REPORT OF THE EXECUTIVE COMMITTEE TO THE 59TH PLENARY ASSEMBLY ON FINANCIAL MATTERS

TREASURER'S PRESENTATION

Ezulwini, Kingdom of Eswatini, November 2026

Honourable Mr President,

Honourable Members of the Executive Committee,

Honourable Speakers, Leaders of Delegations and Honourable Members of Parliament,

Distinguished Delegates,

Ladies and Gentlemen,

It is my distinct honour and privilege to present, on behalf of the Executive Committee, the Report on Financial Matters to the 59th Plenary Assembly.

1. INTRODUCTION

The Report of the Executive Committee on Financial Matters provides an overview of the financial position, performance and accountability of the SADC Parliamentary Forum. It covers the audited financial statements for the 2024/2025 financial year, management accounts for the 2025/2026 financial year and the first half of 2026/2027, financial

reports on donor-funded projects, and the proposed budget for the 2027/2028 financial year.

The report is presented at a particularly important juncture in the institution's development, as the Forum prepares for its transition into a SADC Regional Parliament. This transformation will require appropriate institutional realignment, strengthened administrative capacity and, more importantly, sustainable financial arrangements commensurate with the expanded parliamentary mandate.

The report comprises five papers. Papers 1 to 4 are submitted for noting, while Paper 5, containing the proposed budget for 2027/2028, is submitted for consideration and approval.

2. OVERVIEW OF THE FIVE PAPERS

Paper 1: Audited Financial Statements for the Financial Year Ended 31 March 2025

The Audited Financial Statements were considered and approved by the Executive Committee at its meeting held on 24 October 2026 in Johannesburg, South Africa. These provide an account of the institution's financial position and performance and form part of its financial accountability and reporting obligations. Paper 1, together with the statements attached as Appendix 1, is hereby submitted **for noting.**

Paper 2: Management Accounts for the Financial Year Ended 31 March 2026

These accounts provide an overview of the institution's financial performance and utilisation of resources during the 2025/2026 financial year. The paper is submitted **for noting**.

Paper 3: Management Accounts for the Period 1 April to 30 September 2026

The accounts provide an update on the institution's financial performance, expenditure and management of resources during the first six months of the current financial year, which is 2026/2027. The paper is submitted **for noting.**

Paper 4: Financial Report on Donor-Funded Projects

This paper accounts for the financial performance of the SRHR, HIV and AIDS Governance Project, funded by Sweden, and the ADA/GIZ Project, funded by the Austrian Development Agency. It demonstrates the institution's accountability and transparency in the management of resources received from cooperating partners. The paper is submitted **for noting**.

Paper 5: Budget Proposal for the Financial Year 2027/2028

This is the substantive financial proposal submitted for consideration and approval. The proposed budget seeks to provide the institution with

the financial and operational capacity required to discharge its mandate while preparing for the transition into a SADC Regional Parliament.

Honourable Mr President, permit me to focus on the proposed budget and its implications for the institution's financial sustainability.

3. BUDGET SUMMARY AND FINANCIAL OUTLOOK

The principal figures in the proposed 2027/2028 budget are summarised below. All amounts are expressed in Namibian Dollars.

Budget measure	Amount
Annual mandatory Member State contributions	**N$31.72 million**
Staff emoluments (71.5% of Member contributions)	**N$22.67 million**
Estimated interest income and administrative fees	**N$1.12 million**
Allocation from accumulated reserves for once-off and transition costs	**N$4.50 million**
Donor income and corresponding restricted expenditure	**N$35.01 million**
Total revenue, including donor funds and reserves	**N$72.35 million**
Total expenditure, including donor-funded activities	**N$72.14 million**
Expenditure excluding donor-funded activities	**N$37.13 million**

Indicative recurring expenditure, excluding once-off reserve-funded costs	**N$32.63 million**
Projected budget surplus	**N$209,547**

Honourable Members,

The proposed budget is primarily anchored on annual mandatory Member Parliament contributions of approximately N$31.72 million. Staff emoluments are projected at N$22.67 million, representing 71.5% of these contributions. This leaves approximately N$9.05 million to meet all other institutional obligations, including administration, statutory meetings, programmes and operational costs.

It is also important to distinguish between the headline budget figures and the actual funding requirements of the Forum.

The total expenditure of N$72.14 million includes approximately N$35.01 million in restricted donor-funded expenditure, matched by corresponding donor income. These funds are earmarked for specific projects and cannot be redirected towards core institutional obligations.

Excluding donor-funded activities, expenditure amounts to N$37.13 million. Of this, N$4.5 million is intended to be financed from accumulated reserves for once-off and transition-related expenditure, leaving underlying recurring expenditure of approximately N$32.63 million.

Mandatory contributions, together with projected interest income and administrative fees, provide approximately N$32.84 million. This leaves a projected surplus of only N$209,547, representing approximately 0.6%

of non-donor expenditure. The contingency provision is also limited to N$60,000.

The minimal surplus means that the institution therefore has very little financial headroom to accommodate unforeseen expenditure or increases in operational costs.

4. FINANCIAL SUSTAINABILITY AND KEY RISKS

Honourable Mr President, Honourable Members,

The proposed budget highlights several financial sustainability issues which warrant the attention of the Plenary Assembly, particularly in view of the transition to a SADC Regional Parliament.

4.1 Level of Mandatory Member Contributions

Member contributions have not consistently kept pace with the institution's increasing operational costs.

The contribution per ordinary Member Parliament increased after five years from N$1.4 million in 2015/2016 to N$1.5 million in 2020/2021, after which it remained unchanged for another five years, through to 2025/2026.

In 2026/2027, the contribution increased by 50% to N$2.25 million per ordinary Member Parliament. The proposed contribution for 2027/2028 remains unchanged at this level, bringing total mandatory contributions to approximately N$31.72 million.

While the recent increase is significant and appreciated, the prolonged periods of frozen contributions have not adequately addressed the cumulative increases in institutional costs.

Members may therefore wish to consider a more predictable and regular mechanism for reviewing contributions, rather than relying on substantial adjustments after extended periods without increases.

4.2 Increasing Core Operational Expenditure

The reduction in donor funding means that the Forum will increasingly have to finance costs previously supported by external funding, including Standing Committee meetings.

Furthermore, certain transition-related costs currently financed from accumulated reserves will eventually become recurring institutional obligations. These may include staffing, systems maintenance and operational support.

As reserves are finite, the institution must plan for the eventual incorporation of these costs into its recurring budget and identify sustainable sources of financing.

4.3 Dependence on Non-Contribution Income

The budget relies on approximately N$1.12 million in interest income and administrative fees. However, investment interest depends on the timing of Member contribution payments and available cash balances, while administrative fees depend on project activity.

These income streams are therefore less predictable than mandatory contributions and should not be regarded as guaranteed sources of revenue.

4.4 Donor Funding: Important but Restricted

Projected donor income of approximately N$35.01 million is equivalent to about 110% of Member contributions. However, this funding is restricted to specific projects and matched by corresponding expenditure. It may not be redirected to finance salaries or core statutory obligations, unless the Agreement with the funding partner allows.

Donor-funded positions and programmes should consequently not be treated as permanent sources of core institutional funding unless commitments are formally renewed and confirmed. Members may also wish to note the shrinking donor funding environment and changing priorities of development partners.

As the institution transitions into a Regional Parliament, strengthening Member contributions as the principal source of core funding will become increasingly important.

4.5 Transition Costs and Emerging Institutional Obligations

The transition into a SADC Regional Parliament will require enhanced capacity in legal and policy development, parliamentary research, legislative services, advocacy and administration.

The proposed N$4.5 million allocation from accumulated reserves in 2027/2028 covers identified once-off costs, including recruitment, relocation, systems development and capital purchases.

It is, however, important to distinguish these once-off costs from the recurring obligations that will arise from maintaining the new institutional structure and expanded parliamentary functions.

Such obligations may need to be incorporated into future budgets and supported by sustainable revenue arrangements.

4.6 Staff Emoluments and the Proposed Aligned Structure

The proposed 6% increase in staff emoluments arises from annual salary-scale adjustments, comprising a CPI-related adjustment and a 2% notch increase, together with the financial implications of the proposed aligned organisational structure.

The budget also assumes that a number of new positions will be filled through full-cost secondments from Member Parliaments, with a minimal top-up Cost-of-Living Allowance, funds permitting, while partner sponsorship is anticipated for certain other positions. It excludes project positions expected to be funded by Sweden at approximately N$7 million for one year.

These assumptions are important to the affordability of the proposed structure. Should the anticipated secondments or partner-funded positions not materialise, the Forum may face additional salary obligations to be met from its own resources.

It is therefore important that recruitment and implementation of the proposed structure remain aligned with confirmed funding arrangements.

4.7 Limited Operating Cushion

The projected surplus of N$209,547 and contingency provision of N$60,000 provide very limited protection against inflation, exchange-rate movements, recruitment delays and other unexpected cost overruns.

This underscores the importance of prudent expenditure management, effective budget monitoring and careful consideration of new financial commitments.

4.8 Cost-Sharing Arrangements with Member Parliaments

Honourable Mr President, Honourable Members,

An important feature of the proposed operational model is the sharing of certain costs with Member Parliaments.

The proposal requires Member Parliaments to meet the full participation costs of their representatives at Plenary Assemblies, as has traditionally been the practice, as well as to extend this arrangement to Standing Committee meetings.

To minimise additional travel costs, Standing Committee meetings are proposed to be scheduled back-to-back with Plenary Assemblies. Host Parliaments will also be expected to provide venues and related services for both meetings.

Members will note that the Pan-African Parliament and the Inter-Parliamentary Union utilise similar arrangements. Furthermore, this model was applied by the Forum for many years before the adoption of the Operating Like a Parliament model.

The arrangement is intended to contain expenditure at the Secretariat level while reinforcing the collective responsibility of Member Parliaments, with additional financial implications, for the effective functioning of the institution.

5. INDICATIVE TWO-YEAR FINANCIAL PROJECTION: 2028/2029 AND 2029/2030

Honourable Mr President, Honourable Members,

To provide a forward-looking appreciation of the institution's financial position, an indicative projection has been prepared for the 2028/2029 and 2029/2030 financial years.

The projection is based on the recurring 2027/2028 expenditure level of N$32.63 million and assumes that Member contributions remain at N$31.72 million, while interest income and administrative fees remain at N$1.12 million.

Staff emoluments are assumed to increase by 6% annually, while other recurring expenditure is assumed to increase by 5%.

The projection further assumes no allocation from reserves, no additional donor-funded core support and no increase in Member contributions.

The illustrative results are as shown in the table below:

Illustrative scenario	2028/2029 cost	Projected deficit	2029/2030 cost	Projected deficit

Emoluments+6%; other costs +5%	**N$34.491m**	**N$1.649m**	**N$36.456m**	**N$3.614m**

The projections indicate that, should contributions and other recurring income remain unchanged, even moderate increases in operating costs could move the institution from a marginal surplus in 2027/2028 to a recurring deficit in 2028/2029.

The deficit could increase to between N$1.65 million in 2028/2029 and N$3.6 million by 2029/2030.

This is an illustrative scenario rather than a definitive prediction. Nevertheless, it demonstrates the financial exposure that could arise if expenditure continues to grow without corresponding adjustments to the revenue base.

The projections therefore reinforce the need to address the sustainability of the institution's funding model before these potential deficits materialise.

6. AREAS REQUIRING ATTENTION AND FORWARD PLANNING

In light of the foregoing, the Executive Committee wishes to draw the attention of the Plenary Assembly to the following areas requiring consideration:

6.1 Adopt a Contribution Adjustment Framework

The institution should consider an annual or biennial review of Member contributions, linked to an agreed inflation and institutional cost index, with a defined process for exceptional adjustments.

This would avoid prolonged periods of frozen contributions followed by substantial catch-up increases and provide greater predictability in institutional financial planning.

The current funding model is unlikely to sustain the same level of operations comfortably over the next two financial years without expenditure containment, confirmed secondments and partner support, additional recurring income or an adjustment to Member contributions.

6.2 Maintain Sustainable Controls over Staff Emoluments

Staff emoluments should continue to be monitored as a proportion of mandatory Member contributions and recurring non-donor expenditure.

Before filling vacancies, the institution should identify the funding source and establish the full employment cost of each position.

Secondments should only be recognised as in-kind support from Member Parliaments where the terms and full-cost arrangements have been formally confirmed in writing.

6.3 Strategically Utilise Accumulated Reserves

As a non-profit organisation, the SADC Parliamentary Forum does not distribute accumulated surpluses to Members as dividends. Rather, annual surpluses are retained as accumulated earnings and may be utilised in years when expenditure exceeds available revenue.

The proposed N$4.5 million drawdown from reserves is specifically intended to finance once-off expenditure in 2027/2028. Following this allocation, the closing reserves balance is projected at approximately N$4.0 million.

While this provides additional bridging finance, it is projected to offer capacity to cater for the financial year 2028/2029 only.

The institution should therefore utilise its reserves prudently to cushion the transition period while simultaneously addressing the longer-term sustainability of its funding model. Beyond this period, a review of Member contributions will be necessary to ensure adequate recurring income.

6.4 Maintain the Member Cost-Sharing Model

The cost-sharing model remains an important component of the institution's operational and financial framework.

It encompasses Member Parliaments hosting Plenary Assemblies and Standing Committee meetings on a rotational basis, meeting the participation costs of their representatives and supporting the secondment policy through the provision of suitably qualified personnel.

These arrangements reduce the financial burden on the central Secretariat and reinforce the collective responsibility of Member Parliaments for the effective functioning of the institution.

As the Forum transitions into a SADC Regional Parliament, such arrangements should be maintained transparently, with clear responsibilities and appropriate coordination.

7. UPDATE ON MANDATORY MEMBER CONTIRBUTIONS

Mr President, Honourable Members,

Before I conclude, please allow me to present an update on Mandatory Member Contributions. I have included in this presentation paper, a schedule showing the status as at 12th November 2026.

I am pleased to advise that there is no Parliament that has arrears for previous financial years.

However, five Parliaments have yet to pay their contributions for the current financial year. It is hoped that payments will be received before 31st March 2026. You may refer to the schedule on the last page of this presentation for details.

8. CONCLUSION

Honourable Mr President, Honourable Members,

The proposed 2027/2028 budget is particularly significant as it seeks to prepare the institution for its transition into a SADC Regional Parliament while maintaining financial discipline and operational continuity.

The proposed realignment of the Secretariat, investment in institutional capacity, utilisation of secondments and continued emphasis on Member contributions and cost-sharing arrangements are intended to support this important institutional transformation.

The institution nevertheless faces significant financial pressures arising from inflation, currency depreciation, increased travel and operational costs, declining donor funding and the expanded responsibilities associated with the anticipated parliamentary mandate.

The proposed budget accordingly places greater emphasis on strengthening Member contributions as the foundation for financing core institutional operations, while external funding is directed towards programmes and complementary activities.

However, the current contribution level does not provide a comfortable financial cushion beyond the financial year 2028/2029 if recurring costs continue to rise without corresponding increases in income.

The indicative projections demonstrate the potential funding gap that could emerge under such circumstances. It is therefore imperative that the Plenary Assembly begins considering a review of Member contributions, with a view to implementing any necessary adjustments by 2029 at the latest.

Honourable Members, the transition into a SADC Regional Parliament must be accompanied by a corresponding commitment to its financial sustainability. The successful discharge of the expanded parliamentary mandate will depend not only on appropriate institutional structures and systems, but also on the collective commitment of Member Parliaments to provide the resources necessary to sustain the regional parliamentary institution.

The responsibility for securing this institutional future is a shared one.

9. DECISIONS FOR CONSIDERATION BY THE PLENARY ASSEMBLY

In view of the foregoing, the Plenary Assembly is invited to:

1. **NOTE Papers 1 to 4 of the Report of the Executive Committee on Financial Matters;**

2. **CONSIDER AND APPROVE the proposed budget for the 2027/2028 financial year under Paper 5; and**

3. **TAKE NOTE OF, AND APPRECIATE, the external donor funding reflected in the proposed budget.**

Honourable Mr President, I beg to move.

STATUS OF MEMBER CONTRIBUTIONS AS AT 12TH NOVEMBER 2026

PARLIAMENT	BALANCE B/F 01-Apr-26	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 12-Nov-26	DATE RECEIVED
Angola	1,501,500	2,252,250	3,753,750	-	10/08/2026
Botswana	-	2,252,250	2,252,250	-	22/05/2026
DRC	327,877	2,252,250		2,580,127	
Eswatini	-	2,252,250	2,252,250	-	11/11/2026
Lesotho	-	2,252,250	2,252,250	-	08/07/2026
Madagascar	1,501,500	2,252,250	1,501,500	2,252,250	12/06/2026
Malawi	1,501,500	2,252,250	1,501,500	2,252,250	22/05/2026
Mauritius	-	2,252,250	2,252,250	-	22/06/2026
Mozambique	-	2,252,250	2,252,250	-	12/06/2026
Namibia	-	2,252,250		2,252,250	
Seychelles	(190,575)	190,575		-	PRE-PAID
South Africa	-	2,252,250	2,252,250	-	17/05/2026
Tanzania	1,501,500	2,252,250	2,251,725	1,502,025	31/05/2026
Zambia	-	2,252,250	2,252,250	-	02/07/2026
Zimbabwe	-	2,252,250	2,252,250	-	02/04/2026
TOTAL	**6,143,302**	**31,722,075**	**27,026,475**	**10,838,902**	