



**54TH PLENARY ASSEMBLY SESSION
22ND TO 26TH NOVEMBER 2023
PORT LOUIS, MAURITIUS**

**EXECUTIVE COMMITTEE REPORT ON FINANCIAL MATTERS
(TREASURER'S REPORT)**

PAPER 1

**MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2023 TO 30TH
SEPTEMBER 2023**

The Management Accounts for the period 1st April 2023 to 30th September 2023 consist of the following:

- 1.0. Annual Mandatory Member contributions as at 30th September 2023 (with update as at 31st October 2023)
- 2.0. Budget Performance Report as at 30th September 2023
 - 2.1. Context to the 2023/2024 Budget as approved by the 52ND Plenary Assembly
 - 2.2. Update on Impact of Policy to Optimise Technology for the Implementation of Activities
 - 2.3. Budget Variance Report as at 30th September 2023 (Income)
 - 2.4. Budget Variance Report as at 30th September 2023 (Expenditure)
- 3.0. Financial Reports for Donor-funded Programmes/Projects
 - 3.1. SIDA: Sexual Reproductive Health & Rights (SRHR) Project

1.0. ANNUAL MANDATORY MEMBER CONTRIBUTIONS AS AT 30th SEPTEMBER 2023

1.1. Background to Annual Mandatory Contributions

- (i) The current annual mandatory contributions from 15 Member Parliaments, stand at N\$1,501,500 per annum, per Parliament. Seychelles contribution is N\$127,050 per annum.
- (ii) The total revenue to be collected from Mandatory Contributions for the financial year 1st April 2023 to 31st March 2024 is therefore N\$21,148,050.

1.2. Status of Member Contributions as at 30th September 2023

	PARLIAMENT	BALANCE B/F 01-Apr-23	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 30-Sep-23	REMARKS
1	Angola	-	1,501,500	-	1,501,500	
2	Botswana	-	1,501,500	1,501,500	-	PAID
3	DRC	1,501,500	1,501,500	-	3,003,000	
4	Eswatini	-	1,501,500	1,501,500	-	PAID
5	Lesotho	-	1,501,500	-	1,501,500	
6	Madagascar	1,501,500	1,501,500	-	3,003,000	
7	Malawi	1,501,500	1,501,500	1,501,500	1,501,500	
8	Mauritius	-	1,501,500	1,501,500	-	PAID
9	Mozambique	-	1,501,500	-	1,501,500	
10	Namibia	(1,501,500)	1,501,500	-	-	PAID
11	Seychelles	-	127,050	-	127,050	
12	South Africa	-	1,501,500	1,501,500	-	PAID
13	Tanzania	1,501,500	1,501,500	3,003,000	-	PAID
14	Zambia	(1,501,500)	1,501,500	-	-	PAID
15	Zimbabwe	-	1,501,500	1,501,500	-	PAID
	TOTAL	3,003,000	21,148,050	12,012,000	12,139,050	

1.2.1. Schedule 1: Status as at 30th September 2023

1.2.2. As at 30th September 2023, eight Parliaments had paid their contributions for the current financial year in full and have no outstanding balances. These are Botswana, Eswatini, Mauritius, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

1.2.3. Seven countries have outstanding balances for the current financial year, namely Angola, DRC, Lesotho, Madagascar, Malawi, Mozambique and Seychelles.

1.2.4. DRC and Madagascar are still owing for the financial year ended 31st March 2023.

1.2.5. Update as at 31st October 2023

There were no further payments after 30th September 2023. The position as at 31st October 2023 is the same as at 30th September 2023.

1.2.6. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- a) **The Plenary Assembly is requested to consider and take note of the status of Annual Mandatory Contributions as at 31st October 2023, and to appreciate the commitment of Member Parliaments in ensuring that contributions are paid.**
- b) **The Plenary Assembly is requested to encourage those Parliaments with outstanding balances to settle the same as a matter of priority.**

2.0. BUDGET PERFORMANCE REPORT AS AT 30TH SEPTEMBER 2023

2.1. Context to the 2023/2024 Budget as approved by the 52ND Plenary Assembly

2.1.1. Emphasis on Internally Generated Financial Resources

2.1.1.1. The current global trends have warranted a rethinking of the way the Forum structures its budget so that it has progressively become less reliant on donor funding for its core operations. For the year 2023/2024, the budget is based on internally generated resources, specifically the Mandatory Annual Contributions, interest earned from investments, and retained earnings.

2.1.2. Mode of Operations/Implementation of Activities

2.1.2.1. The budget for the 2023/2024 Financial Year ensures that the business of the Forum is conducted within the funds raised from Annual Mandatory Contributions and Retained Earnings, with minimal in-kind contribution on the part of Member Parliaments.

2.1.2.2. In view of the limited financial resources, the 52nd Plenary Assembly approved that, in this financial year, some of the statutory meetings of the institution be held physically while others be held virtually as follows:

- i. Both the 53rd and 54th Plenary Assemblies to be held physically.
- ii. Two Executive Committee meetings to be held physically with any additional EXCO meetings to be held virtually. The budget provides for 2 physical and two virtual meetings.
- iii. All the EXCO Sub-Committee meetings will take place virtually (FSC, HR & PCD, Legal, & Parliamentary Business). The budget provides for 2 virtual meetings for each Sub-Committee.
- iv. Standing Committee, RPMLOC, and RWPC meetings are all to be held virtually, unless external funding is available for physical meetings. In this regard, the Plenary Assembly noted that some Standing Committees may hold physical meetings while others would only be able to hold virtual meetings. The budget provides for 2 virtual meetings each for the five Standing Committees, the RPMLOC and the RWPC.
- v. For all physical meetings, a provision would be made to facilitate participation through a virtual platform (hybrid system).
- vi. Member Parliaments' in-kind Contribution
As per SADC PF established policy, the costs of participation of the membership in the physical meetings shall be borne by their Member Parliaments unless external funding is made available.

2.1.3. Cost Drivers

- 2.1.3.1. Costs of goods and services continue to rise due to inflation and depreciation of the South African Rand/Namibian Dollar against major currencies such as the British Pound and US Dollar. Unfortunately, inflation and depreciation of currencies extends to almost all the countries in Southern Africa and impacts on the costs of the institution's activities, most of which are held across the member countries pursuant to the policy of the SADC PF. It is worth noting that the average CPI for Namibia for the twelve months from August 2022 to July 2023 is 6.58%.
- 2.1.3.2. The cost of goods and services has also been impacted by various other developments affecting demand and supply, such as the global economic and political environment.

2.1.4. Risk to the Going Concern:

- 2.1.4.1. The budget for 2023/2024 has a minimal projected surplus of only N\$125,162. This, despite funds amounting to N\$7,000,000 having been allocated from retained earnings to meet the cost of operations. This means that savings that arose from previous years'

budgets during the COVID 19 pandemic period, where Plenary Assemblies and other statutory meetings were held virtually, will soon be depleted and the operations of the institution, at the current level of funding, will not be sustainable going forward.

- 2.1.4.2. It is therefore imperative that the Membership considers the financial position of the institution, and the risk on the going concern of the organisation, in view of the resolution not to increase Member Contributions vis-à-vis the ever-increasing costs due to inflation, depreciation of the local currency, rising interest rates and absence of donor funding.

2.2. UPDATE ON IMPACT OF POLICY TO OPTIMISE TECHNOLOGY FOR THE IMPLEMENTATION OF ACTIVITIES

- 2.2.1. Virtual Meetings: The institution continues to implement a mix of physical and virtual meetings, which has greatly reduced operational costs. This includes facilitating the engagement of resource persons and interpreters to provide services virtually even where meetings are physical.
- 2.2.2. Paperless Environment: The Committee is advised that the SADC PF is now operating a paperless environment with all reports and documents for its meetings being shared electronically. This has greatly reduced on printing and distribution costs and is an eco-friendly measure which reduced the carbon footprint of the organisation and has also become a donor requirement for many partnerships.

2.3. BUDGET VARIANCE REPORT AS AT 30TH SEPTEMBER 2023 (INCOME)

2.3.1. Context

This Budget Variance Report does not include donor funded budgeted income and expenditure but focuses on budgeted income and expenditure from Mandatory Member Contributions and Other Income earned by SADC PF. Financial positions for Donor funding received will be reported in a separate section of this report.

- 2.3.2. Total Budgeted Income for the 2023/2024 Budget is N\$28,388,050. This consists of Annual Mandatory Contributions of N\$21,148,050, Interest of N\$240,000 and an amount of N\$7,000,000 allocated from Retained Earnings.
- 2.3.3. As at 30th September 2023, a total amount of N\$19,272,973 had been received, or allocated as the case may be. A total of N\$12,012,000 (57%) has been received from Annual Mandatory Contributions, with

N\$9,236,050 (43%) still outstanding from some Member Parliaments as explained in table above. It is expected that the outstanding 43 % will be received before the year end.

2.3.4. Interest earned of N\$260,973 has exceeded the budgeted amount of N\$240,000 by 9%. Based on the trend as at 30th September 2023, it is projected that interest received will be approximately double the budgeted amount due to the investment of funds not immediately required.

2.3.5. BUDGET VARIANCE REPORT, 30TH SEPTEMBER 2023 (INCOME)

SOURCE	BUDGETED INCOME 2022/23 N\$	INCOME RECEIVED/ ALLOCATED N\$	VARIANCE N\$	VARIANCE %
MANDATORY CONTRIBUTIONS	21,148,050	12,012,000	(9,136,050)	-43%
INTEREST	240,000	260,973	20,973	9%
ACCUMULATED RESERVES	7,000,000	7,000,000	-	0%
TOTAL	28,388,050	19,272,973	(9,115,077)	-32%

2.4. BUDGET VARIANCE REPORT AS AT 30TH SEPTEMBER 2023 (EXPENDITURE)

2.4.1. Budgeted Expenditure: N\$ 28,262,888

The total approved Budgeted Expenditure for the financial year 2023/2024 is N\$28,262,888. This results in a budgeted surplus of N\$125,262 (N\$ 28,388,050 minus 28,262,888).

2.4.2. Total Actual Expenditure N\$9,780,627

Total Actual Expenditure as at 30th September 2023 is N\$9,780,627 representing 35% of the total budgeted expenditure for the year, leaving a balance of N\$18,482,261 (65%). This being half-way through the financial year, the expenditure trend is favourable. Further details are given in the trend analysis at 2.4.4. below.

BUDGET VARIANCE REPORT AS AT 30TH SEPTEMBER 2022 (EXPENDITURE)

		B	C	D	E	F	G
	BUDGET LINE	Total Budget	Actual YtD Expenditure 30.09.2023	Variance (Balance) 30.09.2023	VAR %	STATUS	Actual Exp % of Budget
1	Administrative Costs	1,732,352	375,435	1,356,917	78%	Favourable	22%
2	Communication Expenses	524,755	99,423	425,332	81%	Favourable	19%
3	Financial Expenses	662,178	322,932	339,245	51%	Favourable	49%
4	Motor Vehicle Running Costs	120,000	20,958	99,042	83%	Favourable	17%
5	Professional, Consultancy and Legal Expenses	306,000	107,937	198,063	65%	Favourable	35%
6	Staff Emoluments	17,037,848	6,152,430	10,885,418	64%	Favourable	36%
7	Travel, Subsistence and Transport	162,500	34,815	127,685	79%	Favourable	21%
8	Audit	303,000	97,500	205,500	68%	Favourable	32%
9	Insurance	86,830	117,850	- 31,020	-36%	Unfavourable	136%
10	Plenary Assembly Meetings	3,068,000	887,913	2,180,087	71%	Favourable	29%
11	Executive Committee Meetings	804,600	629,741	174,859	22%	Favourable	78%
12	Parliamentary Business/ EXCO Sub-Com Meetings	235,600	31,541	204,059	87%	Favourable	13%
13	Standing Committees	1,020,000	47,484	972,516	95%	Favourable	5%
14	Other Policy Organ Costs/RWPC	643,000	9,256	633,744	99%	Favourable	1%
15	Language Translation Costs	48,000	42,109	5,891	12%	Favourable	88%
16	Programme Support	341,000	232,967	108,033	32%	Favourable	68%
17	Election Observation Missions	300,000	-	300,000	100%	Favourable	0%
18	Capital Expenditure	145,000	146,158	- 1,158	-1%	Unfavourable	101%
19	Contingencies fund	60,000	-	60,000	100%	Favourable	0%
20	Mortgage repayment (Capital portion)	456,242	218,382	237,860	52%	Favourable	48%
21	Motor Vehicle (Capital portion)	205,983	108,645	97,338	47%	Favourable	53%
	TOTALS	28,262,888.07	9,683,475.84	18,579,412.23	66%		34%

2.4.3. Unfavourable Variances

The following budget lines have unfavourable variances as at 30th September 2023:

2.4.3.1. Insurance (136%): This was a result of actual insurance contributions towards the Fixed Assets, Property and Group Dismemberment insurance being higher than anticipated following an unforeseen market-driven increase in premiums. The insurance for the year has been paid except for the monthly premiums on the Group Dismemberment scheme of N\$7,106 per month and totalling N\$42,636 for the remaining six months.

2.4.3.2. In this regard, there is need to consider varying funds from some budget lines (to cater for the deficit. It is proposed that an amount of N\$32,000 be varied from the Contingency Fund to the Insurance Budget Line to cover the deficit already incurred. Additionally, an amount of N\$45,000 be varied from the budget line for Administrative Costs, where savings are anticipated for the months that the offices have been closed for renovations, in order to cater for the remaining premiums for the year.

2.4.4. Budget Performance Trend Analysis (Favourable Variance budget lines with more than 50% of the budget spent)

2.4.4.1. EXCO Meetings (78%)

The EXCO met physically in Mahe, Seychelles in May 2023. This increased the expenditure due to the higher cost of venue hire at Eden Blu Hotel, air tickets, accommodation and incidentals for Secretariat Staff to Mahe, while it was budgeted that EXCO would meet in Windhoek. EXCO has 2 more meetings to be concluded within this financial year, all other variables remaining equal, being one meeting in November 2023 prior to the 54th Plenary Assembly, and the other in January/February 2024. At least one of the EXCO meetings will be held virtually and the amount of N\$174,859 is sufficient for the purpose. On the other hand, EXCO Sub-Committees have only spent 13% of the budget and have a balance of N\$204,059 remaining.

2.4.4.2. Programme Support (68%)

This budget line is almost depleted as it was used towards the transformation agenda and various networking meetings and engagements towards creating and sustaining partnerships and mobilising resources which took place in the first six months of the year. This included attendance of the SADC Summit of Heads of State and related meetings, and the IPU Conference.

2.4.4.3. Language Translation Cost (88%)

Translation costs continue to be high in view of the number of documents that we produce and the volume of communication to various stakeholders. Translation costs are also budgeted under the various activities and meetings and in this regard, the remaining meetings for the financial year cater for this cost.

2.4.4.4. Capital Expenditure (101%)

This budget line is not of concern as the amount was spent on furniture and other fixed assets and is not required to be apportioned over the whole financial year, but rather depends on when the fixed assets are acquired.

2.4.5. Budget Performance Trend Analysis (budget lines with less than 10% of the budget spent)

2.4.5.1. Standing Committee Meetings (5%)

Standing Committees had only met once by 30th September 2023 this financial year for Statutory Meetings and met again in October

2023 by virtual means. The Standing Committee meetings in May 2023, that took place physically in Johannesburg, South Africa, were funded by support from donors/co-operating partners, specifically Sida and SAFAIDS. The remaining 95% amounting to N\$972,516 was spent on the October 2023 meetings and was sufficient for the purpose.

2.4.5.2. Other Policy Organs/RWPC (1%)

As at 30th September 2023, the RPMLOC, RWPC and Committee of Clerks had met once this financial year for Statutory Meetings. RPMLOC and RWPC met again in October 2023 by virtual means. The meetings in May 2023, that took place physically in Johannesburg, South Africa, were funded by support from donors/co-operating partners, specifically Sida. The remaining 99% amounting to N\$633,744 was spent on the October 2023 and other remaining meetings and was sufficient for the purpose.

2.4.5.3. Election Observation Missions (0%)

The SADC PF was unable to observe elections that took place between April and September 2023 due to lack of adequate funding and support from Member Parliaments. Although the 52nd Plenary Assembly resolved that Member Parliaments should contribute to election observation missions, only Tanzania has paid their contribution to the election observation missions to date. The N\$300,000 in the budget is seed funding, with Member Parliaments required to contribute about US\$5,000 each for each election, in addition to meeting the costs of participation of their Members.

2.5. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

2.5.1. The Plenary Assembly is requested to take note of the context of the 2023/2024 budget and the measures put in place to manage the limited financial resources.

2.5.2. The Plenary Assembly is requested to take note of the risk to the going concern, exacerbated by the ever-rising costs of goods and services without a corresponding increase in revenue.

2.5.3. The Plenary Assembly is requested to consider and take note of the performance of the budget as at 30th September 2023, specifically the following:

a) The performance of the budget, including the reasons for the unfavourable variance; and

- b) The projected budget trends for the period 1st October 2023 to 31st March 2024.**

2.5.4. The Plenary Assembly is requested to consider and approve the variation of funds as proposed below:

- (i) That an amount of N\$32,000 be varied from the Contingency Fund to the Insurance Budget Line to cover the deficit already incurred.**
- (ii) Additionally, an amount of N\$45,000 be varied from the budget line for Administrative Costs, where savings are anticipated for the months that the offices have been closed for renovations, in order to cater for the remaining premiums for the year.**

3.0. FINANCIAL REPORTS FOR DONOR FUNDED PROJECTS

3.1. SIDA SEXUAL REPRODUCTIVE HEALTH & RIGHTS (SRHR) PROJECT

3.1.1. Following a cost extension approval in 2023, the SRHR project period was amended to run from 1st July 2019 to 31st May 2023. This was further extended by a cost-extension period from 1st June 2023 to 30th September 2023, and the latter period was then extended on a no-cost extension basis to 31st October 2023 to enable activities to be completed.

3.1.2. The Audited Financial Statements for the project for the 14-month period from 1st April 2022 to 31st May 2023 record that the total amount received from Sida during the period was US\$1,745,719 (Approximately N\$31,422,942), out of which the total expenditure amounted to US\$1,662,469 (N\$29,924,442). The amount received from Sida, for the appreciation of the Committee, is 148% of the total Annual Mandatory Contributions of N\$21,148,050.

3.1.3. Further, the Secretariat has secured funding with Sweden amounting to SEK 52,000,000 (US\$5 million). The Agreement is for a 3-year period effective 1st November 2023. However, there is need for the development of a sustainability plan in order, among other objectives, to assure the donors and co-operating partners that the institution will be able to sustain its operations at optimal level beyond any external funding.

**3.2. RECOMMENDATIONS FOR THE CONSIDERATION OF THE
PLENARY ASSEMBLY**

- 3.2.1. The Plenary Assembly is requested to appreciate and take note of the contributions from Sweden over the last four years from 1st July 2019 to 31st October 2023 and to submit the same to the Plenary Assembly for noting.**
- 3.2.2. The Plenary Assembly is requested to appreciate and take note of the funding agreement with Sweden effective 1st November 2023 and to submit the same to the Plenary Assembly for noting.**
- 3.2.3. The Plenary Assembly is requested to express its appreciation to the various donors and cooperating partners for their continued commitment and support.**
- 3.2.4. The Plenary Assembly is requested to ensure the timely development of a comprehensive sustainability plan.**

Ends.