building Foundation and the PPP Unit of the National Treasury of South Africa. The conference was well attended with more than 150 PPP practitioners and other stakeholders participating.

At the PPP conference the SADC PPP Network was also launched and the DFRC was appointed its secretariat in the interim. To maintain momentum, the DFRC immediately established a temporary Network website initially populated by the various presentations made at the conference but at the same time used to update stakeholders on progress regarding the establishment of the Network. The DFRC has continued work on the Network with the support of partner institutions, including development of a business plan. Some training programmes have already been undertaken under the banner of the PPP network and a PPP Expert will in due course be recruited to drive the agenda of the network.

As new structures to strengthen the development finance system in the region emerge, the DFRC has increasingly found itself on the forefront to render technical support and,

in some instances, logistical support. In this regard, the DFRC has continued to support work on the operationalisation of the Project Preparation and Development Facility (PPDF) which is under the management of the Development Bank of Southern Africa. Its support has also been extended to the establishment of the SADC Regional Development Fund (RDF) for which work commenced with a feasibility study which was commissioned in October 2010.

The RDF study was completed in December of the same year and through the Committee of Senior Treasury Officials was presented to Ministers of Finance and Investment at their meeting in Windhoek, Namibia, in February 2011. The Ministers called for further consultations and strengthening of the report in identified areas before it is tabled again at their next meeting for further direction.

Besides the DFRC, the DFI Network members also had the opportunity to share their views on the subject of the establishment of the RDF. During visits to the five selected countries, management of DFIs held discussions with the study team while other DFIs registered their views on the subject matter through questionnaires.

There is no doubt that the establishment of the RDF will transform development finance in the region and it is only crucial that the views of national DFIs, directly and through the DFRC, are taken on board at this formative juncture of the regional institution. More so as the DFIs will be working closely with the RDF in their joint role to mobilise resources while the DFRC has the responsibility to underpin the activities of both by addressing their capacity building needs; and through policy and advisory services, ensuring a conducive environment for their effective operation.

These new structures augment existing structures of the SADC development finance system, including the DFI Network and the DFRC, and will play a critical role in mobilising investible resources and their channelling towards key developmental sectors, particularly infrastructure. The apparent synergies between the new institutions and the existing ones call for an all-inclusive and comprehensive approach by SADC policy makers towards the building of an effective and efficient development finance architecture for the region.

Chief Executive Officer's Report

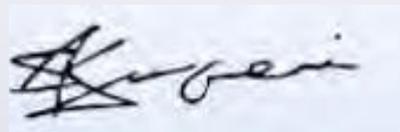
The Finance and Investment Protocol, in our view, provides the legal framework for the establishment of such a system. The DFRC embraces the opportunity to participate in these structural initiatives which are not only complementary to its own mandate but are also instrumental to the achievement of the region's overarching goals of sustainable economic development and the reduction of unemployment.

To ensure firm grounding and continued alignment of its activities to its mandate, towards the end of the year, the DFRC Board of Trustees and management took advantage of the lapsed first two-year business plan to conduct a mid-term review of its current Five-Year Strategic Plan (2011 - 2014).

The objective of the whole exercise was to reassess challenges facing the DFRC and to evaluate in light of performance over the past two years if a case to change strategic direction could exist. Thus, the review exercise involved a thorough interrogation of the vision and mission of the DFRC and an assessment of progress in the implementation of the strategic plan in the key focal areas of capacity building and policy research and advisory services over the past two years. The whole review was conducted against the framework of a SWOT analysis.

The DFRC's mandate and mission were validated while strategic directions were strengthened and in some instances new ones adopted. The overriding objective was to enhance the effectiveness of the DFRC in addressing the needs of its DFI constituency and the region as a whole. These key strategic directions which are highlighted under the Chairman's report were aptly incorporated into the DFRC's Business Plan for the next two years, 2011/12 - 2012/13.

With the growing stakeholder support, especially from the SADC Secretariat, ICPs and our member DFIs, there is no doubt that the DFRC is poised for even greater achievements in the coming year. Our new Business Plan, the outcome of a meticulous mid-term review of the current Strategic Plan, should stand us in good stead to accomplish this.



Stuart Kufeni
Chief Executive Officer

Report on Programmes

INTRODUCTION

During the past year, significant progress has been made in the various activity areas of the DFRC. These include the training and development programmes, the regional technical assistance facility, and secondments and attachments as well as the policy research and advisory services. These have resulted in a further strengthening of the skills base of development finance institutions and some government departments. On the policy and advisory side, in particular,

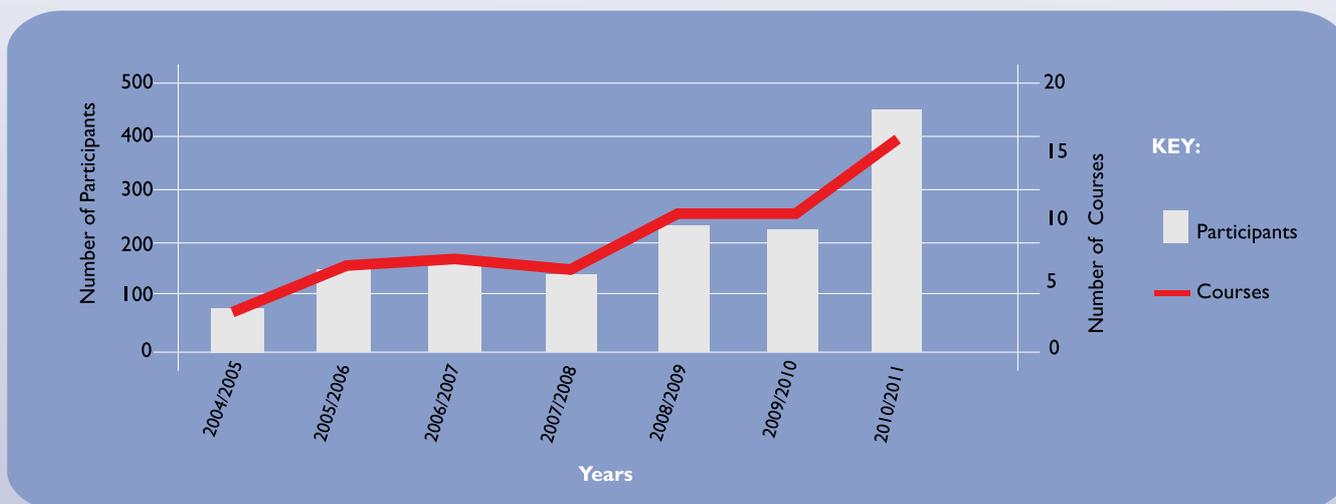
participation by DFRC in the operationalisation of the Project Preparation and Development Facility and the feasibility study on the establishment of a SADC Regional Development Fund, saw the DFRC make a major contribution to the emerging architecture of the SADC development finance

system. Specific activities of the DFRC are covered in detail in the following areas.

Training and Development Programmes

It is noteworthy that despite the budget constraints, the DFRC has realized a growth of 45% in the number of training programmes held during the period under review. Table 1 below gives a summary of the growth of overall programmes in terms of number of courses and participants since the establishment of the DFRC in 2003/2004. Over 400 hundred staff went through 15 capacity building programmes in the course of the year, compared to fewer than 300 in 9 programmes in the previous year, 2009/10.

Courses and Participation



Report on Programmes

CAPACITY BUILDING PROGRAMMES

Corporate Governance: 27th April - 7th May 2010, Pretoria, South Africa

This programme was held in Waterfront Hotel, in Pretoria. Thirty one board members and executive management of DFIs attended the programme which is an annual event and has been hosted by the DFRC since 2005. The workshop was aimed at sharing experiences, exploring recent developments and discussing best practices in the field of corporate governance, with a view to enhance the effectiveness of management and boards in their supervisory role. Special attention was being paid to issues pertinent to Development Finance Institutions, including Finance and Risk Management and the role of Audit and Credit Committees in the governance process.

The programme included a second week which focused on Advanced Issues in Corporate Governance at a more technical level. It also included study tours to the Industrial Development Corporation and the Development Bank of Southern Africa in South Africa where the two institutions shared their corporate governance practices and other related areas.

Mentoring Development Programme for Botswana: 24th March - 31st May 2010

The main objective of the programme was to enhance mentorship skills of business development service providers in Botswana. This followed similar programmes by DFRC in Lesotho and Namibia. The nine week programme ran from 24th March – 31st May 2010 for mentors of the Citizen Entrepreneurial Development Agency and the Local Enterprise Authority. The programme was facilitated by Mapili GmbH.

Risk Management: 10th - 21st May 2010, DBSA Vulindlela Academy, Midrand, South Africa

This programme aimed to develop risk management skills in credit risk, asset and liability management and operational risk in the context of the development finance institutions. The programme was intended to achieve the following:

- Disseminating and sharing information on regional DFI risk management practices and identifying regional DFI risk management priorities;
- Disseminating information on international practice;

- Proposing a strategic framework for alignment of objectives with international industry best practices including continuing education and development and corporate governance issues; and
- Providing networking platform for key regional DFI players.

The programme was held at the Vulindlela Academy, DBSA, South Africa and was organized in collaboration with the Industrial Development Corporation of South Africa, and the Development Bank of Southern Africa. It coincided with the Operational Risk Forum of International Financial Institutions, which was taking place at the DBSA at the same time. As a result the workshop and the forum were able to share resource persons while the participants of the workshop had the opportunity to interact with the Forum participants.

The programme attracted 33 participants from SADC DFIs who were equipped with the modern credit and operational risk management tools. This programme covered modern techniques of credit risk analysis, credit cycle, cash flow and lending short term debts products, banking and lending money markets instruments, long term debt products, risk evaluation framework, and industry and corporate strategy. The second week of the programme focused on Advanced Issues in Credit Risk Management to provide an advanced, specialised and in-depth treatment of selected topics in credit risk management. The principal resource person for both programmes was Dr Phillipe Latimier, a financial consultant based in France.

Project Management - Citizen Entrepreneurial Development Agency (CEDA): 12th - 16th April 2010, Gaborone, Botswana

The Project Management programme was the first of three that the DFRC facilitated for CEDA during the period under review. The programme was designed to help the participants learn how to apply the Project Management approach in their current business environment. The programme covered modern techniques of project planning and scheduling, project cost estimating and budgeting, resource planning, risk management and quality management. Participants were taught how to plan, execute, monitor and control projects using modern project management techniques with computer applications. A total of 17 participants all from CEDA attended the programme.

Report on Programmes

These included sector support managers and sector portfolio executives representing various sectors including, agribusiness, services, property and manufacturing. The course was facilitated by Dr Peter Tobin of Gordon Institute of Business Sciences of the University of Pretoria.

Project Management (1): 31st May - 4th June 2010, Boksburg, South Africa

This was a one week programme funded under the European Union funding for the Finance and Investment Protocol implementation programme. Twenty five participants attended and the programme was facilitated by Dr Peter Tobin PMP, Senior Lecturer, Gordon Institute of Business Sciences of the University of Pretoria in South Africa. The programme covered modern techniques of project planning and scheduling, project cost estimating and budgeting, resource planning, risk management and quality management.

Project Management (2): 4th - 9th July 2010, Midrand, South Africa

As a response to the great demand of the programme, the DFRC held second Project Management Programme at Eskom Leadership Development Centre in Midrand, South Africa, from 4th July to 9th July 2010. The programme attracted 19 participants from SADC DFIs and was also facilitated by Dr Peter Tobin PMP of Gordon Institute of Business Sciences, University of Pretoria.

Monitoring and Evaluation - Citizen Entrepreneurial Development Agency (CEDA): 21st - 25th June 2010, Gaborone, Botswana

The one week programme was fully funded by CEDA. The programme facilitator was Dr Johan Olivier of Inkwazi Consulting. The course was designed to introduce development practitioners to the theory and practice of Monitoring and Evaluation. It assumed that participants had no or limited knowledge of Monitoring and Evaluation. Since Monitoring and Evaluation is an integral part of established project management practice, the course therefore located Monitoring and Evaluation within the broader discipline of project management.

The programme was highly interactive and involved participants working in groups and making group presentations under the technical guidance of the facilitator.

SME Lending and Credit Evaluation - Citizen Entrepreneurial Development Agency: 6th - 10th September 2010, Gaborone, Botswana.

This programme was the last of the three programmes that CEDA requested the DFRC to conduct on its behalf. The DFRC partnered with IDC (SA) and SEDCO (Zimbabwe) to deliver the five day programme that was designed to best suit the needs of CEDA. The workshop was attended by 24 participants from different departments of CEDA.

The need to hold the programme was motivated by the CEDA's focus on small and medium-sized enterprises as drivers of sustainable socio - economic development in most of the developing economies and Botswana was no exception. The SME lending and credit evaluation training was designed to provide a comprehensive knowledge on issues involved in SMEs lending. The training sought to equip delegates with techniques of credit analysis using case studies and Botswana's experiences relating to SMEs Credit appraisal and lending.

At the end of the training, participants were re-tooled in the appraisal of and better-equipped to advise on best practices for SME credit financing.

Corporate Governance: 13th - 14th September 2010, Maseru, Lesotho

The course was held at the invitation of the Lesotho National Development Corporation (LNDC) to the DFRC to facilitate a training programme on Corporate Governance for their Board and Management. The purpose of the programme was to expose the board members of the LNDC to recent developments in corporate governance practice and legislation; and to afford them the opportunity to interact and discuss current themes with international faculty. Professor Y R K Reddy and Mr. John Chikura facilitated the two-day programme.

High-Level Asset and Liability Management: 13th - 17th September, 2010, Ezulwini, Swaziland

This course was convened by the Association of African Development Finance Institutions (AADFI) in partnership with the Development Bank of Southern Africa, FINCORP of Swaziland and the DFRC. Thirty five (35) delegates from all over Africa attended the workshop in Ezulwini in Swaziland.

Report on Programmes

The programme focused on disseminating techniques of enhancing the value of the company through sound management and matching of assets and liabilities. Facilitation of the programme was provided through the Development Bank of Southern Africa.

Negotiation Skills: 15th - 17th November 2010, Dar es Salaam, Tanzania

The Negotiation Skills training programme was attended by 27 Human Resource Managers from the member development finance institutions. The programme sought to expose participants to training interventions designed to empower them in understanding:

- The nature of negotiations and the underlying processes
- The rules of engagement which concludes the knowledge about when to cooperate, when to collaborate, when to compete and when to conflict
- The phases of negotiation
- Own negotiation strengths and to be able to integrate the theory, so as to increase range of behavior to create value.
- How to articulate important feelings and impression that one has felt intuitively about the negotiation process, but had not been able to articulate clearly owing to non-exposure to the empirical research. The theory puts these notions into context.
- The programme was also designed to provide delegates with an excellent set of framework for effective preparation for negotiations, data searches, identification of negotiation partners and decision makers and selection of negotiation team.

At the end of the programme, delegates were able to diagnose and forecast the negotiation process, starting from the need to negotiate, through the preparation process, the selection of negotiation team, identification of decision makers, stakeholders, people of influence in opposing teams, understanding their needs and requirements, sketching of negotiation scenarios, identifying negotiation styles, strategies and tactics bidding, offers, art of granting concessions, counter proposals, disclosure of information personal image management and negotiation.

The workshop was led by Dr Geoffrey Heald, a senior lecturer in Negotiation at the Witwatersrand Business School in South Africa.

Human Resources Development Forum - Towards Sustainable Human Capital Development: 18th -19th November, 2010, Dar es Salaam, Tanzania

The Human Resources Development Forum was held to review the SADC DFRC Capacity Building Programme and other related interventions over the previous year, and to provide guidance on activities for the future. The Forum also took stock of the training needs of the SADC DFIs, based on a survey conducted in August 2010, and identified key priorities for the following two years. Also discussed were contemporary issues in sustainable human capital development in the private and international public sector.

The Forum was attended by twenty-eight (28) senior human resource development professionals from the member development finance institutions. The workshop was resourced by senior professionals and academics from the Tanzanian professional and business community.

SME Appraisal: 17th - 21st January, 2011, Gaborone, Botswana

The five day programme was attended by 31 investment and business analysts who are charged with the responsibility to appraise, advise and mentor SMEs. The course aimed at providing a comprehensive knowledge on issues involved in appraisal of SME projects, costing, financial and business planning and entrepreneurship.



(from l-r) Dr. Abraham Mwenda, Managing Director for Development Bank of Zambia and Mr. SMT Malaba, Chief Executive Officer for Agribank Zimbabwe at the CEO's Forum.

Report on Programmes

Substantial attention was given to analysis of case studies and country experiences relating to SMEs, credit appraisal and lending. Strategies to develop and grow SME projects and mitigate their mortalities were also exhaustively discussed. By the end of the training, participants were equipped with tools for appraisal of SMEs credit, and to advise on best practices. The programme was facilitated by Mr William Van De Merwe from Small Business Advisory Bureau, University of Northwest.

Entrepreneurship Development: 24th - 28th January, 2011, Gaborone, Botswana

The programme was attended by 32 Investment and Business Analysts from the member DFIs and aimed to enhance participants' knowledge of culture and practices of entrepreneurship in order to render effective support to client entrepreneurs. Particularly important were skills for appraising proposals and assessment of SME viability as well as understanding of entrepreneurship in terms of practice and broad public policy.

By the end of the training, participants of the training were expected to be:

- Able to develop workable policy procedures for SMESs Lending
- Knowledgeable of various support systems for SMEs
- Able to develop innovative approach to improve access to finance by SMEs and profitability of lending to this market
- Able to develop effective strategies to help reduce mortality of SMEs and revive failing credit

The training was facilitated by Dr Donath Olomi from Institute of Management and Entrepreneurship Development while other resource persons were drawn from the University of Botswana (Faculty of Business), the Local Enterprise Authority and the private sector.

Prudential Standards and Guidelines: 21st - 25th February, 2011, Johannesburg, South Africa

The purpose of the training was to update DFI staff knowledge on the application and implementation of Prudential Standards and Guidelines Rating System of the Association of African Development Finance Institutions (AADFI); how to apply these

techniques to the operations of their respective institutions; and prepare for a peer review of these processes and results.

The programme took place at the Southern Sun Hotel in Johannesburg and 30 delegates, including three from West Africa, one from Kenya and two from Seychelles attended the programme. The IDC of South Africa provided the technical resource personnel for the programme, while funding was provided by the European Union. Technical inputs and materials were provided by AADFI.

Appraisal of Public Private Partnerships: 14th - 25th March, 2011, Johannesburg, South Africa

This programme was held in collaboration with the Development bank of Southern Africa, with funding from the European Union under the SADC Finance and Investment Protocol implementation programme. It was attended by 21 professionals dealing with PPPs and working in DFIs and other public sector organisations. The resource persons were drawn from Africana Finance and Investment and DBSA.

The programme was designed to develop the operational skills of participants so that they are able to carry out the following tasks with respect to PPP projects.

- Plan and assesses all aspects of investments project
- Add value through the redesign of the projects
- Design strategies to manage risk
- Prepare projects financing agreements
- Design strategies to address stakeholders concerns.

The programme also covered modern techniques for conducting financial risk, economic and stakeholder evaluation of investment, cost-benefit analysis and stakeholder identification among others. It also aimed at responding to the growing use of PPP by SADC governments in procurement of infrastructure projects, and needs for appropriate skills by government, DFI and private sector technocrats to effectively implement such projects.

This programme was a follow-up to the regional PPP Forum and Network Launch which was held in February 2011 (See below), and is an integral part of the unfolding SADC PPP Capacity Development Strategy.

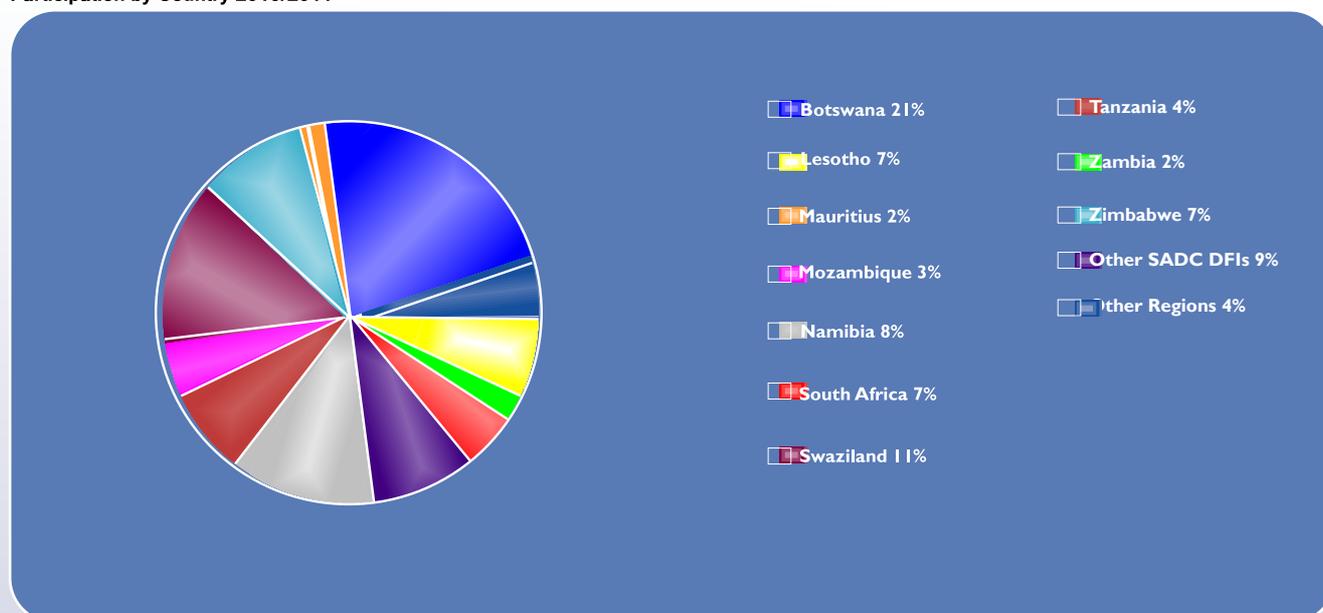
Report on Programmes

Participation Rates on Capacity Building Programmes, 2010/11

Participation by Country

Participation per country, as expected, shows that countries with higher DFI membership had the largest share of participation. Hence Botswana, Zimbabwe and Swaziland recorded the highest participation levels. It is also worth noting that participation of Mozambique has increased significantly to 3% in the year when compared to previous years.

Participation by Country 2010/2011



Participation by DFI

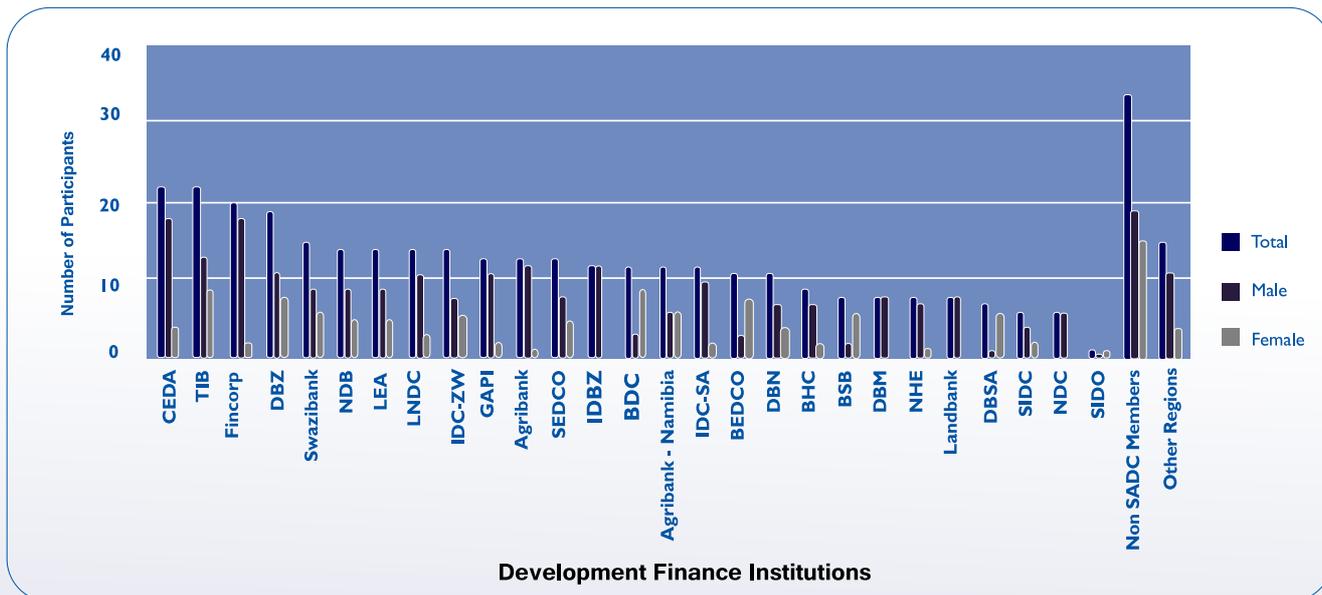
Participation by individual DFIs has been varied, while some institutions such as CEDA, Fincorp and TIB have made substantial use of the training facilities. Larger institutions on the other hand have witnessed less participation. The DFRC is also engaging closely with individual DFIs to explore the possibility of developing and implementing custom-tailored programmes for them.

A significant part of the programmes undertaken in the year were directed at specific institution requests, such as CEDA

(3) and Lesotho (1). The advantage is that this approach attracts greater commitment of resources from the participating institutions, and greater focus on specific institutional requirements. It is expected that the DFRC will in future programmes increasingly focus on the requirements and expectations of country clusters and individual DFIs in formulating interventions for the DFI Network.

Report on Programmes

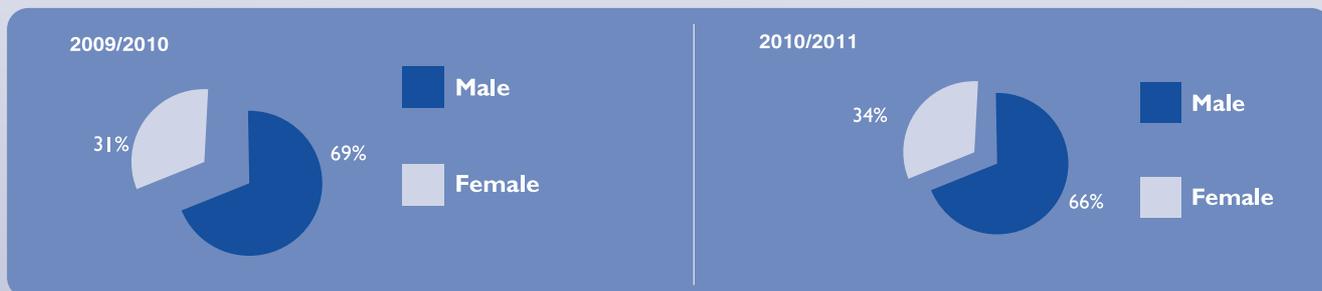
Participation by Development Finance Institutions



Participation by Gender

The distribution of participants by gender showed a marginal but welcome improvement with female participation increasing from 31% to 34%. The DFRC has always emphasised the need to ensure gender balance in programme participation in line with the provisions of SADC Protocol on Gender Equity. The current result is in compliance with these guidelines, and further improvements are expected in this regard, as DFIs employ similar practices in their staff recruitment practices.

Distribution by Gender



Report on Programmes

TRAINING PROGRAMMES: 2010/11

Programme	Target	Cooperating Partners	Duration	Activity Dates												
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
DFRC Regional Training Programmes																
Corporate Governance	Board Members and Senior Management of DFIs	SADC/EUDF, GCGF	9 days	27th - 7th												
Risk Management	Risk, Credit, Assets and Liability Managers	SADC/EUDF, DBSA and IDC	10 days	10th - 21st		13th - 17th										
Project Management	Business, investment analysts	SADC/EUDF	5 days	31st - 4th	4th - 9th											
Negotiation Skills	Human Resources Managers	SADC/EUDF	3 days						15th - 17th							
Human Resource Forum	Human Resources Managers	SADC/EUDF, TIB	2 days						18th - 19th							
SME Appraisal	Business, investment analysts	SADC/EUDF	5 days									17th - 21st				
Entrepreneurship Development	Business, investment analysts	SADC/EUDF	5 days									24th - 28th				
Prudential Standards and Guidelines	Official Responsible for DFI assessment	SADC/EUDF	5 days											21st - 25th		
Public Private Partnership	Business, investment analysts	SADC/EUDF	10 days													14th - 25th
DFI Based Training Programmes																
Project Management	Business, investment analysts	CEDA	5 days	12th - 16th												
Monitoring and Evaluation		CEDA	5 days		12th - 25th											
SME Lending and Credit Evaluation	Business, investment analysts	CEDA	5 days									6th - 10th				
Corporate Governance	Board Members and Senior Management of DFIs	DFRC, LNDC	2 days											13th - 14th		

Report on Programmes

TECHNICAL ASSISTANCE

Regional Technical Assistance Facility

The Regional Technical Assistance Facility (RTAF) was established in April 2010. This was facilitated through an agreement by the founding partners of the facility, Development Bank of Southern Africa (DBSA), SADC Development Finance Resource Centre and United Nations Office for Projects Services (UNOPS). Seed capital of US\$3 million was made available for the facility by DBSA.

The objectives of the facility include:

- Identifying critical skills gaps;
- Identifying gaps in delivery in existing systems and processes;
- Designing specific tailor made capacity building interventions to resolve the gaps;
- Drawing available skilled human resource to assist; and
- Facilitating effective transfer of skills and knowledge.

The implementation schedule of the facility is presented diagrammatically as follows:



Three DFIs were initially selected to benefit from the first phase of the programme, viz: the Infrastructural Development Bank of Zimbabwe, the Development Bank of Zambia, and the Tanzania Investment Bank.

During the month of September, the individual needs assessments for the DFIs were carried out to identify gaps in systems, processes and skills. The assessments were used to identify technical assistance requirements to meet each DFI's critical needs and in addition served as a guidance tool for formulating institutional training strategies for skills development and engagement of relevant personnel. Further,

the information derived from the assessment exercise provided key information for demographics, existing qualifications, training, development and technical requirement priorities for each institution.

Subsequent to the needs assessment report, the recruitment of the identified critical technical experts was approved and, in view of budgetary constraints, this was limited to only two experts per DFI. The table below presents the deployments of experts to the development finance institutions under the Facility.

Report on Programmes

Deployment of Experts to DFIs

Development Finance Institution	Area of Expertise	Date of Deployment	Duration of Assignment
Development Bank of Zambia	i. Information and Communication Technology	February – August 2011	6 months
	ii. APEX Consultant	March – September 2011	6 months
Infrastructure Development Bank of Zimbabwe	i. Project Monitoring	March –September 2011	6 Months
	ii. Project Preparation and Packaging and Resource Mobilisation	February – August 2011	6 months
Tanzania Investment Bank	i. Portfolio Management	Recruitment ongoing	6 months
	ii. Development Financing		

A Project Director and Programme Assistant were recruited to manage and implement the facility and will be based at the UNOPS offices in Johannesburg. Among other responsibilities, the Project Director is responsible for the mobilization of resources to fund subsequent phases. This

will overtime see other cooperating partners join the three founding members and augment the pool of resources available to the benefit of more DFIs in the region.

Report on Programmes

POLICY RESEARCH AND ADVISORY SERVICES

Public Private Partnership Forum and SADC PPP Network Launch

Following consultative meetings between the DFRC and its partners – the German Agency for International Cooperation (GIZ), the World Bank Institute, the Development Bank of Southern Africa, the National Treasury of South Africa, the African Capacity Building Foundation and the SADC Secretariat – it was agreed to convene a special Forum for PPP Stakeholders in Southern Africa, and at the same occasion to launch a SADC PPP Network of practitioners. The Forum was subsequently held in Midrand on 15th –17th February 2011.

The Forum was officially opened by the Deputy Executive Secretary of SADC responsible for Regional Integration, Dr Joao Caholo, and was graced by the World Bank Country Director for South Africa, Mrs Ruth Kagia, and Mr Paul Baloyi, Managing Director of the DBSA. The SADC PPP Network was accordingly launched by the institutions and participants, which included DFIs, PPP units, government departments and private sector practitioners. At the meeting the DFRC was appointed the interim secretariat for the Network. A Task Force comprising five members was set up to work with the DFRC in the formative stage of the Network while the international cooperating partners that had partnered to convene the Forum, pledged to continue supporting the Network and PPPs in SADC in general.

The Network is a critical building block of the SADC PPP Capacity Development Strategy. The overall objective of the PPP strategy is to develop capacity within governments, state-owned enterprises and development finance institutions in SADC to appraise, design, implement and manage PPP

projects as well as develop appropriate policy, regulatory and legal environment and the institutional architecture to effectively implement PPPs. Specifically, the PPP Network's objectives, among others, include the following:

- Enhance understanding of PPPs – different models, institutional, policy, legal and regulatory requirements for successful PPPs;
- Platform for sharing of experiences and knowledge;
- Strengthen professionalism, enhance skills and promote regional harmonization and policy development; and
- Consensus building and source of inputs into the broader SADC PPP

Strategy and programmes

The key beneficiaries and target groups of the Network will include:

- Technical professionals and senior SADC governments' officials involved in PPP policy formulation and manning PPP units and those involved in PPP projects appraisal, implementation or regulation;
- Private sector and officials in sector SOEs, involved in implementation of various infrastructure projects such as energy, ICT, water and transport;
- Regional economic communities and infrastructure organisations;and
- Development Finance Institutions.

The DFRC has continued working with the Task Force and the group of cooperating partners to finalise the full and formal launch of the Network through the development of a concept note and the preparation of a website for the PPP Network. A temporary website was set up and is hosted on the DFRC website, while a stand-alone permanent website is being developed with the technical and financial support of the cooperating partners. The formal launch of the Network is planned for the last quarter of 2011.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

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Annual Financial Statements

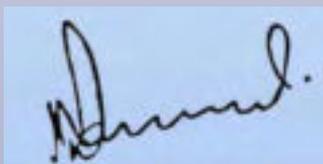
YEAR ENDED-31 MARCH 2011

GENERAL INFORMATION

Trustees:	Ms Maria Nthebolan – Chairperson Ms Neo Mokhesi – Deputy Chair Dr Eliezer T Gina Mr Adolfo Muholove Mr Vinson Hailulu Mr Gideon Nasari Mr Hurrydeo Bissessur Ms Boitumelo Gofhamodimo
Principal Activities:	Capacity building, Policy Research and Advisory Services (PRAS) centre for the SADC – Development Finance Institutions
Registered Office:	Plot 50676 BIFM/Fairgrounds Office Park Gaborone
Auditors:	Ernst & Young 2nd Floor, Plot 22 Khama Crescent Gaborone
Bankers:	Standard Chartered Bank of Botswana Limited
Country of Incorporation and Domicile:	Botswana
Measurement and Presentation Currency:	United States Dollars

APPROVAL OF ANNUAL FINANCIAL STATEMENTS:

The annual financial statements for the year ended 31 March 2011 were authorised for issue by the board of trustees and are signed on their behalf by:



BOARD CHAIRPERSON

Date: 01/06/2011



CHIEF EXECUTIVE OFFICER

Independent Auditors Report

to the board of trustees of southern african development community -development finance resource centre

Report on the Financial Statements

We have audited the accompanying financial statements of Southern African Development Community – Development Finance Resource Centre, set out on pages 30 to 48 which comprise the statement of financial position as at March 31, 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the Financial Statements

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

Auditor' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements,

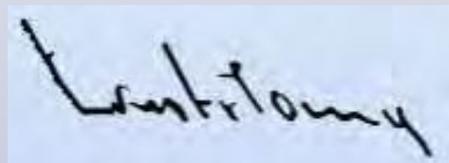
whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Southern African Development Community – Development Finance Resource Centre as of March 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards .



Ernst & Young

Certified Public Accountants

**Practicing Member: T. Chitambo
(20030022.05)
Gaborone
26/July/2011**

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Statement of comprehensive income

for the year ended 31 March 2011

US \$	Note	2011	2010 Restated*
Member's contributions	1	768,630	783,408
Donor funds	2	1,247,666	568,987
Total revenue		2,016,296	1,352,395
Other income	3	66,851	112,736
Finance income	4	20,438	2,427
Expenditure			
Staff costs	6	(506,234)	(448,640)
Program expenses		(1,245,163)	(767,752)
Administration and operating costs		(271,212)	(365,757)
Surplus/(deficit) for the year	5	80,976	(114,591)

*Certain amounts shown here do not correspond to the 2010 financial statements and reflect adjustments made as detailed in Note 8.2.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Statement of financial position

for the year ended 31 March 2011

US \$	Notes	2011	2010 Restated*
Assets			
Non current assets			
Property and equipment	9	34,703	47,170
Current assets			
Trade and other receivables	7	34,616	26,915
Cash and cash equivalents	8	905,690	705,437
		<u>940,306</u>	<u>732,352</u>
Total assets		<u>975,009</u>	<u>779,522</u>
Funds and liabilities			
Accumulated surplus		635,185	554,209
Revaluation surplus		3,360	-
		<u>638,545</u>	<u>554,209</u>
Current liabilities			
Trade and other payables	10	325,481	216,716
Short term portion of operating lease accrual	11	10,983	8,597
		<u>336,464</u>	<u>225,313</u>
Total funds and liabilities		<u>975,009</u>	<u>779,522</u>

*Certain amounts shown here do not correspond to the 2010 financial statements and reflect adjustments made as detailed in Note 8.2.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Statement of changes in funds

for the year ended 31 March 2011

US \$	Accumulated surplus Restated*	Revaluation reserve	Total
Balance at 1 April 2009	668,800	-	668,800
Deficit for the year - as restated	(114,591)	-	(114,591)
Deficit for the year as previously reported	(174,993)	-	(174,993)
Prior year adjustment (Note 8.2)	60,402	-	60,402
Restated balance at 1 April 2010	554,209	-	554,209
Surplus for the year	80,976	-	80,976
Revaluation surplus for the year	-	3,360	3,360
Balance at 31 March 2011	635,185	3,360	638,545

*Certain amounts shown here do not correspond to the 2010 financial statements and reflect adjustments made as detailed in Note 8.2.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Statement of cash flows

for the year ended 31 March 2011

US \$	Notes	2011	2010 restated*
Cash generated from/(utilised) in operating activities	12	206,335	41,042
Investing activities			
Proceeds on disposal of furniture and fittings		-	716
Acquisition of plant and equipment		(6,082)	(9,303)
Cash utilised in investing activities		(6,082)	(8,587)
Financing activities			
Capital repayments made on finance lease obligation		-	(320)
Increase in cash and cash equivalents		200,253	32,135
Cash and cash equivalents at beginning of year		705,437	673,302
Cash and cash equivalents at end of year		905,690	705,437
Cash and cash equivalents comprise:			
Bank balances – current accounts		4,220	61,845
Bank balances – call accounts		901,470	643,592
Cash and cash equivalents at 31 March 2011		905,690	705,437

*Certain amounts shown here do not correspond to the 2010 financial statements and reflect adjustments made as detailed in Note 8.2.

Summary of significant accounting policies

for the year ended 31 March 2011

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements are stated in US Dollars, denoted by US\$, which is also the functional currency.

The financial statements are prepared on the historical cost basis, except for financial instruments which are disclosed at fair value. The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results 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 the next year are disclosed on page 36 and 37.

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 balance sheet 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 income statement 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the organisation at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on the straight line method at the following rates, which are designed to reduce the cost of the assets to residual values at the end of their useful lives.

- | | |
|--------------------------|------------------|
| ● Computer equipment | 33.33% per annum |
| ● Furniture and fittings | 15% per annum |
| ● Office equipment | 15% per annum |
| ● Motor vehicle | 25% per annum |

Summary of significant accounting policies

for the year ended 31 March 2011

The useful life, depreciation method and residual value are reassessed on an annual basis and any change therein is treated as a change in accounting estimate.

Gains and losses on disposal of plant and equipment items are determined by comparing proceeds with the carrying amount and included in the statement of comprehensive income.

Recognition and de-recognition of assets and liabilities

The organisation recognises an asset when it obtains control of a resource as a result of past events and future economic benefits are expected to flow to the organisation. The organisation derecognises a financial asset when it loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset. A financial liability is derecognised when it is legally extinguished.

Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of assets is the greater of net selling price and value in use.

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. For an asset which does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

When an impairment loss subsequently reverses the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying

amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of impairment loss is recognised as income immediately.

Operating leases

Leases, which merely confer the right to the use of an asset, are treated as operating leases. Payments made under such operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Taxation

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

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 organisation

Interest paid

Interest paid is recognised for all interest-bearing financial instruments on an accrual basis, using the effective yield method on the original settlement amount.

Revenue recognition

Revenue comprises the contributions from members and donor funds.

Revenue is recognised in the statement of comprehensive income 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 organisation
- 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.

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YEAR ENDED-31 MARCH 2011

Donor income

Donor income is credited to the income statement when these amounts are received and banked. Donor income for future use is recorded as a liability on receipt. Costs are expensed against the liability when these costs are incurred.

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 organisation 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. 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 statement of financial position date.

Financial instruments

Financial assets

The organisation's principal financial assets comprise of the following:

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.

Trade and other receivables

Trade and other receivables, which generally have 30 to 90 days terms are recognised and carried at original invoice amount less impairment charges. Impairment charges are recognised when collection of the full amount is no longer probable. Impairment charges are written off as incurred.

Financial liabilities

The organisation's principal financial liabilities comprise of the following:

Trade and other payables

Trade and other payables are normally settled on 30 to 90 day terms and are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the organisation.

Finance lease obligation

Finance lease obligations are initially recognised at cost, being the fair value of the consideration received and include acquisition charges associated with the borrowing/loan.

After initial recognition, all finance lease obligations, other than liabilities held for trading, are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

For liabilities carried at amortised cost (which are not part of hedging relationship), any gain or loss is recognised in the income statement when the liability is derecognised or impaired, as well as through the amortisation process.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are included in the income statement in the period in which the change arises.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the organisation 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.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Summary of significant accounting policies

for the year ended 31 March 2011

New and amended standards and interpretations during the year

The following accounting standards have been amended and are effective during the period:

Number	Name	Effective for annual periods beginning on or after	Not relevant to activities	No material impact expected on organisation
IFRS 2	Amendments to Group Cash settled Share based payment	1-Jan-10	✓	
IFRS 1	Additional Exemptions to First - Time Adopters	1-Jan-10	✓	
IAS 24	Related Party Disclosures	1-Jan-11		✓
IAS 32	Classification of Rights Issue	1-Feb-10	✓	
IFRS 9	Financial instruments: Classification and Measurement	1-Jan-13		✓
IFRIC 14	Amendment - Prepayments of a Minimum Funding Requirement	1-Jan-11	✓	
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1-Jul-10	✓	
IFRS 1	Limited Exemption from comparative IFRS 7 Disclosure	1-Jul-10	✓	

The Trustees anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the organisation and will only result in additional disclosure requirements. The Statements will be adopted at the respective effective dates.

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YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$	2011	2010 restated
1. Member contributions		
Contributions from DFI network members	768,630	783,408
Member contributions comprises of annual fees received from the DFI Network members on an annual basis		
2. Donor funds		
Funds donated directly to SADC-DFRC	109,224	436,910
Donor funds – non-cash donations	1,138,442	132,077
	1,247,666	568,987
Non-cash donations comprise funds and sponsorship paid directly to service providers by donors for SADC-DFRC programmatic activities. These donor funds are accounted for as non-cash donations.		
3. Other income		
Rental income received from a related party (Note 13)	39,745	23,865
Training programmes	–	25,708
Net gain on disposal of property, plant and equipment	–	605
Exchange gains	27,106	62,558
	66,851	112,736
4. Finance income		
Interest earned from bank and short term deposits	20,438	2,427

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YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$	2011	2010 restated
5 Surplus/(Deficit) for the year		
Surplus for the year is stated after taking into account of the following;		
Audit fees	7,580	7,000
Board costs	37,853	31,451
Impairment	-	901
Depreciation	21,909	24,592
Net realised exchange (gain)/loss	(25,908)	(1,364)
Staff costs (note 6)	506,234	448,640
Office rent	115,261	86,884
Equipment leasing and hire	13,780	10,405
Rent - operating lease accrual	(10,983)	(10,019)
6. Staff costs		
Salaries	437,940	393,558
Gratuity	32,285	17,918
Staff bonuses	25,991	27,660
Other benefits	10,018	9,504
	506,234	448,640
Number of persons employed by the organisation at the end of the year		
Full time	8	8
7. Trade and other receivables		
Member contributions net of allowance for uncollectible amounts	-	7,111
Other receivables	34,616	19,804
	34,616	26,915

Notes to the financial statements

for the year ended 31 March 2011

US \$	2011	2010 restated
7 . Trade and other receivables (continued)		
Member contributions are non-interest bearing and are generally on 30- 90 days' terms.		
As at 31 March, the ageing analysis of member contributions is as follows:		
90 days and more	230,223	310,449
Provision for bad debts	(230,223)	(303,338)
	-	7,111
All contributions as analysed above are past due and impaired. Other receivables have no contractual repayment period		
8. Cash and cash equivalents		
Cash at banks and on hand	468,414	509,787
Short-term deposits	437,276	195,650
	905,690	705,437

8.1

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

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

8.2 Prior year adjustment

Certain cash balances denominated in foreign currencies at 31 March 2010 were incorrectly converted into the United States Dollar equivalent amounts as at 31 March 2010 . This resulted in the misstatement of the bank and cash balances by US\$60,402 as at 31 March 2010. The overall effect of the adjustment has been an increase in the prior year cash and cash equivalents balances and the reported surplus by US\$60,402.

The financial statements of 2010 have been restated to correct this error. SADC-DFRC is exempt from taxation and hence there is no tax effect.

Notes to the financial statements

for the year ended 31 March 2011

9. Property, Plant & Equipment

US \$	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation					
At 1 April 2010	26,310	48,952	20,087	97,457	192,806
Additions	-	4,445	1,637	-	6,082
Disposals	-	-	-	-	-
Revaluation gain	3,360	-	-	-	3,360
At 31 March 2011	29,670	53,397	21,724	97,457	202,248
Depreciation					
At 1 April 2010	15,210	37,838	11,708	80,880	145,636
Depreciation charge for the year	-	6,156	3,339	12,414	21,909
Disposals	-	-	-	-	-
At 31 March 2011	15,210	43,994	15,047	93,294	167,545
Net book value					
At 31 March 2010	11,100	11,114	8,379	16,577	47,170
At 31 March 2011	14,460	9,403	6,677	4,163	34,703

Revaluation of motor vehicle

The motor vehicle was revalued by Motor Centre Botswana, a recognised motor dealer. The valuation performed was based on active market prices, adjusted for any difference in nature, location and condition of the motor vehicle.

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$	2011	2010 restated
10. Trade and other payables		
Trade payables	240,275	116,773
Other payables	85,206	99,943
	325,481	216,716
Trade and other payables are non-interest bearing and are normally on 30–60 day terms.		
11. Operating lease accrual		
Office rental		
Cash flow basis	41,049	45,457
Straight line basis	50,121	54,055
Deferred lease accrual	9,072	8,598
Equipment leasing and hire		
Cash flow basis	27,999	-
Straight line basis	29,910	-
Deferred lease accrual	1,911	-
Total operating lease accrual	10,983	8,598

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YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$

12. Cash generated from/(utilised) in operating activities

Operating activities

Surplus/(deficit) for the year

Non - cash adjustments:

Depreciation

Gain on disposal of property, plant and equipment

Working capital adjustments:

(Increase)/ decrease in receivables

Increase/ (decrease) in payables

Deferred lease rental

	2011	2010 restated
Surplus/(deficit) for the year	80,976	(114,591)
Depreciation	21,910	24,592
Gain on disposal of property, plant and equipment	-	(605)
(Increase)/ decrease in receivables	(7,701)	280,271
Increase/ (decrease) in payables	108,765	(140,621)
Deferred lease rental	2,385	(8,004)
	<u>206,335</u>	<u>41,042</u>

13. 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 organisation including member Development Finance Institutions (DFIs), Board of Trustees and key management personnel.

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

Member contributions from DFIs (Note 1)

Rental income received from SADC - Accreditation Services

Board members allowances and travel fares

Member contributions from DFIs (Note 1)	768,630	783,408
Rental income received from SADC - Accreditation Services	39,745	23,865
Board members allowances and travel fares	37,853	31,452

Compensation of key management personnel

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

Bonus

Short-term employee benefits	322,836	348,144
Bonus	30,900	35,808
	<u>353,736</u>	<u>383,952</u>

Notes to the financial statements

for the year ended 31 March 2011

US \$

14. Commitments and contingencies

Capital expenditure commitments

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

Operating lease commitments

Lease rentals payable

Future minimum rentals under non cancelable leases are as follows:

Within one year

After one year but not more than five years

	2011	2010
Within one year	140,030	54,055
After one year but not more than five years	589,053	-
	<u>729,083</u>	<u>54,055</u>

The operating lease commitments include office rental payable to Turnstar Holdings and equipment lease and hire payable to Nashua Botswana.

Contingent liabilities

SADC - DFRC has no contingent liabilities as at 31 March 2011 (2010 - Nil).

15. Financial risk management objectives and policies

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

The organisation 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 organisation's policy guidelines are adhered to.

Interest rate risk

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

Foreign currency risk

The organisation is exposed to the foreign currency risk for transactions that are denominated in a currency other than the functional currency of the organisation, primarily the Botswana Pula. Other than locally incurred expenses, all other expenses consist of costs paid and denominated in US\$. Revenue consists of amounts denominated in US\$. The Organisation's exposure to foreign currency risk, based on notional amounts is summarised as follows;

Annual Financial Statements

YEAR ENDED 31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

15. Financial risk management objectives and policies (continued)

US \$

Foreign Currency Risk (continues)

2011

Cash and cash equivalents

1,590

471,218

Trade and receivables

–

16,034

Trade and other payables

–

(94,556)

Net exposure

1,590

392,696

2010

Cash and cash equivalents

37,274

34,432

Trade and receivables

–

11,807

Trade and other payables

–

(31,118)

Net exposure

37,274

15,121

Fair value of financial instruments

The fair value of all financial instruments are substantially identical to the carrying values reflected in the statement of financial position. The table below summarises the information.

No valuation methods have been used to measure the fair values since the carrying amounts approximate fair values.

	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Financial assets				
Trade and other receivables	21,007	21,007	18,919	18,919
Cash and Bank	905,690	905,690	705,437	705,437
Total	926,697	926,697	724,356	724,356
Financial liabilities				
Trade and other payables	240,275	240,275	116,773	116,773
Provisions and other liabilities	85,206	85,206	99,943	99,943
Total	325,481	325,481	216,716	216,716

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Notes to the financial statements

for the year ended 31 March 2011

15. Financial risk management objectives and policies (continued)

Classification of financial instruments

US \$	Loans & receivables	Held to maturity	Total
2011			
Trade and other receivables	21,007	-	21,007
Cash and Bank	905,690	-	905,690
Total	926,697	-	926,697
2010			
Trade and other receivables	18,919	-	18,919
Cash and Bank	705,437	-	705,437
Total	724,356	-	724,356

Financial instruments designated at fair value through profit or loss

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

Financial assets pledged as collateral

The organisation has not pledged any financial assets as collateral.

Financial assets received as collateral

The organisation has not received any financial assets as collateral

Net gains and losses by financial instrument category

2011	Loans & receivables	Held to maturity	Other	Total
Interest income	20,438	-	-	20,438
Interest expense	-	-	-	-
Net interest income	20,438	-	-	20,438
2010				
Interest income	2,427	-	-	2,427
Interest expense	-	-	-	-
Net interest income	2,427	-	-	2,427

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$

15. Financial risk management objectives and policies (continued)

Liquidity risk

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

2011	Due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due after five years	Total
Financial liabilities						
Trade and other payables	240,275	-	-	-	-	240,275
Provisions and other liabilities	85,206	-	-	-	-	85,206
Total	325,481	-	-	-	-	325,481

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

2010	Due not later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due after five years	Total
Financial liabilities						
Trade and other payables	116,773	-	-	-	-	116,773
Provisions and other liabilities	99,943	-	-	-	-	99,943
Total	216,716	-	-	-	-	216,716

Annual Financial Statements

YEAR ENDED-31 MARCH 2011

Notes to the financial statements

for the year ended 31 March 2011

US \$

15. Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

Sensitivity analysis

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

		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
2011			
Interest rate risk			
Change in interest rate	+1%	9,057	9,057
	-1%	(9,057)	(9,057)
2010			
Interest rate risk			
Change in interest rate	+1%	7,054	7,054
	-1%	(7,054)	(7,054)

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the organisation's total credit exposure. At year end the following customers had a significant concentration of credit risk:

	2011	2010
SIDO Tanzania	148,322	138,502
DBZ Zambia	69,598	81,048
IDC Zimbabwe	12,301	47,640
	<u>232,232</u>	<u>269,200</u>

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

		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
2011			
Foreign currency risk			
Change in exchange rate	+10%	9,456	9,456
	-10%	(9,456)	(9,456)
2010			
Foreign currency risk			
Change in exchange rate	+10%	3,112	3,112
	-10%	(3,112)	(3,112)

16. POST STATEMENT OF FINANCIAL POSITION EVENTS

The trustees are not aware of any matter or circumstance arising since the end of the financial year, not dealt with in the report or financial statements that would significantly affect the operations of the organisation or the results of its operations

SADC-DFI Network Members

ANGOLA

DR CONGO

BOTSWANA

Botswana Development Corporation
Botswana Housing Corporation
Botswana Savings Bank
Citizen Entrepreneurial Development Agency
Local Enterprise Authority
National Development Bank

LESOTHO

Basotho Enterprises Development Corporation
Lesotho National Development Corporation

MADAGASCAR

MALAWI

MAURITIUS

Development Bank of Mauritius

MOZAMBIQUE

Small Investment Promotion Company – GAPI SARL

NAMIBIA

Agricultural Bank of Namibia
Development Bank of Namibia
National Housing Enterprise

SEYCHELLES

SOUTH AFRICA

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

SWAZILAND

Swaziland Development and Savings Bank
Swaziland Development Finance Corporation
Swaziland Industrial Development Company

TANZANIA

National Development Corporation
Tanzania Investment Bank
Small Industries Development Organisation

ZAMBIA

Development Bank of Zambia

ZIMBABWE

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



The **SADC-DFRC**
is a subsidiary institution
of SADC

Plot 50676, First Floor, Block B
BIFM/Fairgrounds Office Park
Private Bag 0034
Gaborone, Botswana

Tel: (267) 3191146
Fax: (267) 3191147
info@sadc-dfrc.org

