sadc dfrc

southern african
development community
development finance
resource centre

Annual Report ***2015***

2015 Annual Report

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Profile

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.

Mandate

The SADC-DFRC is a subsidiary institution of SADC established under the SADC Finance and Investment Protocol (the FIP). It is collectively 'owned' by the SADC-DFI Network, also an FIP organisation, with a current membership of thirty-four 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 & Advisory Services

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

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. Thus, to effectively deliver on its mandate, 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 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 four (34) members, all signatories to the establishing memorandum of understanding and all members of the DFI Sub-Committee, has the overall responsibility of the DFRC and supervises it through a Board of Trustees. The Board is appointed by the Network.

The DFRC has a functional relationship with the SADC Secretariat, and works through the 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.

Chairperson of the Board of Trustees:

Ms. Maria de Fatima Silveira, Executive Director for Banco de Poupanca e Credito, Angola.

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.

Ms. Maria de Fatima Silveira
Executive Director
Banco de Poupanca e Credito (Angola)
Trustee since December 2013
Chairperson since March 2015

Ms. Annie Vidot
Chief Executive Officer
Development Bank of Seychelles
Trustee since December 2014
Deputy Chair since March 2015

Mr. Lisasili Booto
Director General
Societe Financiere De Developpement (DRC)
Trustee since December 2013

Dr. Tebogo Matome
Chief Executive Officer
Local Enterprise Authority (Botswana)
Trustee since December 2014

Ms. Gladys Kanyongo
General Manager
Small and Medium Enterprise Development Corporation (Zimbabwe)
Trustee since December 2014

Mr. Martin Inkumbi
Chief Executive Officer
Development Bank of Namibia
Trustee since December 2014

Mr. Patrick Dlamini
Chief Executive
Development Bank of Southern Africa (RSA)
Trustee since December 2013 (Ex-officio)
Chair of the SADC DFI Subcommittee

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

Board of Trustees

During the 2014/15 financial year, the DFRC Board welcomed to its membership, Ms. Annie Vidot, Dr. Tebogo Matome, Ms. Gladys Kanyongo and Mr. Martin Inkumbi, and bid farewell to Board members Mr. Thabo Thamane (CEDA Botswana – former Chair), Mr. Zakhele Lukhele (Swazibank), Mr. Robert Likhang (BEDCO Lesotho), and Ambassador Leonard Iipumbu (Agribank Namibia and former Chair of the SADC DFI Network).

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

AUDIT AND RISK COMMITTEE

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

Ms. Gladys Kanyongo
Chair since March 2015

Dr. Tebogo Matome
Trustee since December 2014

Mr. Martin Inkumbi
Trustee since December 2014

Mr. Robert Likhang
Chief Executive Officer
Basotho Enterprises Development Corporation (Lesotho)
Trustee since December 2012
(co-opted)

For purposes of continuity, Mr. Robert Likhang, former Chairperson of the Committee, was co-opted as a fourth member of the Committee. The Committee members serve in the committee for a period of two years or the remainder of their period as members of the Board.

Chairman's Statement

Maria de Fatima Silveira
CHAIRPERSON
BOARD OF TRUSTEES

I am pleased to present the 2014/15 Annual Report of the SADC Development Finance Resource Centre, which reflects the very positive contribution that the Centre is making to the work and functioning of the development finance institutions (DFIs) in the region, against the backdrop of an evolving development finance system of the region in response to the development and integration goals of SADC.

Over the years, the DFRC has provided service to the regional DFI community, and has been accepted as a credible provider of high quality and relevant capacity building programmes which have significantly improved the skills, as well as the effectiveness and efficiency of these institutions. The DFRC has also set a platform for exchanges, cooperation and benchmarking between member institutions of the DFI network to allow for sharing of experiences, knowledge and information germane to the development finance institutions and system.

The SADC DFI Network, of which the DFRC is the Secretariat, has also shown signs of growth as more institutions and countries have expressed interest in joining thereby demonstrating the value that the Network and the DFRC bring to the SADC community.

Of particular significance in the year under review, has been the completion of the scan of SADC Development Finance Institutions and Environment, and its submission to the SADC DFI Network and the SADC Committee of Ministers of Finance and Investment. The study, which was graciously supported by the GIZ of the Federal Republic of Germany, reviewed the status of the development finance institutions and environment in the region, with special emphasis on impediments and opportunities to the functioning of the development finance system, and its contribution to the overall regional development agenda. It involved a survey of all DFIs in SADC, and discussions with policy - related, regulatory and supervisory institutions among these, Central Banks and Ministries of Finance, Trade, Agriculture and Industry.

The report identified major weaknesses in corporate governance, resource mobilization, regulation and legal frameworks, among others, and to address these, it recommended a regional DFI Action Plan. The Report was adopted by the DFI Network, and the Action Plan was approved by the Network. The Report and Plan were subsequently submitted to the Committee of Minsters of Finance and Investment for consideration and adoption. The report recommendations as incorporated in the Action Plan are closely attuned to the goals of the DFRC's Five - Year Strategic Plan for 2014-2019.

The implementation of the Action Plan by the Network, not only supports the consolidation of the Finance and Investment Protocol (FIP) objectives but also strengthens the DFI contribution to, and allows for a more concerted effort by stakeholders towards, the achievement

of the regional development and integration goals within the framework of the Revised Regional Indicative Strategic Development Plan (RISDP), with the emphasis on industrialization.

It is notable in this regard that the goals of the business and operational plans for the year under review which is the first under the current Strategic Plan, have largely been met and exceeded, thereby establishing a solid platform for the pursuit of long-term goals as envisioned in the DFI Action Plan and the DFRC Strategic Plan. As part of this drive, the DFRC has strengthened its relationships with international cooperating partners like the Japanese International Cooperation Agency, GIZ - Germany and the World Bank, among others.

The DFRC is also seeking to enhance the acceptance of its programmes by the professional community through technical partnerships with official bodies like the Botswana Qualifications Authority and sister institutions across the region for accreditation of its programmes. In this regard, the DFRC has also signed a Memorandum of Understanding with the South African based Chartered Institute of Development Finance (CIDEF) to among other things, cooperate in the development and implementation of capacity building programmes for the development finance community.

The guiding framework for the development and building of capacity of the development finance institutions and improving their operational environment will be the Prudential Standards, Guidelines and Rating System (PDGRS), which has been adopted by the DFI Network based on prior training and consultative work with the Association of African Development Finance Institutions (AADFI), as indicated in the proposed Action Plan. It is planned to hold consultative meetings with the Central Banks and the Ministries of Finance to explore how this process can be taken forward.

The DFRC will continue exploring other initiatives which augment the flow of resources into the development finance system, channelled into development enabling and promoting projects such as infrastructure and industrial development, both priority areas under the RISDP and the SADC Regional Development Fund whose establishment is underway. The SADC Industrialisation Strategy and Roadmap which has been adopted by SADC Summit provides a blueprint for industrial (encompassing small and medium enterprises) development for the region, and DFIs, as mandated, have a significant role to play in this space.

Continuing efforts will be made to secure additional resources for the PPP programme given the need for greater engagement with the private sector in infrastructure, industrial and other projects. It is anticipated that greater collaboration with institutions such as the GIZ, the Development Bank of Southern Africa (DBSA), the European Union and others will come on stream to support and sustain the efforts of the DFRC in this regard having been instrumental in the establishment of the SADC PPP Network.

The access to financial services for an expanded sector of the population has been, and will continue to be an important goal of the DFIs. This will necessitate our engagement in the evolving Financial Inclusion Strategy across SADC, particularly as we seek to expand access to finance for small and medium sized enterprises sector which is critical to the achievement of the regional development goals of employment creation, poverty eradication and sustainable and inclusive economic growth.

As we step forward into the future, we are confident that through the collective effort of the SADC DFIs and the DFRC, as well as the support of our technical and financial partners, the growth path of the development finance system in the region is on a firm trajectory, and that we shall avoid the challenges and pitfalls of previous generations of DFIs in Africa. Our confidence in the future is further borne out by the decision of the Board and Network in 2014 to procure permanent office space to house the DFRC and support its activities.

In conclusion, I would like to thank my eminently qualified colleagues on the Board for electing me to the chair, and the support so far extended to me by the Board in guiding this important development enterprise. The operational and financial performance of the DFRC has been stable on account of the efforts of the Board, management and staff, and also the strong sense of commitment and support of the member institutions of the SADC DFI Network.

Maria de Fatima Silveira
CHAIRPERSON
BOARD OF TRUSTEES

Management Team

Mr. Stuart Kufeni
Chief Executive Officer

Dr. Herrick Mpuku
Programmes Manager

Mr. Kogan Pillay
Head of Public Private Partnerships

Ms. Vero Kgakge
Finance and Administration Manager

STAFF

Chief Executive
Officer's Statement

Stuart Kufeni
CHIEF EXECUTIVE OFFICER

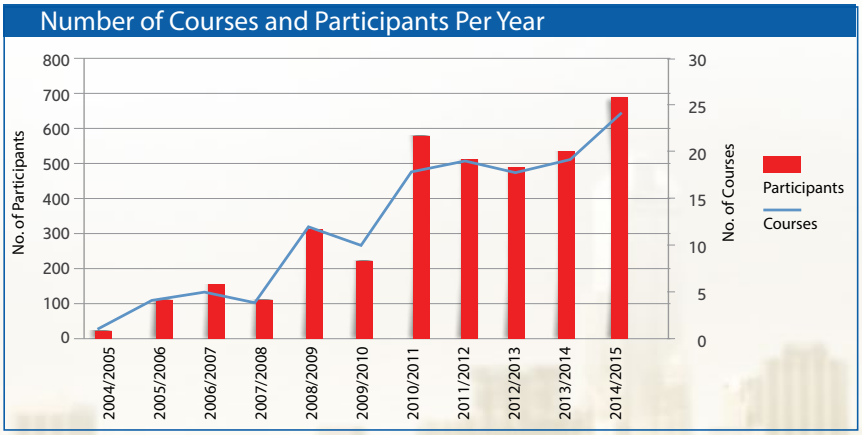
Introduction

The year 2014/15 marked the end of the first year of implementation of the DFRC's ambitious Five-Year Strategic Plan spanning the period April 2014 to March 2019. While the DFRC continued to record significant achievements and well above targets in its primary intervention area of capacity building, performance in the policy-related areas which largely require the approval and active participation of Member State governments has lagged behind. This notwithstanding, it is gratifying to note that strong signals to implement some of the Plan activities by governments are emerging as attested by the recent approval of the DFI Action Plan by the SADC Committee of Ministers of Finance and Investment. The Action Plan incorporates the recommendations of the Study on the Scan of Development Finance Institutions and Environment which was endorsed by the DFI Network in December 2014.

The findings of the Scan underscored the need to address some policy, regulatory and supervisory issues that continue to impede the effectiveness of most DFIs in delivering on their developmental mandates, including governance, mandate overlaps and best practice supervision and operational guidelines. In this regard, during the course of the year, the DFI Network also approved the adoption of the AADFI Prudential Standards, Guidelines and Rating Systems (PSGRS) as a central pillar to the implementation of its Strategic Plan.

Available programming resources for the financial year under review fell short of demand thus constraining some DFRC activities. The most affected in this regard are PPP programmes. In addition, technical assistance to ensure retention of critical expertise in this area is also required. Cognisant of this, efforts to secure resources from key technical partners including international cooperating partners and DFI Network members such as the GIZ - the Republic of Germany Government, the European Union, the Japanese International Cooperation Agency (JICA) and the Development Bank of Southern Africa are ongoing. It is pleasing to note that these efforts are showing signs of bearing fruit and will augur well for the sustainability of DFRC's PPP activities in the ensuing years.

Chart 1: Number of Courses and Participants



Performance

Capacity Building

Programme delivery reached a new peak this financial year as the DFRC continued to dispense high quality and responsive programmes largely driven by demand for institution-specific courses. Twenty four (24) programmes, in total, were undertaken by the DFRC and this was in excess of the targeted number of twelve (12) programmes. Reflecting this high level of programming, participation grew commensurately with six hundred and ninety (690) staff benefiting from the courses compared to a target of three hundred (300) for the year. Of the six hundred and ninety (690), four hundred and seventy four (474) were from the SADC DFIs, while two hundred and sixteen (216) were from Government, public enterprises and other institutions across SADC.

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

Chief Executive
Officer's Statement

Table 1: Key Performance Index and Other Measures

Quarters	Programme Evaluation INDEX			Other Measures			
Ending Month	Actual (%)	Target (%)	Variance (%)	No. of Programmes (No.)		Attendance (No.)	
				Actual	Target	Actual	Target
June 2014	87	80	7	4	3	151	75
September 2014	87	80	7	4	3	93	75
December 2014	86	80	6	12	3	355	75
March 2015	84	80	4	4	3	91	75
	Cumulative Average Score			Total		Total	
Total/Ave.	**86**	**80**	**6**	**24**	**12**	**690**	**300**

Chart 2: Performance Measures

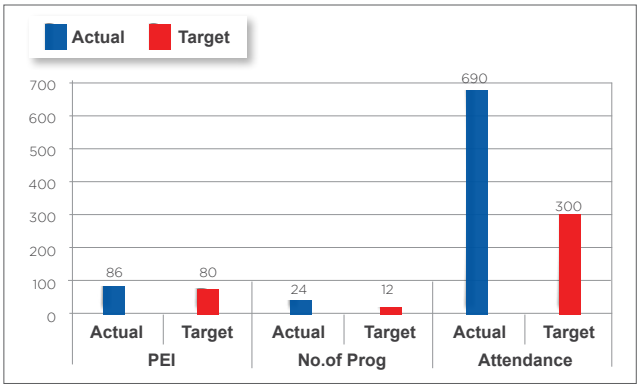


Table 1 and Chart 2 above provide a further analysis of capacity building achievements over the financial year 2014/2015 against the key performance measures adopted by the DFRC. These measures include the programme evaluation index (PEI), a composite of the participant evaluations for all the programmes 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 performance evaluation index (PEI) of eighty six (86%), six points above the target threshold.

The DFRC has now taken measures to have its programmes accredited as providing specific skills with clearly defined methodologies and methods of assessment 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). Consultations with the BQA and similar authorities in other SADC countries to accredit more programmes continues.

The DFRC has also signed a Memorandum of Understanding with the Chartered Institute of Development Finance (CIDEF) of South Africa to collaborate and cooperate in the development and implementation of capacity building programmes of relevance to the development finance community. This arrangement will enable us access more technical resources in support of our programmes, and widen the outreach of our programmes.

Policy Research and Advisory Services

The principal activity carried out under policy research was the Scan of SADC Development Finance Institutions and Environment, which was completed in December 2014, and presented to the SADC DFI Network meeting of December 2014 and adopted by the members.

The report also included an Action Plan for the strengthening of the DFIs and the DFI sector, which foresees regulatory and legal reform, capitalization, resource mobilization and private sector participation, among other areas.

The DFRC has also consolidated the Prudential Standards and Guidelines Rating System (PSGRS), for the promotion of an enabling policy environment and institutional best practices, and will use this on a regular basis to track progress, and make comparisons with DFIs on compliance with best practice.

Regional Initiatives

On the regional front, the DFRC was in April 2015 invited to join the Task Force on the Revised Regional Indicative Strategic Development Plan (2015 – 2020) for SADC. Since then various meetings have been held and the Revised RISDP is nearing completion. As part of its advisory services and, in view of the critical importance of the subject matter to DFIs, the DFRC has and will continue to liaise closely with the SADC Secretariat on the SADC Industrialisation Strategy and Roadmap. A further area of collaboration and interest to DFIs is the development of the Financial Inclusion Strategy for SADC. The DFRC will regularly update the Network on these matters and provide guidance where necessary to ensure DFIs are alive to, and effectively play their role in regional development.

Looking Ahead

The DFRC has established itself as a reputable capacity building institution in the region and has continued to move from strength to strength in this space, expanding its outreach beyond the DFIs to encompass government departments, state-owned enterprises and the private sector among its beneficiaries. Thus, capacity building remains a key pillar of its activities. In this respect, the DFI Action Plan arising from the Scan of DFIs and focusing on the PSGRS as the guiding framework will be the major driver of activities in this area.

As observed, the region continues to evolve with new initiatives regularly coming on stream and, with the coming into place of the Revised RISDP, it is crucial that the DFRC timeously takes these developments on board in its plans. Accordingly, the DFRC will regularly review its operations and realign its strategy and activities to regional developments. This is imperative to ensure the DFRC and the DFIs adhere to, effectively contribute and remain relevant to the regional agenda aimed at achieving sustainable and inclusive economic development and regional integration to create employment and alleviate poverty.

Stuart Kufeni
CHIEF EXECUTIVE OFFICER

Programmes For
Financial Year 2014/15

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.

Human Resource Development and Capacity Building
23rd – 25th March 2015
Pretoria, South Africa

Human Resource professionals are seen as the drivers in the Organisation for pioneering cultural or organisational change and Talent improvement. In addition, organisational change is significantly more effective and sustainable when Human Resource professionals work in partnership with line Managers throughout the process.

The objective of the programme was for participants to be able to understand human resource development, how human resource development can be linked to the goals and strategies of an organisation as well as identifying the major external and internal factors that influence employee behaviour and defining motivation and describing the main approaches to understanding motivation at work.

This programme was attended by twenty three (23) delegates from eighteen (18) Development Finance Institutions within seven (7) countries in the region. Countries represented were Angola, Botswana, Lesotho, Namibia, Swaziland, Tanzania and Zimbabwe.

Financial Modelling
23rd – 27th February 2015, Pretoria, South Africa and 9th – 13th February 2015, Pretoria, South Africa

The Department of Trade and Industry (South Africa) requested the DFRC to facilitate two financial modelling programmes for them.

The programmes were aimed at up-skilling staff in the areas of business valuation (especially discounted cash flow), scenario planning, management decision making, capital budgeting, cost of capital, financial statement analysis and project finance, using computer based applications.

They were 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.

Twenty six (26) delegates attended the first programme, of which twenty (20) were from the Department of Trade and Industry, three (3) from Citizen Entrepreneurial Development Agency of Botswana, two (2) Development Bank of Zambia and one (1) from Bank of Tanzania.

The second training was attended by twenty six (26) delegates of which twenty (20) were from the Department of Trade and Industry and five (5) from Citizen Entrepreneurial Development Agency of Botswana and one (1) from the Development Bank of Namibia.

Corporate Governance
16th – 19th February 2015
Gaborone, Botswana

The DFRC conducted a training programme on corporate governance for the Local Enterprise Authority (LEA) Board members and senior management.

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

The programme was attended by sixteen (16) participants all from the Local Enterprise Authority.

Corporate Governance
9th – 10th December 2014
Gaborone, Botswana

The DFRC facilitated a corporate governance programme for Botswana Investment and Trade Centre (BITC) for its management.

The purpose of the programme was to raise awareness of the concept, practice and relevance of good corporate governance. The main focus was best practice of corporate governance with special emphasis on director's duties and liabilities.

The programme also provided the opportunity for management to improve their skills through a practical and interactive approach that involved case studies, group work and discussions, as well as the prospect of sharing experiences.

Twenty one (21) participants attended the programme.

Programmes For
Financial Year 2014/15

9th CEOs' Forum
4th December 2014
Durban, South Africa

The results of the 2013/14 scan of the development finance institutions (DFIs) and environment, and the recent PSGRS Self-Assessment and Peer Review in November 2014 demonstrated that one of the biggest challenges that the DFIs face is the mobilisation of resources for investment in projects. Yet, this is one of the most important functions for the DFIs, to raise investible funds whether from the local and international capital markets, or from international development partners, and to apply these to the ever-growing needs for resources in the agricultural, industrial, SME, infrastructure and housing sectors and other areas of need.

As part of its effort to address the challenges, the DFRC provided a platform for regional Chief Executive Officers to share issues of common interest around resource mobilisation and sustainability. The Forum took the form of a panel discussion, and seeking to draw on the experiences of a cross-section of DFIs from the Network to explore the practical challenges and the opportunities for raising resources for critical socio-economic development projects within the SADC economies and across the region in support of the over arching regional integration goal. Through this high level dialogue, the Chief Executives and other senior executives of the DFIs had a better understanding of issues surrounding this area, and thus enhance their capacity to develop more effective strategies for successful resource mobilisation.

The forum attracted forty nine (49) participants from DFIs and governments with representatives from Namibia, Zimbabwe, Angola, Lesotho, Botswana, Seychelles, South Africa, Zambia, Mozambique, Tanzania and Swaziland.

Due Diligence
25th – 28th November 2014, Pretoria, South Africa and 2nd – 5th December 2014, Pretoria, South Africa

These training programmes were provided in response to a request by the Department of Trade and Industry, South Africa, to train their members of staff to enhance their skills on how to conduct a due diligence and prepare a business plan and finance requirements. The trainings were conducted on an interactive basis, using practical examples, presentations and case studies.

The first training was attended by twenty five (25) participants, of which 20 were from the Department of Trade and Industry and 5 from Norsad Finance (Botswana) while the second one was attended by twenty four (24) participants, twenty (20) of them were from the Department of Trade and Industry, one (1) from the Development Bank of Namibia and five (5) from Citizen Entrepreneurial Development Agency of Botswana.

Debt Management
10th – 14th November 2014
Harare, Zimbabwe

The training was meant 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 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, bad debts 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 others.

The programme was attended by thirty one (31) participants from eight (8) member network DFIs in the region and four (4) countries across the SADC region were represented. Countries represented were Botswana, Namibia, Swaziland and Zimbabwe.

Investment Appraisal and Risk Analysis
10th – 14th November 2014, Pretoria, South Africa and 3rd – 7th November 2014, Pretoria, South Africa

The Department of Trade and Industry, South Africa requested the DFRC once again to provide training to their members of staff in core skills of investment appraisal and risk analysis. These included developing skills to plan and assess investment projects, redesigning projects to add value, preparing project financing agreements and addressing stakeholders concerns.

The programmes covered modern techniques of finance, financial modelling, applied economic analysis, risk analysis and risk management as they are applied to the appraisal of infrastructure projects.

The first programme was attended by twenty five (25) delegates of which nineteen (19) were from the Department of Trade and Industry and six (6) from development finance institutions and Government institutions in South Africa, Tanzania and Zambia. The second one was attended by thirty (30) delegates of which twenty two (22) were from the Department of Trade and Industry and eight (8) from development finance institutions and Government institutions in South Africa, Botswana, Tanzania and Zimbabwe.

Programmes For
Financial Year 2014/15

Strengthening Project Value Chain for DFI's
14th October – 1st November 2014, Tokyo, Japan

The programme was fully sponsored by the Japan International Cooperation Agency (JICA), and was held at JICA Tokyo International Centre in Tokyo, Japan.

The objective of this programme was to enhance knowledge of appropriate governance (especially of relationships with government), effective resource mobilization and management of long-term capital as well as applicable and effective concepts, individual contents and mutual relationships of project value chain based on accumulated experience in the process of economic and industrial development in Japan and Asian countries.

The workshop was also aimed at identifying, through discussions and surveys, the major challenges and priorities of participating institutions.

Fourteen (14) participants from Southern Africa attended the workshop, of whom eleven (11) were drawn from SADC DFIs.

Customer Relations
20th – 22nd October 2014 Windhoek, Namibia

Commercial financial institutions are now entering traditional development finance markets as competitors that can be expected to approach their clients in a more customer-focused manner hence the need for enhanced customer relations skills for the development finance institutions.

The programme's aim was to upgrade the skills of frontline officers and managers in dealing with clients, and building a strong and mutually beneficial relationship with clients of their organisations.

In addition to training them in customer interaction skills, part of the purpose of this programme was to build awareness of the importance of handling their clients in a sensitive manner.

Thirty nine (39) delegates from network DFIs attended the programme, and countries represented were Lesotho, Mozambique, Namibia and Zambia.

Monitoring and Evaluation
13th – 16th October 2014 Windhoek, Namibia

This workshop provided an introduction to the essentials of Monitoring and Evaluation. It was based on the publication "Ten Steps to a Results-Based Monitoring and Evaluation System" - Kusek and Rist, World Bank, 2004. A number of case studies were used to enhance the delegates learning opportunities. Delegates were given the opportunity to build their own examples of Monitoring and Evaluation using a practical spread sheet-based tool.

It was aimed at assisting participants in gaining a broad understanding of monitoring and evaluation, learn a world class framework for monitoring and evaluation, how to select indicators, how to set targets and monitor them, develop monitoring and evaluation specific skills and acquire practical tools for monitoring and evaluation implementation.

In attendance at the programme were twenty five (25) delegates from eight (8) development finance institutions within five (5) countries in the region. Two (2) non development finance institutions from Namibia also attended this programme (Polytechnic of Namibia and Agra ProVision Limited). Countries represented were Botswana, Lesotho, Namibia, Tanzania and Zambia.

Performance Management
25th – 29th August 2014 Johannesburg, South Africa

The training was a collaboration between the DFRC and the Institute for Performance Management of South Africa.

It was aimed at preparing participants to develop and implement a performance management system within their organisations and at assisting participants to understand the different elements, concepts, methods and tools that can be incorporated into the performance management system.

The programme also explored best practice in institutional arrangements for performance management in DFIs and related institutions.

Participants had a thorough understanding of the different phases involved within the performance management cycle and how to incorporate these into the schedule and calendar of activities within the organisation.

In terms of participation, there were twenty-three (23) delegates from thirteen (13) development finance institutions in seven (7) countries across the region and a non-member institution from Zambia (Zambia National Building Society). Countries represented were Botswana, Lesotho, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

Programmes For
Financial Year 2014/15

BEDCO Board Induction
19th August 2014, Maseru, Lesotho

The DFRC conducted a Board induction programme for BEDCO for their new Board members in advance of a corporate briefing. The programme covered such areas as responsibilities and duties of boards, composition of boards, board committees, and duties of board committees in particular the audit committee and Board charters.

It also covered business ethics, risk management processes and strategic planning and performance and board dynamics.

Eleven (11) participants attended the programme.

Risk Management
18th – 22nd August 2014
Gaborone, Botswana

The programme was aimed at assisting participants in applying a risk management framework in the execution of their duties, while developing risk management policies, procedures and methodologies for their institutions, particularly with respect to credit risk. It also focused on the concepts, tools and techniques of credit risk management, as well as dealing with aspects of market and operational risk.

The programme also explored best practices in institutional arrangements for risk management in DFIs and related institutions.

Thirty three (33) delegates from twelve (12) development finance institutions within seven (7) countries in the region. Two non - DFIs from Botswana and Zambia also attended this programme and those organisations are Norsad Finance Limited and Zambezi River Authority. Countries represented were Botswana, Lesotho, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

Corporate Governance
29th July – 1st August 2014
Maseru, Lesotho

The programme was meant to raise awareness of the concept, practice and relevance of good corporate governance in the context of development finance institutions and the challenges they face within the African landscape. The programme also provided the opportunity for serving directors to improve their skills in the boardroom through a practical and interactive approach that involves case studies, group work and discussions, as well as the prospect of sharing experiences with directors on DFI boards from other African countries.

This training was attended by twenty six (26) delegates from eight (8) Development Finance Institutions within six (6) countries in the region and one (1) Non - DFI from Lesotho. Countries represented were Botswana, Lesotho, Mauritius, Namibia, Swaziland and Zambia.

Investment Appraisal and Risk Analysis
16th – 20th June 2014
Harare, Zimbabwe

Infrastructure development is a key component of the development process of any country or economic region. The provision of good roads and railways, air and ground transport facilities, energy and information and communication technology, among others, constitutes a vital backbone for rapid development of commerce and the catalysation of economic development. SADC as a region has developed a Regional Infrastructure Development Master Plan, while individual member states have also developed their respective infrastructure development programmes.

Investment Appraisal and Risk Analysis was 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.

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

It was attended by forty nine (49) delegates from ten (10) Development Finance Institutions within five (5) countries in the region. Non-Development Finance Institutions from Zimbabwe also attended this programme and those organisations are Civil Aviation Authority of Zimbabwe, FBC Holding Limited, TelOne (Pvt) Ltd, Zimbabwe Investment Authority, Zimbabwe Energy Regulatory Authority, ZESA Holdings Limited and Zimbabwe National Roads Agency. Countries represented were Botswana, Lesotho, Namibia, Zambia and Zimbabwe.

Advanced Project Management
10th – 13th June, 2014
Maseru, Lesotho

The programme content was based on the latest Guide to the Project Management Body of Knowledge (PMBOK ® 5th edition, 2013) which is an accredited American National Standards Institute standard (American National Standards

Institute /Project Management Institute 08-001-2012). Delegates were able to learn about how to apply the Advanced Project Management approach to their projects.

This programme gave delegates access to the implementation of world-class Advanced Project Management principles, tools and techniques for managing projects. They were also exposed to a range of advanced topics which further developed their knowledge and skills in Project Management and related organisational issues.

The programme was attended by twenty eight (28) participants, of which twenty seven (27) were from eight (8) member network DFIs and one (1) from a non-member DFI in the region. Six (6) countries across the SADC region were represented - Botswana, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe.

8th CEO's Forum
5th June 2014, Mahe, Seychelles

The SADC Development Finance Resource Centre, with financial assistance from ProsPECT, a partnership of the SADC Secretariat and the German Development Agency (GIZ), commissioned the study on the Scan of SADC Development Finance Institutions and Environment.

The forum was to disseminate the results, findings and recommendations of the scan which was commissioned by the DFRC in October 2013, and involved a comprehensive survey of the DFIs, stakeholders and the general policy framework across SADC countries.

The Forum deliberated on policy and strategic issues arising from the Scan. In particular the issues of state ownership of the DFIs, the development and their execution of mandates, and the sustainability of the DFIs were discussed. The forum also looked at the nature of regulation of the DFIs, and the possibility of reform and its impact on operations of DFIs.

Customer Relation Skills and Management
14th-16th May 2014
Ezulwini, Swaziland

Commercial financial institutions are now entering traditional development finance markets as competitors that can be expected to approach their clients in a more customer-focused manner hence the need for customer relations training for the development finance institutions.

The objective of the programme was to upgrade the skills of frontline officers and managers in dealing with clients, and building a strong and mutually beneficial relationship with clients of their organisations. In addition to training them in customer interaction skills, part of the purpose of this programme was to build awareness of the importance of handling their clients in a sensitive manner.

Thirty (30) participants attended the programme from eight (8) member network DFIs in the region and 4 countries across the SADC region were represented and those countries were Botswana, Lesotho, Swaziland and Zambia.

Programme
Implementation

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 Training

No.	Programmes	Cooperating Partner/Sponsor	Venue	Duration	Activity Dates	Attendance	Programme Evaluation Index
	DFRC REGIONAL TRAINING PROGRAMMES						
1.	Customer Relations Skills and Management - 2014	SADC-DFRC & Participating DFIs	Swaziland	3 Days	14th - 16th May 2014	30	88%
2.	8th CEOs' Forum - 2014	SADC-DFRC & Participating DFIs	Seychelles	1 Day	5th June 2014	44	86%
3.	Advanced Project Management - 2014	SADC-DFRC & Participating DFIs	Lesotho	4 Days	10th - 13th June 2014	28	88%
4.	Investment Appraisal and Risk Analysis - 2014	SADC-DFRC & Participating DFIs	Zimbabwe	5 Days	16th - 20th June 2014	49	84%
5.	Corporate Governance Development Programme - 2014	SADC-DFRC & Participating DFIs	Lesotho	4 Days	29th July - 1st August 2014	26	85%
6.	Performance Management - 2014	SADC-DFRC & Participating DFIs	South Africa	5 Days	25th - 29th August 2014	23	91%
7.	Monitoring and Evaluation - 2014	SADC-DFRC & Participating DFIs	Namibia	4 Days	13th - 16th October 2014	25	82%
8.	Strengthening Project Value Chain for DFIs - 2014	JICA	Japan	17 Days	14th August - 1st November 2014	14	N/A
9.	Customers Relations - 2014	SADC-DFRC & Participating DFIs	Namibia	3 Days	20th - 22nd October 2014	39	86%
10.	Scan of SADC Development Finance Environment: Validation Workshop - 2014	GIZ	South Africa	2 Days	18th - 19th November 2014	41	88%
11.	Prudence Standards, Guidelines and Rating System - 2014	SADC-DFRC & Participating DFIs	South Africa	2 Days	20th - 21st November 2014	31	86%
12.	9th CEOs' Forum - 2014	SADC-DFRC	South Africa	1 Day	4th - December 2014	49	87%
13.	Human Resources Development and Capacity Building Review - 2015	SADC-DFRC & Participating DFIs	South Africa	3 Days	23rd - 25th March 2015	23	82%
	Total					**422**	**86%**
	DFI BASED TRAINING PROGRAMMES						
14.	Bedco Board Induction - 2014	SADC-DFRC & Participating DFIs	Lesotho	1 Day	19th August 2014	11	89%
15.	Corporate Governance for BITC - 2014	BITC & SADC-DFRC	Botswana	2 Days	9th - 10th December 2014	21	81%
16.	Corporate Governance for LEA - 2015	LEA & SADC-DFRC	Botswana	4 Days	16th - 19th February 2015	16	89%
	Total					**48**	**86%**
	COLLABORATIVE PROGRAMMES						
17.	Risk Management - 2014	SADC-DFRC, IDC-RSA, DBSA & Participating DFIs	Botswana	5 Days	18th - 22nd August 2014	33	
18.	Investment Appraisal and Risk Analysis 1 (DTI) -2014	DTI & SADC-DFRC	South Africa	5 Days	3rd - 7th November 2014	25	93%
19.	Debt Management - 2014	SADC-DFRC, IDC-RSA & Participating DFIs	Zimbabwe	5 Days	10th - 14th November 2014	31	89%
20.	Investment Appraisals and Risk Analysis 2 (DTI) - 2014	DTI & SADC-DFRC	South Africa	5 Days	10th - 14th November 2014	30	85%
21.	Due Diligent 1 (DTI) - 2014	DTI & SADC-DFRC	South Africa	4 Days	25th - 28th November 2014	25	83%
22.	Due Diligent 2 (DTI) - 2014	DTI & SADC-DFRC	South Africa	4 Days	2nd - 5th December 2014	24	87%
23.	Financial Modelling 1 (DTI) - 2015	DTI & SADC-DFRC	South Africa	5 Days	9th - 13th February 2015	26	90%
24.	Financial Modelling 2 (DTI) - 2015	DTI & SADC-DFRC	South Africa	5 Days	23rd - 27th February 2015	26	76%
	Total					**220**	**86%**
	Grand Total					**690**	**86%**

Programmes

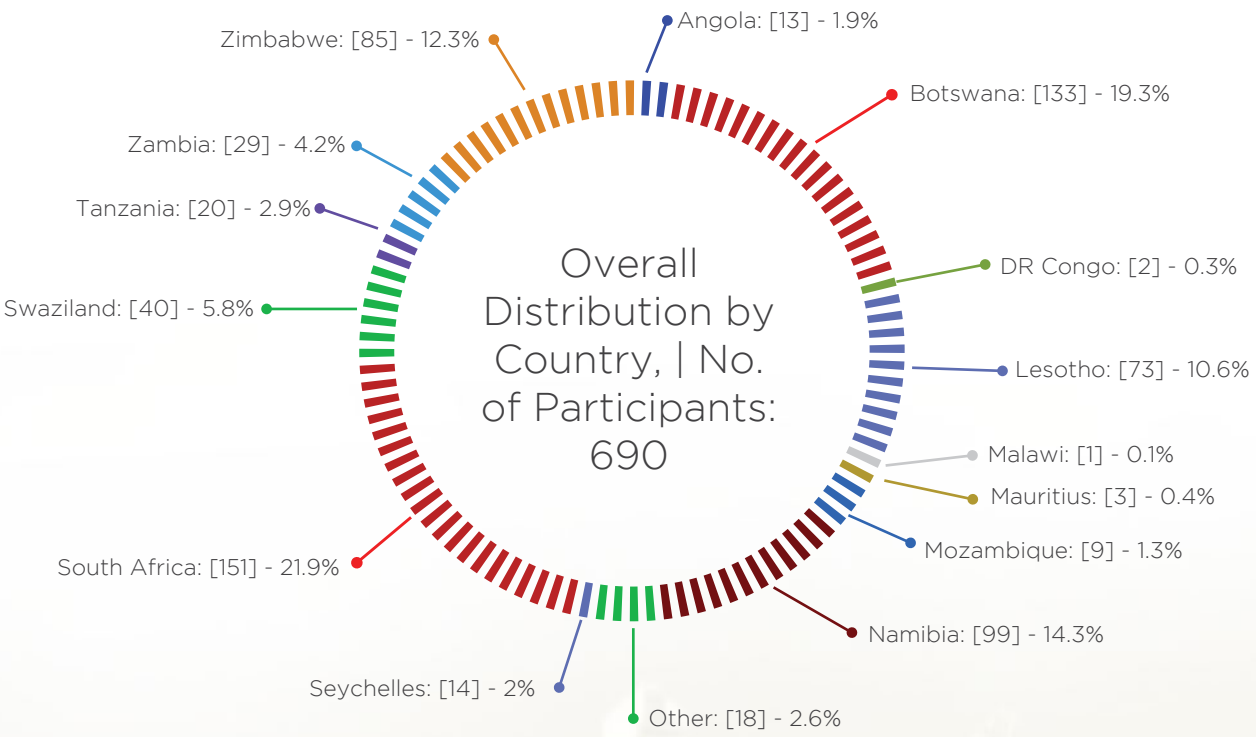
Participation Analysis

The level of participation in DFRC programmes is analysed using different factors, including country, institution and gender.

Participation by Country

Country participation shows that South Africa (21.9%) had the highest number of participants due to the Department of Trade and Industry requested programmes followed by Botswana(19.3%) and Namibia (14.3%), while Democratic Republic of Congo (0.3%) and Malawi (0.1%) had the lowest level of participation.

Chart 3: Participation by Country of DFIs - 2014/15



Participation by
Development Finance Institution

Individual DFIs have made substantial use of the training services through country and institution-based programmes. Institutions such as Basotho Enterprise Development Corporation (BEDCO), Botswana Investment and Trade Centre (BITC) as well as Local Enterprise Authority (LEA)have used the DFRC for their in-house 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.

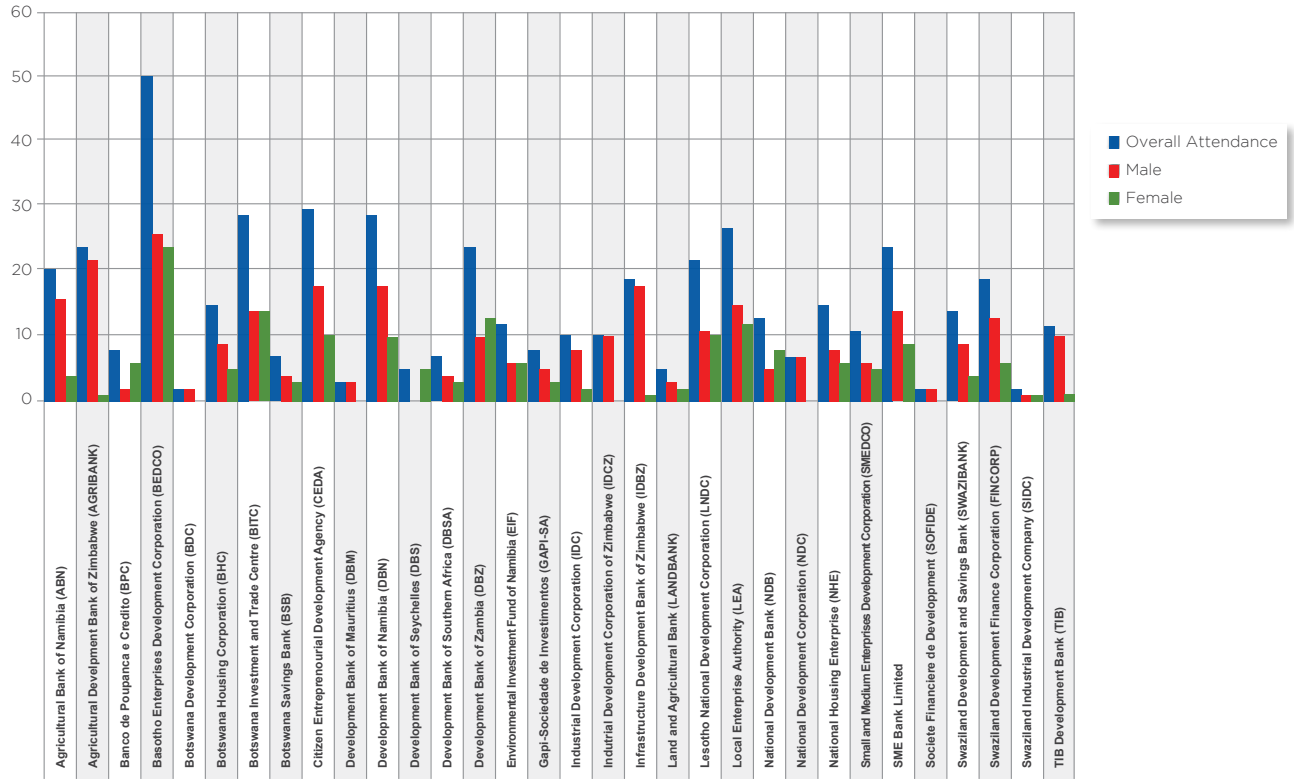
Table 3 below shows participation levels by DFIs while chart 4 shows participation by institution and gender.

Table 3: Participation by Member DFIs, 2014/15

No.	Organisational Name	Country	Attendance	% Attendance	M	%M	F	%F
1.	Agricultural Bank of Namibia (ABN)	Namibia	20	4.2	16	80	4	20
2.	Agricultural Development Bank of Zimbabwe (AGRIBANK)	Zimbabwe	23	4.9	22	95.7	1	4.3
3.	Banco de Poupanca e Credito (BPC)	Angola	8	1.7	2	25	6	75
4.	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	50	10.5	26	52	24	48
5.	Botswana Development Corporation (BDC)	Botswana	2	0.4	2	100	0	0
6.	Botswana Housing Corporation (BHC)	Botswana	14	3	9	64.3	5	35.7
7.	Botswana Investment and Trade Centre (BITC)	Botswana	28	5.9	14	50	14	50
8.	Botswana Savings Bank (BSB)	Botswana	7	1.5	4	57.1	3	42.9
9.	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	29	6.1	18	62.1	11	37.9
10.	Development Bank of Mauritius (DBM)	Mauritius	3	0.6	3	100	0	0
11.	Development Bank of Namibia (DBN)	Namibia	28	5.9	18	64.3	10	35.7
12.	Development Bank of Seychelles (DBS)	Seychelles	5	1.1	0	0	5	100
13.	Development Bank of Southern Africa (DBSA)	South Africa	7	1.5	4	57.1	3	42.9
14.	Development Bank of Zambia (DBZ)	Zambia	23	4.9	10	43.5	13	56.5
15.	Environmental Investment Fund of Namibia (EIF)	Namibia	12	2.5	6	50	6	50
16.	Gapi-Sociedade de Investimentos (GAPI-SA)	Mozambique	8	1.7	5	62.5	3	37.5
17.	Industrial Development Corporation (IDC)	South Africa	10	2.1	8	80	2	20
18.	Indutrial Development Corporation of Zimbabwe (IDCZ)	Zimbabwe	10	2.1	10	100	0	0
19.	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	19	4	18	94.7	1	5.3
20.	Land and Agricultural Bank (LANDBANK)	South Africa	5	1.1	3	60	2	40
21.	Lesotho National Development Corporation (LNDC)	Lesotho	21	4.4	11	52.4	10	47.6
22.	Local Enterprise Authority (LEA)	Botswana	26	5.5	14	53.8	12	46.2
23.	National Development Bank (NDB)	Botswana	13	2.7	5	38.5	8	61.5
24.	National Development Corporation (NDC)	Tanzania	7	1.5	7	100	0	0
25.	National Housing Enterprise (NHE)	Namibia	14	3	8	57.1	6	42.9
26.	Small and Medium Enterprises Development Corporation (SMEDCO)	Zimbabwe	11	2.3	6	54.5	5	45.5
27.	SME Bank Limited	Namibia	23	4.9	14	60.9	9	39.1
28.	Societe Financiere de Developpment (SOFIDE)	DR Congo	2	0.4	2	100	0	0
29.	Swaziland Development and Savings Bank (SWAZIBANK)	Swaziland	13	2.7	9	69.2	4	30.8
30.	Swaziland Development Finance Corporation (FINCORP)	Swaziland	19	4	13	68.4	6	31.6
31.	Swaziland Industrial Development Company (SIDC)	Swaziland	2	0.4	1	50	1	50
32.	TIB Development Bank (TIB)	Tanzania	12	2.5	10	83.3	2	16.7
Total			**474**	**100%**	**298**	**62.9%**	**176**	**37.1%**

Participation by
Institution and Gender

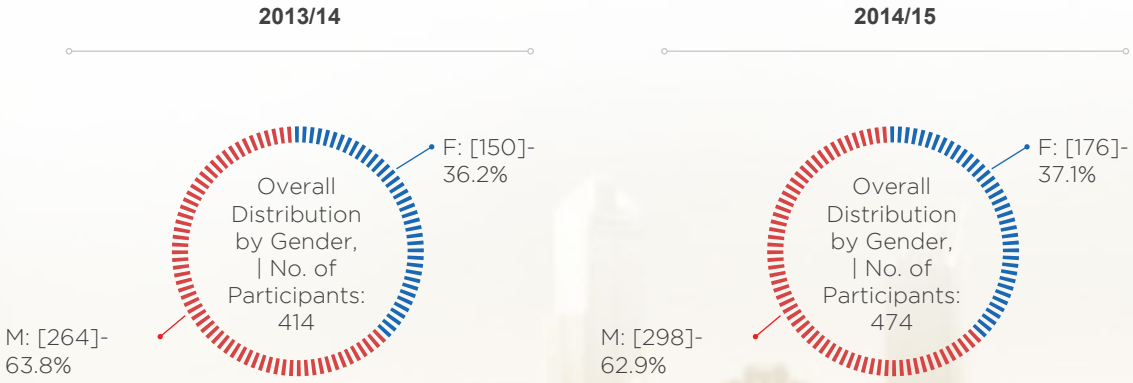
Chart 4: Participation by Institution and Gender, 2014/15



Participation by Gender

The 2014/15 financial year has registered an increase in female participation in programmes from 36.2% to 37.1% as illustrated in Chart 5 below as compared to the previous financial year. This trend is consistent with the requirements of the SADC Protocol on Gender Equity.

Chart 5: Participation by Gender of Member DFIs, 2014/15



Resource Persons
for Programmes

Highly qualified and experienced experts were engaged in the delivery of programmes. The use of this expertise is apparent from the consistently high performance scores of these experts on the programmes and the positive evaluations by the participants above the 80% threshold of the programme evaluation index as shown in table 2 above.

The schedule of resource persons used and their affiliations is provided in table 4 below.

Table 4. Schedule of Resource Persons for 2014/2015

Title	Lastname	Firstname	Affiliation
Mr.	Cohn	Sid	ServiceMIX (Pty) Ltd
Ms.	Harning	Jeannie	Solutions Connection Consultancy
Dr.	Banda	Lufeyo	Independent Consultant
Mr.	Mukoji	Julius	TIB Development Bank
Mr.	Edmond	Chistopher	Central Bank of Seychelles
Dr.	Tobin	Peter	Peter Tobin Consultancy
Mr.	Malumo	Siyanga	Africana Finance and Investments
Mr.	Zhanje	Stephen	University of Limpopo
Mr.	Nyoka	Charles	University of South Africa
Mr.	Tinarwo	James	Independent Consultant
Mr.	Nkosi	Nathi	Development Bank of Southern Africa
Ms.	Adonis	Ilze	Industrial Development Corporation (RSA)
Ms.	Regenass	Lynne	Industrial Development Corporation (RSA)
Ms.	Lata	Dipuo	Industrial Development Corporation (RSA)
Mr.	Pongaponga	Jonnah	Celavie Consultancy
Mr.	Jacobs	Morne	Institute for Performance Management
Mr.	Mheyamwa	John	Industrial Development Corporation (RSA)
Mr.	Makakabule	Tshililo	Industrial Development Corporation (RSA)
Mr.	Ganye	Tafadzwa	Industrial Development Corporation (RSA)
Mr.	Kabwe	Edward	Institute of Directors of Zambia
Ms.	Manthata	Mojabeng	Industrial Development Corporation (RSA)
Ms.	Mc Intyre	Gizelle	Independent Consultant

Secondments
And Attachments

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

Benchmarking study tour by Basotho Enterprise Development Corporation

BEDCO management undertook a trip to Namibia Windhoek between the 16th and 18th September 2014 having been assisted by SADC-DFRC to learn from the SME Bank how to deal with the risk of financing SMEs without shying away from the responsibility of developing the sector. The intention of management is to explore the establishment of a fully-fledged development bank for SMEs.

BEDCO management team led by their Chief Executive Officer, Mr. Robert Likhang, was welcomed by the Chief Executive Officer of SME Bank Mr. Tawanda Mumvuma and his senior management team who provided the delegation with very useful tips on what establishing a bank entails, from the governance structures that have to be put in place, the size of investment required, the competition, risks involved as well as the regulatory environment.

Policy Research and Advisory Services

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

Prudential Standards, Guidelines and Rating System

20th-21st November 2014, Johannesburg, South Africa

This workshop was aimed at promoting the adoption by DFIs of self-assessment practices in line with the Association of African Development Finance Institutions' (AADFI) Prudential Standards, Guidelines and Rating System (PSGRS) for African DFIs. The programme seeks to:

- Strengthen the technical capacity of participants;
- Prepare individual DFI assessments and subject them to peer review;
- Put in place individual DFI level action plans to address identified weaknesses; and
- Allow DFIs the opportunity to compare their compliance with best practices in SADC as a whole.

In this programme the DFI submitted their self-assessments, and made presentations to the workshop on their experiences with implementation of the PSGRS.

Thirty one (31) participants from twenty three (23) SADC DFIs attended, and presented reports on their respective institutions. There is in general increased participation, and greater compliance with best practices by DFIs.

Scan of National Development Finance Institutions

A Validation Workshop was held to review the final draft report on the Scan of the Development Finance Institutions and Environment. The programme was held to confirm the findings, conclusions and action plan of the study.

The workshop was attended by SADC DFIs and representatives of Ministries of Finance and the Central Banks in the region

Strategic Planning Review

The DFRC assisted the Development Bank of Zambia to carry out a mid-term review of its Strategic Business Plan for 2013-2015 in September 2014. The workshop was conducted with the management and staff of the institution, and in-depth consultations with senior managers to assess performance, and identify key performance indicators to use for the future.

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 sectors.

During the year under review a number of activities were undertaken by the Network as highlighted below.

PPP Scan of SADC RIDMP PHASE II

As part of its ongoing strategy to develop capacity to deliver bankable PPP projects, the PPP Network is now collaborating with SADC Infrastructure and Services and a number of DFI's to identify and prepare a number of projects from the Regional Infrastructure Development Master Plan, approved in 2012. This will take the form of coordinating the stakeholders and ensuring that the DFI's play significant role in de-risking the projects in an effort to allow for the maximum participation of the private sector in funding, construction and maintenance of infrastructure.

Support for the Mauritius Driver Training and Education Centre

The PPP Network has been supporting the development of a Driver Training and Education Centre in Mauritius. A consultant was appointed to update the financial model of a feasibility study and prepare procurement documentation that was to be issued to the market at a later date. In that same month a new government was elected which is still keen to proceed with the project by June of 2015.

Second Public Private Dialogue Held in Johannesburg

The second Public Private Dialogue (PPD) was held in Johannesburg on the 17th - 18th March, 2015. It was co-sponsored by the NEPAD Business Foundation and showcased infrastructure projects from the SADC region. Project sponsors came to the PPD and presented their projects to the private sector to highlight potential investment opportunities. The PPD was very successful and was attended by over two hundred delegates from both the public and private sectors. Furthermore, it was decided to have annual PPD's from now on, and that in the future, they focus on specific sectors such as power, rails, water and ICT.

Southern African Development Community

Development Finance Resource Centre

Annual Financial Statements
Year Ended 31 March 2015

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Funds
- Statement of Cash Flows
- Notes to the Financial Statements
- Report of the Independent Auditors

Southern African Development Community

Development Finance Resource Centre Annual Financial Statements

GENERAL INFORMATION

Trustees:	Ms. Maria de Fatima Silveira- Chairperson Mr. Lisasili Booto Mr. Martin Inkumbi Dr. Tebogo Matome Ms. Annie Vidot Ms. Gladys Kanyongo Mr. Patrick Dlamini (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$)

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Statement of financial position	29
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Unaudited non-cash donation programme - activities	59

Southern African Development Community
Development Finance Resource Centre

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2015 were authorised for issue by the trustees and are signed on their behalf by:

BOARD CHAIRPERSON

CHIEF EXECUTIVE OFFICER

27th July, 2015

DATE

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 2015, 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 28 to 58.

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 judgement, 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 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Supplementary information

The supplementary information provided including the schedule set out on pages 59 - 61 does not form part of the financial statements and is presented as additional information. We have not audited the supplementary information and accordingly we do not express any assurance on it.

Ernst + Young

Practicing Member: Thomas Chitambo (20030022)
Certified Auditor

Gaborone
Date: 28th July 2015

Statement of
Comprehensive Income

For the year ended 31 March 2015

US $	Note	2015	2014 Restated
Members' contributions	1	1 057 561	1 023 961
Total revenue		**1 057 561**	**1 023 961**
Other income	2	588 583	1 436 976
Finance income	3	859	1 418
Expenditure			
Staff costs	4	(643 591)	(590 561)
Program expenses	5	(545 186)	(1 491 071)
Administration and operating costs		(428 539)	(391 906)
Surplus/(Deficit) for the year	6	29 687	(11 183)
Other comprehensive income			
Other comprehensive income/(loss) not to be transferred to surplus/(deficit) in subsequent periods:			
Revaluation gain/(loss) on motor vehicle		1 628	(2 560)
Other comprehensive income/(loss) for the year		1 628	(2 560)
Total comprehensive income/(loss) for the year		31 315	(13 743)

Statement of
Financial Position

At 31 March 2015

US $	Note	2015	2014
Assets			
Non current assets			
Property and equipment	7	56 914	63 520
Current assets			
Trade and other receivables	8	209 025	118 966
Cash and cash equivalents	9	784 337	859 329
		993 362	978 295
Total assets		1 050 276	1 041 815
Funds and liabilities			
Accumulated surplus		645 897	616 210
Revaluation surplus		2 428	800
		648 325	617 010
Current liabilities			
Trade and other payables	10	401 951	424 806
		401 951	424 806
Total funds and liabilities		1 050 276	1 041 816

Statement of
Changes In Funds

For the year ended 31 March 2015

US $	Accumulated surplus	Revaluation reserve	Total
Balance at 1 April 2013	627 393	3 360	630 753
Total comprehensive income	(11 183)	(2 560)	(13 743)
Balance at 31 March 2014	616 210	800	617 010
Surplus for the year	29 687	-	29 687
Revaluation gain	-	1 628	1 628
Total comprehensive income	29 687	1 628	31 315
Balance at 31 March 2015	645 897	2 428	648 325

Statement of
Cash Flows

For the year ended 31 March 2015

US $	Note	2015	2014
Cash (utilised)/ generated from operating activities	11	(71 781)	(680 049)
Interest received		859	1 418
		(70 922)	(678 631)
Investing activities			
Proceeds on disposal of property, plant and equipment		6 564	622
Acquisition of plant and equipment		(11 566)	(42 261)
Cash utilised in investing activities		(5 002)	(41 636)
(Decrease)/increase in cash and cash equivalents		(75 924)	(720 270)
Net foreign exchange difference		932	958
Cash and cash equivalents at beginning of year		859 329	1 578 641
Cash and cash equivalents at end of year		784 337	859 329
Cash and cash equivalents comprise:			
Bank balances - current accounts		24 622	47 255
Bank balances - call accounts		759 715	812 074
Cash and cash equivalents at the end of the year		784 337	859 329

Summary Of Significant
Accounting Policies

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. All values are rounded to the nearest USD ($1) except when otherwise indicated.

The financial statements are prepared on the historical cost basis, except where otherwise stated.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future are disclosed on page 37.

The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year.

Reporting currency and currency translation
All transactions have been translated into US Dollars at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities at the reporting date have been translated into US Dollars at the foreign exchange rate ruling at that date.

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

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

Operating leases
Leases, which 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.

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.

Summary Of Significant
Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Motor vehicles
20% per annum

Furniture and fittings
8.33% 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 accumulated depreciation is eliminated against the gross carrying amount of the asset.

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 disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Summary Of Significant *Accounting Policies*

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

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

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

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

Revenue recognition
Revenue comprises the contributions from members.
Revenue is recognised in profit or loss when the following conditions have been satisfied:

The amount of revenue can be measured reliably; It is probable that the economic benefits associated with the transaction will flow to the 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.

Summary Of Significant
Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 loans and receivables. The entity determines the classification of its financial assets at initial recognition.

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

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

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

Loans and receivables
Loans and receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are 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 topay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the entity has transferred substantially all the risks and rewards of the asset, or

(b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

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

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

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities (Continued)

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.

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 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.

Summary Of Significant *Accounting Policies*

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

Judgements
In the process of applying the entity's accounting policies, management has made 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 other comprehensive income. The entity engaged an independent valuation specialist to assess fair value of the motor vehicles as at 31 March 2015

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 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.

New and amended standards and Interpretations (Continued)

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 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.

New and amended standards and Interpretations (Continued)

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

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

The amendments to IAS 32 Financial Instruments: Presentation clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. Entities will need to review legal documentation and settlement procedures, including those applied by the central clearing houses they deal with to ensure that offsetting of financial instruments is still possible under the new criteria. Changes in offsetting may have a significant impact on financial statement presentation. The effect on leverage ratios, regulatory capital requirements, etc., will need to be considered.

Annual improvements - IFRS 13 Fair value measurement - short-term receivables and payables.

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

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. This amendment to IFRS 13 did not have a significant impact on the company as the short-term receivables and payables were already measured at invoice amounts.

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

IAS 1 Disclosure Initiative – Amendments to IAS 1

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

Effective for annual periods beginning on or after 1 January 2016 the amendments clarify, rather than significantly change, existing IAS 1 requirements:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. This is expected to impact the disclosure of the company's future financial statement (though not significantly) but not the measurement.

IAS 24 Related Party Disclosures – Key Management Personnel (Amendment)

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

Effective for annual period beginning on or after 1 July 2014 the amendment clarifies that a management entity that is 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 must be applied retrospectively.

This is not expected to impact the company as the company already discloses the intercompany management fees paid to the holding company

Standards issued but not yet effective (Continued)

IAS 27: Equity Method in Separate Financial Statements (Amendment)

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

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the company's financial statements as they don't intend to equity account their investments in the separate books of the company.

IFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2017.

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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.

Standards issued but not yet effective (Continued)

IFRS 9 Financial Instruments(Continued)

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.

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.

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.

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.

For the year ended 31 March 2015

US $

	2015	2014 Restated
1 Member contributions		
Contributions from Development Finance Institutions (DFI) network members	1 057 561	1 023 961

Member contributions comprises of annual fees received from the DFI Network members on an annual basis

2 Other income		
Rental income received from a related party (Note 13)	39 028	52 286
Net gain on disposal of property, plant and equipment	-	293
Exchange gains	5 227	35 312
Funds donated directly to SADC-DFRC	544 327	1 349 085
	588 583	1 436 976
Operating Lease commitments for rental income are as follows;		
0-1 year	24 426	36 638
2-5 years	-	24 426
>5 years	-	-
	24 426	61 064
3 Finance income		
Interest earned from bank and short term deposits	859	1 418

For the year ended 31 March 2015

US $

	2015	2014
		Restated
4 Staff costs		
Salaries	498 528	489 117
Gratuity	125 185	64 200
Other benefits	19 878	37 244
	643 591	590 561
Number of persons employed by the organisation at the end of the year		
Full time	11	11
5 Program Expenses		
Program expenses	545 186	1 491 071

During the year, there was decreased donor funding which resulted in less programme activities undertaken as per the approved budget for 2015. The Public Private Partnerships (PPP) Programme in the previous year also contributed to about 60% (2014: 58%) of the total programme costs.

	2015	2014
6 Surplus/Deficit for the year		
Surplus/Deficit for the year is stated after taking into account of the following;		
Audit fees - current	8 750	8 500
- other	-	544
Board costs	43 365	36 679
Depreciation	11 558	7 846
Exchange loss	19 889	8 986
Staff costs (note 4)	643 591	590 561
Office rent	128 519	130 314

For the year ended 31 March 2014

US $

7 Property, Plant & Equipment Year ended 31 March 2015	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation					
At 1 April 2014	44 534	46 030	31 055	105 115	226 734
Additions	-	10 044	-	1 522	11 566
Disposals	(8 854)	-	-	-	(8 855)
Transfer	(738)	-	-	-	(738)
Revaluation	1 628	-	-	-	1 628
At 31 March 2015	36 570	56 074	31 055	106 637	230 336
Depreciation					
At 1 April 2014	1 350	43 267	23 872	94 725	163 214
Depreciation charge for the year	4 796	3 657	2 053	1 052	11 558
Transfer	(738)	-	-	-	(738)
Disposals	(612)	-	-	-	(612)
At 31 March 2015	4 796	46 924	25 925	95 777	173 422
Net book value					
At 31 March 2015	31 774	9 150	5 130	10 860	56 914

Additional information

Description	Motor vehicles	Furniture & fittings
Cost/Valuation as at 31st March 2014	44 534	105 115
Depreciation as at 31st March 2014	(1 350)	(94 725)
Net Book value as at 31st March 2014	43 184	10 390
Depreciation expenses on the old basis	5 995	1 894
Depreciation expenses on the new basis	4 796	1 052
Depreciation expenses in the future	18 209	10 860
Expected useful life of assets in the old basis	25.00%	15.00%
Expected useful life of assets in the new basis	20.00%	8.33%

For the year ended 31 March 2015

7 Property, Plant & Equipment (Continued)
Additional information (Continued)

US $

From 1st April 2014, SADC - DFRC changed its accounting policy for depreciating property, plant and equipment (Motor vehicle and Furniture & Fittings), change the useful life of Motor vehicles from 25% to 20% and Furniture & Fittings 15% to 8.33% . Management takes the view that this policy provides reliable and more relevant information because it deals more accurately with the components of property, plant and equipment and is based on up-to-date values. The policy has been applied prospectively from the start of 1st April 2014 because it was not practicable to estimate the effects of applying the policy either retrospectively, or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current year is to increase the carrying amount of property, plant and equipment at the end of the year by $2,041; decrease depreciation expense by $2,041.

Year ended 31 March 2015	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.

For the year ended 31 March 2015

US $

	2015	2014
8 Trade and other receivables		
Recoverable program expenditure net of allowance for uncollectible amounts (Note 8.1)	148 223	57 158
Other receivables (Note 8.2)	53 770	55 753
Member contributions net of allowance for uncollectible amounts (Note 8.3)	7 032	6 055
	209 025	118 966

8.1 Recoverable program expenditure

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

Total recoverable program expenditure receivable	163 319	72 254
Provision for bad debts	(15 096)	(15 096)
	148 223	72 254

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

Balance at beginning of year	15 096	15 096
Amounts recovered during the year	-	-
Provision for impairment	-	-
Balance at end of year	15 096	15 096

8.2 Other receivables

Other receivables comprise of the following:

Prepayments and deposits	20 473	11 724
Staff advances	-	1 670
Recoverable VAT	28 251	24 024
Rent receivable	5 046	11 424
Other	-	6 911
	53 770	55 753

For the year ended 31 March 2015

US $

	2015	2014
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	93 268	47 279
Provision for bad debts	(86 236)	(41 224)
	7 032	6 055

Contributions amounting to US $ 86 236 (2014: US $ 41 224) are past due and impaired.

Other receivables have no contractual repayment period	2015	2014
Movement of the provision for impairment of contribution is as follows:		
Balance at beginning of year	41 224	41 054
Amounts recovered during the year	-	-
Provision for impairment	45 012	170
Balance at end of year	86 236	41 224

9 Cash and cash equivalents		
Cash at banks and on hand	24 622	47 255
Short-term deposits	759 715	812 074
	784 337	859 329

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$ Nill (2014: US$2 011)

	2015	2014
10 Trade and other payables		
Trade payables	190 456	121 246
Amounts due to DFIs	112 068	73 531
Other payables	99 427	230 029
	401 951	424 806

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

For the year ended 31 March 2015

US $

11 Cash generated from operating activities

	2015	2014
Operating activities		
Surplus/(Deficit) for the year	29 687	(11 183)
Interest received	(859)	(1 418)
Non - cash adjustments:		
Depreciation	11 558	7 846
Gain on disposal of property, plant and equipment	1 678	(292)
Net exchange differences	(932)	(958)
Working capital adjustments:		
Increase in receivables	(90 059)	(7 562)
Decrease in payables	(22 855)	(666 482)
	(71 782)	(680 049)

12 Related party disclosures

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

	2015	2014
Related party transactions entered into during the year are as follows;		
Member contributions from DFIs (Note 1)	1 057 561	1 023 961
Rental income received from SADC - Accreditation Services (Note 2)	39 028	52 286
Board members allowances and travel fares (Note 6)	43 365	36 679
Amounts due from DFIs (Note 8.3)	93 268	47 279
Amounts due to DFIs (Note 10)	(112 068)	(73571)
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	477 852	361 404
Bonus and gratuity	119 463	32 271
	597 315	393 675

For the year ended 31 March 2015

US $

	2015	2014
13 Commitments and contingencies		

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	83 494	132 428
After one year but not more than five years	-	93 981
	83 494	226 409

The operating lease commitments for 2015 financial year end include office rental payable to Turnstar Holdings.

Contingent liabilities
SADC - DFRC has no contingent liabilities as at 31 March 2015 (2014 - Nil).

14 Financial risk management objectives and policies
The organisation is exposed to market risk, liquidity risk and credit 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.

For the year ended 31 March 2015

US $

Notes to the financial statements
for the year ended 31 March 2015

14 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 reporting currency of the organisation, 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
2015		
Cash and cash equivalents	105 153	105 982
Trade and other receivables	41 000	50 553
Trade and other payables	(18 488)	(174 366)
Net exposure	127 665	(17 831)
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

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.

For the year ended 31 March 2015

US $

14 Financial risk management objectives and policies (continued)

Classification of financial instruments

	Loans & receivables	Total
2015		
Trade and other receivables	209 025	237 560
Cash and Bank	784 337	784 337
Liabilities	(401 951)	(430 486)
Total	591 410	591 410
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

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

For the year ended 31 March 2015

US $

14 Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

2015	**Loans and receivables**	**Total**
Interest income	853	853
Interest expense	-	-
Net interest income	853	853

2014	**Loans and receivables**	**Total**
Interest income	1 418	1 418
Interest expense	-	-
Net interest income	1 418	1 418

Liquidity risk

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

2015	**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	-	190 456	-	190 456
Amounts due to the DFIs	-	112 068	-	112 068
Other liabilities	99 427	-	-	99 427
Total	99 427	302 524	-	401 951
2014				
Trade and other payables	-	121 246	-	121 246
Amounts due to the DFIs	-	73 531	-	73 531
Other liabilities	230 029	-	-	230 029
Total	230 029	194 777		424 806

For the year ended 31 March 2015

US $

14 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.

2015

		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Interest rate risk			
Change in interest rate	+1%	8 265	8 265
	-1%	(8 265)	(8 265)

2014

Interest rate risk			
Change in interest rate	+1%	8 593	8 593
	-1%	(8 593)	(8 593)

For the year ended 31 March 2015

US $

14 Financial risk management objectives and policies (continued)

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:

	2015	2014
SEDCO Zimbabwe	29 763	22 143
IDC Zimbabwe	25 144	12 567
MDB Mauritius	20 754	-
	75 661	34 710

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).

2015

Foreign currency risk		**Increase/ (decrease) in surplus for the year**	**Increase/ (decrease) in accumulated fund**
Botswana Pula			
Change in exchange rate	+10%	1 160	1 160
	-10%	(1 160)	(1 160)
Euros			
Change in exchange rate	+10%	960	960
	-10%	(960)	(960)

2014

Foreign currency risk			
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)

For the year ended 31 March 2015

US $

15. Fair Value Measurement

2015

The following table provides the fair value measurement hierarchy of the organisations assets as at 31 March 2015

Assets measured at fair value	***Date of valuation***	**Totals**	**Total Quoted prices in active markets (Level 1) US $**	**Significant observable inputs (Level 2) US $**	**Significant unobservable inputs (Level 3 US $**
Motor vehicles	31 March 2015	**31 774**	**-**	**-**	**31 774**

Fair value of the motor vehicles was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2015, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

2014

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) US $**	**Significant observable inputs (Level 2) US $**	**Significant unobservable inputs (Level 3 US $**
Motor vehicles	31 March 2014	**43 184**	**-**	**-**	**43 184**

Fair value of the motor vehicles was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2014, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

For the year ended 31 March 2015

US $

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

	US $
1 April 2014	800
Total gains and losses recognised in OCI	1 628
As at 31 March 2015	**2 428**

	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

15. 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
- Model type
- Year of registration
- 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

16. 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.

For the year ended 31 March 2015

US $

17. RECLASSIFICATION AND RESTATEMENT OF DONOR FUNDS

During the year management decided to review the accounting policy regarding the disclosure of non-cash donations and program expenses because these costs were incurred by the donors and the SADC-DFRC. Further, the SADC-DFRC now classifies cash donations separately from revenue in other income. The non-cash programmatic donations are disclosed as an appendix to the annual financial statements. This has resulted in the restatement of the comparative balances as follows;

Non- cash donations	Effect on 2014
(Decrease) in Donor funds income	(500 666)
(Decrease) in Program expenses	500 666

Cash donations	Effect on 2014
(Decrease) in Total revenue	(1 349 085)
(Increase) in Other income	1 349 085

Appendix 1-
Supplementary Information

Non cash donation programme activities
For the year ended 31 March 2015

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

2015

Sl No	Programme	Venue	Dates	No of Participants	Name of Sponsor
1	Donor Funded Programmes				
1.1	Strengthening Project Value Chain	Tokyo, Japan	14 Oct – 1 Nov 2014	14	JICA
2	Programmes Sponsored by Participating Member DFIs				
2.1	Customer Relations	Ezulwini, Swaziland	14–16 May 2014	30	SADC DFIs
2.2	Advanced Project Management	Maseru, Lesotho	10–13 June 2014	28	SADC DFIs
2.3	Investment Appraisal and Risk analysis	Harare, Zimbabwe	16–20 June 2014	49	SADC DFIs
2.4	Corporate Governance	Maseru, Lesotho	29 July – 1 August 2014	26	SADC DFIs
2.5	Risk Management	Gaborone, Botswana	18 – 22 August 2014	33	SADC DFIs
2.6	Performance Management	Johannesburg, South Africa	25 – 29 August 2014	23	SADC DFIs
2.7	Monitoring and Evaluation	Windhoek, Namibia	13 – 16 October 2014	25	SADC DFIs
2.8	Customer Relations	Windhoek, Namibia	20 – 22 October 2014	39	SADC DFIs
2.9	Debt Management	Harare, Zimbabwe	10 – 14 November 2014	31	SADC DFIs
2.10	Prudential Standards and Guidelines Rating System	Johannesburg, South Africa	20 - 21 November 2014	31	SADC DFIs
2.11	Investment Appraisal and Risk analysis	Johannesburg, South Africa	3 – 7 & 10 – 14 November 2014	55	SADC DFIs

The information set out on pages 59 to 61 is not covered by the audit opinion on page no. 27

Appendix 1-
Supplementary Information

Non cash donation programme activities
For the year ended 31 March 2015

2015 (Continued)

Sl No	Programme	Venue	Dates	No of Participants	Name of Sponsor
2.12	Due Diligence	Johannesburg, South Africa	25 – 28 November & 1 – 4 December 2014	49	SADC DFIs
2.13	Corporate Governance	Gaborone, Bot-swana	9 – 10 December 2014	21	SADC DFIs
2.14	Financial Modelling	Johannesburg, South Africa	9 – 13 February 2015	26	SADC DFIs
2.15	Corporate Governance	Gaborone, Botswana	16 – 19 February 2015	16	SADC DFIs
2.16	Financial Modelling	Johannesburg, South Africa	23 – 27 February 2015	26	SADC DFIs
2.17	Capacity Building Review	Johannesburg, South Africa	25 – 27 March 2015	23	SADC DFIs

The information set out on pages 59 to 61 is not covered by the audit opinion on page no. 27

Appendix 1-
Supplementary Information

Non cash donation programme activities
For the year ended 31 March 2015

2014

Sl No	Programme	Venue	Dates	No of Participants	Name of Sponsor
1	Donor Funded Programmes				
1.1	JICA Technical Assistance Programme	Tokyo, Japan	13-26 April 2013	18	SADC DFIs
2	Programmes Sponsored by Member DFIs				
2.1	Corporate Governance	Windhoek, Namibia	23-26 April 2013	26	SADC DFIs
2.2	Development Finance	Tokyo, Japan	13-26 April 2013	18	SADC DFIs
2.3	Risk Management	Lusaka, Zambia.	17-21 June 2013	23	SADC DFIs
2.4	Finance for non-finance managers	Johannesburg, South Africa	21-23 August 2013	22	SADC DFIs
2.5	Customer Relations	Windhoek, Namibia	30 July-01 August 2013	32	SADC DFIs
2.6	Investment Appraisal and Risk Analysis	Harare, Zimbabwe	7 – 11 October 2013	57	SADC DFIs
2.7	Financial Modelling	Harare, Zimbabwe	14 – 18 October 2013	24	SADC DFIs
2.8	Due Diligence	Harare, Zimbabwe	21 – 24 October 2013	29	SADC DFIs
2.9	Capacity Building Review	Johannesburg, South Africa	25-26 November 2013	25	SADC DFIs
2.10	Project Management	Maseru, Lesotho	9-12 December 2013	22	SADC DFIs
2.11	Management Development	Swaziland	17-21 February 2014		SADC DFIs
2.12	Strategic Financial Reporting	Johannesburg, South Africa	17-19 March 2014	18	SADC DFIs
2.13	Post investment Monitoring and Managing Problem Loans	Maun, Botswana	24-28 March 2014	30	SADC DFIs

The information set out on pages 59 to 61 is not covered by the audit opinion on page no. 27

SADC-DFI
Network Members

Angola

Banco de Poupanca e Credito
Banco de Desenvolvimento de Angola

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 Development

Lesotho

Basotho Enterprises Development Corporation
Lesotho National Development Corporation

Madagascar

Malawi

Export Development Fund - Joined 01/09/2015

Mauritius

Development Bank of Mauritius

Mozambique

Banco Nacional de Investimento
Gapi - Sociedade de Investments (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 and Medium Enterprises Development Corporation

Notes

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Physical Address
Plot 50676, Block B
BIFM/Fairground
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