sadc dfrc

outhern african
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development finance
resource centre

2016 Annual Report

SADC DFRC

Vision

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

Mission

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

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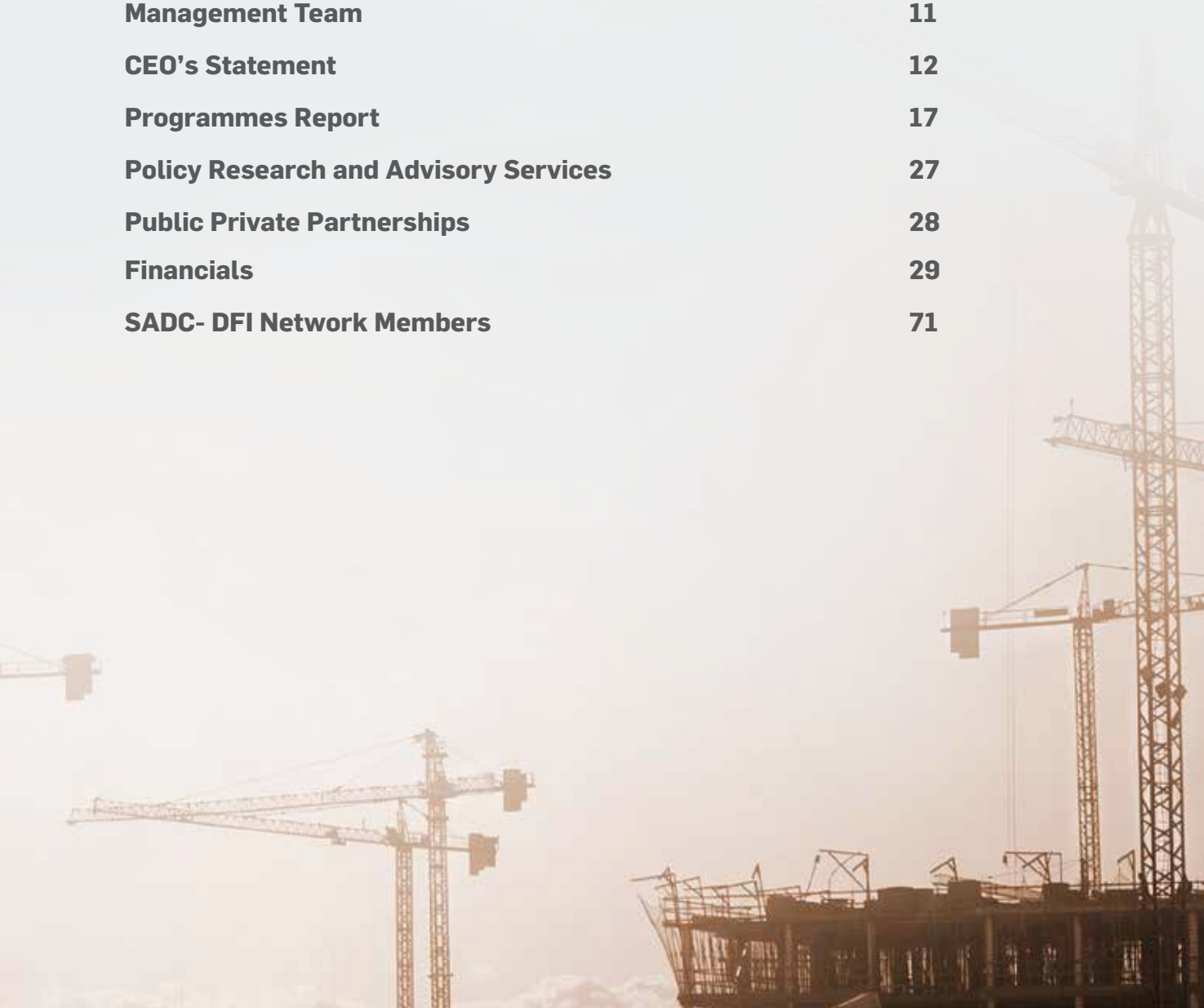


Profile

Mandate

The SADC-DFRC is a subsidiary institution of SADC established under the SADC Finance and Investment Protocol (the FIP). It is collectively 'owned' by the SADC-DFI Network, also an FIP organisation, with a current membership of thirty six (36) national DFIs. Through technical and capacity building support, as well as policy research and advisory services, the DFRC's 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 and Institutional Strengthening Support
- Support to Industrial Development
- Support to Small and Medium Enterprise (SME) Development
- Support to Public Private Partnerships (PPP)
- Support to Infrastructure Development
- Other Human Resource Development Services

Policy Research and Advisory Services

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

Sectoral Focus

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

Approach

The DFRC is a lean organisation staffed by a small group of professionals in the strategic focal areas. Thus, to effectively deliver on its mandate, the DFRC has adopted a collaborative approach which involves utilisation of strategic partners in the selected areas of activity. 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 committee of the SADC Committee of Ministers of Finance and Investment (COMFI). It reports to the Ministers of Finance and Investment 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 six (36) members, all signatories to the establishing memorandum of understanding and all members of the DFI Subcommittee, 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 Annie Vidot

Chief Executive Officer Development Bank of Seychelles

Board of Trustees:

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

Audit and Risk Committee:

Four 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 Annie Vidot
Chief Executive Officer
Development Bank of Seychelles
Trustee since December 2014
Chair since December 2015

Mr Kelebone Leisanyane
Chief Executive Officer
Lesotho National Development Corporation
Trustee since December 2015
Deputy Chair since March 2016

Ms Gladys Kanyongo
Chief Executive Officer
Small and Medium Enterprise
Development Corporation (Zimbabwe)
Trustee since December 2014

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

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

Mr Peter Noni
Managing Director
TIB Development Bank
Trustee since December 2015

Mr Patrick Dlamini
Chief Executive
Development Bank of Southern Africa
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 AUDIT AND RISK COMMITTEE

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

The Audit and Risk Committee members are:

- **Ms Gladys Kanyongo** - Chair
- **Mr Kelebone Leisanyane**
- **Dr. Tebogo Matome**
- **Mr Martin Inkumbi**

Chairman's Statement

Annie Vidot
Chairperson

I have the honour and privilege to present the 12th annual report of the SADC DFRC, a subsidiary institution of SADC established under the Protocol on Finance and Investment.

The report which covers the financial year 2015/16 highlights the context in which the DFRC operated, the programmes undertaken and results achieved. It also reviews some of the challenges and opportunities faced by the institution and looks forward to 2016/17.

As a reflection of its growing stature, stability and recognition as a resource centre for development finance in the region, the DFRC achieved a further milestone and invested in new office space for its own use in November 2015. Consequently, in February 2016, the DFRC relocated its office from Fairgrounds Office Park to Zambezi Towers in the New Central Business District (CBD). The new office was officially launched on the 8th of June 2016, by the Minister of Finance and Development Planning of the Republic of Botswana, Honourable Ontefetse Kenneth Matambo, who is also the current Chairperson of the SADC Council of Ministers. The launch was held back - to - back with the 12th DFI Chief Executives Forum, and was witnessed by senior officials of the SADC Secretariat, DFI Network members, international cooperating partners (ICPs) and other key stakeholders.

The year under review also witnessed growth in the size of the DFI Network as four more DFIs acceded to the Network membership. This brings the total number of members to thirty six (36). The recently registered members of the Network are Banco de Desenvolvimento de Angola; Export Development Fund from Malawi; Banco Nacional de Investimento from Mozambique; and Norsad Finance based in Botswana.

The rising number of participating DFIs in the Network is largely the outcome of the ongoing membership drive, an integral part of the strategic focus of the DFRC under the current five – year strategic plan directed at enhancing greater participation within the region to ensure a wider outreach of the Network, and therefore more effective DFI alignment and support to the SADC goals of regional integration encompasing sustainable economic growth, employment generation and poverty alleviation.

The growing membership further attests to the growing reputation of the DFRC and the high quality programme delivery over the ensuing years since its establishment in 2003. As the membership drive continues in earnest, and in view of the introduction of the associate membership category for non-national DFIs in June 2015, we anticipate the uptrend in membership to continue into the coming year.

Once again, and building on a solid past performance foundation, the DFRC has delivered a good performance in 2015/16 with the overall results reflecting more programmes undertaken than was

planned. Also of note has been the growing diversity of programmes offered primarily a reflection of the strategic shift in the DFRC's approach to training towards individual DFI – specific training programmes as opposed to generic ones, thus making its interventions more targeted and effective.

The number of programmes carried out and staff trained have far exceeded targets, and have further been augmented by PPP programme activities. The workshops/seminars were undertaken in a greater number of SADC member states in an effort to respond fully to the needs of the DFIs. Our commitment to the members and to constantly evolving our institution to meet their needs is central to our framework for creating long-term value for our shareholders.

Furthermore, the DFRC has continued to operationalise the Prudential Standards, Guidelines and Rating System (PSGRS) as a basis for self-assessment and peer review of adherence to best practice in governance, finance and operations of the DFIs, and identification of weaknesses and gaps for self-improvement. In this regard, I am proud to report that the last peer review and self-assessment of DFIs which took place in November 2015, under the auspices of the Association of African DFIs, saw sixteen (16) of our Network members score high and feature among the top 32 DFIs which scored an average of 80% ("A"grade) or above for best performance in all categories of governance, financial and operations.

This is a commendable achievement and it is my fervent hope that with time the number of DFIs participating in the PSGRS will grow to encompass the whole membership of the Network.

I am pleased to report that the audit report for 2016 provides a clean bill for the DFRC and reflects its ability to continue as a going concern, a position the institution has maintained since inception. The financial statements this financial year reflect a surplus of $88,984, a significant increase from the previous financial year's surplus of $31,315. The surplus is primarily attributable to member contributions received from new members that were not part of the budget distribution when approval was made.

The mobilisation of programme resources has continued to face challenges, especially in the aftermath of the global financial crisis, and its adverse impact on the budgets of ICP governments. This has led to a reduction in technical and financial assistance to the DFRC particularly for programme activities. However, engagement with ICPs will continue as currently there is a funding gap particularly to support the PPP programme. This situation notwithstanding, grant support in the year under review has been forthcoming from the German Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as well as the Japan International Cooperation Agency (JICA).

I am also pleased that besides supporting our training programmes, JICA has finally acceded to our request for technical assistance which has been on the table for a while. In this regard, in January 2016 we welcomed to the DFRC a JICA Advisor on Development Finance, Mr Tetsuya Fukunaga, who will be with the DFRC for an initial period of two years. Among his remit Mr Fukunaga will look at enhancing cooperation between DFIs in Japan and in Asia under the Association of Development Finance Institutions in Asia and the Pacific (ADFIAP). This will be within the ambit of Memorandum of Understanding signed between the DFRC and ADFIAP.

Programme support funding, over and above contributions, has also been forthcoming from member DFIs. In this respect, I would like to recognise the grant support from the Development Bank of Southern Africa (DBSA) towards the PPP Network. DBSA has pledged US$300,000 to be disbursed in equal tranches over the next three years. Support from other members has included making available staff as course facilitators and this has been the case with the Industrial Development Corporation (IDC) of South Africa.

The continued support and assistance of the ICPs and member DFIs is greatly appreciated.

The DFRC remains committed to the highest standards of corporate governance in the oversight of the institution. The Board of Trustees reports on its activities on a biennial basis to the DFI Network to ensure the highest level of accountability, transparency and responsiveness to the needs of the DFIs as the principal stakeholders of the institution.

Furthermore, the Board consists of an Audit and Risk Committee that ensures that all concerns on financial aspects of the organisation are fully and clearly dealt with, and that significant risks are anticipated and managed in the best interest of the long - term viability of the organisation.

The December 2015 SADC DFI Subcommittee meeting saw new members being elected to the Board, namely Mr Kelebone Leisanyane, Chief Executive Officer of the Lesotho National Development Corporation (LNDC), and Mr Martin Inkumbi, Chief Executive Officer of the Development Bank of Namibia (DBN). At the same meeting, Mrs Annie Vidot, the Chief Executive Officer for the Development Bank of Seychelles was elected the new Chairperson of the Board, whilst Mr Kelebone Leisanyane was elected Deputy Chair effective from March 2016.

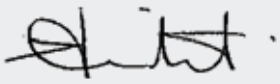
We also bade farewell to the outgoing Chair, Ms Maria de Fatima Silveira of BPC, Angola, and Mr Lisasili Booto of SOFIDE, DR Congo, whose terms on the Board had come to an end.

I wish to express my sincere gratitude to the outgoing board members for their invaluable commitment to the spirit and work of the DFRC, and welcome the new members, and urge them to continue this spirit, so that our DFIs and indeed our Network can continue to play their critical role as agents of development, catalysts of progress and dependable advisors to our national and regional principals.

I also wish to recognise the commitment of Management and staff of the DFRC in delivering on their mandate in spite of resource challenges. Their positive approach to work and aptitude are a great asset to the institution and the greater Network.

Looking ahead, with the consistent support of member DFIs, the DFRC and the Network are poised to play a greater role in the development finance space within the regional economic integration agenda framework as SADC steps up the implementation of the Regional Industrialisation Strategy to complement the Regional Infrastructure Development Master Plan, both important facets of the revised Regional Indicative Strategic Plan of SADC.

In addition, the adoption of the United Nations Sustainable Development Goals (SDGs) will not only challenge DFIs but place the spot light on them as key agents of development. I am therefore glad that the Network is actively discussing how best DFIs, individually and as a Network, could contribute effectively to the attainment of these goals.



Annie Vidot
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

Mr Tetsuya Fukunaga
JICA Advisor - Development Finance

Staff

Chief Executive Officer's Statement

Mr Stuart Kufeni
Chief Executive Officer

Introduction

During the year under review, the DFRC continued to dispense high quality and well-resourced programmes as reflected by the high levels of participation of DFIs, governments and other stakeholders. Reflecting particularly the high demand for institution-specific training courses as well as the growing need for PPP skills especially by DFIs, the number of programmes and that of participants for the year were well above the annual targets.

Demand for PPP training has been rising and it is forecast to persist on this trend for the foreseeable future. A major push factor for this development has been the recognition under different regional development initiatives such as the Regional Industrialisation Strategy (RIS) and Roadmap and the Regional Infrastructure Development Masterplan (RIDMP), both crucial pillars of the revised Regional Indicative Strategic Development Plan (RISDP), that PPP is indespensable to bridging the huge financing resource gaps in these critical growth sectors.

Thus, besides engaging with DFIs and governments, to ensure availability of critical PPP skills, the DFRC, through the PPP Network, will also render technical assistance in the establishment of the requisite institutions, and policy and legal frameworks to promote PPP projects.

A further factor underpinning the growth in demand for DFRC programmes has been the introduction of new courses. To keep pace with the changing skills needs of the DFI sector, the DFRC has regular consultations with DFIs and this has resulted in new courses being added to the annual training prospectus. The year 2015/16 was no exception as new courses such as Change Management, Negotiation Skills and Management Development Programmme were added to the programmes schedule.

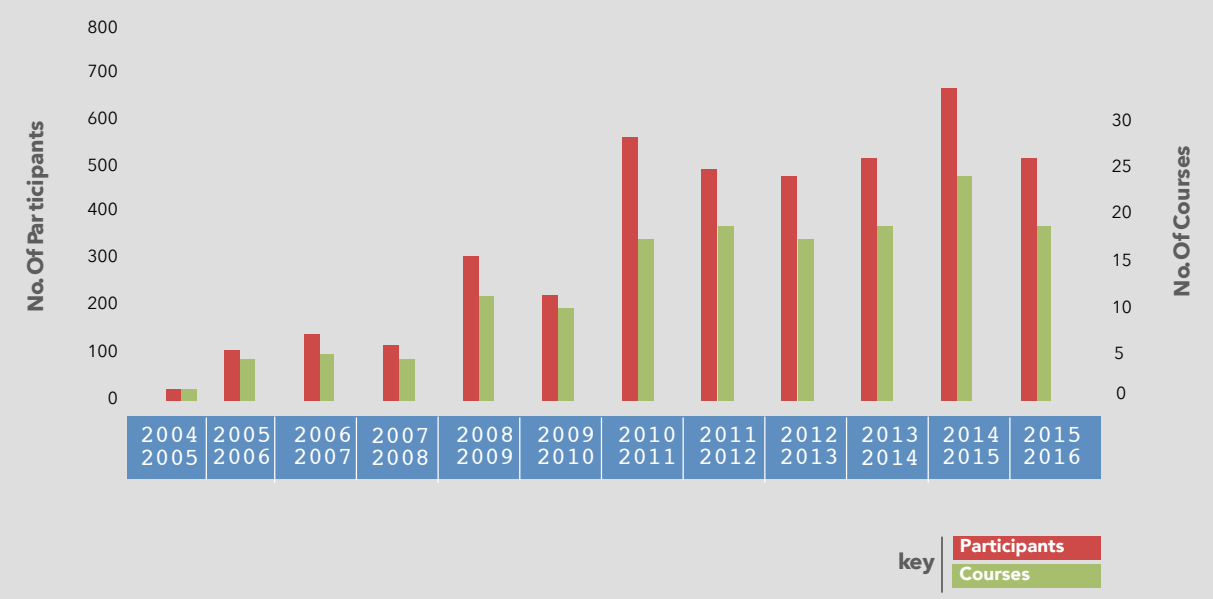
As the following sections in the report illustrate, while capacity building has been the major activity area, the DFRC's performance on the policy and advisory front, as anticipated, has largely been focused on rendering support to regional initiatives, including the establishment of the Regional Development Fund (RDF), the restructuring of the Project Preparation and Development Fund and the revision of the RISDP.

Capacity Building

The DFRC delivered nineteen (19) programmes during the course of the financial year, well above the target of twelve (12) programmes for the year. As a result, the number of staff benefitting from the programmes, at five hundred and twenty-seven (527), was above the projected level of participation of three hundred (300).

Chart 1 below illustrates the programmes performance and also provides a trend analysis of the programmes offered by the DFRC from 2004 as well as the number of participants on an annual basis.

Chart 1: Number of Course and Participants



A further analysis of the performance of the DFRC over the financial year 2015/16 against some key performance measures further provides some positive accomplishments in capacity building. Table 1 below provides a quarterly analysis of the programmes using a Programme Evaluation Index (PEI) which is a composite of the participant evaluations of programmes using a number of factors such as conduct of course and quality of materials and their relevance.

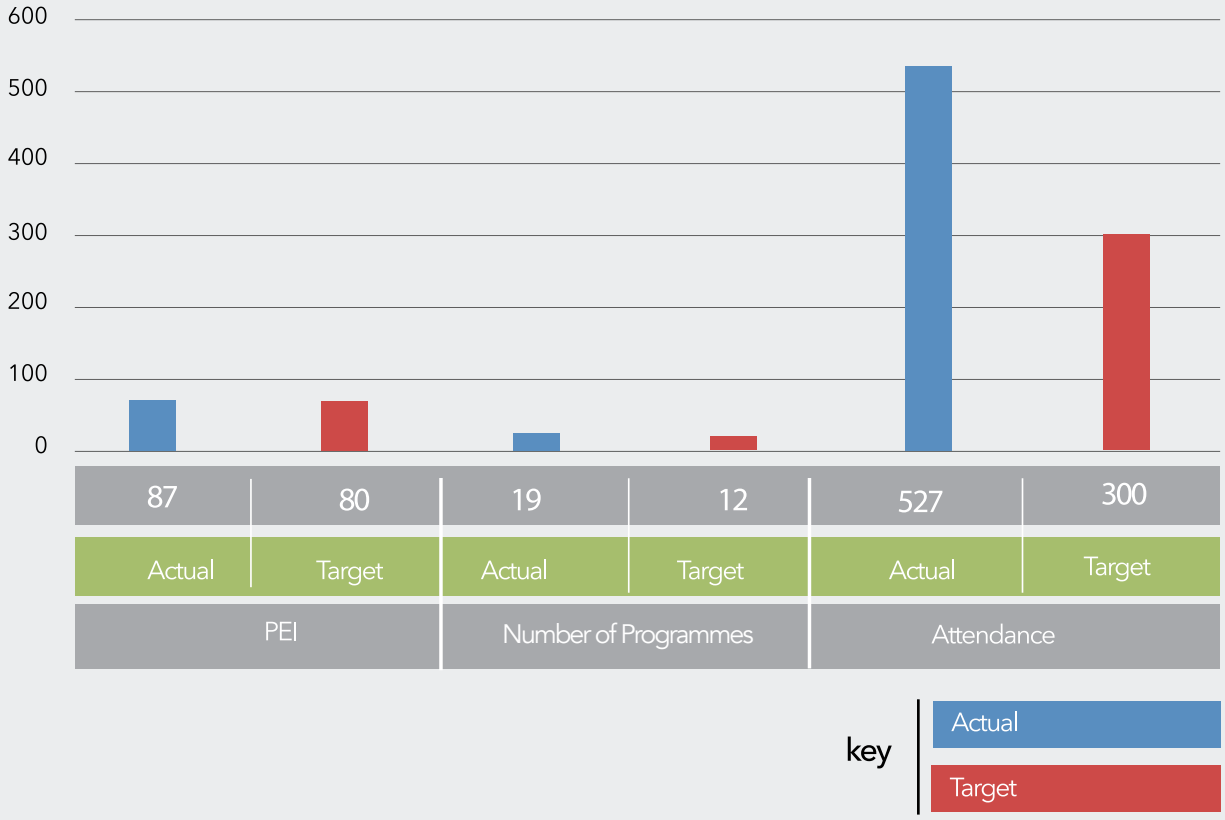
The table further shows the number of courses and participants broken down into quarters.

When measured against the PEI, at an averaged 87%, the DFRC performed well above the 80% benchmark, a variance of 7%. As observed earlier, in terms of the numbers of both courses and participants, DFRC's performance exceeded targets. Chart 2 below provides a graphical illustration of the performance.

Table 1: Key Performance measures

QUARTERS	PROGRAMME EVALUATION INDEX			OTHER MEASURES			
Ending Month	**Actual (%)**	**Target (%)**	**Variance (%)**	**Programmes (No.)**		**Attendance (No.)**	
				Actual	Target	Actual	Target
June 2015	86	80	6	3	3	134	75
September 2015	89	80	9	6	3	133	75
December 2015	86	80	6	6	3	168	75
March 2016	88	80	8	4	3	92	75
	Cumulative Average Score			**Total**		**Total**	
Total/Ave.	**87**	**80**	**7**	**19**	**12**	**527**	**300**

Chart 2: Performance Measures - Participation and Evaluation



Policy Research and Advisory Services

Public Private Partnership

As underscored in earlier sections, the need for training, and the development of the requisite policy frameworks and infrastructure to support PPP is growing. This has seen the PPP Network deliver training to staff in DFIs, governments and state – owned enterprises. In addition, the Network has provided some technical support to governments, including Botswana, as they work towards putting in place the necessary legal and policy frameworks and institutional arrangements such as PPP units.

Further, the PPP Network, in line with its expanded strategic focus, has moved into facilitating the preparation and development of PPP projects. Reflecting this orientation, the PPP Network, in conjunction with the Infrastructure and Services Directorate of SADC, the Development Bank of Southern Africa and the Nepad Business Foundation, has been engaged in project preparation work supporting the PIDA Infrastructure Acceleration Programme. As a result a number of transport-related projects were prioritised and subsequently endorsed by SADC Ministers of Transport for implementation.

As governments resort more to PPP to stimulate industrialisation and infrastructure development in line with their individual development goals and those of the regional economic community, the demand for PPP interventions by the DFRC is forecast to grow with time. At the same time, it is important that DFIs, as both advisors to governments and investors, are also equipped with PPP skills, particularly in the area of project preparation and development. The objective is that DFIs be on the forefront in developing a PPP projects deal pipeline for private investors.

Prudential Standards, Guidelines and Rating System (PSGRS)

The PSGRS is an important cornerstone of the DFRC's Programme to enhance member DFIs creditworthiness. It provides a stepping stone towards full credit rating of the institutions, a prerequisite for effective resource mobilization on the capital markets. The DFI Network adopted the PSGRS, which is run under the aegis of the Association of African Development Finance Institutions in 2014 as a key pillar of the DFRC 2014/19 Strategic Plan. Since then it has intensified training of and participation by DFIs in annual self - assessments and peer reviews at a continent – wide level.

The last self – assessment exercise was undertaken in November 2015. Twenty-seven member DFIs took part in the exercise and the performance was excellent with sixteen of our DFIs achieving scores above 80% or "A" grade.

Looking ahead, the aim is to see all member institutions of the Network actively participate in the annual PSGRS assessments. The PSGRS is due to undergo a review with the aim of improving and adapting it to current best practices in DFI governance, operational and regulatory environment. The DFRC is hopeful that the review will effectively address the concerns of non-lending members whose operations do not fall fully within the scope of the PSGRS as presently configured.

Staff Matters

The cooperation between the DFRC and JICA was further consolidated with the appointment of a Development Finance Advisor with effect from 1st January 2016. The advisor will be with the DFRC for an initial period of two years. Also over the past year, the DFRC filled two vacancies for Finance Assistant, a new position in the establishment, and Office Orderly, a position which fell vacant following

the resignation of the staff member. These changes have brought the total staff complement of the DFRC to thirteen (13) members. The position of PPP Officer, however, remains vacant pending availability of funding.

Looking Ahead

Future activities in the area of development finance will undoubtedly and, to a significant extant, be determined by and within the framework of the United Nations Strategic Development Goals (SDGs). Development finance institutions, as important players in this space, take a central role in the implementation of these goals, particularly at national level.

The SDGs provide a framework within which DFIs will not only be able to identify areas of focus in their respective mandated areas but could also measure the extent to which they will impact the identified goals. In recognition of this, the DFRC, with technical assistance and financial support from the Development Bank of Southern Africa, in the main, will put in place a framework for monitoring and evaluating the performance of the Network members vis-à-vis SDGs. DFIs will therefore, on a regular basis, submit to the DFRC data on implementation and achievements in their selected areas which will be aligned to national development targets.

Besides managing the data base, including monitoring and evaluation of DFI SDGs implementation, the DFRC will also redirect its activities towards building capacity and skills in such areas as renewable energy. In addition, the DFRC will continue with its efforts to train and develop DFI skills to support the industrialisation, including SME, and infrastructure development under the SADC regional goals. The regional development agenda goals under the RISDP and the SDGs are mutually inclusive.

Advisory and research work will aim to improve the policy, legal, regulatory and operational environment of DFIs and to promote PPP, together with private sector participation in critical growth-enabling investments. Of note in this respect is the development of a model DFI regulatory framework which is underway.

Stuart Kufeni
Chief Executive Officer

Programmes For Financial Year 2015/16

During the past year significant progress has been made in the various activity areas of the DFRC through training and development programmes, technical assistance as well as research and advisory services. These interventions are summarized in the following sections.

Performance Management/Balanced Score Card

14th – 18th March 2016, Maseru, Lesotho

The programme was aimed to guide participants towards the implementation of a performance management system that will provide a foundation for sound governance practices and principles in an organisation. Thus, this training intervention assisted participants to understand the different concepts, steps, tools, techniques and mechanisms to be incorporated into the development and implementation of an effective and practical performance management system.

Seventeen (17) participants from nine (9) development finance institutions and five countries (Botswana, Lesotho, Namibia, Swaziland and Zimbabwe) attended the programme.

Capacity Building Review

10th – 11th March 2016, Maseru, Lesotho

The objective of this workshop was to review the progress, successes, achievements and challenges in the implementation of regional capacity building efforts of the DFRC with a view to redefining the priorities and targets as well as improve the product offer in the coming year.

In this regard the workshop explored important topical issues which are of relevance to and critical to improving the skills base and capacity building development of the DFIs regionally. The identified areas of skills gaps and institutional strengthening would then form the basis of the DFRC's interventions in the following financial year and by so doing underscore the institution's continued relevance to stakeholders. Other topics covered related to building capacity for Public Private Partnership in DFIs.

Customer Relations, Skills and Management

7th – 9th March 2016, Maseru, Lesotho

This was a special programme by request for the Lesotho National Development Corporation. 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 respective organisations. In addition, the programme also sought to build awareness of the importance of handling clients in a sensitive manner.

Strategically, training in these soft areas will increasingly become a necessity, especially in view of the increasing competition from commercial financial institutions who are now entering into the formerly traditional development finance space. The programme was attended by thirty-two (32) participants, all from Lesotho National Development Corporation.

Project Management

15th – 19th February 2016
Dar es Salaam, Tanzania

The aim of the programme was to introduce participants to the theory and practice of project management as well as the elements of project management such as modern techniques of project planning and scheduling, project cost estimating and budgeting, resource planning, risk management and quality management.

Participants also learned about project management basic concepts, tools and techniques, the role of the project management office, the relationship between project, programme and portfolio management and project management maturity.

Thirty-four (34) participants from six (6) development finance institutions from three countries attended the programme. Countries represented were Namibia, Tanzania and Zimbabwe.

11th Chief Executive Officers Forum

3rd December 2015, Luanda, Angola

The forum focused on discussing the state and prospects of industrialisation in SADC, and in particular the role of the DFIs following the adoption and prioritisation of industrial development encompassing SMEs under the auspices of a SADC Regional Industrialisation Strategy and Roadmap.

In this context, the Forum explored the role that development finance institutions can play in promoting and facilitating industrialisation in the region, and ensuring the alignment of development finance strategy to the Regional Industrialisation Strategy as a key component of the SADC Regional Indicative Strategic Development Plan.

Sixty-seven (67) delegates from member DFIs, governments, international cooperating partners and other development stakeholders attended the forum.

Risk Management

30th November – 4th December 2015
Luanda, Angola

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. The focus was also on the concepts, tools and techniques of credit risk management, as well as aspects of market and operational risk.

Thirty-two (32) participants from five (5) development finance institutions attended the programme and four countries were represented - Angola, Lesotho, Malawi and Zambia.

Corporate Governance

16th – 19th November 2015
Ezulwini, Swaziland

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

The programme also provided the opportunity for serving directors 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-one (21) delegates from development finance institutions representing four (4) countries in the region. Countries represented were Botswana, Namibia, Lesotho and Swaziland.

Strengthening Project Value Chain for DFI's

25th October – 12th November 2015
Tokyo, Japan

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

It was aimed at enhancing 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.

Fifteen (15) participants from SADC attended the workshop.

Resource Mobilisation

19th – 21st October 2015
Johannesburg, South Africa

The programme was aimed at enhancing skills of developing and implementing resource mobilisation strategies, processes, identification of sources of funds as well as uses of funds. The workshop was timely in view of continually declining grant funding and the low share of foreign direct investment emerging markets particularly African economies.

This training was attended by twelve (12) delegates from DFIs from five (5) countries in the region. Countries represented were Angola, Mozambique, Namibia, Tanzania and Swaziland.

Debt Management, Workouts and Restructuring

14th – 18th September 2015
Harare, Zimbabwe

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

The training equipped learners with fundamentals required in credit relationship management, managing problem loans and post investment strategies that will enhance optimal recovery of bad loans and also nurture redeemable ones to good standing.

Twenty-three (23) delegates from development finance institutions and governments attended the workshop. Six (6) countries represented were, Botswana, Namibia, Seychelles, Tanzania, Zambia and Zimbabwe.

Investment Appraisal and Risk Analysis

7th – 11th September 2015
Harare, Zimbabwe

The objective of the programme was to develop skills to plan and assess investment projects, redesign projects, prepare project financing agreement and address stakeholder concerns. The programme was targeted at business and investment analysts involved in the appraisal and design of investment projects in development and investment banking and government.

Fifteen (15) delegates from development finance institutions and governments attended the programme. Countries represented were Botswana, Lesotho, Namibia, Tanzania and Zimbabwe.

Investment Appraisal and Risk Analysis

10th – 14th August 2015
Gaborone, Botswana

This was a special programme developed for the Botswana Investment and Trade Centre aimed at developing skills to plan and assess investment projects, redesign projects to add value, prepare project financing agreement and address stakeholder concerns. The programme was also aimed at discussing issues pertaining to foreign direct investments.

Areas covered included modern techniques of finance, financial modelling, applied economic analysis, risk analysis and risk management as they are related to the appraisal of infrastructure projects. More specifically, the programme sought to develop the operational skills of participants 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.

Seventeen (17) delegates, all from the Botswana Investment and Trade Centre attended the programme.

Project Appraisal for Small Medium Enterprises and Enterprise Development

3rd – 7th August 2015, Maseru, Lesotho

The programme was aimed at developing skills of appraising SME projects for financing, and the policy context of promoting entrepreneurship and enterprise development. Participants were guided to appreciate the context, culture and practices of SMEs and entrepreneurship as well as the SME development ecosystem in order to render effective support to client entrepreneurs through evolution and development of viable business projects.

This training was attended by thirty-four (34) participants from development finance institutions and governments from Angola, Lesotho, Namibia, Swaziland and Zimbabwe.

Leadership and Management Development Programme

13th – 15th July 2015, Windhoek, Namibia

The programme was aimed at upgrading and refreshing the leadership and management skills of senior and middle management staff in development finance institutions and similar institutions to be more effective in achieving results through effective utilisation of their staff. Understanding elements of a leadership culture was a critical point of reference in aligning and achieving an organisational purpose and equipping the target group with skills needed to interface between teams and senior managers and increase productivity, manage teams and resources efficiently.

The training was attended by twenty-nine (29) participants representing three (3) countries in the region. Countries represented were Botswana, Namibia and Swaziland.

Finance for Non - Finance Managers

8th – 10th July 2015, Windhoek, Namibia

This programme was developed to assist managers and decision makers appreciate the importance of understanding and interpreting financial information, and using such for benefitting various sections in the organisation.

In particular, the training assisted participants to:

- Have a helicopter view of Financial and Managerial accounting from a management perspective;
- Appreciate various methods applied in preparation of accounting information and its impact on the statements;
- Gain some skills in income statement and balance sheet management.
- Understand the key components of budgeting;
- Appreciate strategic interrelationship of a balance sheet; and
- Relate the balance sheet management techniques to the management of key risks.

Fifteen (15) participants from development finance institutions and governments attended the programme. Countries represented were Botswana and Namibia.

10th Chief Executive Officers Forum

18th June 2015, Maputo, Mozambique

The objective of the forum was to provide a platform for the exchange of views and experiences on the role, operational challenges and experiences of SME

financing and support programmes, as well as the broader policy environment within which they operate.

The forum drew on the experiences of Malaysia and Japan in developing the SME sector, and the overseas development assistance rendered in support of enterprise development. It also formed the basis for reflection and comparison of experiences of SADC DFIs and member states in the implementation of such programmes. The forum further shared experiences and pointed to directions of policy reform for the enhancement of the performance of SMEs in the SADC region.

The forum attracted seventy four (74) delegates from member DFIs, Governments, ICPs and other Stakeholders.

Financial Modelling

18th – 22nd May 2015, Maun, Botswana

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

It also covered elements of financial modelling, developing and practicing financial modelling, conducting simulations of different financing scenarios with the assistance of various cases.

The training was attended by thirty (30) delegates from DFIs and non - DFIs as well as governments. Nine (9) countries were represented: Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

Project Finance

20th – 24th April 2015
Midrand, South Africa

The training was aimed at enhancing DFIs to understand, develop, package and deliver project finance to their clients, to make for a more effective execution of deals and achieve improved turnaround of project applications, better design of projects and improved performance of DFIs portfolios.

Specifically, the training programme sought to develop skills of staff to:

- Understand the nature of project finance;
- Define the role, objectives and interests of the partners in a project;
- Assess the risks of the project, and how to manage them;
- Understand the challenges of project implementation, monitoring and evaluation;
- Consider different resource mobilization strategies;
- Gain an appreciation of economic and financial analysis of projects;
- Appreciate the requirements for project bankability;
- Develop capacity for project structuring and package, including security; and
- Identify relevant documents used in project financing.

This programme was attended by thirty (30) delegates from ten (10) DFIs in seven (7) countries in the region. Countries represented were Angola, Botswana, Lesotho, Namibia, Seychelles, Tanzania 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. The table highlights sponsorship of programmes, programme evaluation and attendance.

Table 2: Capacity Building Training Programme

NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	DURATION	ACTIVITY DATES	ATTENDANCE	PROGRAMME EVALUATION INDEX
	DFRC REGIONAL TRAINING PROGRAMMES				**APR - MAR**	**Overall**	
1	10th CEOs' Forum - 2015	SADC-DFRC & Participating DFIs	Mozambique	1 day	18th June 2015	74	84%
2	Finance for Non Finance Managers - 2015	SADC-DFRC & Participating DFIs	Namibia	3 days	8th - 10th July 2015	15	91%
3	Leadership and Management Development Programme - 2015	SADC-DFRC & Participating DFIs	Namibia	3 days	13th - 15th Jul 2015	29	83%
4	Project Appraisal for SMEs and Enterprise Development - 2015	SADC-DFRC & Participating DFIs	Lesotho	5 days	3rd - 7th Aug 2015	34	91%
5	Investment Appraisal and Risk Analysis - 2015	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	7th - 11th Sep 2015	15	89%
6	Debt Management, Workouts and Restructuring - 2015	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	14th - 18th Sep 2015	23	86%
7	Resource Mobilisation - 2015	SADC-DFRC & Participating DFIs	South Africa	3 days	19th - 21st Oct 2015	12	82%
8	Prudential Standards, Guidelines and Rating Systems (PSGRS) - 2015	SADC-DFRC & Participating DFIs	South Africa	2 days	5th - 6th Nov 2015	21	88%
9	Corporate Governance for Director Skills Development - 2015	SADC-DFRC & Participating DFIs	Swaziland	4 days	16th - 19th Nov 2015	21	88%
10	Risk Management - 2015	SADC-DFRC & Participating DFIs	Angola	5 days	30th Nov - 4th Dec 2015	32	87%
11	11th CEOs' Forum - 2015	SADC-DFRC & Participating DFIs	Angola	1 day	3rd Dec 2015	67	81%
12	Project Management - 2016	SADC-DFRC & Participating DFIs	Tanzania	5 days	15th - 19th Feb 2016	34	90%
13	Capacity Building Review - 2016	SADC-DFRC & Participating DFIs	Lesotho	2 days	10th - 11th March 2016	9	86%
14	Performance Management/ Balanced Score Card - 2016	SADC-DFRC & Participating DFIs	Lesotho	5 days	14th - 18th March 2016	17	83%
	Total					**403**	**86%**
	DFI BASED TRAINING PROGRAMMES						
15	Investment Appraisal and Risk Analysis for BITC - 2015	BITC & SADC-DFRC	Botswana	5 days	10th - 14th Aug 2015	17	92%
16	Customer Relations Skills and Management - 2016	LNDC & SADC-DFRC	Lesotho	3 days	7th - 9th March 2016	32	92%
	Total					**49**	**92%**
	COLLABORATIVE PROGRAMMES						
17	Project Finance - 2015	SADC-DFRC, PACBP & Participating DFIs	South Africa	5 days	20th - 24th Apr 2015	30	87%
18	Financial Modelling - 2015	SADC-DFRC, PACBP & participating DFIs	Botswana	5 days	18th - 22nd May 2015	30	86%
19	Project value chain - 2015	JICA & SADC-DFRC	Japan	14 days	25th Oct - 12th Nov 2015	15	N/A
	Total					**75**	**86%**
	GrandTotal					**527**	**87%**

Programme Participation Analysis

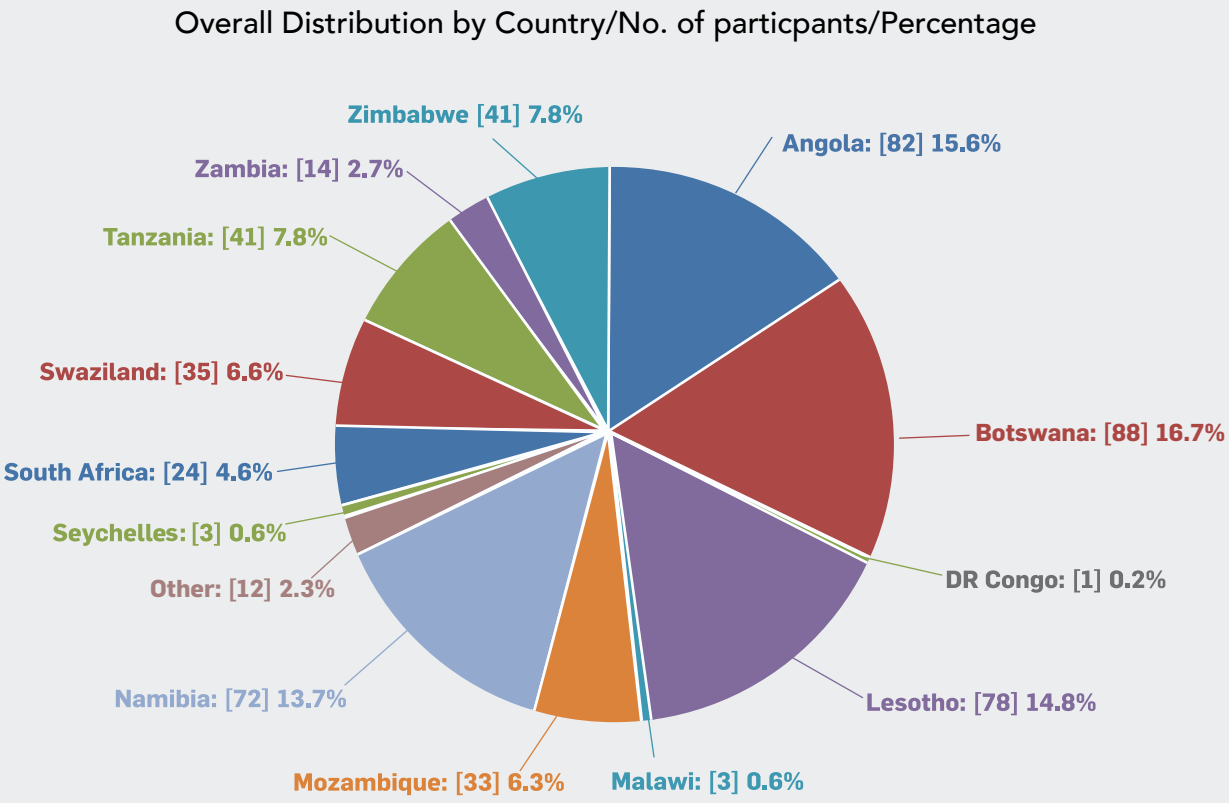
The level of participation in DFRC programmes using diferent factors, including country, institution and gender is analysed in this section.

Participation by Country

As Chart 3 below illustrates, Botswana with a share of 16.7% had the highest number of participants followed by Angola (15.6%) and Lesotho (14.8%), while Malawi (0.6%) and DR Congo (0.2%) had the lowest levels of participation.

The varying levels of participation to some extent reflect the number of member DFIs in a country and this is particularly so in the case of Botswana while also highlighting the demand for specific skills by institutions.

Chart 3: Participation by country of DFIs - 2015/16



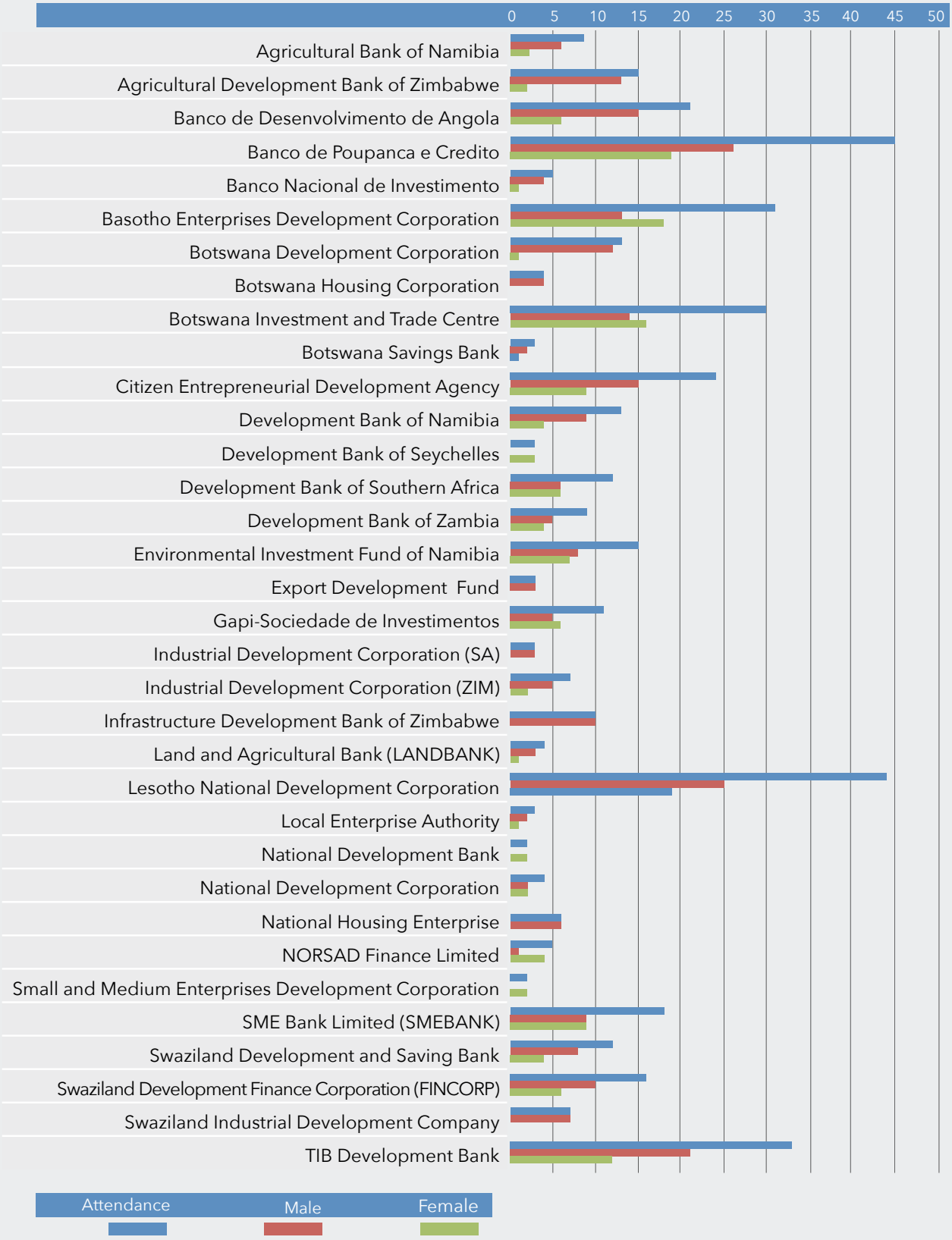
Participation by Institution

Participation by individual DFIs has been varied, with some institutions such as Banco de Poupanca e Credito (BPC), Lesotho National Development Corporation (LNDC), TIB Development Bank and Botswana Investment and Trade Centre (BITC) have made substantial use of the training facilities through country and institution – based programmes. This is the result of the DFRC, in line with its strategic plan goal, actively engaging closely with individual DFIs to develop and implement custom-tailored programmes for them. Table 3 and chart 4 below shows participation levels by DFI.

Table 3 and Chart 4: Participation by Member DFIs and Gender, 2015/16

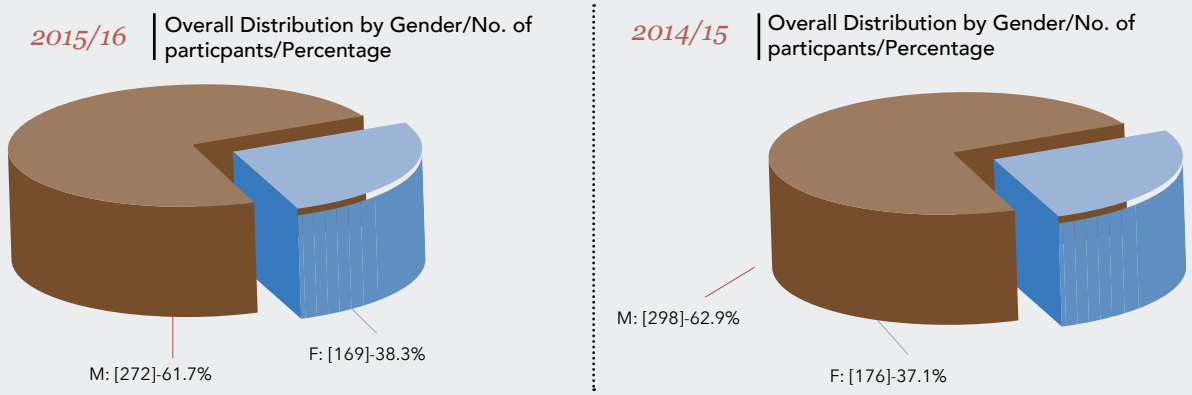
No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
1	Agricultural Bank of Namibia (ABN)	Namibia	8	1.8	6	75	2	25
2	Agricultural Development Bank of Zimbabwe (AGRIBANK)	Zimbabwe	15	3.4	13	86.7	2	13.3
3	Banco de Desenvolvimento de Angola (BDA)	Angola	21	4.8	15	71.4	6	28.6
4	Banco de Poupanca e Credito (BPC)	Angola	45	10.2	26	57.8	19	42.2
5	Banco Nacional de Investimento (BNI)	Mozambique	5	1.1	4	80	1	20
6	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	31	7	13	41.9	18	58.1
7	Botswana Development Corporation (BDC)	Botswana	13	2.9	12	92.3	1	7.7
8	Botswana Housing Corporation (BHC)	Botswana	4	0.9	4	100	0	0
9	Botswana Investment and Trade Centre (BITC)	Botswana	30	6.8	14	46.7	16	53.3
10	Botswana Savings Bank (BSB)	Botswana	3	0.7	2	66.7	1	33.3
11	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	24	5.4	15	62.5	9	37.5
12	Development Bank of Namibia (DBN)	Namibia	13	2.9	9	69.2	4	30.8
13	Development Bank of Seychelles (DBS)	Seychelles	3	0.7	0	0	3	100
14	Development Bank of Southern Africa (DBSA)	South Africa	12	2.7	6	50	6	50
15	Development Bank of Zambia (DBZ)	Zambia	9	2	5	55.6	4	44.4
16	Environmental Investment Fund of Namibia (EIF)	Namibia	15	3.4	8	53.3	7	46.7
17	Export Development Fund (EDF)	Malawi	3	0.7	3	100	0	0
18	Gapi-Sociedade de Investimentos (GAPI-SI)	Mozambique	11	2.5	5	45.5	6	54.5
19	Industrial Development Corporation (IDC-SA)	South Africa	3	0.7	3	100	0	0
20	Industrial Development Corporation (IDCZ)	Zimbabwe	7	1.6	5	71.4	2	28.6
21	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	10	2.3	10	100	0	0
22	Land and Agricultural Bank (LANDBANK)	South Africa	4	0.9	3	75	1	25
23	Lesotho National Development Corporation (LNDC)	Lesotho	44	10	25	56.8	19	43.2
24	Local Enterprise Authority (LEA)	Botswana	3	0.7	2	66.7	1	33.3
25	National Development Bank (NDB)	Botswana	2	0.5	0	0	2	100
26	National Development Corporation (NDC)	Tanzania	4	0.9	2	50	2	50
27	National Housing Enterprise (NHE)	Namibia	6	1.4	6	100	0	0
28	NORSAD Finance Limited	Botswana	5	1.1	1	20	4	80
29	Small and Medium Enterprises Development Corporation (SMEDCO)	Zimbabwe	2	0.5	0	0	2	100
30	SME Bank Limited (SMEBANK)	Namibia	18	4.1	9	50	9	50
31	Swaziland Development and Savings Bank (SWAZIBANK)	Swaziland	12	2.7	8	66.7	4	33.3
32	Swaziland Development Finance Corporation (FINCORP)	Swaziland	16	3.6	10	62.5	6	37.5
33	Swaziland Industrial Development Company (SIDC)	Swaziland	7	1.6	7	100	0	0
34	TIB Development Bank (TIB)	Tanzania	33	7.5	21	63.6	12	36.4
	Total		**441**	**100%**	**272**	**61.7%**	**169**	**38.3%**

Chart 4: Participation by Institution and Gender, 2015/16



Compared with the previous year, the 2015/16 financial year has registered an increase in female participation in programmes from 37.1% to 38.3% as illustrated in chart 5 below. This trend which is consistent with the requirements of the SADC Protocol on Gender Equity is expected to continue overtime.

Chart 5: Participation by Gender



Resource Persons for Programmes

The DFRC continues to use highly qualified experts in the delivery of its programmes. The use of this expertise is apparent from the consistently high performance scores of these experts on the programmes and the positive evaluations of the participants above the 80% threshold as shown in table 2 above.

The schedule of resource persons used in the course of the financial year is provided in Table 4 below. As the schedule also shows, the DFRC has made recourse to member DFI senior staff to facilitate some courses. While it is largely a function of availability of the staff, DFRC continues to make effort to increase the participation level of DFI staff as facilitators.

Name	Organisation Name
Mr Siyanga Malumo	Africana Finance and Investments
Mr Tafadzwa Ganye	Development Bank of Southern Africa
Mr Charles Nyoka	University of South Africa
Ms Gizelle Mc Intyre	Institute of People Development
Mr Windu Matoka	Independent Consultant
Mr Stephen Zhanje	University of Limpopo
Mr John Mheyamwa	Industrial Development Corporation
Mr Tshililo Makakabule	Industrial Development Corporation
Mr Emmanuel Kere	Independent Consultant
Mr Jonnah Pongaponga	Celavie Consultancy
Dr Peter Tobin	Peter Tobin Consultancy
Mr Sid Cohn	Service MIX (Pty) Ltd
Mr Morne Jacobs	Institute for Performance Management
Ms Mashamaite Ramutsheli	Institute for Performance Management

Policy Research And Advisory Services

The programme below was conducted during the year under review.

Prudential Standards, Guidelines and Rating System

5th – 6th November 2015
Pretoria, South Africa

The DFRC has undertaken a training of Prudential Standards, Guidelines and Rating System. The workshop was aimed at enhancing the development finance institutions understanding of the AADFI Prudential Standards and Guidelines as a tool for self-assessment of their performance, as well as for developing interventions to build capacity and generally improve performance of the DFIs.

This workshop was attended by twenty-one (21) participants from eight (8) countries. Countries represented were Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland and Zimbabwe.

Public Private Partnerships

In the last year the PPP Network has revised its strategic outlook from mainly supporting policy, legislative and capacity building initiatives to acting as a catalyst for project preparation and development. This means that in addition to supporting ongoing initiatives PPP activities will seek to develop practical skills specifically related to project preparation and development in the region. The objective is to develop a cadre of PPP practitioners within the region that understand how to involve and attract private sector investment in the development of infrastructure, industrial and other projects.

The PPP Network has engaged consultants through the Public Private Infrastructure Fund (PPIAF) to assist the SADC Secretariat with project preparation and development for regional infrastructure projects. This process is being aligned with the PIDA Infrastructure Acceleration Process with the co-operation of the African Union and NEPAD.

This process is also being carried out in partnership with the NEPAD Business Foundation in an effort to establish the early participation of private sector in the development of the identified projects. The DFI Network will play a critical role in the identification of new projects. Lastly, the DBSA will be central to this process and to this end a Memorandum of Agreement has been signed with the DFRC supporting project preparation and development.

In association with JICA, the PPP Network has agreed to collect information from the DFI's through its Network to identify prioritized projects in the SADC member states. This information will then be made available to the Japanese private sector and other private sector stakeholders to help facilitate the development and implementation of key infrastructure projects in all sectors.

An introductory course for PPPs entitled Foundation Training has been developed to promote and develop skills in this area. This training will provide participants from the DFI Network and officials from member states with the fundamentals of PPP theory. It will also incorporate a practical element in which participants will have the chance to apply the theory to projects that may be amenable to PPP procurement.

Southern African Development Community - Development Finance Resource Centre

Annual Financial Statements

(year ended 31 March 2016)

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

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Trustees:	Ms Anne Vidot- **Chairperson** Mr Kelebone Leisanyane Mr Martin Inkumbi Dr Tebogo Matome Ms Gladys Kanyongo Mr Peter Noni Mr Patrick Dlamini **(Ex-officio, Subcommittee Chair)** Ms Boitumelo Gofhamodimo **(Ex-officio – SADC Secretariat, TIFI Directorate)**
Principal Activities:	Supporting development finance institutions and governments to achieve national and regional development goals through capacity building, research, advisory services and advocacy.
Physical Address:	Plot 54352 West Avenue, Zambezi Towers CBD, Tower A, 7th Floor, South Wing Gaborone, Botswana
Auditors:	**Ernst & Young** 2nd Floor, Plot 22 Khama Crescent Gaborone
Bankers:	**Standard Chartered Bank of Botswana Limited**
Country of Incorporation and Domicile:	**Botswana**
Measurement and Presentation Currency:	**United States Dollars (US$)**

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Statement of financial position	**34**
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Unaudited non-cash donation programme - activities	**69 - 70**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2016 were authorised for issue by the trustees and are signed on their behalf by:

		10/06/2016
.....	.....	.....
BOARD CHAIRPERSON	**CHIEF EXECUTIVE OFFICER**	**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 2016, and the statement of comprehensive income, statement of changes in funds and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 68.

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 2016, 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 69 – 70 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

Ernst & Young
Practicing Member: Thomas Chitambo (20030022)
Certified Auditor

Gaborone
Date:10/06/2016

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

Statement of comprehensive income
for the year ended 31 March 2016
US $

	Note	2016	2015
Members' contributions	*1*	1 140 868	1 057 561
Total revenue		**1 140 868**	**1 057 561**
Other income	*2*	394 723	588 583
Finance income	*3*	749	859
Expenditure			
Staff costs	*4*	(653 434)	(643 591)
Program expenses	*5*	(338 313)	(545 186)
Administration and operating costs		(449 852)	(428 539)
Finance costs	*6*	(4 523)	-
Surplus for the year	*6.1*	90 218	29 687
Other comprehensive income			
Other comprehensive income/(loss) not to be transferred to surplus/(deficit) in subsequent periods:			
Revaluation (loss)/gain on motor vehicle		(1 234)	1 628
Other comprehensive (loss)/income for the year		(1 234)	1 628
Total comprehensive income for the year		**88 984**	**31 315**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

Statement of financial position
at 31 March 2016
US $

	Notes	2016	2015
Assets			
Non-current assets			
Property and equipment	*7*	941 726	56 914
Current assets			
Trade and other receivables	*8*	492 903	209 025
Cash and cash equivalents	*9*	522 915	784 337
		1 015 818	993 362
Total assets		**1 957 544**	**1 050 276**
Funds and liabilities			
Accumulated surplus		736 115	645 897
Revaluation surplus		1 194	2 428
		737 309	648 325
Non- Current liabilities			
Non-current portion- FNB Loan	*10.1*	718 149	-
Current liabilities			
Trade and other payables	*10*	446 212	401 951
Current portion- FNB Loan	*10.1*	55 874	-
Total Current Liabilities		502 086	401 951
			-
Total funds and liabilities		**1 957 544**	**1 050 276**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

Statement of changes in funds
for the year ended 31 March 2016
US $

	Accumulated surplus	Revaluation reserve	Total
Balance at 1 March 2015	616 210	800	617 010
Total comprehensive income	29 687	1 628	(31 315)
Balance at 31 March 2015	645 897	2 428	648 325
Surplus for the year	90 218	-	90 218
Revaluation loss	-	(1 234)	(1 234)
Total comprehensive income	90 218	(1 234)	88 984
Balance at 31 March 2016	736 115	1 194	737 309

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

Statement of cash flows
for the year ended 31 March 2016
US $

	Notes	2016	2015
Cash utilised from operating activities	*11*	(120 969)	(71 781)
Interest received		749	859
		(120 220)	(70 922)
Investing activities			
Proceeds on disposal of property, plant and equipment		1 446	6 564
Acquisition of plant and equipment		(906 690)	(11 566)
Cash utilised in investing activities		(905 244)	(5 002)
Financing Activities			
Increase in borrowings		774 023	-
(Decrease) in cash and cash equivalents		**(251 441)**	**(75 924)**
Net foreign exchange difference		(9 981)	932
Cash and cash equivalents at beginning of year		784 337	859 329
Cash and cash equivalents at end of year		522 915	784 337
Cash and cash equivalents comprise:			
Bank balances - current accounts		185 182	24 622
Bank balances - call accounts		337 733	759 715
Cash and cash equivalents at the end of the year		**522 915**	**784 337**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 43.

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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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
Buildings	2% per annum
Building Improvements	5% per annum

Motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. 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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets (continued)

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

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

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

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

Taxation

No provision for taxation is required as the 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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as 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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments (continued)

Financial assets (continued)

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

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as 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.

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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2016

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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended IFRS and IFRIC interpretations effective as of 1 January 2015:

(a)New and amended standards adopted by the Organisation

The Organisation applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015.

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. This standard did not have a significant impact on the Organisation.

Annual Improvements 2010-2012 Cycle

Following is a summary of the amendments (other than those affecting only the standards' Basis for Conclusions) from the 2010 – 2012 annual improvements cycle.

With the exception of the amendment relating to IFRS 2 Share-based Payment, the changes summarised below are effective for annual periods beginning on or after 1 July 2014.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.Basis of preparation (continued)

IFRS 2 Share-based Payment	**Definitions of vesting conditions** • The amendment defines 'performance condition' and 'service condition' 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 applicable for share-based payments for which the grant date is on or after 1 July 2014 and must be applied prospectively. **These amendments did not impact the organisation's financial statements or accounting policies.**
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 must 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). **This amendment is not applicable to the organisation**
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 IFRS 8.12, 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. **Reconciliation of the total of the reportable segments' assets to the entity's assets** • The amendment clarifies that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. • The amendment must be applied retrospectively. **These amendments are not applicable to the organisation.**
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	**Revaluation method – proportionate restatement of accumulated depreciation/ amortisation** • The amendments to IAS 16 and IAS 38 clarify that the revaluation can be performed, as follows: • Adjust the gross carrying amount of the asset to market value Or • Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. • The amendments also clarify that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. **This amendment did not have any impact as the organisation accounts for the Property and Equipment using the cost model.**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.Basis of preparation (continued)

IAS 24 Related Party Disclosures	**Key management personnel** • The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. **The amendment did not have any impact on the organisation as the organisation does not pay any management fees and all transactions with related parties have always been disclosed in previous periods.**

Annual Improvements 2011-2013 Cycle

These improvements are effective for annual reporting periods beginning on or after 1 July 2014.

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. **This amendment is not applicable to the organisation.**
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). **This amendment is not applicable to the organisation.**
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 whether the transaction is the purchase of an asset or business combination. **This amendment is not applicable to the organisation**
IFRS 5: Non-Current Assets held for Sale and Discontinued Operations	**Changes in methods of disposal** • Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. • The amendment must be applied prospectively. **This amendment is not applicable to the organisation**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.Basis of preparation (continued)

Annual Improvements 2012-2014 Cycle

IFRS 7: Financial Instruments-Disclosures	**Servicing contracts** • The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. • The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment. **Applicability of the offsetting disclosures to condensed interim financial statements** • The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. • The amendment must be applied retrospectively **This amendment is not applicable to the organisation.**

These improvements are effective for annual reporting periods beginning on or after 1 January 2016

IAS 19: Employee Benefits	**Discount rate: regional market issue** • The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. • The amendment must be applied prospectively. **This amendment is not applicable to the organisation**
IAS 34:Interim financial Reporting	**Disclosure of information 'elsewhere in the interim financial report** • The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). • The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. • The amendment must be applied retrospectively. **This amendment is not applicable to the organisation**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.Basis of preparation (continued)

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

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

IAS 1 Disclosure Initiative – Amendments to IAS 1
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 organisation's future financial statement (though not significantly) but not the measurement.

IAS 27: Equity Method in Separate Financial Statements (Amendment)
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. This is not applicable to the organisation.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The organisation is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.Basis of preparation (continued)

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

IFRS 9 Financial Instruments: Classification and Measurement

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments on 24 July 2014. IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and is expected to be effective for annual periods beginning on or after 1 January 2018.

Accounting for dynamic risk management, commonly referred to as macro hedging, does not form part of IFRS 9 and is a separate project.

IFRS 9 introduces principles-based requirements for classification and measurement. Also, the IASB has addressed the key concern that arose as a result of the financial crisis that the incurred loss model in IAS 39 contributed to the delayed recognition of credit losses, by issuing the new impairment requirements that are based on a more forward-looking expected credit loss model. The hedge accounting requirements in IFRS 9 were developed with a view to providing better information about the management activities that involve hedging. These amendments have no effect on the organisation.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not applicable to the organisation.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. The amendments are not applicable to the organisation.

IFR 16: Leases
The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Basis of preparation (continued)

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

IFRS 16: Leases (continued)

on the right-of-use asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The organisation is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date

Amendments to IFRS 10 and IAS 28: ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)***

Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not applicable to the organisation.

IAS 16 and IAS 38 ***Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38***
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are effective for annual periods beginning on or after 1 January 2016 and are not applicable to the Organisation.

IAS 16 and IAS 41 ***Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41***
The amendments to IAS 16 and IAS 41 Agriculture change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16, including the choice between the cost model and revaluation model for subsequent measurement.

In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of IAS 41. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments are not applicable to the organisation.

IFRS 14 ***Regulatory Deferral Accounts***
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. The standard does not apply to existing IFRS preparers. 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.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Basis of preparation (continued)

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

IFRS 14 ***Regulatory Deferral Accounts (continued)***

The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. This standard is effective for annual periods beginning on or after 1 January 2016. This standard is not applicable to the Organisation.

IAS 12: ***Recognition of Deferred Tax Assets for-Unrealised Losses – Amendments to IAS 12***
Effective for annual periods beginning on or after 1 January 2017
.
The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. This has no impact on the organisation.

IAS 7 Disclosure Initiative – Amendments to IAS 7
Effective for annual periods beginning on or after 1 January 2017

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The organisation is currently assessing the impact of the changes to IAS 7 and plans to adopt the amendments on the required effective date

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	2016	2015
1 Members' contributions		
Contributions from Development Finance Institutions (DFI) network members	1 140 868	1 057 561
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 12)	23 785	39 028
Net gain on disposal of property, plant and equipment	142	-
Exchange gains	-	5 228
Funds donated directly to SADC-DFRC	370 796	544 327
	394 723	**588 583**
Operating Lease commitments for rental income are as follows;		
0-1 year	23 785	24 426
2-5 years	-	-
>5 years	-	-
	23 785	24 426
3 Finance income		
Interest earned from bank and short term deposits	**749**	**859**

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	2016	2015
4 Staff costs		
Salaries	507 565	498 528
Gratuity	126 891	125 185
Other benefits	18 978	19 878
	653 434	**643 591**
Number of persons employed by the organisation at the end of the year		
Full time	**14**	**11**
5 Program Expenses		
Program expenses	338 313	545 186

During the year, there was reduced donor funding which resulted in less programme activities undertaken as per the approved budget for 2016. The Public Private Partnerships (PPP) Programme in the current year contributed to about 57% (2015: 60%) of the total programme costs.

6. Finance Cost		
Interest Expense	4 523	-

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

6.1 Surplus for the year		
Surplus for the year is stated after taking into account of the following;		
Audit fees – current	9 600	8 750
Board costs	48 803	43 365
Depreciation	19 340	11 558
Exchange loss	41 033	19 889
Staff costs (note 4)	653 434	643 591
Office rent	86 412	128 519

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for the year ended 31 March 2016
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7 Property, Plant & Equipment
Year ended 31 March 2016

	Buildings	Buildings Improvements	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation							
At 1 April 2015	-	-	36 570	56 074	31 055	106 637	230 336
Additions	761 425	104 824	-	21 690	1 367	17 384	906 690
Disposals	-	-	-	(1 001)	(986)	(8 870)	(10 857)
Transfer*	-	-	(4 796)	-	-	-	(4 796)
Revaluation	-	-	(1 234)	-	-	-	(1 234)
At 31 March 2016	**761 425**	**104 824**	**30 540**	**76 763**	**31 436**	**115 151**	**1 120 139**
Depreciation							
At 1 April 2015	-	-	4 796	46 924	25 925	95 777	173 422
Depreciation charge for the year	5 076	832	5 121	4 940	2 093	1 278	19 340
Transfer*	-	-	(4 796)	-	-	-	(4 796)
Disposals	-	-	-	(1 001)	(986)	(7566)	(9 553)
At 31 March 2016	**5 076**	**832**	**5 121**	**50 863**	**27 032**	**89 489**	**178 413**
Net book value							
At 31 March 2016	756 349	103 992	25 419	25 900	4 404	25 662	941 726

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

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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)	-	-	-	(8 854)
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%

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

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Notes to the financial statements
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7 Property, Plant & Equipment (continued)
Additional information (continued)
US $

From 1st April 2014, SADC - DFRC assessed and changed the useful lives for property and equipment. Motor vehicle and Furniture & Fittings changed from 25% to 20% and 15% to 8.33% respectively. Management takes the view that these estimates provides reliable and more relevant information because it deals more accurately with the components of property and equipment and is based on up-to-date values. The estimates have been applied prospectively from the start of 1st April 2014. The effect on the current year is to increase the carrying amount of property and equipment at the end of the year by $2,041; decrease depreciation expense by $2,041.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

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	2016	2015
8 Trade and other receivables		
Recoverable program expenditure net of allowance for uncollectible amounts (Note 8.1)	198 060	148 223
Other receivables (Note 8.2)	139 505	53 770
Member contributions net of allowance for uncollectible amounts (Note 8.3)	155 338	7 032
	492 903	**209 025**
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	198 060	163 319
Provision for bad debts	-	(15 096)
	198 060	**148 223**
Movement of the provision for impairment of contribution is as follows:		
Balance at beginning of year	15 096	15 096
Amounts written off during the year	(15 096)	-
Provision for impairment	-	-
Balance at end of year	**-**	**15 096**
8.2 Other receivables		
Other receivables comprise of the following:		
Prepayments and deposits	9 755	20 473
Staff advances	103	-
Recoverable VAT	125 040	28 251
Rent receivable	-	5 046
Other	4 607	-
	139 505	**53 770**

The increase in the recoverable VAT was due to input VAT on the purchase of buildings amounting to P 93 294.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

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	2016	2015
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	302 057	93 268
Provision for bad debts	(146 719)	(86 236)
	155 338	7 032
Contributions amounting to US $ 146 719 (2015: US $ 86 236) are past due and impaired.		
Other receivables have no contractual repayment period		
Movement of the provision for impairment of contribution is as follows:		
Balance at beginning of year	86 236	41 224
Provision for impairment	60 483	45 012
Balance at end of year	**146 719**	**86 236**
9 Cash and cash equivalents		
Cash at banks and on hand	185 182	24 622
Short-term deposits	337 733	759 715
	522 915	**784 337**

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

Included in the cash balances are amounts received from the German Development Agency and the Public Private Partnerships (PPP) for specific programmatic activities amounting to US$ Nil (2015: US $Nil)

10 Trade and other payables		
Trade payables	113 774	190 456
Amounts due to DFIs	17 655	112 068
Other payables	314 783	99 427
	446 212	**401 951**

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

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

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	2016	2015
10.1 Long Term Liabilities		
Non-current portion- FNB Loan	718 149	-
Current Portion	55 874	-
	774 023	-

SADC DFRC obtained a loan from FNB amounting to Pula 8 100 000 converted at the closing rate of 0.095 on 31 March 2016. The loan is secured over the portion of section 46 on Lot 54352, New CBD Gaborone (the new office space). Capital and interest are serviced monthly in arrears in equal instalments for upto 120 months (10 year period). The lending being at Prime lending rate plus 2.5% with prime rate being the publicly quoted basic rate of interest from time to time published by First National Bank.

11 Cash generated from operating activities

Operating activities		
Surplus for the year	90 218	29 687
Interest received	(749)	(859)
Non - cash adjustments:		
Depreciation	19 340	11 558
(Gain)/loss on disposal of property and equipment	(142)	1 678
Net exchange differences	9 981	(932)
Working capital adjustments:		
Increase in receivables	(283 878)	(90 059)
Increase/(Decrease) in payables	44 261	(22 855)
	(120 969)	**(71 782)**

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.

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

Member contributions from DFIs (Note 1)	1 140 868	1 057 561
Rental income received from SADC - Accreditation Services (Note 2)	23 785	39 028
Board members allowances and travel fares (Note 6.1)	48 803	43 365
Amounts due from DFIs (Note 8.3)	302 057	93 268

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

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Note 12 Related parties (continued)

Amounts due to DFIs (Note 10)	(17 655)	(112 068)

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	493 260	477 852
Bonus and gratuity	123 315	119 463
	616 575	**597 315**

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13 Commitments and contingencies

	2016	2015
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
After one year but not more than five years		
	-	**83 494**

The operating lease commitments for 2015 financial year end include office rental payable to Turnstar Holdings. No lease payments in 2016 as the SADC DFRC moved to their own premises.

Contingent liabilities
SADC-DFRC had no contingent liabilities as at 31 March 2016 (2015 - 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.

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Notes to the financial statements
for the year ended 31 March 2016
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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 rate 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
2016		
Cash and cash equivalents	3 877	232 493
Trade and other receivables	169 627	139 505
Long Term Loan- FNB Loan	-	(774 023)
Trade and other payables	(1 600)	(63 360)
Net exposure	171 904	(465 385)
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

Fair value of financial instruments

The fair value of all financial instruments is substantially identical to the carrying values reflected in the statement of financial position. The table on the next page summarises the information.

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14 Financial risk management objectives and policies (continued)

Classification of financial instruments

	Loans & receivables	Total
2016		
Trade and other receivables	358 108	358 108
Cash and Bank	522 915	522 915
Liabilities	(1 158 848)	(1 158 848)
Total	**(277 825)**	**(277 825)**
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**

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

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14 Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

2016

	Loans and receivables	Total
Interest income	749	749
Interest expense	(4 523)	(4 523)
Net interest expense	**(3 774)**	**(3 774)**

2015

	Loans and receivables	Total
Interest income	859	859
Interest expense	-	-
Net interest income	**859**	**859**

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

2016

	On demand	Due not later than one month	Due after more than five years	Total
Financial liabilities				
Long term Liabilities		55 874	718 149	774 023
Trade and other payables	-	366 742	-	366 742
Amounts due to the DFIs	-	17 655	-	17 655
Other liabilities	428	-	-	428
Total	**428**	**384 397**	**774 023**	**1 158 848**
2015				
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**	**-**	**402 951**

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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.

2016

Interest rate risk		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Change in interest rate	+1%	5 229	5 229
	-1%	(5 229)	(5 229)

2015
Interest rate risk

Change in interest rate	+1%	8 265	8 265
	-1%	(8 265)	(8 265)

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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:

	2016	2015
SEDCO Zimbabwe	34 820	29 763
IDC Zimbabwe	47 000	25 144
MDB Mauritius	41 552	20 754
SOFIDE DR CONGO	10 603	-
NDC Tanzania	12 744	-
	146 719	**75 661**

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).

2016

		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Foreign currency risk			
Botswana Pula			
Change in exchange rate	+10%	6 336	6 336
	-10%	(6 336)	(6 336)
Euros			
Change in exchange rate	+10%	160	160
	-10%	(160)	(160)
2015			
Foreign currency risk			
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)

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Notes to the financial statements for the year ended 31 March 2016 US $

15. Fair Value Measurement

2016

The following table provides the fair value measurement hierarchy of the organisations assets as at 31 March 2016

Assets measured at fair value	Date of valuation	Totals	Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3
			US $	US $	US $
Motor vehicles	31 March 2016	25 419		-	25 419

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 2016, the motor vehicles' fair values are based on valuations performed by Motor Centre Botswana, an accredited independent valuer.

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)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			US $	US $	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.

US $

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

	US $
1 April 2015	2 428
Total gains and losses recognised in OCI	(1234)
As at 31 March 2016	**1 194**

	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

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Notes to the financial statements for the year ended 31 March 2016 US $

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

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

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

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

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Appendix 1- Supplementary information
Non cash donation programme activities
For the year ended 31 March 2016

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

2016

Sl No	Programme	Venue	Dates	No of Participants	Name of Sponsor
1 Programmes Sponsored by Participating Member DFIs					
1.1	*Project Finance- 2015*	DBSA Training Facility, South Africa	April 2015	30	SADC DFIs
1.2	*Financial Modelling- 2015*	Cresta Riley's Hotel, Botswana	May 2015	30	SADC DFIs
1.3	*10th CEO's Forum- 2015*	Radisson Blu Hotel, Botswana	June 2015	74	SADC DFIs
1.4	*Finance for Non Finance Managers-2015*	Hotel Safari, Namibia	July 2015	15	SADC DFIs
1.5	*Leadership and Management Development Programme-2015*	Hotel Safari, Namibia	July 2015	29	SADC DFIs
1.6	*Project Appraisal for SMEs and Enterprise Development - 2015*	Maseru Sun, Lesotho	August 2015	34	SADC DFIs
1.7	*Investment Appraisal and Risk Analysis for BITC-2015*	Lion Park Resort, Botswana	August 2015	17	SADC DFIs
1.8	*Investment Appraisal and Risk Analysis - 2015*	Cresta Lodge Harare, Zimbabwe	September 2015	15	SADC DFIs
1.9	*Debt Management, Workouts and Restructuring- 2015*	Cresta Lodge Harare, Zimbabwe	September 2015	23	SADC DFIs

The information set out on pages 69 to 70 is not covered by the audit opinion on page 32

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY DEVELOPMENT FINANCE RESOURCE CENTRE

ANNUAL FINANCIAL STATEMENTS

Appendix 1 - (continued)

Sl No	Programme	Venue	Dates	No of Participants	Name of Sponsor
1.10	*Resource Mobilization-2015*	The Southern Sun O.R Tambo International Airport, South Africa	October 2015	12	SADC DFIs
1.11	*Project Value-Chain- 2015*	JICA Tokyo International Center, Japan	October 2015	15	JICA
1.12	*Prudential Standards, Guidelines and Rating Sytems (PSGRS)- 2016*	Protea Hotel Centurion, South Africa	November 2015	21	SADC DFIs
1.13	*Corporate Governance for Director Skills Development- 2015*	Happy Valley Resort and Casino, Swaziland	November 2015	21	SADC DFIs
1.14	*Risk Management-2015*	Hotel Talatona Convention Centre, Angola	November 2015	32	SADC DFIs
1.15	*11th CEOs' Forum*	Hotel Talatona Convention Centre, Angola	December 2015	67	SADC DFIs
1.16	*Project Management- 2016*	Landmark Mbezi Beach Resort & Conference Centre, Tanzania	February 2016	34	SADC DFIs
1.17	*Customer relationship Skills & Management- 2016*	Lesotho Sun Hotel, Lesotho	March 2016	32	SADC DFIs
1.18	*Capacity Building Review- 2016*	Maseru Sun, Lesotho	March 2016	9	SADC DFIs
1.19	*Performance management/balanced scorecard- 2016*	Maseru Sun, Lesotho	March 2016	17	SADC DFIs

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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
Norsad Finance Limited

DEMOCRATIC REPUBLIC OF CONGO
Societe Financiere De Development

LESOTHO
Basotho Enterprises Development Corporation
Lesotho National Development Corporation

MADAGASCAR

MALAWI
Export Development Fund

MAURITIUS
Development Bank of Mauritius

MOZAMBIQUE
Banco Nacional de Investimento
Gapi - Sociedade de Investmentos
(GAPI - SI)

NAMIBIA
Agribank 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

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The SADC DFRC is a Subsidary Institution of SADC