southern african
development community
development finance
resource centre

SADC-DFRC

Annual Report 2014

SADC-DFRC

Annual Report 2014

CONTENTS

Profile	4
Governance Structure	5
Board of Trustees	6
Chairman's Statement	8
Management Team	12
CEO's Statement	13
Programmes Report	18
Financials	28
SADC DFI Network Members	67

VISION

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

MISSION

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

PROFILE

Mandate

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

Focal Areas

The 2014 – 2019 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 Public Private Partnerships (PPP)/Infrastructure Programmes
- Other Human Resource Development Services

Policy Research and Advisory Services

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

Sectoral Focus

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

Approach

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

Financing of Activities

The DFI Network members fund the bulk of the administrative budget of the DFRC through contributions while donor sources largely provide funding for its programme activities.

Reporting Structures

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

The SADC DFI Network, presently consisting of Thirty Two (32) members, all members of the DFI Sub-Committee, has the overall responsibility of the DFRC and supervises the DFRC through a Board of Trustees appointed by the Network.

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.

GOVERNANCE STRUCTURE

- Shareholders: SADC-DFI Network Members.
- Chairman of the Board of Trustees: Mr Thabo Thamane, Chief Executive Officer, Citizen Entrepreneurial Development Agency, Botswana.
- Board of Trustees: Eight members, appointed for two-year terms, including two members appointed ex-officio.
- Audit and Risk Committee: Three members, tenure in line with Board term.
- Chief Executive Officer: Mr Stuart Kufeni.

BOARD OF TRUSTEES

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

Mr Thabo Thamane
Chairman

Chief Executive Officer
Citizen Entrepreneurial Development Agency
Trustee since December 2012
Chairperson since March 2014

Mr Robert Likhang

Chief Executive Officer
Basotho Enterprises Development Corporation
Trustee since December 2012

Mr Zakhele Lukhele

Managing Director
Swaziland Development and Savings Bank
Trustee since December 2013

Ms Boitumelo Gofhamodimo

Director: Trade, Industry, Finance and Investment Directorate
SADC Secretariat
Trustee since May 2010 (Ex-officio)

Mr Lisasili Booto

Director General
Societe Financiere De Developpment
Trustee since December 2013

Mr Patrick Dlamini

Chief Executive Officer
Development Bank of Southern Africa
Trustee since December 2013

Ambassador Leonard N. Iipumbu

Chief Executive Officer
Agricultural Bank of Namibia
Trustee since December 2012 (Ex-officio)
Chair of the SADC DFI Subcommittee

Ms Maria de Fatima Silveira

Executive Director
Banco De Popanca e Credit
Trustee since December 2013

During the 2013/14 financial year, the DFRC Board welcomed to its membership, Ms Maria de Fatima Silveira, Mr Lisasili Booto, and Mr Patrick Dlamini, and bid farewell to Board members Mr Charles Chikaura (IDBZ Zimbabwe – former Chair), Mr Phakamani Hadebe (Landbank South Africa) and Mr Jacob Lushinga (DBZ Zambia).

The DFRC Board has one sub-committee, the Audit and Risk Committee that assists the Board in carrying out its functions of providing strategic guidance to the institution.

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

- Mr Robert Likhang – Chair
- Mr Zakhele Lukhele
- Ms Boitumelo Gofhamodimo

The Committee members serve in the committee for a period of two years or the remainder of their period as members of the Board.

AUDIT AND RISK COMMITTEE

Mr Robert Likhang

Chief Executive Officer
Basotho Enterprises
Development Corporation
Trustee since
December 2012

Mr Zakhele Lukhele

Managing Director
Swaziland Development
and Savings Bank
Trustee since
December 2013

Ms Boitumelo Gofhamodimo

Director: Trade, Industry,
Finance and Investment
Directorate
SADC Secretariat
Trustee since May 2010
(Ex-officio)

CHAIRMAN'S STATEMENT

Mr Thabo Thamane
Chief Executive Officer

Citizen Entrepreneurial Development Agency
Trustee since December 2012
Chairperson since March 2014

Introduction

It is a great honour and privilege for me to present the 2013/14 Annual Report of the SADC Development Finance Resource Centre.

Our record of performance as an institution has continued to grow in the past year, and we have continued to make significant strides in shaping development finance in the region, and in capacitating the members of the SADC DFI Network in being indispensable players in the development space, both at national and regional level. Indeed, the Network membership has continued on a growth path, attesting to the important value-adding role of the Network and the DFRC as a platform for promotion of institutional strengthening, capacity building, policy reforms and networking for development finance stakeholders.

The large and escalating demands on the DFRC notwithstanding, it is gratifying that the institution has also continued operating as a viable going concern with stable finances as evidenced by the successive unqualified annual reports of the institution's auditors, and the 2013/14 financial year was no exception. In light of the growing demands for its services, mobilising and sustaining resources for the programmes and building commensurate administrative capacity, remain a challenge for the Board and the DFRC management.

These important issues will undoubtedly be accorded priority status among others as the DFRC embarks on its third strategic plan to commence in the next financial year.

Strategic Planning and Review

This year is of special significance as it marks the end of the DFRC's second five-year strategic plan, and the launch of the third plan. This therefore represents a period of reflection on achievements to date, and how these influence the direction that we take in the future.

The vision of the last Strategic Plan was to develop the DFRC as a centre of excellence that would efficiently and proactively facilitate development finance solutions in the SADC region by pursuing excellence in its services, building strong stakeholder relations and striving for sustainability.
Capacity building remains a core function of the DFRC. The last five years have resulted in a consolidation of its capacity building programme by maintaining high standards of delivery on programmes that are relevant to the needs of the DFIs. Focus of the programme has been in core and support areas such as investment appraisal, risk management, project management, monitoring and evaluation, corporate governance, negotiation skills and customer relations, among others.

These programmes have increasingly been dispersed across the SADC member states to respond more effectively to the needs of the countries and institutions based on the expectations and requirements of the clusters of DFIs in a country. Not only have more DFIs participated in these programmes, but approximately 20% of the participants are drawn from outside of the Network, reflecting greater outreach of the DFRC and wider acceptance and recognition of its programmes.

Over a period of time of training and consultation with the African Association of Development Finance Institutions (AADFI), the DFRC has worked with the DFIs to institutionalise the use of the Prudential Standards, Guidelines and Rating System (PSGRS) which has been adopted by the Network. This will form the basis for assessment of individual institutional needs, the design of a region-wide intervention programme, the articulation of policy advocacy and the promotion of stakeholder relations. The DFRC will continue to liaise with AADFI to ensure the continued integration of the SADC PSGRS programme into the continental system, and facilitate the continent-wide comparisons of DFI adherence to best practice.

In an effort to have a better understanding of the operations and environment of the DFIs, the DFRC in 2013 commissioned a study to undertake a scan of the SADC development finance institutions and their operational environment. The purpose of the study was to document the current DFI landscape in terms of the performance and governance of these institutions, as well as the regulatory and policy environment with a view to making recommendations for reform at regional, national and institutional levels that would enhance the contribution of these institutions to development finance in the region.

By the end of the financial year, the study had reached an advanced stage and was scheduled for presentation to the biennial meeting of the Network. The final study report and recommendations are expected to be endorsed by the Network by the end of the year for onward submission and consideration by the SADC Committee of Ministers of Finance and Investment through the Committee of Senior Treasury Officials.

In February 2011, the DFRC, in collaboration with the SADC Secretariat as well as cooperating partners (GIZ, World Bank and the Development Bank of Southern Africa), convened a conference on Public Private Partnerships for DFIs, governments and the private sector. The key objective was to explore how PPPs could be utilised as an instrument for financing investment, particularly infrastructure development in the region. The conference led to the launch and eventual establishment of the SADC PPP Network under the auspices of the DFRC with the mandate to undertake advisory work and capacity building on PPPs for SADC governments and the DFIs.

Following the full operationalisation of the PPP network in 2012, significant work was done, principally the technical formulation of a Regional Framework for PPPs, and its adoption by the Ministers of Finance and investment. In addition, several initiatives intended to enhance cooperation with the public sector and the private sector involvement were implemented.

Stakeholder Relations, Donor Support and Resource Mobilisation

The DFRC has significantly expanded its cooperation with stakeholders during the period of the plan. Principally, the DFIs have maintained their confidence in the work of the DFRC as demonstrated by their positive evaluation of their interaction with the DFRC. This is further underscored by significant growth of membership of the Network by 20%, reflecting a perception of great value to be derived from the Network and the work of the DFRC.

The cooperation with the SADC Secretariat has improved, with the Secretariat assuming a seat on the Board of the DFRC, and the increasing involvement of the DFRC in development finance-related activities of the Secretariat's work programme. These include, the Project Preparation and Development Facility (PPDF) and the Regional Development Fund (RDF) as well as the review of the SADC Regional Indicative Strategic Development Plan (RISDP). As indicated above, the DFRC has also continued to work with the Secretariat on PPP and infrastructure-related activities.

The mobilisation of resources has faced special challenges, especially in the aftermath of the global financial crisis, and its adverse impact on the budgets of ICP governments, leading to a generalised reduction in technical and financial assistance to the recipients of grants. However, the DFRC has continued its engagement with ICPs, explaining and demonstrating the value of its programmes on the regional and national development programmes. Consequently, bilateral and multilateral support has been forthcoming from

the European Union, Germany (GIZ and Government), Japan as well as the World Bank and the African Development Bank.

It is expected that efforts at engaging actively with the ICPs, both existing and prospective, will continue in order to ramp up the resource mobilisation effort.

The New Strategic Plan

The second strategic plan has yielded a significant measure of success in terms of what it set out to do. On review of prior experiences with the Plan, and on consultation with stakeholders, the Board approved the third Strategic Plan which envisions the DFRC as the leader in facilitating development finance solutions in the region and continent. The mission remains one of supporting development finance institutions and Member States governments to achieve national and regional development goals through capacity building, policy research, advisory services and advocacy.

In this regard, a number of critical success factors have been identified as a basis for realising the DFRC's new vision. These include, improving the governance of DFIs; that DFIs are committed to delivering on their mandates; upgrading the skills levels in DFIs and governments; and providing value for money. The DFRC will also seek to facilitate financial integration in matters pertaining to development finance, while making every effort to ensure that DFIs and the International Cooperating Partners (ICPs) buy into the DFRC's strategy.

The roll-out of the Strategic Plan as with previous ones will be undertaken through two-year rolling business plans; the first one approved by the Board being for the period April 2014 to March 2016.

Programme Performance

During the period under review, the DFRC undertook a number of capacity building, policy research and advisory activities. A total of 19 training/seminar programmes were undertaken during the year, well in excess of the target of 12. These included specific PPP-oriented programmes, and were undertaken in a greater number of SADC member states as an effort to respond fully to the needs of member institutions and countries.

In an effort to promote the adoption of best practice in development finance, DFRC continued its work on the institutionalisation of the PSGRS, with self-assessments and peer reviews being undertaken in 2013 among DFIs, and the ultimate integration of the SADC DFIs into the AADFI peer review system in the same year. It was therefore gratifying to observe that seven of the SADC DFIs featured in the top 20 DFIs in the AADFI league table and were part of the more than 40 DFIs continent-wide who performed above the 80% benchmark for best performance.

The DFRC also initiated the scan of the development finance institutions and environment in SADC, with a view to identifying the critical features of country systems as well as their challenges and prospects. While the study is due to be fully completed in the 2014/15 financial year, some of its preliminary findings provided a critical input into the formulation of the third strategic plan of the DFRC referred to earlier.

Thus, the final findings and recommendations of the DFI study scan will, through the annual business plans through which the strategic plan will be implemented, in addition to the regular surveys and consultations, inform the programme offering of the DFRC over the next five years.

Financial Performance

I am pleased to report that our external auditors' report provides a clean bill of financial health for the DFRC, and its ability to continue as a going concern. However, the financial statements for 2013/14 reflect a higher loss albeit small of US$13 698 when compared to the previous year. This is mainly attributable to provisioning of doubtful debts on member contributions due from a few Network members. Accumulated surplus stands at U$617,055 while total assets amounted to U$1,106,711.

Celebrating 10 Years

The year 2013/14 is also a special year for the DFRC as it marked ten years of its existence since establishment in July 2003. To celebrate its tenth anniversary, the DFRC held a gala dinner on 5th December 2003 in Gaborone. The celebratory dinner which was held back to back with the 7th Chief Executive Officers Forum was well attended by senior officials from member DFIs, the Botswana Government, SADC Secretariat, international cooperating partners, financial institutions, partner organisations, private sector, and other development finance stakeholders. We were fortunate to have His Honour, the Vice President of the Republic of Botswana, Dr Ponatshego HK Kedikilwe, grace the event as the Guest of Honour. We are eternally indebted to him for his support of DFIs in particular and SADC regional developmental initiatives in general.

Mr Charles Chikaura- then SADC DFRC Board Chair and CEO for Infrastructure Development Bank of Zimbabwe, Mr Thabo Thamane - then SADC DFRC Deputy Board Chair and CEO for Citizen Entrepreneurial Development Agency, Dr Ponatshego H K Kedikilwe-His Honour the Vice President of the Republic of Botswana, Mr Stuart Kufeni–CEO for SADC DFRC, and Ambassador Leonard Iipumbu-SADC DFI Subcommittee Chair and CEO for Agricultural Bank of Namibia at the SADC DFRC 10th Anniversary Celebration in Gaborone, Botswana

Corporate Governance

The DFRC remains committed to the highest standards of corporate governance in the oversight of the institution. This includes a representative and fully functioning Board of Trustees, and its committees, to which management reports on a quarterly basis. The functioning of these institutions is guided by internationally accepted principles and practices of corporate governance.

The Board reports on its activities on a biennial basis to the SADC DFI Network to ensure the highest level of accountability, transparency and responsiveness to the needs of the DFIs as the principal stakeholders of the institution. To ensure that all financial issues of the organisation are fully dealt with, and that significant risks are anticipated and mitigated in the best interests of the long-term viability of the organisation, a fully functioning Audit and Risk committee is now in place.

As indicated under the financial performance, the DFRC has regularly and consistently produced unqualified accounts since its inception as well as the broader annual reports. It is the intention of the Board to maintain this high standard of governance going into the future.

In line with the guidelines agreed to by the Network on the composition and election of Board members, some Board members retired in December 2013, and new ones were elected. Those retiring included Mr Charles Chikaura, Board Chair and Chief Executive Officer – Infrastructure Development Bank of Zimbabwe (IDBZ); Mr Jacob Lushinga, Chief Executive Officer - Development Bank of Zambia (DBZ); Mr Phakamani Hadebe, Chief Executive Officer - Land Bank, South Africa. The new members were Mr Patrick Dlamini, Chief Executive – Development Bank of Southern Africa (DBSA, RSA); Mr Lisasili Booto, Director General – Societe Financiere De Developpment (SOFIDE), Democratic Republic of Congo; and Ms Fatima da Silveira, Executive Director - Banco De Popanca e Credit (BPC), Angola.

Conclusion

I wish to express my sincere gratitude to the outgoing Board members for their commitment to the spirit and work of the DFRC, and the myriad quality inputs into the work of the board, which render the development enterprise of the DFRC as a viable and worthwhile initiative and investment by the DFIs in the region.

I welcome the new members, and urge them to continue this spirit, so that our DFIs as important reservoirs of knowledge and skill can continue playing their rightful role as agents of development, catalysts of progress and dependable advisors to our national and regional principals.

I also wish to acknowledge my personal thanks to the members of the Board, and the SADC DFI Network in general, for having reposed their confidence in me to serve as Chairman of the Board of the DFRC.

Thabo Thamane
CHAIRMAN
BOARD OF TRUSTEES

MANAGEMENT TEAM

Mr Stuart Kufeni
Chief Executive Officer

Dr Herrick Mpuku
Programmes Manager

Mr Kogan Pillay
Head: PPP Head

Ms Vero Kgakge
Finance and Administration Manager

STAFF

CHIEF EXECUTIVE OFFICER'S STATEMENT

Mr Stuart Kufeni
Chief Executive Officer

Introduction

The year 2013/14 caps ten years of consistent performance by the Development Finance Resource Centre marked by significant milestones in our drive to enhance the role and performance of development finance in SADC national and regional economies.

At the level of the Network, membership by DFIs has almost doubled in that period to thirty-one, while donor goodwill and support has continued steadily. Our programme offering and interventions have expanded notably, with a growing focus on specific individual member DFI skills and institutional needs. At institutional level, the establishment of the Public Private Partnerships Network under its auspices has also expanded the DFRC's area of operation and outreach, leading it to actively address the skills requirements of member states' governments, DFIs and state-owned enterprises in PPP.

The last few years have witnessed a sustained growth in the number of training programmes by the DFRC and consistently high programme evaluations, which attest to the high quality, relevance and value of the programmes. Consequently, as the DFRC brand has become established, so too has the interest of non-DFI network members, the private sector and state-owned enterprises in the activities of the DFRC. We have thus experienced a growing participation of non-members on DFRC training programmes and the high level of accession to membership of the network.

Performance

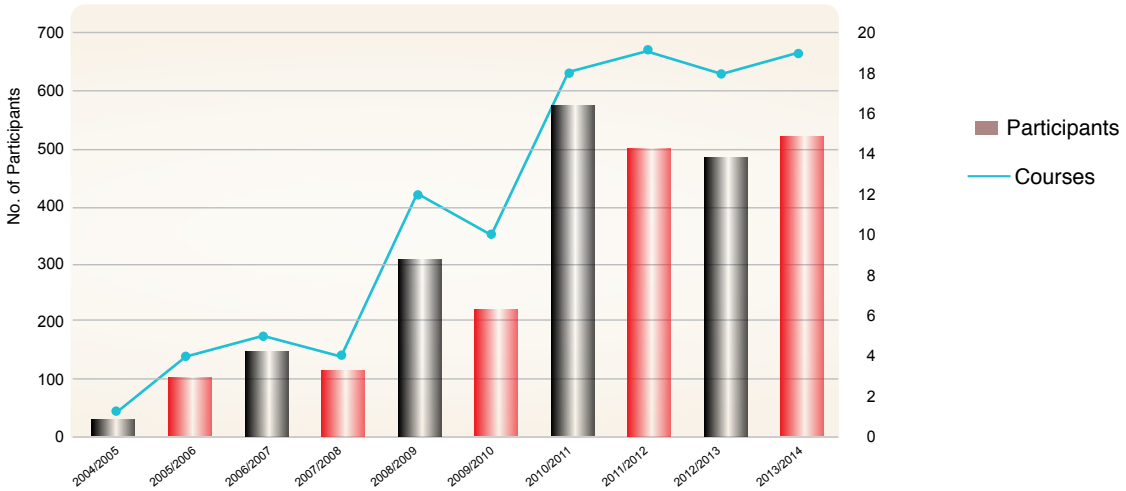
Over the past five years the DFRC aimed to position itself as a "centre of excellence" in the development finance space through the provision of capacity building, policy research and advisory services. To a greater degree this objective has been met with a state of the art and cutting edge capacity building programme now in place supported by a cadre of professionals and strategic partner institutions of high repute and standing, across the region and beyond. Research and advisory services at a policy and institutional level have contributed to a better understanding of the policy environment and promotion of best practices in the institutions.

Capacity Building

During the year under review, the DFRC continued to dispense high quality and responsive programmes largely driven by demand for institution-specific courses. Nineteen programmes, in total, were undertaken by the DFRC and this was well in excess of the targeted number of 12 programmes. Reflecting this high level of programming, participation grew commensurately with 522 staff benefiting from the courses compared to a target of 300 for the year.

Chart 1 below presents this performance and also provides a trend analysis of the training of DFI staff and number of programmes provided since 2004.

Chart1: Number of Courses and Participants per Year



A further analysis of capacity building achievements over the financial year 2013/2014 against the DFRC key performance measures adopted by the DFRC is provided in Table 1 and Chart 2 below. These measures include the programme evaluation index (PEI), a composite of the participant evaluations for all the programmes during the period under review. In addition, the number of courses and participants, based on annual targets, broken down into quarters is also provided. This clearly illustrates that the DFRC performed above the set targets with respect to number of programmes and participants while achieving an average PEI of 88%, eight percentage points above the target threshold.

Table 1: Key Performance Measures

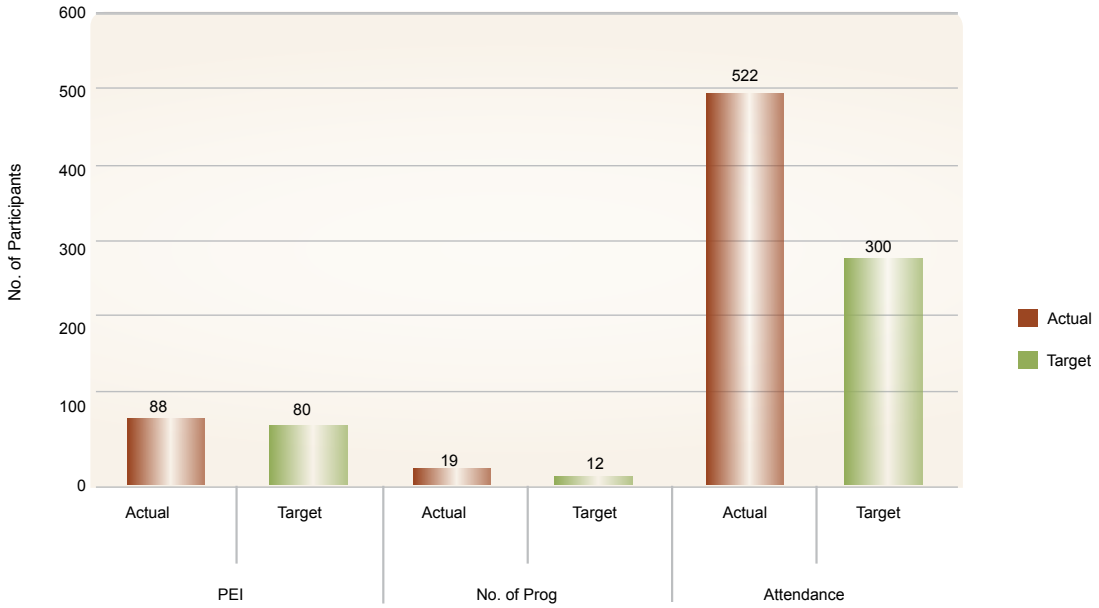
QUARTERS	PROGRAMME EVALUATION INDEX			OTHER MEASURES			
Ending Month	Actual	Target	Variance	No. of Programmes		Attendance	
				Actual	Target	Actual	Target
June	88%	80%	8%	5	3	138	75
September	90%	80%	10%	3	3	75	75
December	86%	80%	6%	9	3	261	75
March	89%	80%	9%	2	3	48	75
	Cumulative Average Score			Total		Total	
Total/Ave.	88%	80%	8%	19	12	522	300

The DFRC has now taken measures to have its programmes accredited as providing specific skills with clearly defined methodologies and methods of assessment. Locally, within the host country, Botswana, the DFRC has been able to secure accreditation for its course on "Corporate Governance" from the Botswana Qualifications Authority (BQA), while consultation with other countries continues.

Policy Research and Advisory Services

The policy research and advisory services programmes has aimed at raising awareness of the policy and institutional challenges that face DFIs in their efforts to be relevant to the regional development agenda. Accordingly dialogue on role of DFIs in PPPs and infrastructure, risk management and resource mobilization as well as high-level strategic programmes have been held for the Network. The DFRC has also aimed at institutionalizing an overarching framework, in the Prudential Standards and

Chart 2: Performance Measures- Participation and Evaluation



Guidelines rating System (PSGRS), for the promotion of an enabling policy environment and institutional best practices.

The DFI Network has now adopted the PSGRS and more than half of its membership is already implementing it and have participated in the peer reviews which are an integral part of the system. The results have been positive and encouraging.

In the coming years, policy and advisory services interventions of the DFRC are expected to pick up largely guided by the findings and recommendations of the "Study on the Scan of SADC Development Finance Institutions and Environment" commissioned during the current financial year. The objectives of the study were to highlight the status of the DFIs and bring out the existing policy, institutional, regulatory and operational gaps that would require redress if the DFIs are to operate effectively as conduits to mobilise resources and stimulate investment in key development driving sectors such as infrastructure and industrialization, including small and medium enterprises (SMEs) development, as identified under the Regional Indicative Strategic Development Plan, the blue print for regional integration.

Already, preliminary findings of the study have greatly informed the critical strategic directions of the third strategic plan of the DFRC for the period 2014 – 2019 which we outline below.

Strategic Plan 2014-2019

The strategic planning process which was undertaken from the beginning of this year, resulted in the development of a comprehensive strategy which envisions the DFRC as The leader in facilitating development finance solutions in the region and continent, and whose mission is Supporting Development Finance Institutions and Governments to achieve national and regional development goals through capacity building, policy research, advisory services and advocacy. Accordingly, the following critical success factors were identified to guide the DFRCs work in the DFI Network and the development finance policy in general.

- Our Members adopt best practice of good governance;
- We deliver value for money;
- We have highly skilled and professional staff in DFIs;
- Our DFIs are committed to delivering on their mandates;
- We facilitate financial integration; and
- DFIs and International Cooperating Partners buy into DFRC's strategy.

The pursuit of these strategic directions would continue to place capacity building and institutional strengthening and policy advocacy at the centre of the operations of the DFRC. Continuous quality improvement and delivery of

relevant training, as well as the adoption of best standards of governance structures and operational systems become critical as the DFRC moves forward guided by the strategic plan.

Under capacity building, the DFRC will intensify efforts to have its courses accredited by national accreditation authorities. This will not only guarantee quality of training materials but that delivery is undertaken by highly qualified professional facilitators. To date, the BQA has accredited the Corporate Governance training programme, while more courses are in the pipeline for accreditation by BQA and relevant authorities in other member countries will also be approached over the plan period for accreditation of DFRC courses.

Further, communities of practice (COPs) will be established to regularly bring together professionals in specific skills area such as risk management, project appraisal and management, and finance, to share knowledge and experiences. The COP platform will also be used to identify skills gaps specific to a COP and these will inform the formulation of DFRC capacity interventions for DFIs and governments. This approach to skills gap identification augments the current practice were reliance has been largely on Human Resource managers and use of annual surveys.

Standardization and adoption of best practice corporate governance, operational and financial practices would be the focus of policy and advisory services. In this regard the AADFI and African Development Bank-supported Prudential Standards Guidelines and Rating System (PSGRS) will form the central pillar of the DFRC's initiatives to address the DFI policy environment, mandates, supervision and regulation with the sole objective of liberalizing the sector to efficiently mobilise resources at local as well as international capital markets for investment within individual countries and across boarders in line with the SADC Protocol on Finance and Investment (the FIP). By so doing, DFIs will buttress the activities of the PPDF and the Regional Development Fund which is in the process of being operationalized as part of the broader development finance system of the region.

Over the new strategic plan period, the DFRC aims to extend the PSGRS to all its members and facilitate accession to international ratings for those DFIs that consistently perform above 'A' grade under the system.

Resource Envelope

Resource availability vis-à-vis the huge demand for our services remains a vexing issue as the DFRC moves into its third strategic plan period. The partial cost recovery approach that the DFRC has actively pursued over the past two or so years has enabled it to leverage the declining donor resources. In addition, the extension of the DFRC's services, especially in the area of training, to non – member intuitions on a full cost recovery basis has also assisted the funding situation.

As alluded to in earlier sections, as the DFRC centre of excellence brand grows, the participation of the extra-regional institutions is anticipated to grow and with it additional resource inflows. These will complement ongoing efforts to tap further grant support from international cooperating partners.

Conclusion and Way Forward

As the DFRC moves forward with the new plan, it is quite clear that the successful implementation of its strategic directions, to a significant extent, depend on the cooperation and willingness of the principal shareholders of the DFIs, the member state governments. This is particularly so in the areas of policy, governance and regulatory structures as well as review of institutional mandates to facilitate cross boarder investment activities.

The next five years undoubtedly pose some challenges to the DFRC as it embarks on its third strategic plan. However, the unwavering support of our principal stakeholders, the DFI Network members and member state governments, and that of international cooperating partners and technical partners, augurs well for the successful implementation of the plan.

Stuart Kufeni
CHIEF EXECUTIVE OFFICER

The SADC-DFRC interventions aimed at enhancing skills of the DFI Network members through training and development programmes, technical assistance, secondments and attachments as well as policy research and advisory services continue to grow with each ensuing year. These interventions have consequently added value to the expertise and day-to-day operations of the development finance institutions. The following sections summarise these programmes.

Post Investment Monitoring and Managing Problem Loans

26th – 28th March 2014, Maun, Botswana

The incidence of high credit failures and growing non-performing loans are amongst current challenges of most financial institutions and has accounted for the failure of many. Most often, problem loans have their roots in flagrant abuse of credit/loan policies and poor analytical skills of some lending officers. Thus, sanctioning a performing loan or credit depends on strict adherence to good loan policies and procedures, and the character of the lending professionals, among other factors.

The aim of the training was to share fundamentals required in credit relationship management, managing problem loans post investment and strategies that will minimise their occurrence, optimise recovery of bad loans and nurture redeemable ones to good standing. It was indispensable for institutions that want to sustain good loan administration practices or are having difficulties in managing their loan portfolio.

The programme was attended by 30 participants from 12 member DFIs in the region and 7 countries across the SADC region were represented - Botswana, Mozambique, Namibia, Seychelles, Tanzania, Zambia and Zimbabwe.

Strategic Financial Reporting

17th – 19th March 2014, Johannesburg, South Africa

The aim of the programme was to equip decision makers with the necessary skills to strategically assess financial information and other organizational information in a manner that gives it a competitive advantage over its competitors and is able to realise its mandate and achieve its corporate objective.

Participants also used case studies to develop comprehensive analysis of management and financial results that will allow directors and senior executives to assess the organisations strategic strength. The programme incorporated strategic and risk to financial statements to determine the financial sustainability of the organisation.

The programme was attended by 18 participants from 15 member network DFIs in the region. Eight (8) countries across the SADC region were represented - Botswana, Lesotho, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe.

Mr Stuart Kufeni, Chief Executive Officer of SADC DFRC officially opened and closed the programme.

Project Management

9th – 12th December 2013, Maseru, Lesotho

The programme objective was to introduce development finance practitioners to the theory and practice of project management as well as modern techniques of project planning and scheduling, project cost estimating and budgeting, resource planning, risk management and quality management.

It was a programme for practitioners to plan, execute, monitor and control projects using modern project management techniques with computer applications.

The programme was attended by 22 participants from four member DFIs in the region and three countries were represented viz. Botswana, Lesotho and Zambia.

The workshop was opened and closed by Mr Robert Likhang, Chief Executive Officer for Basotho Enterprise Development Corporation, who also presented certificates to participants.

7th Chief Executive Officer's Forum

5th December 2013, Gaborone, Botswana

The theme of the forum was "New Directions and Developments in Development Finance in SADC". The objective of the programme was to explore the growth and trends in development finance in the SADC region with special reference to the institutional structures and practices in various economic and social sectors, and the evolution of policy in enhancing the efficiency of development finance institutions in meeting national and institutional mandates.

The workshop in particular looked at efforts to promote best practices in the DFIs through an appropriate framework

for capacity building and policy interventions and it also examined the latest initiatives in expanding the pool of available financial resources by tapping into the private sector and its partnerships with the public sector.

It was attended by 44 Chief Executive Officers and Senior Managers from member network DFIs and non DFI's in the region as well as independent consultants. Ten (10) countries were represented viz. Angola, Botswana, Lesotho, Namibia, South Africa, Swaziland, Seychelles, Tanzania, Zambia and Zimbabwe.

Capacity Building Review

27th – 28th November 2013, Johannesburg, South Africa

The workshop reviewed progress on capacity building in DFIs over the past year highlighting achievements and challenges with a view to planning future interventions that are relevant, cost effective and value adding. It also looked at appropriate tools for analysis of training needs, impact of training and assessment of organisational and individual performance with reference to real life case studies.

Participants were also briefed on Programme Planning and Implementation – Case Study of Bank SETA, South Africa. A brief presentation on Performance Management for Financial Institutions was also done at the workshop.

The programme was attended by 25 participants from 19 DFI's in the region and was resourced by staff from the DFRC, Industrial Development Corporation of South Africa and Bank SETA, South Africa.

Mastering Appraisal and Financing of Small and Medium Agri-Businesses

28th October – 1st November 2013, Gaborone, Botswana

The programme was a collaboration between the SADC-DFRC, the Association of African Development Finance Institutions and the Citizen Entrepreneurial Development Agency. The objective of the workshop was to share experiences and lessons from institutional and country perspectives on appraisal and financing of agribusinesses.

The workshop was attended by twenty two (22) delegates from ten countries. Countries represented were Botswana, Ghana, Kenya, Mozambique, Rwanda, Seychelles, South Africa, Swaziland, Tanzania and Zambia.

The programme was officially opened by Mr. Thabo Thamane, Chief Executive Officer, Citizen Entrepreneurial Development Agency.

Due Diligence

21st – 23rd October 2013, Harare, Zimbabwe

The aim of the programme was to enhance participants with skills on how to conduct project due diligence and prepare a business plan and finance application to DFI requirements.

The programme was attended by twenty nine (29) participants from seven (7) development finance institutions. Two (2) non - DFI institutions from the region also participated at the workshop. Countries represented were Namibia, Swaziland, Tanzania and Zimbabwe.

Financial Modelling

14th – 18th October 2013, Harare, Zimbabwe

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

The programme was also aimed at participants understanding the elements of financial modelling, developing and practicing financial modelling, being able to conduct simulations of different financing scenarios and practicing on various case studies of financial modelling and project finance.

The programme was attended by twenty four (24) participants from nine (9) member network DFIs in the region and two (2) private sector institutions from Zimbabwe. Countries represented were Namibia, Seychelles, Swaziland, Zambia and Zimbabwe.

Investment Appraisal and Risk Analysis

7th – 11th October 2013, Harare, Zimbabwe

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

The programme was also designed to develop the operational skills of participants so that they are able to plan and evaluate infrastructure projects, add value through the redesign of projects, evaluate alternative financing options, prepare project financing agreements and design strategies to address stakeholder concerns.

The training was attended by fifty seven (57) delegates from ten (10) development finance institutions within five (5) countries in the region. Some non-DFI institutions also attended this programme. Countries represented were Botswana, Namibia, Swaziland, Tanzania, Seychelles, Zambia and Zimbabwe.

Finance for Non-Finance Managers

21st – 23rd August 2013, Johannesburg, South Africa

The objective of the programme was to upgrade the skills of non-finance managers to gain knowledge in income statement and balance sheet management, to appreciate the various methods that can be applied in the preparation of accounting information and how it impacts on the statement as well as understanding the key components of budgeting and appreciating the strategic interrelationships of a balance sheet.

A total of twenty two (22) delegates attended the programme from Botswana, Mauritius, Lesotho, Namibia, South Africa, Tanzania, Zambia and Zimbabwe, representing ten (10) DFIs.

The programme was officially opened by Mr. Eric Mahamba-Sithole, Manager: Capacity Building Department (Corporate Risk Division) for the Industrial Development Corporation, South Africa. Mr. Stuart Kufeni, Chief Executive Officer at SADC-DFRC officially closed the workshop and presented certificates.

Customer Relations and Management Skills

30th July – 1st August 2014, Windhoek, Namibia

The programme was targeted at frontline officers and managers to enhance their skills in dealing with clients, and building strong and mutually beneficial relationships with clients of their organisations. In addition to training them in customer interaction skills.

Thirty two (32) participants from six (6) development finance institutions attended the programme. Countries represented were Namibia, Botswana and Swaziland.

The programme was officially opened by Mr. Martin Inkumbi, Acting Chief Executive Officer for Development Bank of Namibia.

Mr. Joseph Nyamunda, General Manager, officially closed the workshop and presented certificates on behalf of Mr. Tawanda Mumvuma, Chief Executive Officer of SME Bank Namibia.

Risk Management

17th – 21st June 2013, Lusaka, Zambia

The programme was a collaboration between the DFRC and the Development Bank of Southern Africa and the Industrial Development Corporation (South Africa).

The purpose of the programme was to assist participants apply a risk management framework in the execution of their duties, while developing risk management policies, procedures and methodologies for their institutions, particularly with respect to credit risk. The programme also focused on the concepts, tools and techniques of credit risk management as well as dealing with aspects of market and operational risk. It also explored best practice in institutional arrangements for risk management in DFIs and related institutions.

Participants also had the opportunity to visit a steel plant, the Universal Mining and Chemical Industry Limited, to have a practical view of the organisation's risks and how it mitigates them.

The programme was attended by twenty three (23) participants of which twenty two (22) were from DFIs and one (1) from a private bank. Participants were from nine (9) countries - Botswana, Lesotho, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

The programme was officially opened and closed by Ms Nkandu Chansa, Legal Counsel of the Development Bank of Zambia, on behalf of the Managing Director, Mr Jacob Lushinga.

6th Chief Executive Officer's Forum

13th June 2013, Lusaka, Zambia

The theme of this Forum was "Managing Risk in the Aftermath of the Global Crisis". The purpose of this programme was to examine the evolution of risks and perceptions thereof since the global financial crisis in 2008, and to consider appropriate risk management strategies to mitigate any adverse impact on infrastructure development in the region and the capacity for resource mobilisation for financial institutions, and DFIs in particular.

It was attended by fifty three (53) Chief Executive Officers and Senior Managers from member network DFIs and non DFI's in the region as well as independent consultants.
Important practical issues relating to the impact of risks, challenges of resource mobilisation, and the critical value

of project preparation as a risk mitigation strategy were discussed extensively.

The forum was formally opened by the Deputy Minister of Finance of the Republic of Zambia, Honourable Keith Mukata.

Corporate Governance Director Skills Development

23rd – 26th April 2013, Windhoek, Namibia

The DFRC and the African Development Institute (ADI) of the African Development Bank (AfDB) jointly organised the workshop. The purpose of the programme was to raise awareness of the concept, practice and relevance of good corporate governance in the context of development finance institutions and the challenges they face within the African context.

The programme also provided the opportunity for serving directors and board members to improve their skills in the boardroom through a practical and interactive approach that involved case studies, group work and discussions, and provided a platform for sharing of experiences and knowledge.

The programme was attended by twenty six (26) participants from twenty-two (22) DFIs representing nine (9) countries - Botswana, Lesotho, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania and Zimbabwe.

Participants were welcomed by Mr Stuart Kufeni, Chief Executive Officer, SADC – DFRC while Dr Lassaad Lachaal, the Chief Training Economist at the African Development Institute (ADI) officially opened it. Mr Martin Inkumbi, Acting Chief Executive Officer for the Development Bank of Namibia closed the workshop and presented certificates.

Development Finance Workshop

13rd – 26th April 2013, Tokyo, Japan

The Japan International Cooperation Agency (JICA) working in collaboration with the SADC Development Finance Resource Centre convened the first workshop on development finance for SADC DFIs as part of JICA's technical assistance programme to the SADC DFIs.

The workshop was aimed at enhancing the human and institutional capacity of SADC development finance institutions in financing and supporting infrastructure projects by providing a forum for the exchange of information and experiences between senior executives of selected infrastructure - related SADC DFIs on the one hand, and experts from infrastructure DFIs, government and academia in Japan and Asia region on the other.

The workshop follows a diagnostic study undertaken by the Japan Economic Research Institute (JERI) of Development Bank of Namibia (DBN), Infrastructure Development Bank of Zimbabwe (IDBZ), Tanzania Investment and Development Bank (TIB) and the National Development Corporation (NDC-Tanzania) between November 2012 and February 2013. JERI had developed the workshop programme based on their assessments of the critical areas of interest to the SADC DFIs.

The workshop was opened by the Deputy Director General for the Africa Division of JICA, Mr. Otake Tomoharu and was officially closed by the President of JERI, Mr. Takashi Ando.

Project Preparation and Unsolicited Bids

22nd – 26th April 2013, Johannesburg, South Africa

The Network, in conjunction with international cooperating partners (ICPs), the WBI, the AfDB and the DBSA, provided training to member states and their DFIs on project preparation and developing an unsolicited bid process. The training was held at DBSA in South Africa. Twenty-five participants from the various member states attended.

Foundation Training in Public Private Partnerships (PPP)

19th – 22nd November 2013, Maseru, Lesotho

The training was in response to a request by the Basotho Enterprise Development Corporation (BEDCO). The PPP Network partnered with the National Treasury of South Africa to build capacity of participants on specific topics as well as to share the experience of South Africa on PPPs. The training was structured as a foundation course to build capacity in the public sector to handle PPP projects.

Foundation Training in Public Private Partnerships

11th – 15th November 2013, Malawi

The workshop was held at the request of the Malawi Public Private Partnership Commission for in-country capacity building on PPPs with the objective to capacitate public officers from different government ministries in Malawi to deliver infrastructure projects using the PPP approach. Primarily, the training was structured as a foundation course to build capacity in the public sector to manage PPP projects and was facilitated by the PPP Network and a PPP expert from the National Treasury PPP Unit in South Africa, one of the Network's strategic partners.

PROGRAMME IMPLEMENTATION SUMMARY

A summary of the key features of the programme delivery in the year under review is provided in table 2 below. These include sponsorship, programme evaluation and attendance. The standard of performance of programmes has been consistently high.

Table 2: Capacity Building and Public Private Partnership (PPP) training programmes

NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	DURATION	ACTIVITY DATES	ATTENDANCE	PROGRAMME EVALUATION INDEX
	DFRC REGIONAL TRAINING PROGRAMMES				APR - MAR	Overall	
1	Development Finance Workshop - 2013	JICA	Japan	2 weeks	13th Apr - 26th Apr 2013	18	N/A
2	6th CEOs' Forum - 2013	SADC-DFRC	Zambia	1 day	13th Jun 2013	53	88%
3	Risk Management - 2013	SADC-DFRC & Participating DFIs	Zambia	5 days	17th - 21st Jun 2013	23	89%
4	Customer Relations for Financial Institutions - 2013	SADC-DFRC & Participating DFIs	Namibia	3 days	30th Jul - 1st Aug 2013	32	89%
5	Finance for Non-Finance Managers - 2013	SADC-DFRC & Participating DFIs	South Africa	3 days	21st - 23rd Aug 2013	22	94%
6	Prudential Standards, Guidelines and Rating System - 2013	SADC-DFRC	South Africa	2 day	25th - 26th Sep 2013	21	88%
7	Capacity Building Review - 2013	SADC-DFRC	South Africa	2 days	27th - 28th Nov 2013	25	87%
8	7th CEOs' Forum - 2013	SADC-DFRC	Botswana	1 day	5th Dec 2013	44	85%
9	Project Management - 2013	SADC-DFRC	Lesotho	4 days	9th - 12th Dec 2013	22	88%
10	Strategic Financial Reporting - 2014	SADC-DFRC	South Africa	3 days	17th - 19th Mar 2014	18	88%
11	Post Investment Monitoring and Managing Problems Loans - 2014	SADC-DFRC	Botswana	3 days	26th - 28th Mar 2014	30	90%
	Total					**308**	**89%**
	CLUSTER-BASED TRAINING PROGRAMMES						
12	Investment Appraisal and Risk Analysis - 2013	SADC-DFRC	Zimbabwe	5 days	7th - 11th Oct 2013	57	83%
13	Financial Modelling Training - 2013	SADC-DFRC	Zimbabwe	5 days	14th - 18th Oct 2013	24	88%
14	Due Diligence - 2013	SADC-DFRC	Zimbabwe	4 days	21st - 24th Oct 2013	29	84%
	Total					**110**	**85%**
	REGIONAL/ PAN-AFRICAN COLLABORATIVE PROGRAMMES						
15	Corporate Governance for Director Skills Development (ADI) - 2013	ADI/AFDB	Namibia	4 days	23rd - 26th Apr 2013	26	93%
16	Mastering Appraisal and Financing of Small & Medium Agribusinesses - 2013	AADFI/CEDA/ SADC-DFRC	Botswana	5 days	28th Oct - 1st Nov 2013	22	85%
	Total					**48**	**89%**
	PUBLIC PRIVATE PURTNERSHIP (PPP)						
17	Project Preparation and Unsolicited Bids - 2013	GIZ	South Africa	4 days	22nd - 26th Apr 2013	18	82%
18	Malawi PPP Training - 2013	GIZ	Malawi	5 days	11th - 15th Nov 2013	21	82%
19	Foundation Training on PPP - 2013	GIZ	Lesotho	4 Days	19th - 22nd Nov 2013	17	92%
	Total					56	85%
	GrandTotal					522	88%

PROGRAMMES PARTICIPATION ANALYSIS

This section analyses the level of participation in DFRC programmes using different factors, including country, institution and gender.

Participation by Country

In terms of country participation, Namibia (20.5%) had the highest number of participants followed by Zimbabwe (19.8%) and Botswana (17.1%), while Seychelles (1.4%) and Mauritius (0.7%) had the lowest level of participation.

Overal Distribution by Country | No. of Participants: 414, 1%

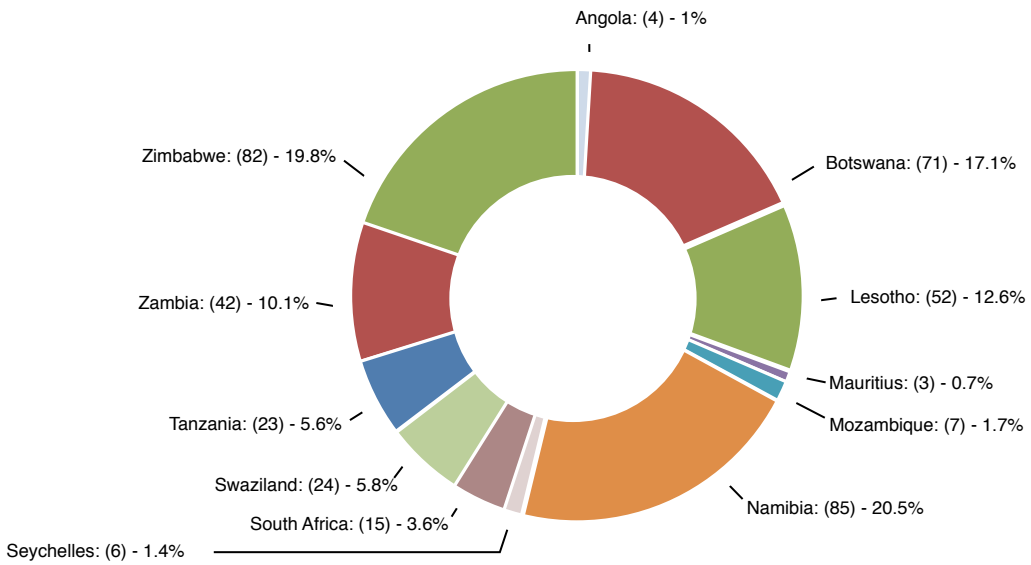


Chart 3: Participation by Country of DFIs - 2013/14

The levels of country participation are largely a function of the number of member DFIs and their respective staffing levels.

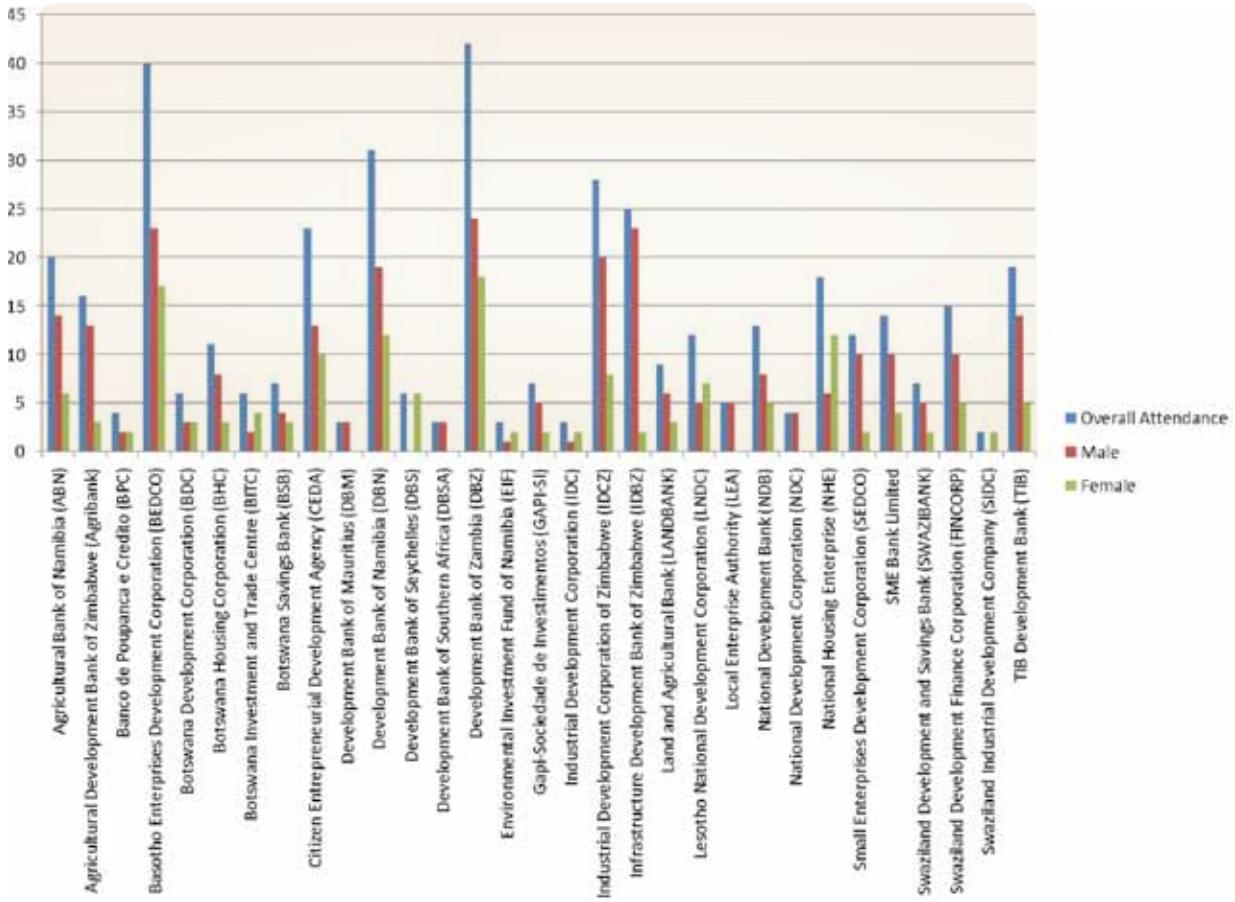
Participation by Development Finance Institutions

Participation by individual DFIs has been varied with some institutions such as Development Bank of Zambia and Basotho Enterprise Development Corporation having made substantial use of the training facilities through country and institution-based programmes. The DFRC, in line with its strategic plan goal, has been actively engaging with individual DFIs to develop and implement customised programmes for them. Table 3 below shows participation levels by DFIs.

Table 3: Participation by Member DFIs, 2013/14

No	Organisation	Country	Attendance	%Attendance	M	%M	F	%F
1.	Agricultural Bank of Namibia (ABN)	Namibia	20	4.8	14	70	6	30
2.	Agricultural Development Bank of Zimbabwe (AGRIBANK)	Zimbabwe	16	3.9	13	81.3	3	18.8
3.	Banco de Poupanca e Credito (BPC)	Angola	4	1	2	50	2	50
4.	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	40	9.7	23	57.5	17	42.5
5.	Botswana Development Corporation (BDC)	Botswana	6	1.4	3	50	3	50
6.	Botswana Housing Corporation (BHC)	Botswana	11	2.7	8	72.7	3	27.3
7.	Botswana Investment and Trade Centre (BITC)	Botswana	6	1.4	2	33.3	4	66.7
8.	Botswana Savings Bank (BSB)	Botswana	7	1.7	4	57.1	3	42.9
9.	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	23	5.6	13	56.5	10	43.5
10.	Development Bank of Mauritius (DBM)	Mauritius	3	0.7	3	100	0	0
11.	Development Bank of Namibia (DBN)	Namibia	31	7.5	19	61.3	12	38.7
12.	Development Bank of Seychelles (DBS)	Seychelles	6	1.4	0	0	6	100
13.	Development Bank of Southern Africa (DBSA)	South Africa	3	0.7	3	100	0	0
14.	Development Bank of Zambia (DBZ)	Zambia	42	10.1	24	57.1	18	42.9
15.	Environmental Investment Fund of Namibia (EIF)	Namibia	3	0.7	1	33.3	2	66.7
16.	Gapi-Sociedade de Investimentos (GAPI-SI)	Mozambique	7	1.7	5	71.4	2	28.6
17.	Industrial Development Corporation (IDC)	South Africa	3	0.7	1	33.3	2	66.7
18.	Industrial Development Corporation of Zimbabwe (IDCZ)	Zimbabwe	28	6.8	20	71.4	8	28.6
19.	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	25	6	23	92	2	8
20.	Land and Agricultural Bank (LANDBANK)	South Africa	9	2.2	6	66.7	3	33.3
21.	Lesotho National Development Corporation (LNDC)	Lesotho	12	2.9	5	41.7	7	58.3
22.	Local Enterprise Authority (LEA)	Botswana	5	1.2	5	100	0	0
23.	National Development Bank (NDB)	Botswana	13	3.1	8	61.5	5	38.5
24.	National Development Corporation (NDC)	Tanzania	4	1	4	100	0	0
25.	National Housing Enterprise (NHE)	Namibia	18	4.3	6	33.3	12	66.7
26.	Small Enterprises Development Corporation (SEDCO)	Zimbabwe	12	2.9	10	83.3	2	16.7
27.	SME Bank Limited	Namibia	14	3.4	10	71.4	4	28.6
28.	Swaziland Development and Savings Bank (SWAZIBANK)	Swaziland	7	1.7	5	71.4	2	28.6
29.	Swaziland Development Finance Corporation (FINCORP)	Swaziland	15	3.6	10	66.7	5	33.3
30.	Swaziland Industrial Development Company (SIDC)	Swaziland	2	0.5	0	0	2	100
31.	TIB Development Bank (TIB)	Tanzania	19	4.6	14	73.7	5	26.3
	Total		**414**	**100%**	**264**	**63.8%**	**150**	**36.2%**

Chart 4: Participation by Institution and Gender, 2013/14

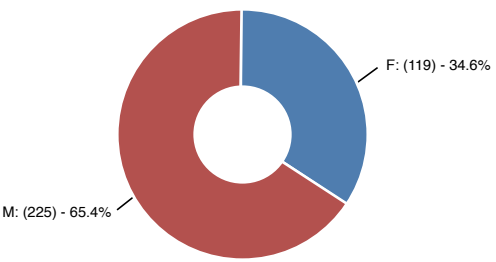


Participation by Gender

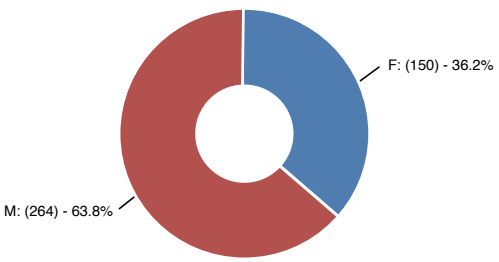
When compared to the previous year and reflecting a continuing trend, the 2013/14 financial year has registered an increase in female participation in programmes from 34.6% to 36.2% as illustrated in Chart 5 below. This trend is consistent with the requirements of the SADC Protocol on Gender Equity.

Chart 5: Participation by Gender of Member DFIs, 2012/13

2012/13



2013/14



Resource Persons for Programmes

The DFRC continues to use highly qualified and experienced experts in the delivery of its programmes. The use of this expertise is apparent from the consistently high performance scores of these experts on the programmes and the positive evaluations of the participants above the 80% threshold of the programme evaluation index as shown in table 2 above. The schedule of resource persons used is provided in table 4 below.

Table 4: Schedule of Resource Persons for 2013/2014

Title	Surname	First name	Affiliation
Prof	Reddy	Yaga	Academy of Corporate Governance
Mr	Kabwe	Edward	Institute of Directors of Zambia
Mr	Delmon	Jeff	The World Bank
Mr	De Perris	Luigi	African Development Bank
Mr	Vrana	Kamilo	Independent Consultant
Mr	Monteiro	Rui	World Bank Institute
Mr	Chingambo	Lloyd	Lloyds Financials Limited - Zambia
Ms	Lata	Dipuo	Industrial Development Corporation
Mr	Nkosi	Nathi	Development Bank of Southern Africa
Mr	Rakgate	Mohale	Development Bank of Southern Africa
Mr	Malumo	Siyanga	Africana Finance and Investments
Mr	Cohn	Sid	Service MIX (Pty) Ltd
Ms	Harning	Jeannie	Solutions Connection Consultancy
Mr	Nyoka	Charles	UNISA
Mr	Zhanje	Stephen	University of Limpopo
Mr	Machimbirike	Alexious	Infrastructure Development Bank of Zimbabwe
Dr	Vibetti	Ndoba	Industrial Development Corporation - South Africa
Mr	Muchenje	Paul	CCL Consulting Group - Zimbabwe
Mr	Kapepa	Oliver	CCL Consulting Group - Zimbabwe
Mr	Musithu	Siyabona	CCL Consulting Group - Zimbabwe
Dr	Mazodza	Tapera	CCL Consulting Group - Zimbabwe
Ms	Manthata	Mojabeng	Industrial Development Corporation - South Africa
Mr	Igun	Babatunde	Bank of Agriculture
Mr	Orwothwun	Charles	Uganda Development Bank
Mr	Masilela	Martin	SIPA Swaziland
Mr	Aiello	James	National Treasury - South Africa
Mr	Hlatshwayo	Lindokuhle	National Treasury - South Africa
Mr	Pillay	Kogan	SADC PPP Network
Mr	Mokanse	Refilwe	National Treasury - South Africa
Dr	Tobin	Peter	Project and Technology Consulting
Mr	Mheyamwa	John	Industrial Development Corporation - South Africa

SECONDMENTS AND ATTACHMENTS

The following are the secondments and attachments undertaken during the year under review.

Benchmarking tour by Basotho Enterprise Development Corporation, 7th – 8th June 2013

The senior management of BEDCO in Lesotho, led by the Chief Executive Officer of the institution, Mr. Robert Likhang, undertook a study tour of the SADC DFI Network member-institutions involved in financing and supporting small and medium sized enterprises (SMEs) with a view to benchmarking their operations.

The team met with the Chief Executive Officer of the Local Enterprise Authority (LEA), Dr. Tebogo Matome and his team, and visited some of the active LEA projects. They also met with the Citizen Entrepreneurial Development Agency (CEDA) senior management led by Mr. Thabo Thamane, the Chief Executive Officer and also visited some CEDA projects, including a local hotel and conference centre in the capital, Gaborone.

In both instances, they received comprehensive overviews of the legislative frameworks, mandates, operations and performance of the two institutions. The three institutions agreed to follow-up with possible exchange programmes to strengthen cooperation amongst themselves.

The tour was facilitated by the SADC DFRC.

POLICY RESEARCH AND ADVISORY SERVICES

The following policy research activities were undertaken during the course of the year.

Study on Scan of SADC DFI Environment

The DFRC with the financial assistance from ProsPECT, a partnership of the SADC Secretariat and the German Development Agency (GIZ), commissioned the study Scan of SADC Development Finance Institutions Environment to assess the current status of the DFIs, in particular, their policy, institutional and operational environment; and to propose reforms that would enhance the contribution of DFIs both to the national and regional development agendas.

The study builds on earlier studies and will also take into account recent policy and institutional developments and proposed changes in the SADC development finance architecture under the SADC Finance and Investment Protocol of which DFIs have been identified as an integral part.
This study commenced in October 2013, and included a survey of DFIs and interviews with senior officials in the reporting ministries, amongst these, Finance, Trade, Housing, Industry and Agriculture as well as central banks. Information collected covered such areas as institutional mandates, operational and governance practices, experiences and financial performance of DFIs. Further, information on the policy, regulatory and legal environment of the DFIs as well as the overall national direction regarding development finance was sought from the various stakeholders.

The presentation of the initial findings of the study is scheduled for June 2014, while a validation workshop for the report will be held before the end of the year in time for the presentation and adoption of the final report by the DFI Network in December 2014. The findings and recommendations of the study will also be escalated to the SADC Committee of Ministers of Finance and Investment for noting.

Prudential Standards and Guidelines Rating System

The DFRC has been undertaking training for the DFIs in Prudential Standards and Guidelines Rating System (PSGRS). Some pilot self-assessment and peer review sessions have been undertaken and system is now well understood and appreciated by a growing number of network member DFIs.

A workshop was held to provide an opportunity to the DFIs to evaluate and compare their compliance with best practice in development finance using the PSGRS as a tool for self-assessment. The workshop also provided an opportunity to the DFIs to assess the applicability of the tool to different institutional and country context, compare performance across SADC DFIs and identified possible interventions in respective institutions and countries.

A presentation on the theme "Institutional and Policy Challenges of Development Banking" provided the conceptual and policy underpinnings of such interventions; a briefing about the DFI Cooperation in Capacity Building was also provided to show the interrelationship between the PSGRS and capacity building.

An analysis of the results of participating DFIs for 2013 was presented in a paper on "Prudential Standards, and Guidelines-Self Assessment Results and Analysis". The results were subsequently integrated in the broader AADFI report which showed that seven of the top 20 DFIs in Africa were drawn from the SADC DFI Network members. The

results also showed that 40% of the participating SADC DFIs scored above the 80% threshold for strong compliance with best practice, a commendable achievement.

PUBLIC PRIVATE PARTNERSHIPS

The SADC PPP Network, established under the DFRC in 2012, serves as a platform for exchange of information and experiences to boost private and public sector capacity in PPPs across the region through a number of activities - including providing guidance and support; facilitating policy, programme and capacity building support; organising professional meetings and training events; and, facilitating linkages and relationships between the private and public sector. During the year under review a number of activities were undertaken by the Network as highlighted below.

PPP Scan of SADC RIDMP

As part of its on-going capacity building efforts, the PPP Network has now evolved to begin the process of working in the region as an incubator for project preparation and development. To this end in March 2013, KPMG was engaged to perform a PPP Scan of the SADC Regional Infrastructure Development Management Plan (RIDMP) with the primary objective of identifying potentially bankable PPP projects in the region. The final results of this scan were made available in October 2013 and applications would be submitted to the SADC Project Preparation and Development Facility (PPDF) to obtain funding for feasibility studies for at least two of the projects. The first high-level results of the scan were presented to donors, international co-operating partners and DFIs on the 29th of August 2013 as part of an on-going consultative process.

Public Private Dialogue (PPD)

The first PPD was held in Johannesburg in August 2013 which highlighted potential PPP projects identified in the scan of the SADC Regional Infrastructure Development Master Plan (RIDMP). Five projects were highlighted where the sponsors presented their projects to private sector investors. At the PPD a memorandum of understanding (MoU) was signed between the NEPAD Business Foundation and DFRC, to collaborate on the identification and preparation of bankable projects in the SADC region. The PPD was well attended by both the private and public sectors and in particular, DFIs and commercial banks.

Setup of the Swaziland PPP Unit

The PPP Network was requested, by the Ministry of Finance in Swaziland to assist with the planning and establishment of its PPP Unit. To that end, the Network was able to obtain funds from the GIZ and appoint Deloitte to provide the initial planning and design of the Swaziland PPP Unit. Further, additional funds have been identified through PPIAF for the actual implementation of the Unit.

Setup of the Lesotho PPP Unit

The PPP Network was requested, by the Ministry of Finance in Lesotho to assist with the planning and establishment of its PPP Unit. To this end the Network has assisted with the setting up of the PPP Unit, the drafting of PPP Legislation, and an unsolicited bid framework. This work was completed in July 2014.

Support for the Mauritius Driver Training and Education Centre
The PPP Network will be supporting the development of a Driver Training and Education Centre in Mauritius. A consultant has been appointed to update the financial model of a feasibility study and prepare procurement documentation to be issued to the market in August 2014. The government of Mauritius would like to appoint a preferred bidder before the end of the 2014.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESORCE CENTRE

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Trustees:	Mr Thabo Thamane - Chairperson Mr Robert Likhang Mr Lisasili Booto Mr Patrick Dlamini Mr Zakhele Lukhele Mrs Maria de Fatima Silveira Ambassador Leonard Iipumbu (Ex-officio, Sub-committee Chair) Ms Boitumelo Gofhamodimo (Ex-officio – SADC Secretariat, TIFI Directorate)
Principal Activities:	Capacity building 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 (US$)

CONTENTS

	PAGE
Report of the independent auditors	30
Statement of comprehensive income	31
Statement of financial position	32
Statement of changes in funds	33
Statement of cash flows	34
Summary of Significant Accounting Policies	35
Notes to the financial statements	52

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2014 were authorised for issue by the trustees and are signed on their behalf by:

BOARD CHAIRPERSON

CHIEF EXECUTIVE OFFICER

DATE: 01 September 2014

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 (SADC – DFRC), which comprise the statement of financial position as at 31 March, 2014, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 65.

Trustees' responsibility for the financial statements

The entity's 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Southern African Development Community- Development Finance Resource Centre as at 31 March, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Practicing Member: Thomas Chitambo (20030022)
Certified Auditor

Gaborone
Date: 18 September 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

US $

	Note	2014	2013
Members' contributions	1	1 023 961	994 735
Donor funds	2	1 849 751	1 638 588
Total revenue		2 873 712	2 633 323
Other income	3	87 891	97 799
Finance income	4	1 418	1 616
Expenditure			
Staff costs	6	(645 511)	(605 986)
Program expenses	7	(1 991 737)	(1 748 969)
Administration and operating costs		(336 957)	(386 637)
Deficit for the year	5	(11 183)	(8 854)
Other comprehensive income			
Other comprehensive income/(loss) not to be transferred to retained earnings in subsequent periods:			
Revaluation loss on motor vehicle		(2 560)	-
Other comprehensive income for the year		(2 560)	-
Total comprehensive income for the year		(13 743)	(8 854)

STATEMENT OF FINANCIAL POSITION

at 31 March 2014

US $	Note	2014	2013
Assets			
Non current assets			
Property and equipment	10	63 520	31 995
Current assets			
Trade and other receivables	8	118 966	111 401
Cash and cash equivalents	9	859 329	1 578 641
		978 295	1 690 042
Total assets		1 041 816	1 722 037
Funds and liabilities			
Accumulated surplus		616 210	627 390
Revaluation surplus		800	3 360
		617 010	630 750
Current liabilities			
Trade and other payables	11	424 806	1 091 287
		424 806	1 091 287
Total funds and liabilities		1 041 816	1 722 037

STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2014

US $

	Accumulated surplus	Revaluation reserve	Total
Balance at 1 April 2012	636 247	3 360	639 607
Total comprehensive income	(8 854)	-	(8 854)
Balance at 31 March 2013	627 393	3 360	630 753
Deficit for the year	(11 183)	-	(11 183)
Revaluation loss	-	(2 560)	(2 560)
Total comprehensive income	(11 183)	(2 560)	(13 743)
Balance at 31 March 2014	616 210	800	617 010

STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

US $

	Notes	2014	2013
Cash (utilised)/ generated from operating activities	12	(680 049)	617 129
Interest received		1 418	1 616
		(678 631)	618 745
Investing activities			
Proceeds on disposal of property, plant and equipment		622	-
Acquisition of plant and equipment		(42 261)	(3 590)
Cash utilised in investing activities		(41 636)	(3 590)
(Decrease)/increase in cash and cash equivalents		(720 270)	615 155
Net foreign exchange difference		958	(8 207)
Cash and cash equivalents at beginning of year		1 578 641	971 693
Cash and cash equivalents at end of year		859 329	1 578 641
Cash and cash equivalents comprise:			
Bank balances - current accounts		47 255	49 356
Bank balances - call accounts		812 074	1 529 285
Cash and cash equivalents at the end of the year		859 329	1 578 641

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The financial statements are stated in United States Dollars (US Dollars), denoted by US$, which is also the functional currency.

The financial statements are prepared on the historical cost basis, except for items measured at fair value as detailed in the accounting policies below.

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 future are disclosed on page 13. The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year.

Reporting currency and currency translation

All transactions have been translated into US Dollars at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities at the reporting date have been translated into US Dollars at the foreign exchange rate ruling at that date. Non- monetary items which are measured at fair value are translated at the rate ruling on the date of the valuation. Any foreign exchange differences are dealt with in the profit or loss in the year in which the difference arises. Non monetary assets and liabilities denominated in currencies other than US Dollars which are stated at historical cost, are translated to US Dollars at the foreign exchange rate ruling at the date of the transaction.

Leases

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

Operating leases

Leases, which 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 profit or loss on a straight-line basis over the term of the lease term.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entity as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the entity, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Entity as a lessor

Leases in which the entity does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Plant and equipment

Property, plant and equipment is stated at cost except for motor vehicles, less accumulated depreciation and net of accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term constructing projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

Computer equipment	33.33% per annum
Furniture and fittings	15% per annum
Office equipment	15% per annum

Motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.
A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The revaluation surplus included in equity in respect of motor vehicles will be transferred directly to retained earnings when the asset is derecognised.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

Impairment of Non-Financial Assets

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or entity's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

Taxation

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interest paid

Interest paid is recognised for all interest-bearing financial instruments on an accrual basis, using the effective interest rate 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.

Donor income

Donor income is credited to the profit or loss when these amounts are received and banked. Donor income for future use is recorded as a liability on receipt. The liability is deferred income and when the costs are incurred the deferred income is amortised and recognised in Profit or Loss and costs expensed in Profit or Loss.

Funds and sponsorship paid directly to service providers by donors for SADC-DFRC programmatic activities are accounted for as non-cash donations.

Employee benefits

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

Financial instruments

Financial assets

The organisation's principal financial assets comprise of the trade and other receivables and cash and cash equivalents. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Initial recognition and measurement (Continued)

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest rate method (EIR) , less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs for loans or other operating expenses for receivables.
Trade and other receivables are included in this category.

Derecognition

A financial asset is derecognised when:

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The entity's financial liabilities include trade and other payables.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Loans and borrowings (Continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.
Trade and other payables are included in this category

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.

Derecognition

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

Impairment of financial assets

Financial assets carried at amortised cost

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

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Entity.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are

Fair value measurement (Continued)

available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Signinificant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the entity's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – entity as lessor

The entity has entered into property leases and rents out an office space to SADCAS. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

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

Revaluation of property, plant and equipment

The entity carries some of its property, plant and equipment at fair value, with changes in fair value being recognised in OCI. The entity engaged an independent valuation specialist to assess fair value of the motor vehicles as at 31 March 2014

Going concern assessment

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

New and amended standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS:

IFRS 1 Government Loans — Amendments to IFRS 1

Effective for annual periods beginning on or after 1 January 2013.

The IASB added an exception to the retrospective application of IFRS 9 Financial Instruments (or IAS 39 Financial Instruments:Recognition and Measurement, as applicable) andIAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans.

The exception will give first-time adopters relief from retrospective measurement of government loans with a belowmarket rate of interest. As a result of not applying IFRS 9 (or IAS 39, as applicable) and IAS 20 retrospectively, first-time adopters will not have to recognise the corresponding benefit of a below-market rate government loan as a government grant. This standard is not applicable to the organization.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

Effective for periods beginning on or after 1 January 2013.

The amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the organisation's financial position or performance.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation —Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The standard is not applicable to the organisation. This amendment becomes effective on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The standard is not applicable to the organisation. This amendment becomes effective on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective on 1 January 2013, however it's not applicable to the organisation.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the Entitying of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the organisation's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Revised)

Effective for annual periods beginning on or after 1 January 2013.

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording.

The more significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability), including actuarial gains and losses, are recognised in OCI with no subsequent recycling to profit or loss.
- Expected returns on plan assets are no longer recognised in profit or loss. Expected returns are replaced by recording interest income in profit or loss, which is calculated using the discount rate used to measure the pension obligation.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new and revised disclosure requirements. These new disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.
- Termination benefits are recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits. The organisation's short term benefits have been recognised in accordance with the revised standard.

IFRS 13 Fair Value Measurement

IFRS 13 does not change when fair value is used, but rather describes how to measure fair value when fair value is required or permitted by IFRS.

Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e., an 'exit price'). 'Fair value' as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13.

IFRS 13 Fair Value Measurement (Continued)

The standard provides clarification on a number of areas, including the following:

- Concepts of 'highest and best use' and 'valuation premise' are relevant only for non-financial assets
- Adjustments for blockage factors (block discounts) are prohibited in all fair value measurements
- A description of how to measure fair value when a market becomes less active

New disclosures related to fair value measurements are also required to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss. This standard becomes effective on 1 January 2013. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the organization.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This standard becomes effective on 1 January 2013. The new interpretation will not have an impact on the organisation.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the organisation's financial statements are disclosed below. The organization intends to adopt these standards, if applicable, when they become effective

IFRS 10, IFRS 12 and IAS 27 Investment Entities(Amendments)

Effective for annual periods beginning on or after 1 January 2014.

The investment entities amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity.

The key amendments include:

- 'Investment entity' is defined
- An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity
- An entity must consider all facts and circumstances, including its purpose and design, in making its assessment
- An investment entity accounts for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which must be consolidated (investments in subsidiaries) or accounted for using the equity method (investments in associates or joint ventures)
- An investment entity must measure its investment in another controlled investment entity at fair value
- A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees
- For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, is retained. The standard is not applicable to the organisation.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

Effective for annual periods beginning on or after 1 January 2014.

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the issuance of IFRS 13 was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendments to IAS 36. In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal. The organisation will assess the impact of this standard once it becomes effective.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39

Effective for annual periods beginning on or after 1 January 2014.

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations:

- That arise as a consequence of laws or regulations, or the introduction of laws or regulations
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. All of the above criteria must be met to continue hedge accounting under this exception.

The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The organisation does not have derivatives and does not expect the standard to have a material financial impact in future financial statements.

IFRIC 21 Levies

Effective for annual periods beginning on or after 1 January 2014.

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the

IFRIC 21 Levies

Effective for annual periods beginning on or after 1 January 2014. (Continued)

specified minimum threshold is reached. The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards. The organisation does not expect that IFRIC 21 will have material financial impact in future financial statements.

IFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2016.

IFRS 14 allows an entity, whose activities are subject to rate - regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. Existing IFRS preparers are prohibited from applying this standard.

Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first time application of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income.

The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. The organisation does not expect that IFRS 14 will have material financial impact on future financial statements.

IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19

Effective for annual periods beginning on or after 1 July 2014.

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age. The organisation will assess the impact of this standard once it becomes effective.

IFRS 9 Financial Instruments

The first phase of IFRS 9, which addressed classification and measurement of financial assets was published in November 2009, and was subsequently amended in October 2010 and November 2013, to include classification and measurement requirements of financial liabilities and hedge accounting requirements. IFRS 9 (2013) does not yet have a mandatory effective date, but early adoption is allowed. A mandatory effective date will be set when the IASB completes the impairment phase of the project. At its February 2014 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018.

Classification and measurement of financial assets

- All financial assets are measured at fair value on initial recognition. Debt instruments may be subsequently measured at amortised cost, if the fair value option (FVO) is not invoked, and:
  - i) The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows
  - ii) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value.
- Equity instruments are measured at fair value through either other comprehensive income (OCI) or profit or loss. Entities have an irrevocable choice to recognise changes in the fair value of non-trading instruments either in OCI or profit or loss by instrument. However, equity instruments held for trading must be measured at fair value through profit or loss.

Classification and measurement of financial liabilities

- For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.
- All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Hedge accounting

- Hedge effectiveness testing must be done prospectively and can be qualitative, depending on the complexity of the hedge.
- A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.
- The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the hedge instrument designation requirement and accounted for as costs of hedging.
- More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The organisation will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Annual Improvements to International Financial Reporting Standards

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.

2009-2011 cycle (issued in May 2012)

In the 2009-2011 annual improvements cycle, the IASB issued six amendments to five standards, summaries of which are provided below. The amendments are applicable to annual periods beginning on or after 1 January 2013. Earlier application is permitted and must be disclosed. The amendments are applied retrospectively, in accordance with the requirements of IAS 8 for changes in accounting policy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards	**Repeated application of IFRS 1** • The amendment clarifies that an entity that has stopped applying IFRS may choose to either: (i) re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period, or (ii) apply IFRS retrospectively in accordance with IAS 8 (i.e., as if it had never stopped applying IFRS) in order to resume reporting under IFRS. • Regardless of whether the entity re-applies IFRS 1 or applies IAS 8, it must disclose the reasons why it previously stopped applying IFRS and subsequently resumed reporting in accordance with IFRS.
	Borrowing costs • The amendment clarifies that, upon adoption of IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition. • Once an entity adopts IFRS, borrowing costs are recognised in accordance with IAS 23 Borrowing Costs, including those incurred on qualifying assets under construction.
IAS 1 Presentation of Financial Statements	**Clarification of the requirements for comparative information** • The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. • An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. • The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. For example, the beginning of the preceding period for a 31 December 2014 year-end would be 1 January 2013. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet.
IAS 16 Property, Plant and Equipment	**Classification of servicing equipment** • The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
IAS 32 Financial Instruments: Presentation	**Tax effects of distributions to holders of equity instruments** • The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.
IAS 34 Interim Financial Reporting	**Interim financial reporting and segment information for total assets and liabilities** • The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. • Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Amendments applicable to future periods

2010-2012 cycle (issued in December 2013)

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, summaries of which are provided below. Other than amendments that only affect the standards' Basis for Conclusions, the changes are effective from 1 July 2014. Earlier application is permitted and must be disclosed. The IFRS 13 amendment only affects the Basis for Conclusions and, therefore, is effective immediately.

IFRS 2 Share-based Payment	**Definitions of vesting conditions** • Performance condition and service condition are defined in order to clarify various issues, including the following: • A performance condition must contain a service condition • A performance target must be met while the counterparty is rendering service • A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group • A performance condition may be a market or non-market condition • If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied The amendment is applied prospectively.
IFRS 3 Business Combinations	**Accounting for contingent consideration in a business combination** • The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.
IFRS 8 Operating Segments	**Aggregation of operating segments** • The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The amendment is applied retrospectively.

New and amended standards and Interpretations (continued)

	Reconciliation of the total of the reportable segments' assets to the entity's assets • The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is applied retrospectively.
IFRS 13 Fair Value Measurement	**Short-term receivables and payables** • The amendment clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	**Revaluation method – proportionate restatement of accumulated depreciation/ amortisation** • The amendment to IAS 16 and IAS 38 clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. • The amendment also clarifies that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. The amendment is applied retrospectively.
IAS 24 Related Party Disclosures	**Key management personnel** • The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. • The amendment is applied retrospectively.

2011-2013 cycle (issued in December 2013)

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, summaries of which are provided below.

Other than amendments that only affect the standards' Basis for Conclusions, the changes are effective 1 July 2014. Earlier application is permitted and must be disclosed. The IFRS 1 amendment only affects the Basis for Conclusions and, therefore, is effective immediately.

IFRS 1 First-time Adoption of International Financial Reporting Standards	**Meaning of 'effective IFRSs'** • The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment is effective immediately.
IFRS 3 Business Combinations	**Scope exceptions for joint ventures** • The amendment clarifies that: • Joint arrangements, not just joint ventures, are outside the scope of IFRS 3 • The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively.

New and amended standards and Interpretations (continued)

IFRS 13 Fair Value Measurement	**Scope of paragraph 52 (portfolio exception)** • The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.
IAS 40 Investment Property	**Interrelationship between IFRS 3 and IAS 40 (ancillary services)** • The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The amendment is applied prospectively.

	US $	2014	2013
1	**Member contributions**		
	Contributions from Development Finance Institutions (DFI) network members	1 023 961	994 735
	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	1 349 085	350 354
	Donor funds - non-cash donations	500 666	1 288 234
		1 849 751	1 638 588
	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.		
	During the year there were no new donors (2013: two new donors)		
3	**Other income**		
	Rental income received from a related party (Note 13)	52 286	39 651
	Net gain on disposal of property, plant and equipment	293	-
	Exchange gains	35 312	-
	Bad debts recovered	-	58 148
		87 891	97 799
	Operating Lease commitments for rental income are as follows;		
	0-1 year	43 527	39 651
	2-5 years	28 083	72 685
	>5 years	8 759	-
		80 369	112 334
4	**Finance income**		
	Interest earned from bank and short term deposits	1 418	1 616

US $

		2014	2013
5	**Deficit for the year**		
	Deficit for the year is stated after taking into account of the following;		
	Audit fees - current	8 500	8 120
	- other	544	-
	Board costs	36 679	53 039
	Depreciation	7 846	13 132
	Exchange loss	8 986	33 684
	Staff costs (note 6)	645 511	605 986
	Office rent	130 314	128 668
6	**Staff costs**		
	Salaries	489 117	474 366
	Gratuity	64 200	95 961
	Other benefits	92 194	35 659
		645 511	605 986
	Number of persons employed by the organisation at the end of the year		
	Full time	11	11
7	**Program Expenses**		
	Program expenses	1 991 737	1 748 969

During the year, there was increased donor funding which resulted in more programme activities undertaken as per the approved budget for 2014. The launch of Public Private Partnerships (PPP) Programme in the previous year also contributed to about 58% (2013: 16%) of the total programme costs.

US $

		2014	2013
8	**Trade and other receivables**		
	Member contributions net of allowance for uncollectible amounts (Note 8.3)	6 055	8 861
	Recoverable program expenditure net of allowance for uncollectible amounts (Note 8.1)	57 158	58 302
	Other receivables (Note 8.2)	55 753	44 238
		118 966	111 401

8.1 Recoverable program expenditure

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

8.2 Other receivables

Other receivables comprise of the following:

Prepayments and deposits	11 724	22 785
Staff advances	1 670	-
Recoverable VAT	24 024	14 857
Rent receivable	11 424	2 665
Other	6 911	3 931
	55 753	44 238

8.3 Member contributions

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	47 279	49 915
Provision for bad debts	(41 224)	(41 054)
	6 055	8 861

Contributions amounting to US $ 46 629 (2013: US $ 41 054) are past due and impaired.

Other receivables have no contractual repayment period

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

Balance at beginning of year	41 054	70 451
Amounts recovered during the year	-	(58 148)
Provision for impairment	170	28 751
Balance at end of year	41 224	41 054

	2014	2013
9 Cash and cash equivalents		
Cash at banks and on hand	47 255	49 356
	812 074	1 529 285
Short-term deposits	859 329	1 578 641

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.

Included in the cash balances are amounts received from the German Development Agency and the Public Private Partnerships (PPP) for specific programmatic activities amounting to US$ 2 011 (2013: US$640, 640)

US $

10 Property, Plant & Equipment

Year ended 31 March 2014

	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation					
At 1 April 2013	29 670	55 251	31 001	100 563	216 485
Additions	35 382	222	791	5 866	42 261
Disposals	-	(9 443)	(737)	(1 314)	(11 494)
Transfer	(17 958)	-	-	-	(17 958)
Revaluations	(2 560)	-	-	-	(2 560)
At 31 March 2014	44 534	46 030	31 055	105 115	226 734
Depreciation					
At 1 April 2013	17 958	49 107	22 375	95 050	184 490
Depreciation charge for the year	1 350	3 603	2 068	825	7 846
Transfer*	(17 958)	-	-	-	(17 958)
Disposals	-	(9 443)	(571)	(1150)	(11 164)
At 31 March 2014	1 350	43 267	23 872	94 725	163 214
Net book value					
At 31 March 2014	43 184	2 763	7 183	10 390	63 520

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset

US $

Property, Plant & Equipment (Continued)

Year ended 31 March 2013

	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation					
At 1 April 2012	29 670	52 888	31 001	99 336	212 895
Additions	-	2 363		1 227	3 590
At 31 March 2013	29 670	55 251	31 001	100 563	216 485
Depreciation					
At 1 April 2012	16 584	43 283	19 071	92 420	171 358
Depreciation charge for the year	1 374	5 824	3 304	2 630	13 132
At 31 March 2013	17 958	49 107	22 375	95 050	184 490
Net book value					
At 31 March 2013	11 712	6 144	8 626	5 513	31 995

US $

		2014	2013
11	**Trade and other payables**		
	Trade payables	121 246	654 704
	Amounts due to DFIs	73 531	192 495
	Other payables	230 029	244 088
		424 806	1 091 287

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

US $

12 Cash generated from operating activities

	2014	2013
Operating activities		
Deficit for the year	(11 183)	(8 854)
Interest received	(1 418)	(1 616)
Net exchange differences	(958)	8 207
Non - cash adjustments:		
Depreciation	7 846	13 132
Gain on disposal of property, plant and equipment	(292)	-
Working capital adjustments:		
Decrease/(increase) in receivables	(7 562)	(32 089)
(Decrease)/increase in payables	(666 482)	638 349
	(680 049)	617 129

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)	1 023 961	994 735
Rental income received from SADC - Accreditation Services (Note 3)	52 286	39 651
Board members allowances and travel fares (Note 5)	36 679	53 039
Amounts due from DFIs (Note 8)	47 279	49 915
Amounts due to DFIs (Note 11)	(73 571)	(192 495)

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	361 404	344 184
Bonus and gratuity	32 271	16 781
	393 675	360 965

US $

14 Commitments and contingencies

	2014	2013
Capital expenditure commitments		
SADC - DFRC has no purchase commitments for property, plant and equipment incidental to the ordinary course of business.		
Operating lease commitments		
Lease rentals payable		
Future minimum rentals under non cancellable leases are as follows:		
Within one year	132 428	126 987
After one year but not more than five years	93 981	255 379
	226 409	382 366

The operating lease commitments for 2014 financial year end include office rental payable to Turnstar Holdings.

Contingent liabilities

SADC - DFRC has no contingent liabilities as at 31 March 2014 (2013 - 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.

US $

15 Financial risk management objectives and policies (continued)

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 United States Dollar. Other than locally incurred expenses, all other expenses consist of costs paid and denominated in US$. Revenue consists of amounts denominated in US$. The Organisation's exposure to foreign currency risk, based on notional amounts is summarised as follows;

	Euro	Botswana pula
2014		
Cash and cash equivalents	2 787	167 778
Trade and other receivables	-	35 448
Trade and other payables	-	(15 040)
Net exposure	2 787	188 186
2013		
Cash and cash equivalents	641 361	160 636
Trade and other receivables	-	40 026
Trade and other payables	-	(8 890)
Net exposure	641 361	191 772

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 on the next page summarises the information.

US $

15 Financial risk management objectives and policies (continued)

Classification of financial instruments

	Loans & receivables	Total
2014		
Trade and other receivables	118 966	118 966
Cash and Bank	859 329	859 329
Liabilities	(424 806)	(424 806)
Total	**553 489**	**553 489**
2013		
Trade and other receivables	111 401	111 401
Cash and Bank	1 578 641	1 578 641
Liabilities	(1 091 287)	(1 091 287)
Total	**598 755**	**598 755**

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

US $

15 Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

2014

	Loans and receivables	Total
Interest income	1 418	1 418
Interest expense	-	-
Net interest income	1 418	1 418

2013

	Loans and receivables	Total
Interest income	1 616	1 616
Interest expense	-	-
Net interest income	1 616	1 616

Liquidity risk

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

2014	On demand	Due not later than one month	Due later than one month but not later than five years	Total
Financial liabilities				
Trade and other payables	-	121 246	-	121 246
Amounts due to the DFIs	-	73 531	-	73 531
Provisions and other liabilities	230 029	-	-	230 029
Total	230 029	194 777		424 806
2013				
Trade and other payables	-	847 199	-	847 199
Provisions and other liabilities	244 088	-	-	244 088
Total	244 088	847 199		1 091 287

US $

15 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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.

2014

Interest rate risk		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Change in interest rate	+1%	8 593	8 593
	-1%	(8 593)	(8 593)

2013

Interest rate risk			
Change in interest rate	+1%	15 786	15 786
	-1%	(15 786)	(15 786)

Significant concentrations of credit risk

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

	2014	**2013**
SEDCO Zimbabwe	22 143	13 655
Gabi Mozambique	11 920	-
IDC Zimbabwe	12 567	16 027
LNDC Lesotho	-	13 212
	46 630	42 894

US $

15 Financial risk management objectives and policies (continued)

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

2014

Foreign currency risk		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Botswana Pula			
Change in exchange rate	+10%	1 504	1 504
	-10%	(1 504)	(1 504)
Euros			
Change in exchange rate	+10%	279	279
	-10%	(279)	(279)
2013			
Foreign currency risk			
Change in exchange rate	+10%	889	889
	-10%	(889)	(889)
Euros			
Change in exchange rate	+10%	64 136	64 136
	-10%	(64 136)	(64 136)

16. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the organisations assets as at 31 March 2014

Assets measured at fair value	Date of valuation	Totals	Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3
			US $	US $	US $
Motor vehicles	1 April 2013	**19 308**	**-**	**-**	**19 308**

Fair value of the motor vehicles was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 1 April 2013, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

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

	US $
1 April 2013	3 360
Total gains and losses recognised in OCI	(2 560)
As at 31 March 2014	**800**

Unrealised gains/(losses) for the period included in profit or loss (recognised in other operating expenses) amounted to US $2 310

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Motor vehicles	Use of motor guides and evidence from an independent engineer	- The model of the vehicle - Age of the vehicle - Mileage of the vehicle - Previous accidents a vehicle has been involved in	Not applicable

US $

16. Fair Value Measurement (continued)

Much attention is given to valuations given in motor-trade guides. These are based on extensive nationwide research of actual selling prices (rather than just advertised prices).
Evidence from an independent engineer is also used – particularly where the vehicle is not a standard one (for example, because it has been heavily modified). Information from an insurer's engineer is also used with assessment of the appropriateness of the content and independence of the report done.

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

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

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

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

17 SIGNIFICANT EVENTS AFTER REPORTING DATE

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
Banco De Popanca e Credit

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

DEMOCRATIC REPUBLIC OF CONGO
Societe Financiere De Developpment

LESOTHO
Basotho Enterprises Development Corporation
Lesotho National Development Corporation

MADAGASCAR

MALAWI

MAURITIUS
Development Bank of Mauritius

MOZAMBIQUE
Small Investment Promotion Company – Gapi - SI

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

SEYCHELLES
Development Bank of Seychelles

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

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

TANZANIA
National Development Corporation
TIB Development Bank

ZAMBIA
Development Bank of Zambia

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

southern african
development community
development finance
resource centre

Physical Address
Plot 50676, Block B
BIFM/Fairground
Office Park
Gaborone
Botswana
www.sadc-dfrc.org

Postal Address
Private Bag 0034
Gaborone, Botswana
Tel: +267 3191146
Fax: 267 3191147
info@sadc-dfrc.org

The **SADC DFRC**
is a Subsidary
Institution of SADC