sadc dfrc

southern african
development community
development finance
resource centre

ANNUAL REPORT 2017

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-seven (37) national DFIs. Through technical and capacity building support, as well as policy research, advocacy and advisory services, our mandate is to promote the effective mobilisation of resources by the financial sector, in particular the DFIs, for investment in key areas with the potential to stimulate growth, generate employment and alleviate poverty, in line with the objectives of SADC under the Revised Regional Indicative Strategic Development Plan (RISDP).

FOCAL AREAS

The 2014 – 2019 Strategic Plan of the DFRC places emphasis on the following activity areas and sectors:

CAPACITY BUILDING

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

POLICY RESEARCH AND ADVISORY SERVICES

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

SECTORAL FOCUS

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

APPROACH

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

FINANCING OF ACTIVITIES

The DFI Network members finance the bulk of the administrative budget of the DFRC through annual contributions while programme activities are largely funded through international cooperating partners (donor) sources.

REPORTING STRUCTURES

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

The SADC DFI Network, presently consisting of thirty-seven (37) members, all signatories to the establishing memorandum of understanding and all members of the DFI Sub-Committee, has the overall responsibility of the DFRC and supervises it through a Board of Trustees. The Board is appointed by the Network.

The DFRC has a functional relationship with the SADC Secretariat, and works together through the Directorate for Finance, Investment and Customs (FIC) while operational links exist with the other directorates of the SADC Secretariat.

Governance Structure

Shareholders
SADC-DFI Network Members

Chairperson of the Board of Trustees
Ms. Nthabiseng Posholi, Care Taker Chief Executive Officer, Lesotho National Development Corporation

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

Audit and Risk Committee
Three members, tenure in line with Board term

Chief Executive Officer
Mr Stuart Kufeni

Board Of Trustees

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

Mrs Nthabiseng Posholi
Chair of the Board

Care taker Chief Executive Officer
Lesotho National Development Corporation

Trustee since March 2017

Mr Phakamile Mainganya
Chief Risk Officer
Industrial Development Corporation (RSA)

Trustee since December 2016

Deputy Chair of the Board

Mr Dumisani Msibi
Group Managing Director
FINCORP (Swaziland)

Trustee since December 2016

Chair of the SADC DFI Network (Ex-officio)

Mr Charles Singili
Acting Managing Director
TIB Development Bank (Tanzania)

Trustee since December 2015

Deputy Chair of the SADC DFI Network

Mr Reginald Motswaiso
Chief Executive Officer
Botswana Housing Corporation

Trustee since December 2016

Mr Bardwazsing Jokhoo
Acting Managing Director
Development Bank of Mauritius

Trustee since December 2016

Mr Michael Ndudzo
General Manager
Industrial Development Corporation (Zimbabwe)

Trustee since December 2016

Mr Sadwick Mtonakutha
Acting Director: Finance Investment and Customs
SADC Secretariat

Trustee since December 2016

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, in particular, overseeing the financial reporting and disclosure, and the internal control and risk management system.

The Audit and Risk Committee members are:

Mr Reginald Motswaiso - **Chairperson of the Commitee**
Mr Phakamile Mainganya
Mr Charles Singili

Chairperson's Statement

It is my honour and privilege to present the 2016/17 Annual Report of the SADC Development Finance Resource Centre.

This report shows the continuing strides of the DFRC in meeting its mandate, and fulfilling its mission of supporting development finance institutions, and national governments of SADC member states and state – owned enterprises to achieve national and regional development goals through capacity building, policy research and advocacy.

An increased number of capacity building interventions have been provided primarily to the SADC DFI Network members in the year under review, with greater numbers of staff participating and benefitting from these programmes. While the general programmes have continued to be delivered, the DFRC has increasingly responded to the special training needs of individual institutions, as well as those of groups of DFIs in individual member states. Indeed the concept of national Development Finance Schools has gained currency, as a mechanism for delivering value and relevance to the DFIs on a cost-effective basis.

Further, in delivering on these programmes, the DFRC has taken guidance from the promulgation of the United Nations Sustainable Development Goals (SDGs), and the recent adoption by SADC member states of the Industrialisation Strategy and Roadmap as a key driver under the regional integration thrust within the ambit of the Revised Regional Indicative Strategic Development Plan – 2015/2020 (RISDP).

These two global and regional programmes have and will continue to guide the interventions of the DFRC, and will inform the development of programmes. In particular, programmes which are geared to support the development of small and medium - sized enterprises (SMEs), infrastructure development and public private partnerships (PPP) have been, and will continue to be emphasised.

The rigour and professionalism of DFRC programmes has also attracted attention outside of the DFI Network, drawing in participation of national and local governments, state-owned enterprises, private sector and non-governmental organisations. Consequently, approximately 30% of the participants in the DFRC's programmes are now drawn from outside of the DFI Network. While this attests to the high quality of programme delivery by DFRC, it has also gone some way in strengthening and enhancing the sustainability of the DFRC capacity building programme in particular, and the institution on the whole.

As part of its continental partnership, the DFRC has also worked with the Association of African Development Finance Institutions (AADFI) in undertaking joint programmes, and has embraced participation on its programmes from outside the SADC region. A deliberate and strategic decision has now been made with the assistance of the Japanese International Cooperation

Agency (JICA) to expand the services of the DFRC to the Eastern African region and the Common Market for East and Southern Africa (COMESA) region. This thrust supports the growing tripartite cooperation among the three regional economic communities viz. SADC, EAC and COMESA. Thus, overtime, the DFRC will not only extend its outreach in terms of its services delivery but will also have access to a broader base to build a membership beyond SADC.

Under its policy research and advisory programme, the DFRC has prioritised the consolidation of the Prudential Standards, Guidelines and Rating System (PSGRS) as an integral part of the capacity building effort for the DFIs. This seeks to provide the standards and guidelines by which DFIs adherence to best practices of corporate governance, operational guidelines and financial prudency will be measured. Through a process of annual self-assessment and peer review, the DFRC will endeavour to provide a framework by which DFIs and policy makers can improve the operational and regulatory environment of DFIs and facilitate the growth and efficiency of the development finance sector.

I am, therefore, pleased that, to date, twenty - nine (29) DFIs have had the opportunity to participate in the peer review exercise over the past four years. It is hoped that through the application of this process, some of the DFIs which perform well on the PSGRS may graduate to international credit rating, thereby improving their capacity to access local and international financial resources, a major impediment to project development.

At a general level, the DFRC will remain engaged in SADC policy fora on issues such as industrialisation, financial inclusion, and public private partnerships (PPP) so that the development finance perspective is brought to bear on these issues. This will also ensure that the critical role of development finance institutions in regional strategy formulation and implementation is well understood and firmly established.

I am happy to report that our membership of the Network continues to grow albeit at a slower rate during the financial year under review when compared to the last two years. We welcomed only one development finance institution to the Network, namely Banco Sol of Angola. This brings the membership tally in Angola to three and the membership of the Network to thirty seven (37). This notwithstanding, quite a number of DFIs have shown interest in joining and some have participated in the DFRC's training programmes as well as the Network meetings as observers. I am, therefore, hopeful that more will come on board in the near future as the DFRC intensifies its membership drive.

As with previous reports, I am pleased to report that the audit report for financial year 2016/17 provides a clean bill for the DFRC and underscores its ability to continue as a going concern. The financial statements for the year reflect a marginal loss of $75,262 primarily the outcome of revaluation losses due to adverse exchange rate movements. This compares with a profit of $88,984 in the previous year.

Regarding matters of institutional governance, new members were elected to the DFRC Board of Trustees at the December 2016 bi-annual meetings of the Network in Victoria Falls, Zimbabwe. Four members in all were appointed, namely Mr Phakamile Mainganya, Chief Risk Officer, Industrial Development Corporation (RSA); Mr Reginald Motswaiso, Chief Executive Officer, Botswana Housing Corporation; Mr Michael Ndudzo, General Manager, Industrial Development Corporation of Zimbabwe; and Mr Bardwazsing Jokhoo, Acting Chief Executive Officer, Development Bank of Mauritius. The Lesotho National Development Corporation, represented by Mr Kelebone Leisanyane, Chief Executive Officer, assumed the Chairmanship of the Board while Mr Mainganya was appointed Deputy Chair.

In addition the tenure of office for Mr Patrick Dlamini, Chief Executive of the Development Bank of Southern

Chairperson's Statement
Continued

Africa as Chairman of the SADC-DFI Network came to an end in December 2016 and he was replaced by Mr Dumisani Msibi, Group Managing Director for FINCORP, Swaziland.

We also bade farewell to Mrs Anne Vidot, former DFRC Board Chair and Chief Executive Officer of the Development Bank of Seychelles; Mrs Gladys Kanyongo, Chief Executive Officer, Small and Micro Enterprises Development Corporation; Dr Tebogo Motome, Chief Executive Officer, Local Enterprise Authority of Botswana; and Mr Martin Inkumbi, Chief Executive Officer of the Development Bank of Namibia, whose terms had expired in December 2016.

I wish to extend my appreciation and sincere gratitude to the outgoing members of the Board for their unwavering support and professional guidance during course of the year. I also welcome and look forward to working with the new members in our endeavour to guide the DFRC and the Network to higher thresholds of achievement within the regional development finance space.

I also wish to congratulate the DFRC Management and staff for their professionalism and commitment to duty in delivering on their given mandates to the greater benefit of the Network, its members, and the region at large, notwithstanding constraints on resources.

As we now move to the penultimate year of our Strategic and Business Plans for the period 2015-2019, our work as DFIs and as critical agents of development is cut out for us. Our work in the coming year and indeed the formulation of our next strategic plan has to be couched within the new and evolving parameters as defined by the objectives of the SDGs, the SADC Industrialisation (inclusive of SMMES) Strategy and Road Map, the SADC Financial Inclusion Strategy, SADC Infrastructure Development Masterplan, all anchored within the overarching RISDP.

The goals of the regional and global initiatives, including those of the High Fives of the African Development Bank (AfDB) and Vision 2063 of the African Union, seek to bring about improved living standards, poverty alleviation, employment creation and overally, sustainable and inclusive development. To remain relevant and true to their developmental mandates, it is important that DFIs actively embrace these goals as we move forward as individual institutions and collectively under the aegis of the Network together with other development stakeholders such as Governments and the private sector.

I am therefore pleased to note that during the past year, the DFRC has embarked on a process of realigning its activities and programmes towards contributing to the SDGs and to regional goals, particularly under the SADC Industrialisation Strategy. It is of crucial importance that these efforts intensify as we move forward and that they are central to the formulation of our new strategic plan.

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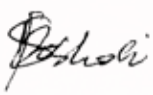
NTHABISENG POSHOLI
CHAIRPERSON
BOARD OF TRUSTEES



Management and Staff

MR STUART KUFENI
Chief Executive Officer

DR HERRICK C. MPUKU
Programmes Manager

MR KOGAN D. PILLAY
Head of Public Private Partnerships

MR TETSUYA FUKUNAGA
JICA Advisor to the DFRC

MS VERO KGAKGE
Finance and Administration Manager

STAFF

Chief Executive Officer's Statement

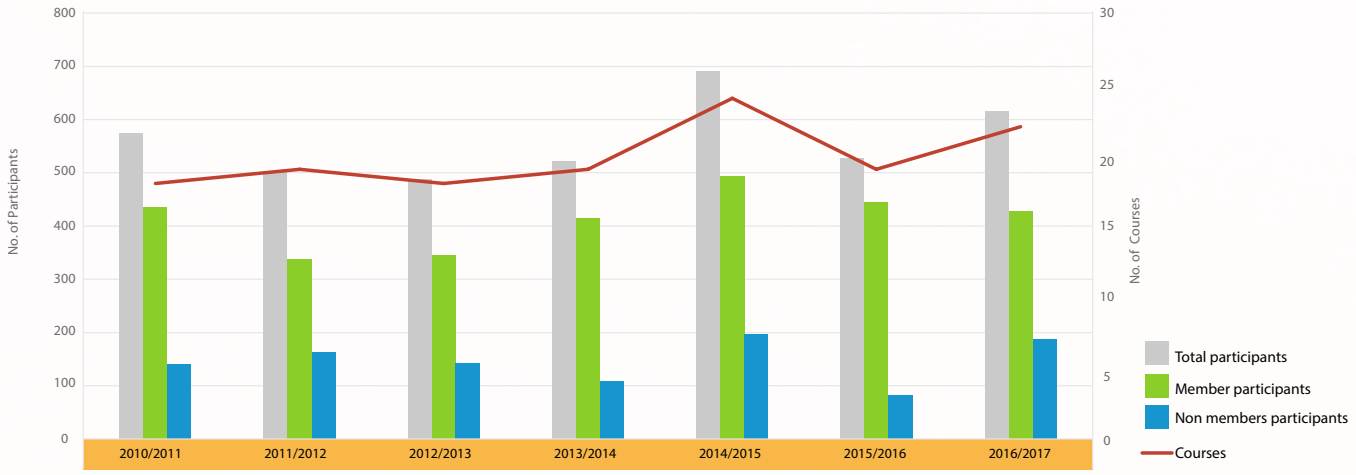
Capacity building, as a major activity area, continued to dominate the programmes of the DFRC during the year under review while policy research and advisory services focused largely on regional initiatives and implementation of the Prudential Standards, Guidelines and Rating System, a cornerstone of our strategic plan.

Institution-specific training courses remain on the uptrend in line with the DFRC's strategic thrust to move away from generic programmes to those tailor - made to suit the skills requirements of individual Network members. Also, at country level, the concept of Development Finance Schools whereby member DFIs in a country come together to select two or more common areas for training, are increasingly gaining support. Largely through these schools, the DFRC has been able to spread its services outreach to encompass government departments, state – owned enterprises (SOEs), non – governmental organisations and the private sector whose participation in its programmes has been on the rise.

During the year, the DFRC carried out twenty – two (22) capacity building programmes compared to nineteen (19) in the previous year. Reflecting the growing recourse to institution – specific programmes, eight (8) or 36 per cent of the twenty – two (22) programmes were conducted at the request of individual DFIs or state – owned enterprises. In cases where DFIs individually requested specific training, invitations for participation were also extended to principal stakeholders, including government departments and SOEs as well as some of their clients. This has been the case with such programmes as PPP training and corporate governance. The main objective to this approach to training has been to ensure a common understanding, knowledge symmetry and best practices on a particular subject matter and, particularly in the case of projects, for easier and more efficient implementation across the project value chain.

In terms of attendance, a total of six hundred and fifteen (615) participants was recorded for the year under review, an increase of eighty-eight (88) participants or 17% over the previous year's record of five hundred and twenty - seven (527). While this growth is accounted for by the higher number of programmes undertaken, a further factor is the rising number of non – members increasingly sending staff for training courses conducted by the DFRC. Hence, of the 615 participants, 188 or 31% fall into this category. Chart 1 below shows total capacity building participation of member DFIs vs non- members over a seven-year period.

Chart 1: Member and Non – Member DFI Participation



As the DFRC brand takes root within the SADC region and in other regional economic communities (RECs) such as ECA and COMESA, under the tripartite arrangement, the proportion of non-member participants is envisaged to grow overtime. In tandem with the extra – regional penetration of the DFRC services delivery, the membership of the DFI Network is anticipated to grow as well.

Further analysis of capacity building performance over the financial year 2016/17 shows that not only was the DFRC able to surpass its targets but also that participants at its programmes evaluated them well above the target threshold of 80%. This attests to the good quality of course content and professional delivery by selected facilitators. Measured against a Programme Evaluation Index (PEI), all programmes attained scores above 80% and averaged 90% over the year, an improvement on the 87% score achieved in the past year. Table 1 and chart 2 below summarise programme performance against set targets during the course of the year.

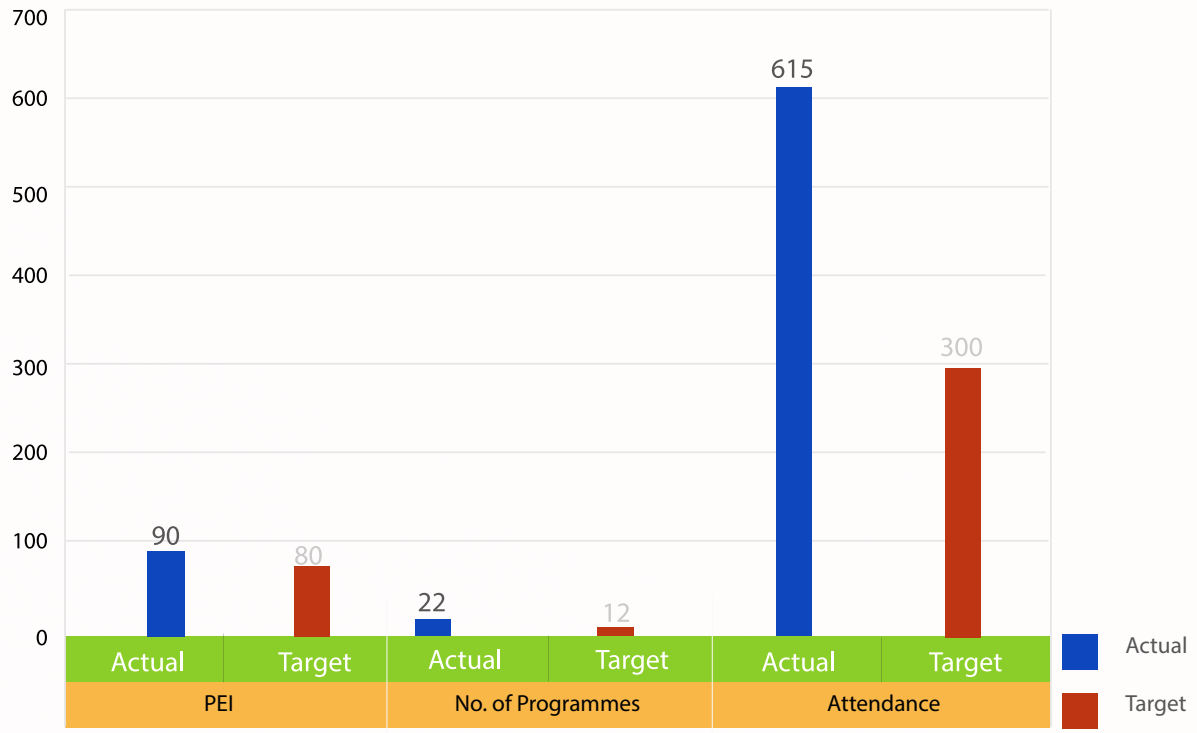
Table 1: Key Performance Measures

QUARTER	PROGRAMME EVALUATION INDEX (PEI)			OTHER MEASURES			
Ending Month	Actual (%)	Target (%)	Variance (%)	No. of Programmes (No.)		Attendance (No.)	
				Actual	**Target**	**Actual**	**Target**
June 2016	87	80	7	4	3	126	75
September 2016	90	80	10	4	3	135	75
December 2016	89	80	9	9	3	230	75
March 2017	92	80	12	5	3	124	75
	Cumulative Average Score			**Total**		**Total**	
Total/Ave.	**90**	**80**	**10**	**22**	**12**	**615**	**300**

NB: Performance Evaluation Index – A composite measure of programme performance in areas including facilitator performance, administrations and logistics, host venues, accommodation and the value of the programme according to feedback from participants.

Chief Executive Officer's Statement
Continued

Chart 2: Performance Targets 2016/17



Public Private Partnerships remain a popular area among DFIs as they explore ways of utilising this mode of project financing to best advantage. Regardless of this, PPPs remain largely uncharted waters in a significant number of member states in terms of knowledge and skills availability, and establishment of institutional, policy and regulatory frameworks on the ground. While the DFRC's interventions in this area have largely been demand - driven, it has, however, continued to offer regular training at foundation level to DFIs.This has been the case in such countries as Botswana and Namibia that have embraced PPP as an alternative investment vehicle, especially for infrastructure delivery.

The DFRC has also continued to employ the vehicle of the Development Finance Schools, as an engaged partnerships between the DFRC and respective national DFIs. These are cost effective capacity building frameworks to provide specialised and custom training to DFIs in respective member states. These schools have also attracted participants from government departments, SOEs and private sector.

With regard to activities under the policy research and advisory function, activities remain focused on the adoption and implementation of the PSGRS by DFIs and member states. The SADC DFI Network adopted the PSGRS in 2012 and in 2015 the SADC Committee of Ministers of Finance and Investment approved it as a guiding framework for DFIs. Consequently, the PSGRS has featured prominently in the DFRC's strategic plan as one of the key strategy pillars.

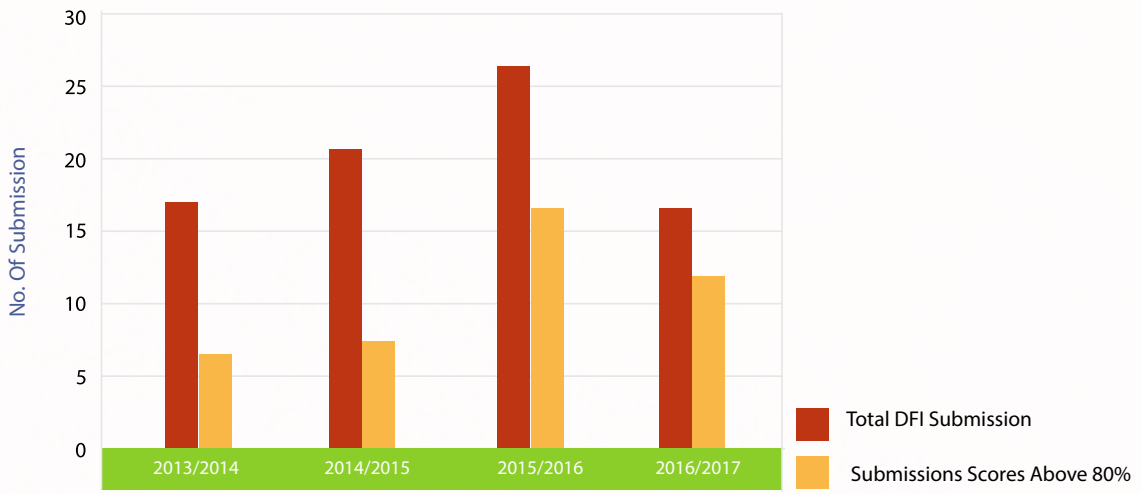
The PSGRS, a precursor to international rating systems, aims to strengthen DFIs in the key creditworthiness areas of (i) corporate governance, (ii) operational standards, and (iii) prudential financial standards. The assessment and peer reviews, integral components of the PSGRS,

have assisted participating DFIs improve on their areas of strength while addressing their weaknesses as highlighted by the annual reviews.

The DFRC has continued the implementation of the PSGRS programme among SADC DFIs through provision of the requisite technical training and by ensuring DFIs participate in the annual Peer Review exercise. To date, a total of twenty-nine (29) or 78% of the SADC DFI Network membership of 37 have participated in the Peer Review exercise over the past four years. This is well above the 60% participation threshold targeted in the DFRC's Strategic Plan.

As Chart 3 below illustrates, the highest annual level of participation was in 2015/16 when twenty - seven (27) DFIs participated in the peer review exercise with sixteen (16) or 59% of them scoring at or above 80% ('A' grade). During the financial year under review, a lower level of participation of sixteen (16) DFIs was recorded, reversing the upward trend of the past three years. However, 12 or 75% of these DFIs were rated at or above 80%.

Chart 3: DFI Submissions and Scores



A couple of reasons explain this low participation level and most importantly is the fact that the rating tends to have a bias against non-lending members of the Network. Consequently, these members have tended to perform below their lending counterparts and this is proving to be a disincentive to them to take part in the reviews. A further reason, though not carrying as much weight as the previous one, is the cost of audits for purposes of PSGRS submissions. However, while this was a concern especially at the time of inception of the system, many participating DFIs have managed to circumvent this cost problem by including the PSGRS audit requirements together with their regular external audits.

The PSGRS is presently undergoing a review taking into account past experiences with the object to improve its implementation and effectiveness as a rating system for DFIs. The DFRC has taken advantage of this opportunity and is in discussion with the Association of African Development Finance Institutions (AADFI) to see how best the system could accommodate non – lending institutions without penalising them. Moving forward, the DFRC will endeavour to see this issue resolved and that DFIs' participation in the PSGRS is at a consistently high level.

Chief Executive Officer's Statement
Continued

Looking ahead, the activities of the DFRC, and indeed those of the DFI Network, will be dictated by regional and global development initiatives aimed at achieving sustainable and inclusive growth in emerging economies and the SADC region in particular. To this end, the DFRC's programmes in capacity building will be directed at ensuring availability of skills and institutional capacity among DFIs, governments and SOEs, in particular, to support the industrial (including SME) and infrastructure development initiatives under the overarching umbrella of the RISDP.

The four sector working groups set up under the Network to coordinate and monitor implementation of SDGs, namely industry, agriculture, SMEs and infrastructure, will be strengthened to ensure DFIs play a significant role in the attainment of SDGs, both at national and regional level. The projects data base to be established with the assistance of JICA will provide a platform for collaboration on national projects and cross – border investments, a major deliverable for the DFI Network under the SADC Protocol on Finance and Investment.

Policy and advisory services input will continue to focus on emerging regional development finance structures in such areas as financial inclusion, the operationalisation of the Regional Development Fund and implementation of the Industrialisation Strategy and Road Map to ensure the developmental role of DFIs is well articulated and recognised.

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STUART KUFENI
CHIEF EXECUTIVE OFFICER

Hon Ontefetse Kenneth Matambo, Minister of Finance and Development Planning of the Republic of Botswana officially opening the new SADC-DFRC office in Gaborone on 9th June 2016

Programmes For Financial Year 2016/17
Continued

The financial year 2016/2017 has passed with significant progress recorded in the various activity areas of the DFRC which include training and development programmes, secondments and attachments as well as policy research and advisory services. These have resulted in a further strengthening of the skills base of development finance institutions and some government departments as well as several state - owned enterprises, thus placing them in good stead to pursue their socio – economic developmental mandates. Twenty - two (22) programmes were carried out during the year, which reflects a steady growth in activity when compared to previous outturns. The following section summarises these programmes.

CORPORATE GOVERNANCE-WINDHOEK, NAMIBIA
7th – 8th March 2017

The programme was at the request of the Agricultural Bank of Namibia to conduct training on corporate governance for their board members and senior management.

The two-day programme covered principles of corporate governance, board effectiveness, governance and information technology, risk management, strategy, financial management and internal controls, ethics and governance.

The programme was attended by eleven (11) participants.

MONITORING AND EVALUATION GABORONE, BOTSWANA
5th – 10th March 2017

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

This training was attended by twenty (20) delegates from five DFIs in the region.

RISK MANAGEMENT- SELIBE-PHIKWE, BOTSWANA
20th – 24th February 2017

A special programme was delivered for the Citizen Entrepreneurial Development Agency. The programme was aimed at assisting participants to improve their knowledge of assessing credit risk for business financing. Key topics were risk management architecture, business and financial due diligence, risk mitigation and credit policy development.

Nineteen (19) delegates from the Citizen Entrepreneurial Development Agency attended the programme.

PROJECT APPRAISAL FOR SMALL, MEDIUM ENTERPRISES AND ENTERPRISE DEVELOPMENT EZULWINI, SWAZILAND
13th – 17th February 2017

The Project Appraisal on Small, Medium Enterprises and Enterprise Development training programme was aimed at developing the skills for 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 the client entrepreneurs through evolution and development of viable business projects.

The training was attended by twenty-five (25) delegates from DFIs and governments.

PUBLIC PRIVATE PARTNERSHIPS GABORONE, BOTSWANA
8th – 9th February 2017

The two-day foundation programme was undertaken for the Ministry of Finance and Economic Development. It focused on assisting participants on how to implement Public Private Partnership projects, and how to structure

Programmes For Financial Year 2016/17
Continued

the relationship between the public sector and the private sector, so that risks are borne by those best able to control them. The programme was also aimed at achieving and increasing value for public services through the exploitation of private sector skills and competencies.

Forty-eight (48) delegates from the Ministry of Finance and Economic Development attended the programme.

13TH CEOS' FORUM – VICTORIA FALLS, ZIMBABWE
8th December, 2016

The Theme for the forum was "How to Effectively Use Public Private Partnerships to Enhance Service Delivery and Develop Infrastructure". The purpose was to introduce the fundamental principles of identifying and preparing bankable PPP projects. It highlighted the theoretical issues related to PPPs and practical case studies from the public and private sectors.

The forum further discussed how DFIs can effectively meet their mandates and also contribute to implementation of Sustainable Development Goals (SDGs).

The forum was attended by fifty-eight (58) participants.

RISK MANAGEMENT-VICTORIA FALLS, ZIMBABWE
5th – 9th December 2016

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

Twenty-five (25) participants from fifteen DFIs attended the programme.

FINANCIAL MODELLING- FRANCISTOWN, BOTSWANA
28th November – 2nd December 2016

A special in – house programme on financial modelling was facilitated for Citizen Entrepreneurial Development Agency by the DFRC.
The aim of the programme was to up-skill staff in the areas of business valuation (especially discounted cash flow), scenario planning, management decision making, capital budgeting, cost of capital, financial statement analysis and project finance, using computer - based applications.

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

Nineteen (19) delegates attended the programme, all from the Citizen Entrepreneurial Development Agency.

LEADERSHIP PROGRAMME-GABORONE, BOTSWANA
23rd – 25th November 2016

The programme offered a customised solution for leaders to continue to evolve and adapt in order to meet the challenges they face every day. Key elements covered during the programme included;

- Gaining an understanding and appreciation of all the human dimensions at their disposal to lead with authenticity from the inside-out;
- Having the necessary capacity to stay focused on what matters to sustain high performance in the face of increasing demands and changing landscapes, and;
- Learning and practising using 3 key coaching skills along with 7 constructive responses to conflict.

The training was attended by eighteen (18) delegates, all from the Citizen Entrepreneurial Development Agency.

CAPACITY BUILDING REVIEW AND EMOTIONAL

Programmes For Financial Year 2016/17
Continued

INTELLIGENCE- JOHANNESBURG, SOUTH AFRICA
16th – 18th November 2016

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

Emotional Intelligence was aimed at capacitating staff with skills to enable them define and understand the concepts and principles of Personal Master as well as gaining deeper insights into how they impact others around them and how to influence a community of people towards collaboration and mutual understanding to achieve personal as well as institutional goals and objectives through Authentic Leadership.

Twenty-five (25) participants from twenty-four (24) DFIs attended the programme.

BOARD INDUCTION, BOTSWANA UNIFIED REVENUE SERVICES- GABORONE, BOTSWANA
17th November 2016

The focus of the one-day programme was best corporate governance practices, with special emphasis on governance in the public sector, and determinants of corporate governance models encompassing legislation, conventions and rules based on Botswana laws. The workshop was preceded by a management briefing to the new Board on the mandate, structure and operations of the institution.

Twenty-three (23) participants, all from the Botswana Unified Revenue Services attended the workshop.

DEBT MANAGEMENT, WORKOUTS AND RESTRUCTURING-GABORONE, BOTSWANA
25th – 27th October 2016

The programme on Debt Management, Workouts and Restructuring was undertaken for the Citizen Entrepreneurial Development Agency.

The training focused on fundamentals required in credit relationship management, managing problem loans and post investment and strategies that will minimize their occurrence, optimize recovery of bad loans and nurture redeemable ones to good standing.

Twenty-five (25) participants, all from the Citizen Entrepreneurial Development Agency attended the programme.

CHANGE MANAGEMENT- GABORONE, BOTSWANA
19th – 21st October 2016

Change is constant in numerous areas of an institution. Placing people at the core of change thinking is a fundamental concept of change management.

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

The programme was attended by fourteen (14) participants from six (6) DFIs.

NEGOTIATION SKILLS- GABORONE, BOTSWANA
17th – 18th October 2016

The objective was to enable participants to develop a unifying and generally applicable negotiation methodology that is applicable in the investment and infrastructure development space.

The programme cultivated the knowledge and skills that are necessary to negotiate, create, plan and assess investment transactions. It was also designed to develop both the delegates' theoretical judgment and practical reasoning in negotiation on infrastructure and investment projects.

Twenty-two (22) participants from six (6) DFIs benefited from the programme.

Programmes For Financial Year 2016/17
Continued

FINANCIAL MODELLING, EZULWINI, SWAZILAND
12th – 16th September 2016

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

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

This training was attended by thirty-four (34) delegates from fourteen (14) DFIs as well as the Central Bank of Swaziland and nine countries were represented.

PUBLIC PRIVATE PARTNERSHIP
WINDHOEK, NAMIBIA
15th – 17th August 2016

The three-day foundation programme was done for the Development Bank of Namibia. It focused on assisting participants on how to implement Public Private Partnership Projects, and how to structure the relationship between the public sector and the private sector, so that risks are borne by those best able to control them.

Thirty-eight (38) delegates attended the programme from the Development Bank of Namibia, City of Windhoek, Ministry of Finance, Ministry of Justice, Ministry of Industrialisation, Trade and SME Development, Ministry of Urban and Rural Development, Ministry of Veteran's Affairs, Ministry of Works and Transport, National Assembly, National Planning Commission, Office of the Attorney General and Trans-Namib Holding.

INVESTMENT APPRAISAL AND RISK ANALYSIS
DAR ES SALAAM, TANZANIA
25th – 29th July 2016

The programme covered modern techniques of finance, financial modelling, applied economic analysis, risk analysis and risk management as they are applied to the appraisal of infrastructure projects. The programme was also designed to develop the operational skills of participants so that they are able to:

- Plan and evaluate infrastructure projects;
- Add value through the redesign of projects;
- Evaluate alternative financing options;
- Prepare project financing agreements; and
- Design strategies to address stakeholder concerns.

Eighteen (18) participants from six (6) development finance institutions and the Partial Credit Guarantee Fund from the Ministry of Finance in Lesotho

attended the programme. Six (6) countries in all were represented.

PUBLIC PRIVATE PARTNERSHIP
GABORONE, BOTSWANA
6th – 7th July 2016

The DFRC facilitated a public private partnership programme for Botswana Investment and Trade Centre for its management as well as local state-owned enterprises and ministries.

Programmes For Financial Year 2016/17
Continued

The overall objectives of the programme were to share with participants how to implement Public Private partnership Projects and how to structure the relationship between the public sector and the private sector, so that risks are borne by those best able to control them. This would also ensure increased value is achieved for public services delivery through the exploitation of private sector skills and competencies.

The programme was attended by forty-five (45) participants from various ministries and parastatals in Botswana, in addition to the Botswana Investment and Trade Centre staff.

RESOURCE MOBILISATION, EZULWINI, SWAZILAND
21st – 23rd June 2016

The programme was aimed at enhancing skills of developing and implementing resource mobilization strategies and processes, and identifying sources of funds as well as effective utilisation of funds.

The training taught fundamentals of projects, managing risk, investments, due diligence and structuring and packaging of bankable projects.

Specific objectives of the programme were to:

- develop practical skills to help build the fundraising capacity of organizations;
- develop a clear understanding of resource mobilization strategies, best practice and processes; and
- improve access to a global network of fellow fundraising professionals from around the world.

The training was attended by nineteen (19) delegates from DFIs representing five (5) countries in the region.

12TH CEOS' FORUM, GABORONE, BOTSWANA
9th June-2016

The forum discussions focused on the theme, "Sustainable Development Goals (SDGs) Implementation: DFIs as Catalysts". The forum recognised that DFIs play a crucial role in the attainment of the SDGs, both at individual member state level and on a regional basis. In addition, recognition was also given to the fact that the G20 nations have made considerable financial resources available, through multilateral organisations, which could be accessed by DFIs in SADC in their pursuit to fulfil their developmental mandates.

Fifty-eight (58) delegates attended the forum.

PUBLIC PRIVATE PARTNERSHIP - LUSAKA, ZAMBIA
16th – 20th May 2016

The programme assisted with the basic skills of understanding and preparing a public private partnership projects.

The first two and a half days were referred to as foundation training where participants learned both PPP principles and the application of concepts. The remaining two and a half days were spent developing and structuring projects that could be potential public private partnerships. In this respect real life potential projects were used and participants worked on the projects with the assistance of the instructor.

Seventeen (17) delegates from five DFIs as well as the Public Private Partnership Unit from the Office of the President in Zambia attended the training.

MANAGEMENT DEVELOPMENT PROGRAMME
WINDHOEK, NAMIBIA
13th – 15th April 2016

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

The workshop target outcomes included understanding elements of leadership culture and critical point of reference in aligning and achieving an organizational purpose and equipping the identified target with the skills needed to interface between their teams and the senior managers and increase productivity, completely managing their teams and resources effectively.

Thirty-two (32) delegates from six DFIs attended the workshop.

Programme Implementation

A summary of the key features of the programme delivery in the year under review is provided in table 2 below. These include sponsorship, programme evaluation and attendance. The standard of performance of programmes has been consistently high averaging 90%, well in excess of the target minimum threshold of 80%.

Reflecting the growing demand for institution-specific training, of the twenty – two (22) programmes undertaken in the financial year under review, eight (36%) were at the request of individual DFIs or State-Owned Enterprises. In terms of participation, these accounted for 210 or 34% of the total number of participants of 615 for the financial year.

Table 2: Capacity Building Programmes

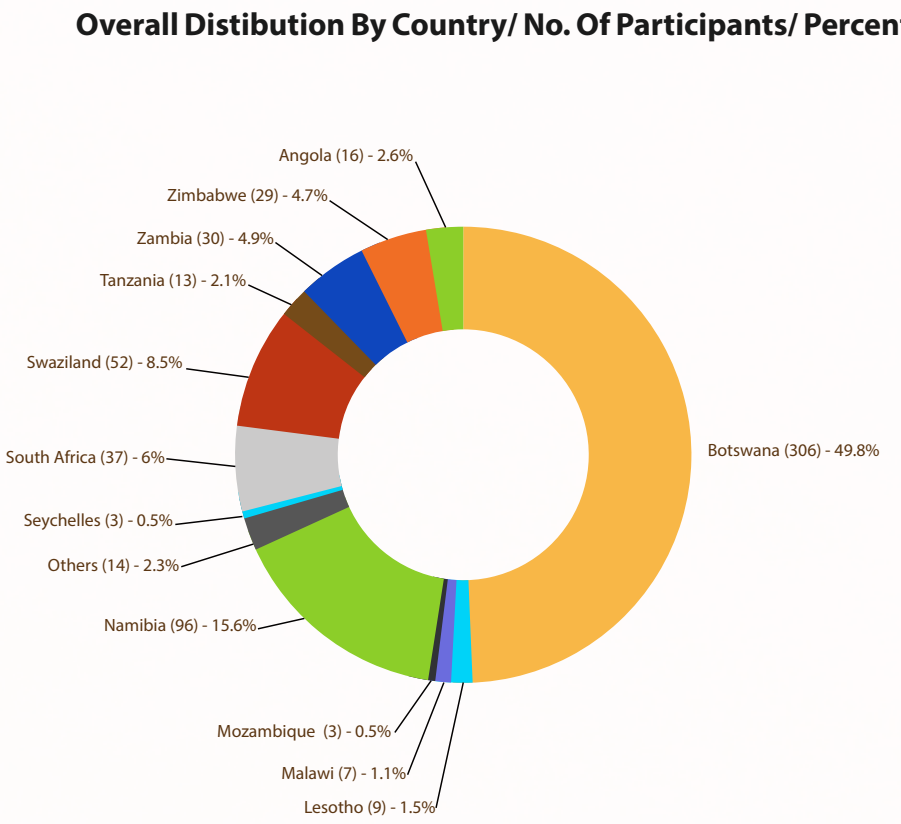
NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	DURATION	ACTIVITY DATES	ATTENDANCE	PROGRAMME EVALUATION INDEX
	DFRC REGIONAL TRAINING PROGRAMMES				**APR - MAR**	**Overall**	
1	Management Development Programme - 2016	SADC-DFRC & Participating DFIs	Namibia	3 days	13th - 15 April 2016	32	86%
2	Public Private Partnership Programme - 2016	SADC-DFRC & Participating DFIs	Zambia	5 days	16th - 20th May 2016	17	90%
3	12th CEOs' Forum - 2016	SADC-DFRC & Participating DFIs	Botswana	1 day	9th June 2016	58	85%
4	Resource Mobilisation - 2016	SADC-DFRC & Participating DFIs	Swaziland	3 days	21st - 23rd June 2016	19	89%
5	Investment Appraisal and Risk Analysis - 2016	SADC-DFRC & Participating DFIs	Tanzania	5 days	25th - 29th July 2016	18	97%
6	Public Private Partnership Foundation (Namibia) - 2016	SADC-DFRC & Participating DFIs	Namibia	3 days	15th - 17th Aug 2016	38	N/A
7	Financial Modelling - 2016	SADC-DFRC & Participating DFIs	Swaziland	5 days	12th - 16th Sep 2016	34	88%
8	Negotiation Skills - 2016	SADC-DFRC & Participating DFIs	Botswana	2 days	17th - 18th Oct 2016	22	83%
9	Change Management - 2016	SADC-DFRC & Participating DFIs	Botswana	3 days	19th - 21st Oct 2016	14	89%
10	Capacity Building Review and Emotional Intelligence - 2016	SADC-DFRC & Participating DFIs	South Africa	3 days	16th - 18th Nov 2016	25	90%
11	Risk Management - 2016	SADC-DFRC & Participating DFIs	Zimbabwe	5 days	5th - 9th Dec 2016	25	87%
12	13th CEOs' Forum - 2016	SADC-DFRC & Participating DFIs	Zimbabwe	1 day	8th Dec 2016	58	91%
13	Project Appraisal for SMEs and Enterprise Development - 2017	SADC-DFRC & Participating DFIs	Botswana	5 days	13th - 17th Feb 2017	25	92%
14	Monitoring and Evaluation - 2017	SADC-DFRC & Participating DFIs	Botswana	5 days	5th - 10th March 2017	20	94%
	Total					**405**	**89%**
	DFI BASED TRAINING PROGRAMMES						
15	Public Private Partnership Foundation for BITC - 2016	BITC & SADC-DFRC	Botswana	2 days	6th - 7th July 2016	45	86%
16	Debt Management, Workout and Restructuring for CEDA - 2016	CEDA & SADC-DFRC	Botswana	3 days	25th - 27th Oct 2016	25	89%
17	Board Induction for Botswana Unified Revenue Service - 2016	BURS & SADC-DFRC	Botswana	1 day	17th Nov 2016	23	86%
18	Leadership Programme for CEDA - 2016	CEDA & SADC-DFRC	Botswana	3 days	23rd - 25th Nov 2016	18	93%
19	Financial Modelling for CEDA - 2016	CEDA & SADC-DFRC	Botswana	5 days	28th Nov - 2nd Dec 2016	20	92%
20	PPP Foundation for MFED - 2017	MFED & SADC-DFRC	Botswana	2 days	8th - 9th Feb 2017	48	N/A
21	Risk Management for CEDA - 2017	CEDA & SADC-DFRC	Botswana	5 days	20th - 24th Feb 2017	19	94%
22	Corporate Governance for Agribank - 2017	ABN & SADC-DFRC	Namibia	2 days	7th - 8th March 2017	12	89%
	Total					**210**	**90%**
	GrandTotal					**615**	**90%**

Programme Implementation
Continued

Participation by country

Participation per country shows that Botswana has the highest number of participants followed by Namibia while Malawi, Seychelles and Lesotho had the lowest. The high level of participation by Botswana largely reflects increased recourse to institution – specific programmes, particularly by CEDA.

Chart 4: Participation by country



Programme Implementation
Continued

Participation by Institution

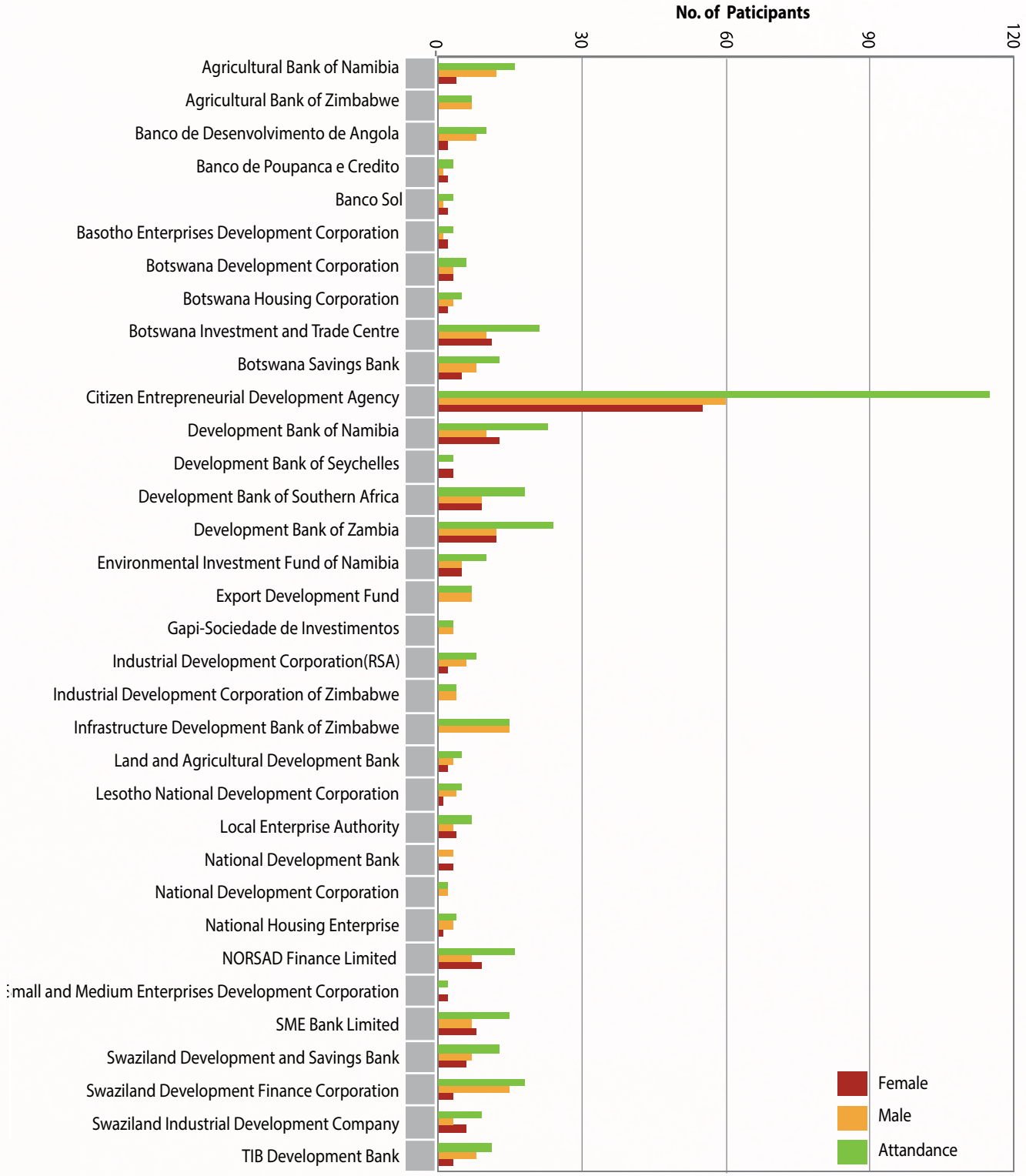
Individual DFIs have made substantial use of the training services through country and institution based programmes. Customised programmes were developed and implemented for them. Table 3 below shows participation levels by DFIs while chart 5 shows participation by DFIs and by gender.

Table 3: Participation by institution

No	Organisational Name	Country	Attendance	%Attend	M	%M	F	%F
1.	Agricultural Bank of Namibia (ABN)	Namibia	16	3.7	12	75	4	25
2.	Agricultural Bank of Zimbabwe (AGRIBANK)	Zimbabwe	7	1.6	7	100	0	0
3.	Banco de Desenvolvimento de Angola (BDA)	Angola	10	2.3	8	80	2	20
4.	Banco de Poupanca e Credito (BPC)	Angola	3	0.7	1	33.3	2	66.7
5.	Banco Sol	Angola	3	0.7	1	33.3	2	66.7
6.	Basotho Enterprises Development Corporation (BEDCO)	Lesotho	3	0.7	1	33.3	2	66.7
7.	Botswana Development Corporation (BDC)	Botswana	6	1.4	3	50	3	50
8.	Botswana Housing Corporation (BHC)	Botswana	5	1.2	3	60	2	40
9.	Botswana Investment and Trade Centre (BITC)	Botswana	21	4.9	10	47.6	11	52.4
10.	Botswana Savings Bank (BSB)	Botswana	13	3	8	61.5	5	38.5
11.	Citizen Entrepreneurial Development Agency (CEDA)	Botswana	115	26.9	60	52.2	55	47.8
12.	Development Bank of Namibia (DBN)	Namibia	23	5.4	10	43.5	13	56.5
13.	Development Bank of Seychelles (DBS)	Seychelles	3	0.7	0	0	3	100
14.	Development Bank of Southern Africa (DBSA)	South Africa	18	4.2	9	50	9	50
15.	Development Bank of Zambia (DBZ)	Zambia	24	5.6	12	50	12	50
16.	Environmental Investment Fund of Namibia (EIF)	Namibia	10	2.3	5	50	5	50
17.	Export Development Fund (EDF)	Malawi	7	1.6	7	100	0	0
18.	Gapi-Sociedade de Investimentos (GAPI-SI)	Mozambique	3	0.7	3	100	0	0
19.	Industrial Development Corporation (IDC)	South Africa	8	1.9	6	75	2	25
20.	Industrial Development Corporation of Zimbabwe (IDCZ)	Zimbabwe	4	0.9	4	100	0	0
21.	Infrastructure Development Bank of Zimbabwe (IDBZ)	Zimbabwe	15	3.5	15	100	0	0
22.	Land and Agricultural Development Bank (LANDBANK)	South Africa	5	1.2	3	60	2	40
23.	Lesotho National Development Corporation (LNDC)	Lesotho	5	1.2	4	80	1	20
24.	Local Enterprise Authority (LEA)	Botswana	7	1.6	3	42.9	4	57.1
25.	National Development Bank (NDB)	Botswana	3	0.7	0	0	3	100
26.	National Development Corporation (NDC)	Tanzania	2	0.5	2	100	0	0
27.	National Housing Enterprise (NHE)	Namibia	4	0.9	3	75	1	25
28.	NORSAD Finance Limited	Botswana	16	3.7	7	43.8	9	56.3
29.	Small and Medium Enterprises Development Corporation (SMEDCO)	Zimbabwe	2	0.5	0	0	2	100
30.	SME Bank Limited (SMEBANK)	Namibia	15	3.5	7	46.7	8	53.3
31.	Swaziland Development and Savings Bank (SWAZIBANK)	Swaziland	13	3	7	53.8	6	46.2
32.	Swaziland Development Finance Corporation (FINCORP)	Swaziland	18	4.2	15	83.3	3	16.7
33.	Swaziland Industrial Development Company (SIDC)	Swaziland	9	2.1	3	33.3	6	66.7
34.	TIB Development Bank (TIB)	Tanzania	11	2.6	8	72.7	3	27.3
	TOTAL		427	100%	247	57.8%	180	42.2%

Programme Implementation
Continued

Chart 5: Participation by Institution and Gender

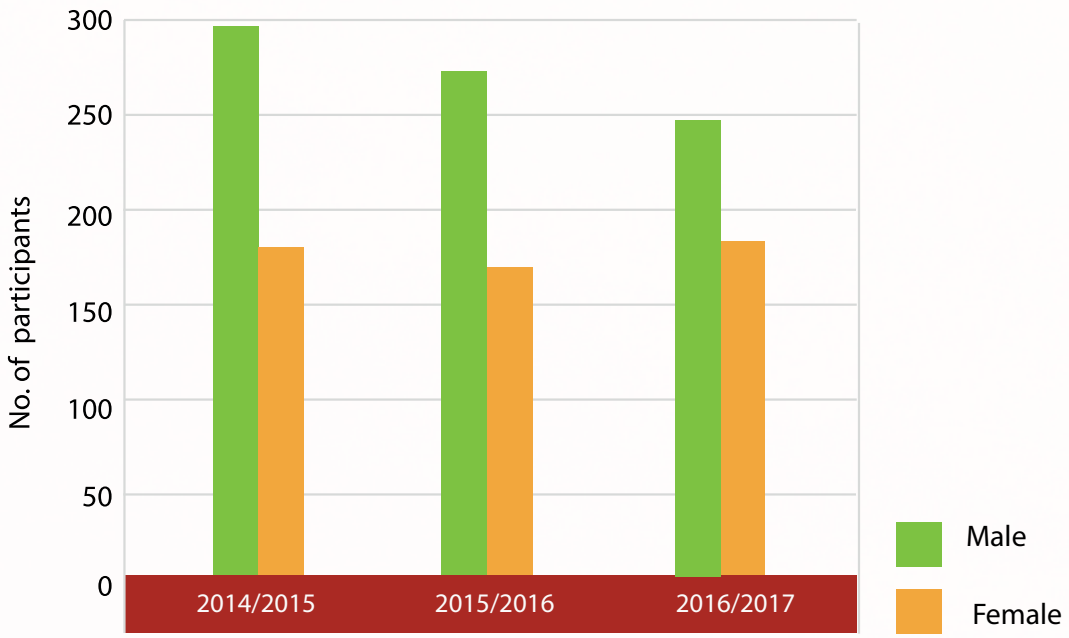


Programme Implementation
Continued

Participation by Gender

The 2016/17 financial year has registered an increase in female participation of programmes from 38.3% to 42.2% as illustrated in chart 6 below as compared to the previous financial year. This remains above the SADC gender participation threshold of 34%.

Chart 6: Participation by Gender over 3 years



Participation by non-DFI Network members

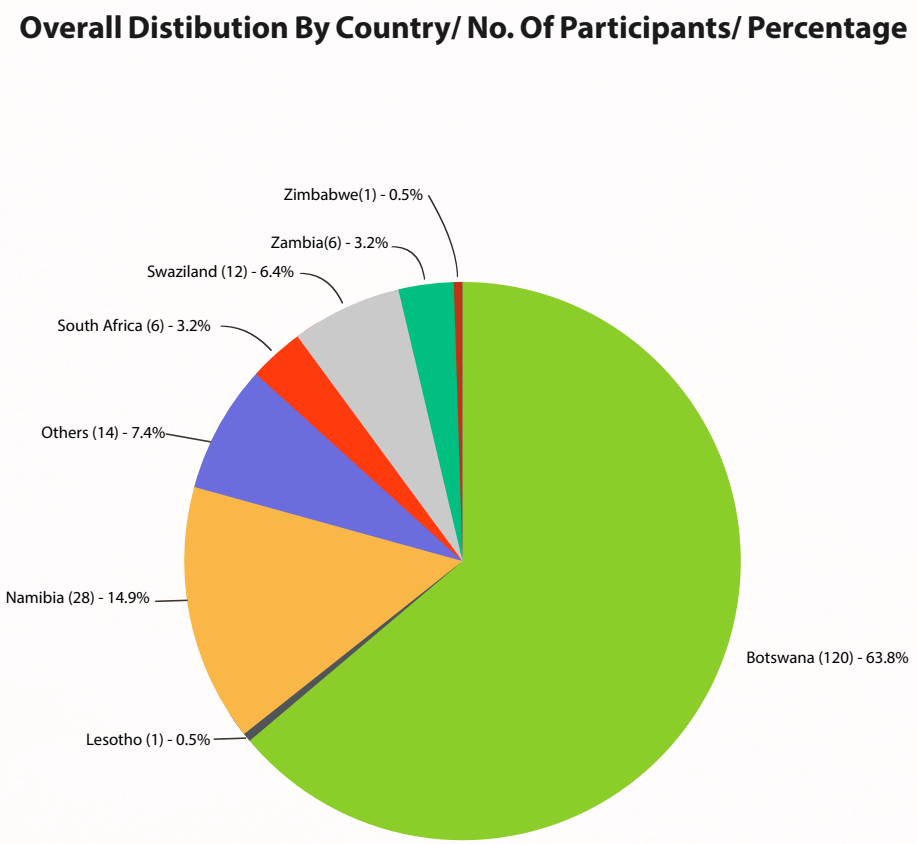
Non - DFI attendance has seen a major growth in 2016/17 financial year largely due to the involvement of Botswana Government Local Authorities, and other state-owned enterprises. These constitute 63.8% of the total attendances as per Table 4 below. Forty-Seven (47) individual Government institutions and departments in the SADC region were represented, and encompasses a 60.3% share of the overall participation as per table 4 below;

Table 4: Participation by non-DFI Network members

Government	State-Owned Enterprise	Private Sector	Non-Governmental Organisation
47	16	9	6
Total		**78**	

Chart 7 below indicate a total of one-hundred and eighty-eight (188) individual participants from the Government, SOEs, Private Sector and NGOs from across the SADC member states. Only fourteen (7.4%) of the delegates were either SADC Institutions or Secretariats and institutions outside the region.

Chart 7 : Participation by country



As already observed above, Botswana with a proportion of almost 64% leads in this category followed by Namibia.

Programme Implementation
Continued

PROGRAMME FACILITATORS

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

Table 5: Facilitators For Finanicial Year 2016/17

NO.	NAME	AFFILIATE ORGANISATION	PROGRAMME NAME
1	Mr Jonnah Pongaponga	Celavie Consultancy	Corporate Governance for Agricultural Bank of Namibia – 2017
			Board Induction for Botswana Unified Revenue Service - 2016
2	Dr Peter Tobin	Peter Tobin Consultancy	Monitoring and Evaluation - 2017
3	Mr Nkosi Nkosinathi	Independent Consultant	Risk Management for CEDA – 2017
4	Mr Windu Matoka	Independent Consultant	Project Appraisal for SMEs and Enterprise Development - 2017
5	Mr Kogan Pillay	SADC-DFRC	PPP Foundation for MFED – 2017
			Public Private Partnership Foundation for BITC – 2016
			Public Private Partnership Foundation (Namibia) - 2016
			Public Private Partnership Programme – 2016
6	Mr Siyanga Malumo	Africana Finance and Investments	Risk Management – 2016
			Resource Mobilisation - 2016
			Investment Appraisal and Risk Analysis – 2016
7	Mr Tafadwa Ganye	Independent Consultant	Financial Modelling for CEDA - 2016
			Financial Modelling - 2016
8	Dr Wessels Shariffa	Independent Consultant	Leadership Programme for CEDA - 2016
9	Ms Sharon Shakung	Independent Consultant	Capacity Building Review and Emotional Intelligence - 2016
10	Mr John Mheyamwa	Industrial Development Corporation, RSA	Debt Management, Workout and Restructuring for CEDA - 2016
11	Ms Dipuo Lata	Independent Consultant	Change Management - 2016
12	Dr Geoff Heald	Wits Business School	Negotiation Skills - 2016
13	Ms Gizelle Mc Intyre	Independent Consultant	Management Development Programme - 2016

Policy Research And Advisory Services

The research and advisory programme supports financial sector strengthening and capital markets development and deepening. The objective is to influence effective policy and regulatory changes, particularly as they relate to the DFI operational environment, so as to enhance the efficient mobilisation of resources to support investment.

The DFRC strives to undertake measures to evaluate compliance with best practices in the DFIs, and in particular, with PSGRS system. Such measures are expected to generate advisory reports and action plans for the individual institutions and the DFRC.

The following activities were undertaken during the course of the year:

Sustainable Development Goals

At their December biennial meeting, the SADC DFI Network established a directive supporting the Sustainable Development Goals (SDG's) and that the development finance institutions must play an active role in the realisation of these goals.

The meeting decided to establish four working groups, in which all member institutions belong in accordance with their mandate and priorities. These groups are Agriculture, Industrialization, Infrastructure and SMEs. The groups were mandated to identify the specific SDGs they were able to effectively contribute to, and to explore how these sectors were performing in relation to the attainment of development goals. They were also to consider any challenges encountered by the sectors, and any opportunities for cross-country collaboration and linkages.

The working groups were requested to meet and deliberate, and carry out any relevant research, and then report back to the Network on their progress on the work they are doing in connection with their respective governments in realizing the SDGs. This process is currently on going following the first meetings of the working groups in March 2017. It should be noted that the ultimate goal of these working groups is to identify investment opportunities in each of their respective sectors aligning them with SADC priorities.

Access to ADFIAP Online E-Library for Network Members

The DFRC and the Association of Development Finance Institutions in Asia and the Pacific (ADFIAP), have had an ongoing relationship since 2012, when the two organisations signed an MoU in South Africa. Subsequently, ADFIAP and the DFRC have continued to work together in a spirit, which seeks to extend the ability of DFI's in the SADC region to fulfil their mandates by tapping into the knowledge, information and experiences of South – East Asian DFIs.

More recently, at the TICAD VI official side meeting organized by JICA in Nairobi, Kenya, on the 26th of August, a joint resolution was passed in which ADFIAP would make available its online databases of information and e-learning resources to members of the DFRC's DFI Network. On the 1st of November online access became available to all members of the DFI Network through the DFRC website.

Prudential Standards, Guidelines and Rating System

The DFRC continues the implementation of the PSGRS with the annual Self-Assessment and Peer Review being conducted for 2016/17.

This programme has become an integral part of the SADC DFI Network programme, and is endorsed by the SADC Committee of Finance Ministers. The tables below show the record of participation (Table 6), and the performance of DFIs in the programme, as well as the results of the 2016 Peer Review (Table 7).

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

Policy Research And Advisory Services
Continued

Table 6: Record of DFI Participation in PSGRS Self-Assessment 2014-2016

FINANCIAL YEAR	2013/14	2014/15	2015/16	2016/17
Score above 80%	6	7	16	12
Total DFI submission	17	21	27	16

Table 7: Results of the Peer Review

No	Organisation Name	Country	Survey Year	Weighted Overall Score (%)	Governance Standards (%)	Financial Standards (%)	Operational Standards (%)	Regulated by C-Bank	Certified by board	Certified by Auditors
1.	BDC	Botswana	2016	90.2	42.1	32	16.2	N	Y	Y
2.	BSB	Botswana	2016	88.5	43.2	28.4	16.8	Y	N	N
3.	CEDA	Botswana	2016	87	42.1	31.4	13.6	N	N	N
4.	DBN	Namibia	2016	87	41.5	31.4	14.2	N	N	Y
5.	DBSA	South Africa	2016	87	41.5	30.2	15.3	N	N	N
6.	TIB	Tanzania	2016	84.9	41.5	27.2	16.2	Y	Y	Y
7.	NDB	Botswana	2016	84.6	40.3	29	15.3	N	Y	Y
8.	GAPI-SI	Mozambique	2016	84.6	42.6	24.9	17.1	Y	Y	Y
9.	BPC	Angola	2016	84	38.5	29.6	15.9	Y	Y	Y
10.	FINCORP	Swaziland	2016	83.7	41.5	28.4	13.9	P	Y	Y
11.	SWAZIBANK	Swaziland	2016	81.7	40.3	29.6	11.8	Y	N	Y
12.	IDBZ	Zimbabwe	2016	80.5	40.9	23.1	16.5	Y	Y	Y
13.	DBS	Seychelles	2016	71.9	34.9	26.6	10.3	Y	Y	N
14.	SIDC	Swaziland	2016	71.6	34.9	24.3	12.4	N	Y	Y
15.	AGRIBANK	Namibia	2016	64.5	32.6	26	5.9	N	Y	Y
16.	BEDCO	Lesotho	2016	44.1	19	16	9.2	N	Y	Y
	Average Total			79.7	38.6	27.4	13.8			

Public Private Partnerships

During the year under review, the PPP Network has delivered a number of training programmes in various member states. These programmes were aimed to equip participants with the essential knowledge of PPPs and what is required to attract private sector participation in the delivery of public infrastructure and other services. The training has also helped participants with the structuring of projects that they wished to undertake in their own countries.

In addition to training, the following two projects were undertaken.

PPP Network Support for Infrastructure Development

In March 2016, it was agreed that SADC would adopt PIDA Infrastructure Process and it would now concentrate on priority projects within the North - South Corridor and the Beira Corridor. It was further agreed that PPIAF consultants, contracted to the DFRC, would be directed to focus on the transport, water and energy sectors. In October 2016 a list of twenty projects was presented to the Ministers of Transport for their review and approval. The Ministers approved the project list and then prioritised four (4) projects from the list for SADC to complete. These projects were the Nata/ Francistown Toll Road (Botswana), the Dondo Dry Port (Mozambique), the Beitbridge One Stop Border Post (South Africa and Zimbabwe) and the ZTK Power Transmission Line (Zambia, Tanzania and Kenya).

The PPP Network, which partnered with the SADC Infrastructure and Services Secretariat and the Nepad Business Foundation, has worked with the DBSA to take two projects through the Project Preparation and Development Facility. These projects are the Dondo Dry Port in Mozambique and the Nata/Francistown toll road in Botswana. The partners are currently working on the updating and completion of feasibility studies for these projects. More projects will be prioritised based on the original list of twenty approved by the Ministers of Transport.

Establishment of DFIs Projects Database

The DFRC in collaboration with JICA is completing the establishment of an infrastructure and industrialisation project database. This database will contain information on potential investment opportunities for the private sector and other DFI's, based on the priorities of SADC. The information about projects will be sourced from members of the DFI Network and updated on a regular basis.

Southern African Development Community Development Finance Resource Centre

ANNUAL FINANCIAL STATEMENTS

(year ended 31 March 2017)

Southern African Development Community Development Finance Resource Centre

Annual Financial Statements

GENERAL INFORMATION

TRUSTEES:	Ms Nthabiseng Posholi (Chairperson) Mr Phakamile Mainganya (Deputy Chairperson) Mr Dumisani Msibi (Chair-SADC DFI Subcommittee Ex-officio) Mr Charles Singili (Deputy Chair of the SADC DFI Subcommittee) Mr Reginald Motswaiso Mr Bardwazsing Jokhoo Mr Michael Ndudzo Mr Sadwick Mtonakutha (Ex -officio) SADC Secretariat.
PRINCIPAL ACTIVITIES:	Capacity building centre for the SADC - Development Finance Institutions
PHYSICAL ADDRESS:	Plot 54352 West Avenue, Zambezi Towers CBD, Tower A, 7th Floor, South Wing Gaborone, Botswana
AUDITORS:	Ernst & Young 2nd Floor, Plot 22 Khama Crescent Gaborone
BANKERS:	Standard Chartered Bank of Botswana Limited
COUNTRY OF INCORPORATION AND DOMICILE:	Botswana
MEASUREMENT AND PRESENTATION CURRENCY:	United States Dollars (US$)

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Trustees' Statement Of Responsibility

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

The Trustees are also responsible for the Secretariat's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

Our external auditors conduct an examination of the financial statements in conformity with International Standards of Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Trustees.

The annual financial statements for the year ended 31 March 2017 on pages 39 - 69 were authorised for issue by the trustees and are signed on their behalf by:

.....
BOARD CHAIRPERSON

.....
CHIEF EXECUTIVE OFFICER

5th July 2017
.....
DATE

Trustees Report

The Trustees present their report for the year ended 31 March 2017.

Operations

The Secretariat's operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

SADC-DFRC is a subsidiary institution of SADC established in July 2003 to serve as a sub-regional centre of excellence to strengthen the SADC Development Finance Institutions (DFIs) Network and to enhance the capacity of the SADC DFIs to deliver on their mandates towards the achievement of the SADC RISDP goals of economic growth, employment generation and poverty alleviation.

Events subsequent to the period end

There have been no facts or circumstances of a material nature that have occurred between the period end date and the date of this report.

Number of employees

The average number of employees during the period was 14 (2016: 14).

Auditors

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

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Independent Auditor's Report
Continued

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Southern African Development Community-Development Finance Resource Centre (the Secretariat) set out on pages 39 - 69 which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Southern African Development Community-Development Finance Resource Centre as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Secretariat in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Southern African Development Community-Development Finance Resource Centre. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Southern African Development Community-Development Finance Resource Centre. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The trustees are responsible for the other information. The other information comprises the Unaudited Non-Cash Donation Programme Activities Report, the Trustees Responsibility Statement and the Trustees Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Trustees for the Financial Statements

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

the financial statements, the Trustees are responsible for assessing the Secretariat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report
Continued

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Ernst & Young
Practising Member: Thomas Chitambo
Partner
Membership Number: 20030022
Certified Auditor
Gaborone

5 July 2017

2nd Floor
Plot 22, Khama Crescent
P.O.Box 41015
Gaborone
Botswana

Independent Auditor's Report

FOR THE YEAR ENDED 31 MARCH 2017

US $

	Note	2017	2016
Members' contributions	*1*	1 172 852	1 140 868
Total revenue		**1 172 852**	**1 140 868**
Other income	*2*	293 775	394 723
Finance income	*3*	382	749
Expenditure			
Staff costs	*4*	(674 030)	653 434)
Program expenses	*5*	(343 669)	(338 313)
Administration and operating costs		(459 698)	(449 852)
Finance costs	6	(68 219)	(4 523)
(Deficit)/Surplus for the year	*6.1*	(78 607)	90 218
Other comprehensive income			
Other comprehensive income/(loss) not to be transferred to surplus/(deficit) in subsequent periods:			
Revaluation gain/(loss)		3 345	(1 234)
Other comprehensive income/(loss) for the year		3 345	(1 234)
Total comprehensive (loss)/income for the year		(75 262)	88 984

Statement Of Financial Position

AT 31 MARCH 2017

US $

	Notes	2017	2016
Assets			
Non-current assets			
Property and equipment	7	923 564	941 726
Current assets			
Trade and other receivables	8	418 570	492 903
Cash and cash equivalents	9	596 542	522 915
		1 015 112	1 015 818
Total assets		1 938 676	1 957 544
Funds and liabilities			
Accumulated surplus		657 508	736 115
Revaluation surplus		4 539	1 194
		662 047	737 309
Non- Current liabilities			
Non -current portion-FNB Loan	10.1	702 702	718 149
Current liabilities			
Trade and other payables	10	519 348	446 212
Current portion- FNB Loan	10.1	54 579	55 874
Total Current Liabilities		573 927	502 086
Total funds and liabilities		1 938 676	1 957 544

Statement Of Changes In Funds

FOR THE YEAR ENDED 31 MARCH 2017

US $

	Accumulated surplus	Revaluation reserve	Total
Balance at 1 April 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
Deficit for the year	(78 607)	-	(78 607)
Revaluation gain*	-	3 345	3 345
Total comprehensive income/(loss)	(78 607)	3 345	(75 262)
Balance at 31 March 2017	657 508	4 539	662 047

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

Statement Of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2017

US $

	Notes	2017	2016
Cash utilised from operating activities	*11*	212 998	(120 969)
Interest received		382	749
		213 380	(120 220)
Investing activities			
Proceeds on disposal of property and equipment		-	1 446
Purchase of plant and equipment	7	(19 473)	(906 690)
Cash utilised in investing activities		(19 473)	(905 244)
Financing activities			
Advancement of borrowings		-	774 023
Repayments of borrowings		(44 822)	-
Interest paid		(68 219)	-
(Decrease)/ increase in cash and cash equivalents		**80 866**	**(251 441)**
Net foreign exchange difference		(7 239)	(9 981)
Cash and cash equivalents at beginning of year		522 915	784 337
Cash and cash equivalents at end of year		596 542	522 915
Cash and cash equivalents comprise:			
Bank balances - current accounts		24 895	185 182
Bank balances - call accounts		571 647	337 733
Cash and cash equivalents at the end of the year		596 542	522 915

Summary Of Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The financial statements are stated in United States Dollars (US Dollars), denoted by US$, which is also the functional currency. All values are rounded to the nearest USD ($1) except when otherwise indicated.

The financial statements are prepared on the historical cost basis, with the exception of motor vehicles which are measured at fair value.

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

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

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future are disclosed on page 50.

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.

Summary Of Significant Accounting Policies
Continued

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

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

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

Plant and equipment
Property, plant and equipment is stated at cost except for motor vehicles, less accumulated depreciation and net of accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term constructing projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the 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.

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

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

Motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Motor vehicles are revalued annually at the end of the reporting period to ensure that the fair value of a

revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.
A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The revaluation surplus included in equity in respect of motor vehicles will be transferred directly to retained earnings when the asset is derecognised. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The residual values, useful lives and methods of depreciation of property, 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 de-recognition of the asset (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

Impairment of Non-Financial Assets

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

Summary Of Significant Accounting Policies
Continued

loss was recognised.

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

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

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

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

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Secretariat;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Employee benefits
The Secretariat does not have a retirement benefit scheme of its own. Provision is made for gratuity benefit obligations to its present employees, as required under the Botswana Employment Act. Gratuity benefits are not considered to be a retirement benefit plan as the benefits are payable on completion of each individual employee contract and a provision made on a yearly basis. Employee entitlements to annual leave, bonuses and medical aid, are recognised when they accrue

to employees and an accrual is made for the estimated liability as a result of services rendered by the employee up to the reporting date. Termination benefits are recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.

Financial instruments

Financial assets

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

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and receivables

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

Trade and other receivables are included in this category.

De-recognition

A financial asset is derecognised when:
The rights to receive cash flows from the asset have expired
The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

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

Summary Of Significant Accounting Policies
Continued

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Trade and other payables are included in this category.

De-recognition

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

Offset

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

Impairment of financial assets

Financial assets carried at amortised cost

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

Summary Of Significant Accounting Policies
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 assets' carrying amount and the present value of estimated future cash flows.
The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Fair value measurement

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

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

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

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

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

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

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

Significant accounting judgements, estimates and assumptions

Summary Of Significant Accounting Policies
Continued

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:

Estimates and assumptions

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

Revaluation of property, 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 2017. Refer to Note 15 for key sources of estimation uncertainty.

Going concern assessment

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

New and amended IFRS and IFRIC interpretations

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

entity must determine a date of the transactions for each payment or receipt of advance consideration. Effective for annual periods beginning on or after 1 January 2018. The standard is applicable to the Secretariat as it enters into foreign currency transactions therefore this is expected to have a future impact on the Secretariat. The organization is still in the process of assessing the impact.

IFRS 9 Financial Instruments: Classification and Measurement

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

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised. The adoption of IFRS 9 will have an effect on the classification and measurement of the Secretariat's financial assets, but no impact on the classification and measurement of the Secretariat's financial liabilities

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Secretariat has assessed the impact of IFRS 15 and do not anticipate a significant effect on the Secretariat.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the

interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Effective for annual periods beginning on or after 1 January 2019. The Secretariat is still in the process of assessing the impact of the standard.

The following amendments will have no impact on the Secretariat on their effective date.
The amendments are effective for annual periods beginning on or after 1 January 2018.

•IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 the Secretariat does not have share based payment transactions and is not planning to do so in the future)

• IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (the Secretariat does not have insurance contracts and is not planning to do so in the future)

• Transfers of Investment Property (Amendments to IAS 40) (the Secretariat does not have investment property and there are no plans to acquire investment property in future)

(b) New and amended standards adopted by the Secretariat

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.
The adoption of the amendments to this standard does not have a significant impact on the disclosures and measurement

of disclosures in the Secretariat's financial statements. (Though not significantly) but not the measurement.

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 adoption of the amendments to this standard does not have a significant impact on the Secretariat.

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 Secretariat.

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

	2017	2016

1. Members' contributions

Contributions from Development Finance Institutions (DFI) network members	1 172 852	1 140 868

Member contributions comprise 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
Other income	76 252	-
Net gain on disposal of property and equipment	-	142
Funds donated directly to SADC-DFRC	217 523	370 796
	293 775	394 723

Future minimum lease payments for rental income are as follows;

0-1 year	-	23 785
2-5 years	-	-
>5 years	-	-
	-	23 785

*SADC DFRC was subletting office space at Fairgrounds Office Park to SADC Accreditation Services. The subletting agreement came to an end in November 2015.

3 Finance income

Interest earned from bank and short term deposits	382	749

US $	2017	2016

4. Staff costs

Salaries	523 299	507 565
Gratuity*	132 121	126 891
Other benefits	18 610	18 978
	674 030	653 434

*Gratuity are employee benefits payable on completion of each individual employee contract and an accrual is made on a yearly basis.

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

Full time	14	14

5. Program Expenses

Program expenses	343 669	338 313

During the year, there was reduced donor funding which resulted in less programme activities undertaken as per the approved budget for 2017. The Public Private Partnerships (PPP) Programme in the current year contributed to about 45% (2016: 57%) of the total programme costs.

6. Finance Cost

Interest Expense	68 219	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 (loss) for the year

Surplus (loss) for the year is stated after taking into account of the following;

Audit fees – current	9 700	9 600
Board costs	26 824	48 803
Depreciation	40 979	19 340
Exchange loss	31 194	41 033
Staff costs (note 4)	674 030	653 434
Office rent	-	86 412

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

	Buildings	Buildings Improvements	Motor vehicles	Computer equipment	Office equipment	Furniture & fittings	Total
Cost or valuation							
At 1 April 2016	761 425	104 824	30 540	76 763	31 436	115 151	1 120 139
Additions	-	6 583	-	12 890		-	19 473
Disposals	-	-	-	-	-	-	-
Revaluation adjustments*	-	-	(5 121)	-	-	-	(5 121)
Revaluation	-	-	3 344	-	-	-	3 344
At 31 March 2017	**761 425**	**111 407**	**28 763**	**89 653**	**31 436**	**115 151**	**1 137 835**
Depreciation							
At 1 April 2016	5 076	832	5 121	50 863	27 032	89 489	178 413
Depreciation charge for the year	15 229	5 383	3 768	12 143	2006	2 450	40 979
Revaluation adjustments*	-	-	(5 121)	-	-	-	(5 121)
Disposals	-	-	-	-	-	-	-
At 31 March 2017	**20 305**	**6 215**	**3 768**	**63 006**	**29 038**	**91 939**	**214 271**
Net book value							
At 31 March 2017	**741 120**	**105 192**	**24 995**	**26 647**	**2 398**	**23 212**	**923 564**

* The revaluation adjustments relate 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.

US $

7. Property & 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.

Additional Information

If the motor vehicles were measured using the cost model, the carrying amount as at 31 March 2017 would be $ 21 173

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

	2017	2016
8. Trade and other receivables		
Recoverable program expenditure net of allowance for uncollectible amounts (Note 8.1)	-	198 060
Other receivables (Note 8.2)	136 556	139 505
Member contributions net of allowance for uncollectible amounts (Note 8.3)	282 014	155 338
	418 570	492 903

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	20 279	198 060
Provision for bad debts	(20 279)	-
	-	198 060

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

Balance at beginning of year	-	15 096
Amounts written off during the year	-	(15 096)
Provision for impairment	20 279	-
Balance at end of year	20 279	-

8.2. Other receivables

Other receivables comprise of the following:

Prepayments and deposits	9 818	9755
Staff advances	-	103
Recoverable VAT	120 432	125 040
Other	6 306	4 607
	136 556	139 505

US $

	2017	2016

8.3. Member contributions

Member contributions are non-interest bearing and are generally on 30-90 days' terms.

Member contributions due	446 799	302 057
Provision for bad debts	(164 785)	(146 719)
	282 014	155 338

Contributions amounting to US $ 164 785 (2015: US $ 146 719) are past due and impaired.
There are no member contributions which are past due and not impaired.

Other receivables have no contractual repayment period

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

Balance at beginning of year	146 719	86 236
Provision for impairment	18 066	60 483
Balance at end of year	164 785	146 719

9. Cash and cash equivalents

Cash at banks and on hand	24 895	185 182
Short-term deposits	571 647	337 733
	596 542	522 915

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

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

10. Trade and other payables

Trade payables	102 295	113 774
Amounts due to DFIs	23 055	17 655
Other payables	393 998	314 783
	519 348	446 212

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

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

	2017	2016
10.1. Long Term Liabilities		
Non- current portion-FNB Loan	702 702	718 149
Current Portion	54 579	55 874
	757 281	774 023

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

11. Cash generated from operating activities

Operating activities		
(Deficit)/surplus for the year	(78 607)	90 218
Interest received	(382)	(749)
Interest paid	68 219	-
Non - cash adjustments:		
Depreciation	40 979	19 340
(Gain) on disposal of property and equipment	-	(142)
Unrealised foreign exchange losses	35 319	9 981
Working capital adjustments:		
Decrease/ (increase) in receivables	74 333	(283 878)
Increase in payables	73 137	44 261
	212 998	(120 969)

12. Related party disclosures

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

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

Member contributions from DFIs (Note 1)	1 172 852	1 140 868
Rental income received from SADC - Accreditation Services (Note 2)	-	23 785
Board members allowances and travel fares (Note 6.1)	26 824	48 803
Amounts due from DFIs (Note 8.3)	446 799	302 057

US $

12 . Related parties (continued)

	2017	2016
Amounts due to DFIs (Note 10)	(23 055)	(17 655)

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	504 804	493 260
Gratuity	126 201	123 315
	631 005	616 575

US $

13. Commitments and contingencies

	2017	2016
Capital expenditure commitments	-	-

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

Contingent liabilities

SADC-DFRC had no contingent liabilities as at 31 March 2017 (2016 - Nil).

14. Financial risk management objectives and policies

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

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

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

14. Financial risk management objectives and policies (continued)

Interest rate risk

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

Foreign currency risk

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

The amounts below are in US Dollars (US$)

	Euro	Botswana pula
2017		
Cash and cash equivalents	159 166	87 730
Trade and other receivables	-	136 557
Long Term Loan- FNB Loan	-	(757 281)
Trade and other payables	-	(8 627)
Net exposure	159 166	(541 621)
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)

Fair value of financial instruments

The fair value of all financial instruments approximates their carrying amounts reflected in the statement of financial position. The table on the next page summarises the information.

US $

14. Financial risk management objectives and policies (continued)

Classification of financial instruments

	Loans & receivables	Financial Liabilities at amortised cost	Total
2017			
Trade and other receivables	288 319		288 319
Cash and Bank	596 542		596 542
Liabilities	-	(1 261 252)	(1 261 252)
Total	**884 861**	**(1 261 252)**	**(376 391)**
2016			
Trade and other receivables	358 108		358 108
Cash and Bank	522 915		522 915
Liabilities	-	(1 158 848)	(1 158 848)
Total	**881 023**	**(1 158 848)**	**277 825)**

Financial instruments designated at fair value through profit or loss

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

Financial assets pledged as collateral

The Secretariat has not pledged any financial assets as collateral.

Financial assets received as collateral

The Secretariat has not received any financial assets as collateral

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

14. Financial risk management objectives and policies (continued)

Net gains and losses by financial instrument category

2017

	Loans and Receivables (Financial Liabilities) at amortised cost	Total
Interest income	382	382
Interest expense	(68 219)	(68 219)
Net interest expense	(67 837)	(67 837)

2016

	Loans and receivables (Financial Liabilities) at amortised cost	Total
Interest income	749	749
Interest expense	(4 523)	(4 523)
Net interest expense	(3 774)	(3 774)

Liquidity risk

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

2017	On demand	Due not later than one month	Due not later than one year	Due after more than one year	Total
Financial liabilities					
Long term Liabilities	-	-	124 301	1 012 554	1 136 855
Trade and other payables	-	505 955	-	-	505 955
Amounts due to the DFIs	-	16 400	-	-	16 400
Total	-	522 355	124 301	1 012 554	1 659 210
2016					
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	55 874	718 149	1 158 848

US $

14. Financial risk management objectives and policies (continued)

Liquidity Risk (Continued)

Sensitivity analysis

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

2017

Interest rate risk		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Change in interest rate	+1%	5 965	5 965
	-1%	(5 965)	(5 965)

2016

Interest rate risk

Change in interest rate	+1%	5 229	5 229
	-1%	(5 229)	(5 229)

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

US $

14. Financial risk management objectives and policies (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a loss. The Secretariat is exposed to credit risk from its operating activities primarily (trade and other receivables) and from its financing activities, including deposits with banks and financial institutions.

An impairment analysis is performed at the end of each reporting year on an individual basis on all the balances due from DFIs. The calculation is based on actual incurred historical data. Some of the factors considered in determining that members contributions are impaired are the non-payment of balances during the agreed payment period and terms, the financial health of the DFI as well as the economic conditions currently prevailing in the DFI's primary operating economy.

The Secretariat's maximum exposure to credit risk for the components of the statement of financial position as at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in Note 8.

Significant concentrations of credit risk
Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect entities of counterparties whose aggregate credit exposure is significant in relation to the Secretariat's total credit exposure. At year end, significant concentration of credit risk was on the following trade and other receivables:

	2017	2016
SMEDCO Zimbabwe	46 170	34 820
DBSA	100 500	-
IDC Zimbabwe	-	47 000
CEDA	18 535	-
Banco De Poupance De Credito	98 479	-
DBM Mauritius	62 673	41 552
Banco National De Investimento	12 544	-
Sofide Dr Congo	21 375	10 603
BEDCO	16 775	-
NDC Tanzania	25 701	12 744
	402 752	**146 719**

US $

Foreign currency risk

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

2017 Foreign currency risk		Increase/ (decrease) in surplus for the year	Increase/ (decrease) in accumulated fund
Botswana Pula			
Change in exchange rate	+10%	54 162	54 162
	-10%	(54 162)	(54 162)
Euros			
Change in exchange rate	+10%	(15 916)	(15 916)
	-10%	15 916	15 916

2016 **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)

Notes To The Financial Statements

(FOR THE YEAR ENDED 31 MARCH 2017)

15. Fair Value Measurement

2017

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

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

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

2016

The following table provides the fair value measurement hierarchy of the Secretariat's 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.

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

	US $
1 April 2016	1 194
Total gains and losses recognised in OCI	3 345
As at 31 March 2017	**4 539**

	Valuation technique	Significant unobservable inputs	Detailed Information	Range (weighted average)	Sensitivity Analysis
Motor vehicles	Use of motor guides and evidence from an independent engineer	The model of the vehicle	Fortuner 3/0D 4x2S/Wagon	N/A	N/A
	Use of motor guides and evidence from an independent engineer	Age of the vehicle	3 years	N/A	N/A
	Use of motor guides and evidence from an independent engineer	Mileage of the vehicle	29 679 kms	31- 46 % increase in the mileage would result in a 2%-20% decrease in the Fair value of the Vehicle (average decrease of 11%)	A 11% decrease would result in the fair value of the vehicle decreasing by $2 749
	Use of motor guides and evidence from an independent engineer	Previous accidents a vehicle has been involved in	NIL	N/A	N/A

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

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

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

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

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

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

16. SIGNIFICANT EVENTS AFTER REPORTING DATE

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

Appendix 1- Supplementary Information

Non Cash Donation Programme Activities

(FOR THE YEAR ENDED 31 MARCH 2017)

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

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

Appendix 1- Supplementary Information

Non Cash Donation Programme Activities

(FOR THE YEAR ENDED 31 MARCH 2016)

NO	PROGRAMMES	COOPERATING PARTNER/ SPONSOR	VENUE	ACTIVITY DATES	ATTENDANCE
	DFRC REGIONAL TRAINING PROGRAMMES			APR - MAR	Overall
1	Project Finance - 2015	Participating DFIs	South Africa	Apr 2015	30
2	Financial Modelling - 2015	Participating DFIs	Botswana	May 2015	30
3	10th CEOs' Forum - 2015	Participating DFIs	Mozambique	June 2015	74
4	Finance for Non Finance Managers - 2015	Participating DFIs	Namibia	July 2015	15
5	Leadership and Management Development Programme - 2015	Participating DFIs	Namibia	Jul 2015	29
6	Project Appraisal for SMEs and Enterprise Development - 2015	Participating DFIs	Lesotho	Aug 2015	34
7	Investment Appraisal and Risk Analysis for BITC - 2015	Participating DFIs	Botswana	Aug 2015	17
8	Investment Appraisal and Risk Analysis - 2015	Participating DFIs	Zimbabwe	Sep 2015	15
9	Debt Management, Workouts and Restructuring - 2015	Participating DFIs	Zimbabwe	Sep 2015	23
10	Resource Mobilisation	Participating DFIs	South Africa	Oct 2015	12
11	Project value chain - 2015	Participating DFIs	Japan	Nov 2015	15
12	Prudential Standards, Guidelines and Rating Systems (PSGRS) - 2016	Participating DFIs	South Africa	Nov 2015	21
13	Corporate Governance for Director Skills Development - 2015	Participating DFIs	Swaziland	Nov 2015	21
14	Risk Management - 2015	Participating DFIs	Angola	Dec 2015	32
15	11th CEOs' Forum	Participating DFIs	Angola	Dec 2015	67
16	Project Management - 2016	Participating DFIs	Tanzania	Feb 2016	34
17	Customer Relations Skills and Management - 2016	Participating DFIs	Lesotho	March 2016	32
18	Capacity Building Review - 2016	Participating DFIs	Lesotho	March 2016	9
19	Performance Management/Balanced Score Card - 2016	Participating DFIs	Lesotho	March 2016	17
	Total				
	GrandTotal				527

The information set out and pages 70 to 71 is not covered by the audit opinion on page no. 36-38

SADC-DFI Network Members

ANGOLA
Banco de Poupanca e Credito
Banco de Desenvolvimento de Angola
Banco Sol

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

DEMOCRATIC REPUBLIC OF CONGO
Societe Financiere De Development

LESOTHO
Basotho Enterprises Development Corporation
Lesotho National Development Corporation

MADAGASCAR

MALAWI
Export Development Fund

MAURITIUS
Development Bank of Mauritius

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

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

SEYCHELLES
Development Bank of Seychelles

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

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

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

ZAMBIA
Development Bank of Zambia

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

southern african
development community
development finance
resource centre

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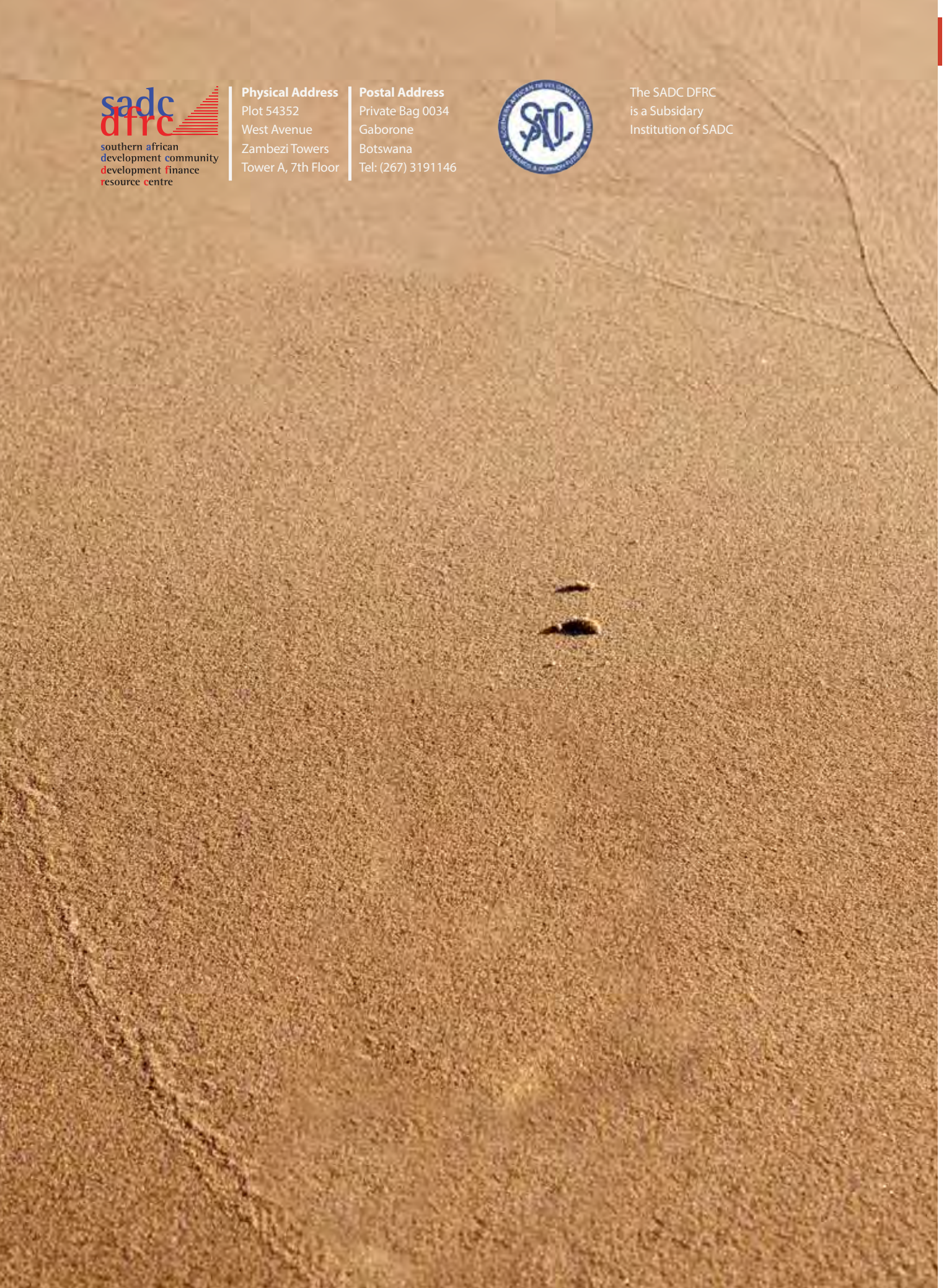
The SADC DFRC
is a Subsidary
Institution of SADC