



**55TH PLENARY ASSEMBLY SESSION
1ST TO 7TH JULY 2024
LUANDA, ANGOLA**

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

EXECUTIVE SUMMARY

The Executive Committee presents its report on financial matters (Treasurer's Report) to the Plenary Assembly.

The Treasurer's Report consists of the following:

- A. Paper 1: Audited Financial Statements (AFS) as at 31st March 2023
- B. Paper 2: Management Accounts for the period 1st April 2023 to 31st March 2024

As the SADC Parliamentary Forum positions itself to transform into a Regional Parliament, it has become more important, now than ever before, that the financial sustainability of the institution is secured. The Finance Subcommittee wishes to advise that the going concern of the institution is under threat given the current level of contributions, due to its heavy dependence on external funding. While the Audited Financial Statements as at 31st March 2023 show a healthy financial position, with Equity of N\$13 million (represented by Retained Earnings), it is important to note that this position is a net effect of budget surpluses and deficits over a period of more than 25 years, with significant surpluses having been achieved only because some of operational and administrative expenditure has been funded from external funds from co-operating partners such as the Swedish. In addition, certain cost management measures, such as the conduct of meetings through virtual means have been instituted. You will note that the institution has now resorted to the use of Retained Earnings to ensure a minimal surplus budget.

The budget for 2023/2024 had 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.

As indicated above, the institution continues to rely heavily on external funding and collaborations, including to ensure adequate staffing of some core positions and towards the implementation of various operational, statutory and programme activities. For example, while the budget provides N\$17.0 million for Personal Emoluments, the Sida SRHR HIV and AIDS Project supports five core positions outside of the SADC PF main budget with an annual bill of N\$7.0 million. Should the Sida funding terminate, the SADC PF budget, which has a surplus of only N\$125,162, would be far inadequate to cover the additional salaries bill of N\$7.0 million. In this regard, the financial sustainability of the institution beyond October 2026 when the Sida project terminates is a matter of concern.

The Management Accounts as at 31st March 2024 show a favourable total variance balance of budgeted expenditure over actual expenditure of N\$6.19 million. However, the balance of N\$6.19 million was achieved only because the budget included an allocation of N\$ 7.0 million from Retained Earnings, out of which only N\$805,963 was utilized. This was because some budgeted staff positions were not filled during the year and some budgeted leave days were not paid out resulting in a saving of N\$3.5 million. Additionally, some of the operational and administrative expenditure was settled from funding by co-operating and collaborating partners such as towards the Plenary Assembly and Standing Committee meetings. Also the procurement of furniture was delayed and carried over to the following financial year. *In this regard, the use of N\$ 805,963 from reserves shows that the income from Mandatory Member Contributions and interest earned was still inadequate to meet the operational and administrative costs.*

In view of the above, it is therefore imperative that the Membership considers the financial position of the institution, and the risk to the going concern, 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.

A. PAPER 1**AUDITED FINANCIAL STATEMENTS (AFS) AS AT 31ST MARCH 2023**

*The Audited Financial Statements (AFS) are attached as **Appendix AFS 1**.*

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- 1.0. Executive Committee's Responsibilities and Approval
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- 5.0. Management Letter
- 6.0. Proposal to reinstate the consolidation of SADC PF Main Financial Statements with Donor Funded Financial Statements
- 7.0. Recommendations

1.0. Executive Committee's Responsibilities and Approval

- 1.1. The Executive Committee's responsibilities and approval requirements are outlined in detail in the AFS. Having confirmed and discharged its responsibilities, the EXCO is required to approve the AFS, which are to be signed on its behalf by the President.
- 1.2. In approving the AFS, the EXCO is required to confirm the following:

1.2.1. Nature of business

The Forum was established for the purpose of strengthening capacity of the Southern African Development Community (SADC) by involving parliamentarians of SADC member states in activities that contribute to the well-being of SADC.

There have been no material changes to the nature of the Forum's business from the prior year.

1.2.2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Forum's Constitution and Rules of Procedure. The accounting policies have been applied consistently.

Full details of the financial position, results of operations and cash flows of the Forum are set out in the Audited Annual Financial Statements (refer Appendix AFS 1).

1.2.3. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Forum or in the policy regarding their use.

At 31st March 2023 the Forum's investment in property, plant and equipment amounted to N\$9,562,385 (2022: N\$ 9,562,385) of which N\$293,582 (2022: N\$1,423,558) was added in the current year through additions, details of which are provided at 1.3 below.

1.2.4. Going concern

The Executive Committee is required to pronounce itself on the future of the institution in the following statement:

“The Executive Committee members believe that the Forum has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Executive Committee members have satisfied themselves that the Forum is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Executive Committee members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Forum.”

2.0. Auditor's Opinion

In the opinion of the Auditor, “the Annual Financial Statements present fairly, in all material respects, the financial position of SADC Parliamentary Forum as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the SADC PF Constitution”.

3.0. Statement of Financial Position as at 31st March 2023

The following is worth noting:

3.1. Property, Plant and Equipment

3.1.1. During the financial year 2022-2023, the Net Book Value (NBV) of Property, Plant and Equipment decreased from N\$9,562,385 to N\$9,508,062. This decrease in value was a result of the following:

	N\$
NBV as at 1st April 2022	9,562,385
Additions during the year:	
Furniture and Fixtures	235,124
Office Equipment	58,458
Less:	
Disposal of Motor Vehicle	-20,444
Disposal of IT Equipment	-10,808
Depreciation	-316,653
NBV as at 1st April 2023	<u>9,508,062</u>

3.1.2. SG Official Residence, 89 JH Ithana, Ludwigsdorf, Klein Windhoek:

The property's book value as at 31st March 2023 stands at N\$7,731,578 (representing Buildings valued at N\$4,931,578 and Land at N\$2,800,000). In comparison, the property was valued at N\$7,733,958 (representing buildings valued at N\$ 4,933,958 and land valued at N\$2,800,000) at 31st March 2022. The buildings have been depreciated by N\$2,380.

3.1.3. Motor Vehicle

The personal-to-holder vehicle of the Secretary General (which was procured for N\$1,298,021 during 2021/22) was valued as at 31st March 2023 at N\$996,340 after depreciation of N\$259,604 in 2022/23 and N\$21,633 in 2021/22, and disposal adjustment of N\$20,444.

3.1.4. Property at 66 Erosweg, Eros Park, Windhoek

During the financial year 2022/23, the value of the house was maintained at N\$2,470,000 (same as 2021/22). To comply with International Financial Reporting Standard (IFRS5), the house is now classified as 'Asset Held for sale' at a value of N\$2,470,000.

3.1.5. Property, Plant and Equipment Encumbered as Security - Nedbank Mortgage:

The following assets have been encumbered as security for the secured long-term borrowings: Land and buildings N\$7,733,959. The loan is denominated in Namibian dollars (N\$), bears interest at 7,50% per annum, is secured over buildings of N\$ 4,933,959 and land of N\$ 2,800,000 and repayable in remaining installments of 99 months (2022:118 months).

3.1.6. Property, Plant and Equipment Encumbered as Security- FNB Motor Vehicle Loan:

The following assets have been encumbered as security for the secured long-term borrowings: Motor Vehicles N\$1,276,388: The loan is denominated in Namibian dollars (N\$), bears interest at 9,50% per annum, is secured and repayable in remaining installments of 48 months (2022:60 months).

3.2. Equity (Retained Income)

The Equity (Retained Income) increased from N\$11,188,607 as at 31st March 2022 to N\$ 13,273,084 as at 31st March 2023 due to an Operating Surplus of N\$2,084,477. The surplus is further detailed under "Statement of Financial Performance" at 4.0 below.

3.3. Going Concern

The Financial Position as at 31st March 2023 is healthy with equity of N\$13,273,084 represented by Total Assets of N\$35,410,450 and Total Liabilities of N\$22,137,366. There is no identified threat on the going concern status of the institution.

3.4. Restricted Funds

Restricted Funds amount to N\$6,949,606 (2022: N\$ 22,021,137). Restricted Funds represent grants received but not yet spent by the Forum. The restricted funds are released to Income over the period necessary to match them with costs which they are intended to compensate, on a systematic basis. All the unspent restricted funds at

the end of the grant implementation period are refunded to the respective grantors.

4.0. Statement of Financial Performance for the Year Ended 31st March 2023

The following is worth noting:

4.1. Total Revenue

The Audited Financial Statements as at 31st March 2023, record total Revenue of N\$51,096,469. Out of this amount, N\$21,148,050 (41%) was from Mandatory Annual Member Contributions, while N\$29,948,419 (59%) was grants received from cooperating partners. Additional Operating Income amounting to N\$380,101 was raised from Administration and Consultancy Income charged to partners. Investment Income totaled N\$379,968 while loss on disposal of assets amounted to N\$ 16,334. This brought the Total Revenue plus Income to N\$51,840,204.

4.2. Total Expenditure

Total Operating Expenditure for the year was N\$49,197,405 compared to N\$35,747,142 in the previous financial year. The increase was due partly to increased expenditure under the SRHR Project due to an increase in implementation of activities. The total expenditure from SRHR Project was N\$23,759,161 in the Financial Year ended 31st March 2023 and N\$15,725,627 in the year ended 31st March 2022. The SADC PF main account expenditure was N\$25,438,244 in the Financial Year ended 31st March 2023 and N\$20,021,515 in the year ended 31st March 2022.

4.3. Operating Surplus

The Operating Surplus was N\$2,262,831 (2022: N\$3,646,614), while the Total Comprehensive Surplus for the year was N\$ 2,084,479 (2022: N\$ 3,364,109) after adding investment income of N\$ 379,968 (2022: N\$162,477) and deducting finance costs of N\$558,320 (2022: N\$444,982).

5.0. Management Letter

The Management Letter is submitted to the FSC as [Appendix AFS 2](#).

The Management Letter includes comments from the SADC-PF Management addressing the concerns raised and the recommendations made by the auditor. The matters raised in the letter have since been actioned.

6.0. Proposal to reinstate the consolidation of SADC PF Main Financial Statements with Donor Funded Financial Statements

6.1. Context

In November 2022, the 51st Plenary Assembly approved that, in order to present a more realistic account of the finances of the Forum with respect to Member Contributions and other internally generated income, the accounts of the SADC PF Main account should no longer be consolidated with those of funds received from co-operating partners and donors, which are actually restricted funds, effective with the audit for the year ended 31st March 2023.

However, upon further consideration of the International Financial Reporting Standards (IFRS) and in consultation with the external auditor, BDO, it was found prudent to continue to produce consolidated accounts in order to adhere to the prescribed good accounting practice. The rationale behind this requirement in the IFRS stems from the principle of presenting a true and fair view of the *comprehensive* financial position and performance, that is, inclusive of all external funding, including grants and donor funded projects implemented by the organisation. Therefore, it is imperative that the institution adheres to these international standards to maintain the integrity of the financial statements.

6.2. In view of this development, the Audited Financial Statements for the year ended 31st March 2023 were prepared on a consolidated basis. However, in order to address the concerns regarding the distortion and overstatement of the financial position of the SADC PF with respect to Member Contributions and other internally generated income, the AFS now include more detail regarding the apportionment of financials between the SADC PF and the external funding. In this regard, the figures for donor funded activities have been disclosed in the notes where applicable.

7.0. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

7.1. The Plenary Assembly is requested to consider and approve the Audited Financial Statements for the year ended 31st March 2023.

7.2. The Plenary Assembly is requested to take note of the concerns and recommendations in the Management Letter and to appreciate the efforts the Secretariat has made, or is making, as the case may be, towards addressing the same.

7.3. In light of the recommendation of the external auditors and the requirements of the International Financial Reporting Standards (IFRS), the Plenary Assembly is requested to ratify the

reinstatement of the consolidation of the accounts of donor/co-operating partner funded projects into the accounts of SADC PF.

B. PAPER 2

MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2023 TO 31ST MARCH 2024

The Management Accounts for the period 1st April 2023 to 31st March 2024 consist of the following:

- 1.0. Update on Annual Mandatory Member contributions:
 - 1.1. Background
 - 1.2. Status as at 31st March 2024 (Financial Year End)
 - 1.3. Status as at 30th April 2024 (to be updated on 6th June 2024)
- 2.0. Budget Performance Report as at 31st March 2024
 - 2.1. Context to the 2023/2024 Budget as approved by the 52ND Plenary Assembly
 - 2.2. Cost Management: Update on Impact of Policy to Optimise Technology for the Implementation of Activities
 - 2.3. Budget Variance Report as at 31st March 2024 (Income)
 - 2.4. Budget Variance Report as at 31st March 2024 (Expenditure)
- 3.0. Financial Reports for Donor-funded Programmes/Projects
 - 3.1. SIDA: Sexual Reproductive Health & Rights (SRHR), HIV and AIDS Governance Project

1.0. UPDATE ON ANNUAL MANDATORY MEMBER CONTRIBUTIONS

1.1. BACKGROUND

The current annual mandatory contributions from 14 Member Parliaments, stand at N\$1,501,500 per annum, per Parliament. Seychelles contribution is N\$127,050 per annum. 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 31ST MARCH 2024 (FINANCIAL YEAR END)

1.2.1. Contributions Schedule as at 31st March 2024

PARLIAMENT	BALANCE B/F 01-Apr-23	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 31-Mar-24	REMARKS
Angola	-	1,501,500	300,300	1,201,200	PART PAID
Botswana	-	1,501,500	1,501,500	-	PAID
DRC	1,501,500	1,501,500	-	3,003,000	2 YEARS O/S
Eswatini	-	1,501,500	1,501,500	-	PAID
Lesotho	-	1,501,500	-	1,501,500	1 YEAR O/S
Madagascar	1,501,500	1,501,500	-	3,003,000	2 YEARS O/S
Malawi	1,501,500	1,501,500	1,501,500	1,501,500	1 YEAR O/S
Mauritius	-	1,501,500	1,501,500	-	PAID
Mozambique	-	1,501,500	1,501,500	-	PAID
Namibia	(1,501,500)	1,501,500	1,501,500	(1,501,500)	PRE-PAID
Seychelles	-	127,050	127,050	-	PAID
South Africa	-	1,501,500	1,501,500	-	PAID
Tanzania	1,501,500	1,501,500	3,003,000	-	PAID
Zambia	(1,501,500)	1,501,500	1,501,500	(1,501,500)	PRE-PAID
Zimbabwe	-	1,501,500	1,501,500	-	PAID
TOTAL	3,003,000	21,148,050	16,943,850	7,207,200	-

1.2.2. As at 31st March 2024, ten Parliaments had paid their contributions for the current financial year in full and had no outstanding balances. These are Botswana, Eswatini, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.

- 1.2.3. Five countries have outstanding balances for the financial year ended 31st March 2024, namely Angola, DRC, Lesotho, Madagascar, and Malawi.
- 1.2.4. DRC and Madagascar are also still owing for the financial year ended 31st March 2023.
- 1.2.5. The total outstanding amount was N\$ 7,207,200, which includes N\$3,003,000 for the year ended 31st March 2023 and prepayments amounting to N\$3,003,000.

1.3. STATUS OF MEMBER CONTRIBUTIONS AS AT 15TH JUNE 2024

- 1.3.1. Member Parliaments were invoiced for the financial year beginning 1st April 2024. The table below shows the balances as at 15th June 2024.

PARLIAMENT	BALANCE B/F 01-Apr-24	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 15-Jun-24	REMARKS
Angola	1,201,200	1,501,500	-	2,702,700	2 YEARS O/S
Botswana	-	1,501,500	1,501,500	-	PAID
DRC	3,003,000	1,501,500	-	4,504,500	3 YEARS O/S
Eswatini	-	1,501,500	-	1,501,500	CURRENT
Lesotho	1,501,500	1,501,500	3,003,000	-	PAID
Madagascar	3,003,000	1,501,500	-	4,504,500	3 YEARS O/S
Malawi	1,501,500	1,501,500	1,501,500	1,501,500	CURRENT
Mauritius	-	1,501,500	-	1,501,500	CURRENT
Mozambique	-	1,501,500	-	1,501,500	CURRENT
Namibia	(1,501,500)	1,501,500	-	-	PAID
Seychelles	-	127,050	-	127,050	CURRENT
South Africa	-	1,501,500	-	1,501,500	CURRENT
Tanzania	-	1,501,500	-	1,501,500	CURRENT
Zambia	(1,501,500)	1,501,500	-	-	PAID
Zimbabwe	-	1,501,500	-	1,501,500	CURRENT

TOTAL	7,207,200	21,148,050	6,006,000	22,349,250	-
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1.3.2. As at 15th June 2024, twelve Parliaments had paid their contributions for the financial year ended 31st March 2024. These are Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.

1.3.3. Three countries have outstanding balances for the financial year ended 31st March 2024, namely Angola, DRC, and Madagascar.

1.3.4. Only four countries, namely Botswana, Lesotho, Namibia and Zambia have paid for the current financial year beginning 1st April 2024.

1.3.5. DRC and Madagascar are still owing for the financial years ended 31st March 2023 and 31st March 2024.

1.4. 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 March 2024 and for the current financial year beginning 1st April 2024 (position as at 15th June 2024), and to appreciate the commitment of Member Parliaments in ensuring that contributions are paid.**
- b) **The Plenary Assembly is advised that EXCO will engage those Parliaments with outstanding balances to settle the same as a matter of priority.**

2.0. BUDGET PERFORMANCE REPORT AS AT 31ST MARCH 2024

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

The context is important in order for the Membership to fully appreciate what assumptions and implementation measures underpin the 2023/2024 budget, including highlighting of the budgetary constraints.

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 was anchored 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 ensured that the business of the Forum was 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 the financial year 2023/2024, some of the statutory meetings of the institution should be held physically while others be held virtually as follows:

- i. Both the 53rd and 54th Plenary Assemblies to be held physically. *These were successfully held in July 2023 and November 2023 in Arusha, Tanzania and Port Louis, Mauritius respectively.*
- ii. Two Executive Committee (EXCO) meetings to be held physically with any additional EXCO meetings to be held virtually. The budget provides for 2 physical and two virtual meetings.

The EXCO met physically in Mahe, Seychelles, in May 2023. The EXCO also met virtually on 4th November 2023. The second EXCO meeting could not be held physically due to inadequate balance on the budget line following the Mahe meeting.

- 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.

All the EXCO Sub-Committee meetings were conducted virtually as approved, with meetings held in June 2023 and November 2023 before the 53rd and 54th Plenary Assemblies respectively.

- 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.

The Standing Committees, RPMLOC and RWPC met physically in May 2023 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.

- v. For all physical meetings, a provision would be made to facilitate participation through a virtual platform (hybrid system).

All the physical meetings took a hybrid format with a provision for participation through the virtual platform, Zoom.

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.

Member Parliaments catered for their Members' and support staff participation in the 53rd and 54th Plenary Assemblies in Arusha, Tanzania, and Port Louis, Mauritius, in July 2023 and November 2023, respectively.

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.

The average inflation rate for Namibia in 2023 was 5.88%. The exchange rate of the Namibian Dollar against the United States Dollar fluctuated between 18.2 to 20.02, averaging 18.83 Namibian Dollars per United States Dollar in 2023 (average was N\$16.3 per US\$1 in 2022).

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.

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

2.2.1. Virtual Meetings: The institution continued to implement a mix of physical and virtual meetings, which has greatly reduced operational costs. This included facilitating the engagement of resource persons and interpreters to provide services virtually even where meetings were physical.

2.2.2. Paperless Environment: the institution continued to operate in a paperless environment with all reports and documents for its meetings, including Plenary Assemblies and Committee meetings, being shared electronically. In addition, newsletters produced for activities undertaken are not printed but are instead distributed via emails and social media platforms. This has greatly reduced on printing and

distribution costs and is an eco-friendly measure which has reduced the carbon footprint of the institution. It is recognised that SADC PF must also do its part towards mitigating the effects of climate change in line with the Forum's new Strategic Plan (2024-2028).

2.3. BUDGET VARIANCE REPORT AS AT 31ST MARCH 2024 (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.

Details of income are as shown in the tabulation below:

SOURCE	BUDGETED INCOME 2022/23 N\$	INCOME RECEIVED/ ALLOCATE D N\$	VARIANC E N\$	VARIANCE %
MANDATORY CONTRIBUTIONS	21,148,050	21,148,050	-	0%
INTEREST	240,000	454,455	214,455	89%
ALLOCATION FROM RESERVES	7,000,000	7,000,000	-	0%
TOTAL	28,388,050	28,602,505	214,455	1%

OTHER INCOME (ADMIN FEES)	-	819,309	819,309	
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2.3.2. Total Income

Total Budgeted Income for the 2023/2024 Budget was N\$28,388,050. This consisted of Annual Mandatory Contributions of N\$21,148,050, Interest of N\$240,000 and an amount of N\$7,000,000 that was to have been allocated from Retained Earnings. Actual income was N\$28,602,505, resulting in an additional amount of N\$214,455 (1%). This was because interest received was N\$454,455, which was higher than the budgeted interest of N\$240,000 by N\$214,455. Additional income was also earned from Administrative Fees, details at 2.3.4 and 2.3.5 below, respectively.

2.3.3. Annual Mandatory Contributions

The total amount of N\$21,148,050 from Annual Mandatory Contributions for the Financial Year ended 31st March 2024 is accounted as Income in line with the Accruals principle in accounting which recognises income when invoiced. However, out of the total invoiced amount, an amount of N\$13,940,850 was received from 11 Parliaments with N\$7,207,200 still outstanding as at 31st March 2024.

2.3.4. Interest

Interest earned was N\$454,455 and exceeded the budgeted amount of N\$240,000 by 89%. Interest received was much higher than the budgeted amount due to the investment of funds that were not immediately required, as provided in the SADC PF financial policy. The investments were optimised by investing funds received for Annual Mandatory Contributions and strategically timing the withdrawal of funds from the investment.

2.3.5. Other Income

N\$819,309 was received from Administrative Fees charged to the GIZ Strengthening Parliamentary Capacity in SADC Project and the Sida SRHR, HIV and AIDS Governance Project. Administrative Fees are earned by the Secretariat for managing the projects funded by co-operating partners and recognise the professional capability, diligence and commitment of staff to the Projects. This amount was not budgeted in the overall budget of the institution as the funds were not yet secured at the time of budgeting. In this regard the use of the same is yet to be determined and approved, subject to the provisions of the Agreement with Sida.

2.3.6. Brought Forward Balances

An amount of N\$710,067 which was the balance on the Fixed Assets budget line as at 31st March 2023 was brought forward for use in the financial year ended 2024. The Membership had urged the Secretariat to ensure that furniture and equipment was procured as a matter of priority following an additional allocation to the procurement of fixed assets of N\$473,000 which was approved by the 51st Plenary Assembly in July 2022 but was never utilised in the financial year ended 31st March 2023 due to various challenges in sourcing suitable furniture (included in the N\$710,067). The amount of N\$710,067 was allocated from retained Earnings. It is worth noting that a minimal amount of N\$145,000 was provided for Fixed Assets in the budget for 2023/2024 in recognition of the fact that there was a balance to be brought forward from prior years.

2.3.7. Budgeted Allocation from Reserves (N\$7,000,000)

2.3.7.1. The total budget required an allocation of N\$7,000,000 from reserves as tabulated in the table at 2.3.1. in order to adequately cater for the budgeted expenditure of N\$28,262,888 and leave a surplus of N\$125,162. This meant that revenue raised from Member Contributions only was not adequate to cater for the total budget requirements for the year.

2.3.7.2. An amount of N\$710,067 was also to be brought forward for the procurement of fixed assets, resulting in total estimated expenditure of N\$ 28,972,955. However, total Actual Expenditure amounted to N\$22,778,918, leaving a favourable balance of N\$6,194,037. This meant that only N\$805,963 was actually required to be allocated from Reserves for the financial year ended 31st March 2024. This situation and its implications is explained in the Executive Summary.

2.3.7.3. The table below summarises the same.

	DETAILS	AMOUNT (N\$)
A	Total Budgeted Income	28,388,050
B	Less Budgeted Surplus	125,162
C	Total Approved Expenditure (A-B)	28,262,888
D	Add: Fixed Assets Provision b/f	710,067
E	Total Estimated Expenditure (C+D)	28,972,955
F	Total Actual Expenditure	22,778,918
G	Surplus Funds (E-F)	6,194,037
H	Estimated Allocation from Reserves	7,000,000
I	Actual Funds utilised from Reserves (H-G)	805,963

2.4. BUDGET VARIANCE REPORT AS AT 31ST MARCH 2024 (EXPENDITURE)

	A	B	C	D	E	F	G	H	I	J
	BUDGET LINE	Total Budget	Variation	Supplementary/bf	Total Revised Budget	Actual Ytd Expenditure 31.03.2024	Variance (Balance) 31.03.2024	VAR %	STATUS	Actual Exp % of Budget
1	Administrative Costs	1,732,352	- 45,000		1,687,352	1,538,310	149,042	9%	Favourable	91%
2	Communication Expenses	524,755			524,755	233,732	291,023	55%	Favourable	45%
3	Financial Expenses	662,178			662,178	753,795	- 91,617	-14%	Unfavourable	114%
4	Motor Vehicle Running Costs	120,000			120,000	89,175	30,825	26%	Favourable	74%
5	Professional, Consultancy and Legal Expenses	306,000			306,000	160,056	145,944	48%	Favourable	52%
6	Staff Emoluments	17,037,848			17,037,848	13,517,669	3,520,179	21%	Favourable	79%
7	Travel, Subsistence and Transport	162,500			162,500	121,623	40,877	25%	Favourable	75%
8	Audit	303,000			303,000	173,336	129,664	43%	Favourable	57%
9	Insurance	86,830	77,000		163,830	165,902	- 2,072	-1%	Unfavourable	101%
10	Plenary Assembly Meetings	3,068,000			3,068,000	2,613,490	454,510	15%	Favourable	85%
11	Executive Committee Meetings	804,600			804,600	800,410	4,190	1%	Favourable	99%
12	Parliamentary Business/ EXCO Sub-Com Meetings	235,600			235,600	44,375	191,225	81%	Favourable	19%
13	Standing Committees	1,020,000			1,020,000	879,292	140,708	14%	Favourable	86%
14	Other Policy Organ Costs/RWPC	643,000			643,000	489,772	153,228	24%	Favourable	76%
15	Language Translation Costs	48,000			48,000	25,457	22,543	47%	Favourable	53%
16	Programme Support	341,000			341,000	327,486	13,514	4%	Favourable	96%
17	Election Observation Missions	300,000			300,000	-	300,000	100%	Favourable	0%
18	Capital Expenditure	145,000		710,067	855,067	173,094	681,973	80%	Unfavourable	20%
19	Contingencies fund	60,000	- 32,000		28,000	-	28,000	100%	Favourable	0%
20	Mortgage repayment (Capital portion)	456,242			456,242	447,873	8,369	2%	Favourable	98%
21	Motor Vehicle (Capital portion)	205,983			205,983	224,071	- 18,088	-9%	Unfavourable	109%
	TOTALS	28,262,888	-	710,067	28,972,955	22,778,918	6,194,037	21%		79%

2.4.1. Budgeted Expenditure: N\$ 28,972,955

The total approved Budgeted Expenditure for the financial year 2023/2024 is N\$28,262,888. This results in a budgeted surplus of N\$125,162 (N\$ 28,388,050 minus 28,262,888). Additionally, an amount of N\$710,067 has been brought forward for the procurement of fixed assets which was not concluded in the year ended 31st March 2023, bringing the total budgeted expenditure to N\$28,972,955.

2.4.2. Total Actual Expenditure N\$22,778,918

2.4.2.1. Total Actual Expenditure as at 31st March 2024 is N\$22,778,918 representing 79% of the total budgeted expenditure for the year, leaving a surplus balance of N\$6,194,037 (21%). The favourable total variance balance of N\$6,194,037 is explained in the Executive Summary.

2.4.3. Unfavourable Variances

The following budget lines have unfavourable variances

2.4.3.1. Financial Expenses (14%)

The budget for Financial Expenses was N\$662,178 while the expenditure was N\$753,795 resulting in an unfavourable variance of N\$91,617 (14%). This was caused by a significant increase in bank charges due to the increase in rates and the number of foreign transactions effected. There was also a rise in interest rates on the Home loan which was higher than budgeted. Details are in the schedule below.

CATEGORY	BUDGET N\$	ACTUAL N\$	VARIANCE N\$
BANK CHARGES (FOREIGN PAYMENT FEES, INTERNET BANKING FEES , STAMP DUTY etc)	89,000	101,023	12,023
MOTOR VEHICLE LOAN INTEREST	89,076	81,602	7,474
HOME LOAN INTEREST	484,102	571,170	87,068
TOTAL	662,178	753,795	91,617

2.4.3.2. Motor Vehicle Loan - Capital Repayment (9%)

The budget for repayment of the capital portion of the Motor Vehicle loan was N\$205,983 compared to the actual of N\$224,071 resulting in an unfavourable variance of N\$18,088 (9%). The difference was caused by under-budgeting based on the schedule received from the bank at the time of budgeting, which was later revised following a fluctuation in the interest rates. While the budgeted instalment was an average of N\$17,165.26 per month, the actual was an average of N\$18,672.57 per month.

2.4.4. Budget Performance Analysis (Favourable Variance budget lines with less than 50% Expenditure)

2.4.4.1. Communication Expenses (45% Expenditure)

Expenditure on communication was N\$233,732 from a budget of N\$524,755 which was 45%. The communication expenditure has greatly reduced due to the fact that staff prefer to use emails, WhatsApp, and other social media to communicate as opposed to using the landlines, resulting in a significant reduction in telephone bills for the institution. Also courier costs have reduced as the preferred mode of sharing documents is by email or online shared folders. The institution has, therefore, managed communication costs by adapting to the ever-changing ICT environment and taking advantage of new developments.

2.4.4.2. Parliamentary Business/EXCO Sub-Committees (19% Expenditure)

While the budget was N\$235,600, only an amount of N\$44,376 was spent on EXCO Sub-Committees which is 19% expenditure. This was because some of the costs are allocated to EXCO budget line, especially those pertaining to translation of documents, due to the fact that the same documents used by the Sub-Committees are used by EXCO with minimal amendments where required. Also interpretation costs were reduced by the use of one interpreter who is part of the Secretariat (saving of US\$450 per meeting). In addition, there were no conference costs or administrative costs incurred as estimated in

the budget.

2.4.4.3. Election Observation Missions (0% Expenditure)

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 had paid their contribution to the election observation missions to date. The N\$300,000 in the budget was 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.

2.4.4.4. Capital Expenditure (20% Expenditure)

Procurement of furniture and equipment was still ongoing, with most delivered after the year end.

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

The following budget lines are worth noting:

2.4.5.1. Professional, Consultancy and Legal Fees (52%)

An amount of N\$160,056 spent out of a budget of N\$306,000 representing 52%. This was for the engagement of various consultants/experts, including legal expertise for the establishment of the Trust and graphic design, layout and editing of the Strategic Plan and other documents.

2.4.5.2. Staff Emoluments (79%)

Total expenditure of Staff Emoluments was N\$13,517,669 against a budget of N\$17,037,848, representing 79%. The balance of N\$3.5 million (21%) was a result of some of the vacant positions not having been filled during the year due to various considerations such as uncertainty in guaranteeing a five-year term of contract due to financial constraints, specifically one Programme Manager and one French Languages Officer. This matter has since been resolved with approval to offer reduced term contracts of up to three years. Also the provision for outsourcing Human Resource and media services was not recognised as personal emoluments and was, therefore, charged to other more appropriate budget lines such as consultancy, with some services charged to project funding.

2.4.5.3. Travel, Subsistence & Transport (75%)

N\$121,623 was spent out of a budget of N\$162,500, representing 75% expenditure. The Secretariat participated in various networking meetings and engagements towards creating and sustaining partnerships such as with the APHRC, Dialogue on Migration, and Electoral Commissions.

2.4.5.4. Audit (57%)

N\$173,336.00 was spent from a budget of N\$303,000, representing 57% expenditure. The budget was broken down into External Audit of N\$195,000 and Internal Audit of N\$108,000. The utilisation rate for External Audit was 89% as the expenditure of N\$173,336 all relates to external audit. On the other hand, the amount of N\$108,000 for Internal Audit was not utilised, resulting in the net utilisation rate of 57%. The N\$108,000 was budgeted for outsourcing of Internal Audit services in the event that it was found necessary to outsource the function. However, the option to outsource was deemed to be less desirable than the recruitment of a full-time Internal Auditor which was then provided for in the project proposal for the Swedish funded SRHR, HIV and AIDS-Governance Project.

2.4.5.5. Plenary Assembly (85%)

An amount of N\$ 2,613,489.57 was spent from a budget of N\$3,068,000 representing 85% of the budgeted amount. The 53rd and 54th Plenary Assemblies were held physically in Arusha, Tanzania and Port Louis, Mauritius as indicated at 2.1.2.2. above. The hosting and cost-sharing agreements were adhered to with both host parliaments putting in extra efforts to ensure the success of the Plenary Assemblies. Secretariat costs included support staff costs, transcribers costs, interpretation & translation costs, and costs of documentation, including reports and newsletters, among others.

2.4.5.6. EXCO Meetings (99%)

N\$ 800,410.25 was spent from a budget of N\$804,600 representing 99%. The EXCO met physically in Mahe, Seychelles in May 2023. The EXCO also met virtually on 4th November 2023. Expenditure included venue hire and conference costs at Eden Blu Hotel in Mahe, interpretation and translation costs, documentation, including reports and newsletters, and costs of the Secretariat support staff. The EXCO was supposed to meet physically twice but unfortunately the balance on the budget line was not adequate for a second physical meeting following expenditure incurred on the meeting held in Mahe, Seychelles.

2.4.5.7. Standing Committees (86%)

N\$874,374 was spent on Standing Committees from a budget of N\$1,020,000 representing 86%. Standing Committees met physically in May 2023 and then 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 mainly from the Sida SRHR, HIV and AIDS Governance Project. Support was also received from SAFAIDS, a co-operating partner. Costs included air tickets, accommodation and incidentals for MPs' participation.

2.4.5.8. Other Policy Organs (76%)

N\$ 489,772.23 was spent out of a budget of N\$643,000 representing 76% expenditure. The RPMLOC, RWPC and Committee of Clerks met physically in May 2023 and 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 co-operating partners, specifically the Sida SRHR, HIV and AIDS Governance Project. Expenditure for convening the SADC Group meeting at the IPU was also posted to this budget line.

2.4.5.9. Language Translation Costs (53%)

Translation is a necessary expenditure in view of the SADC PF policy regarding the use of the three official languages in all its communication. Under this budget-line, N\$25,457 was spent out of N\$48,000 representing 53%.

However, translation costs are also budgeted under the various activities and meetings to which they directly relate and are expensed accordingly. In this regard, the total translation costs amounted to N\$1,527,497. It is worth noting that translation costs continue to be high in view of the number of documents that we produce and the volume of communication to various stakeholders.

Below is a breakdown of translation costs incurred under the various budget lines.

Budget Line	Translation Costs (N\$)
Plenary Assembly	1,085,821.29
Executive committee Meetings	51,945.95
Steering Committees	12,833.43
Other Policy Organs	183,563.23
Language Costs	19,530.03
Standing Committees	173,803.48
TOTAL	1,527,497.41

2.4.5.10. Programme Support (96%)

This budget line was used towards secretariat, administrative, logistical and other support for capacity building meetings of the Standing Committees and also for attendance of various networking meetings and engagements, including for resource mobilisation missions such as meetings with donors and co-operating partners.

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, and the continued heavy dependence on external funding and in-kind contributions from collaborating partners.**
- 2.5.3. The Plenary Assembly is requested to consider and take note of the performance of the budget as at 31st March 2024, specifically the reasons for the favourable total variance, which include support towards operational and administrative expenses from collaborating partners such as the Swedish.**

3.0. FINANCIAL REPORTS FOR DONOR FUNDED PROJECTS

3.1. SIDA SEXUAL REPRODUCTIVE HEALTH & RIGHTS (SRHR) and HIV & AIDS GOVERNANCE PROJECT

- 3.1.1. The Secretariat secured funding from Sweden amounting to SEK 52,000,000 (US\$5 million) for the SRHR, HIV and AIDS Governance Project. The Agreement is for a 3-year period effective 1st November 2023. A sustainability plan in order to ensure that the institution will be able to sustain its operations at optimal level beyond any external funding, is being developed and will be submitted to EXCO for its consideration.
- 3.1.2. The Swedish funding, which averages US\$1.7million per annum, has enabled the institution to recruit the following project staff at a total cost of US\$628,800 per annum (N\$11.6 million).
- i. Policy and Legal analyst
 - ii. Project Accountant
 - iii. Media and Communications Manager
 - iv. Programme Manager & Committee Clerk (FANRCJ)
 - v. Internal Auditor
 - vi. SRHR Researchers in nine Parliaments (Budget provides for 14)

The Project also provides for outsourcing of a Monitoring and Evaluation Consultant at a budget of US\$20,000 per Annum.

3.1.3. The detailed Financial Report is attached as Appendix MA-1.

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 SRHR, HIV and AIDS Governance Project funding agreement with Sweden effective 1st November 2023 and the activities implemented to date.

3.2.2. The Plenary Assembly is requested to express its appreciation to the Swedish and the various other donors and cooperating partners for their continued commitment and support.

Hon. Senator Isaac Magagula, Eswatini
Treasurer and Chairperson

Ends.

APPENDIX MA-1			
SADC Parliamentary Forum			
Sexual & Reproductive Health and Rights & HIV/AIDS & Governance (2023-2026)			
<i>Financial Statements for the 4 months ended 31 March 2024</i>			
FUND ACCOUNTABILITY STATEMENT		ACTUAL	BUDGET
		5 MONTHS - 31 MARCH 2024	YEAR 2023-2024
REVENUE			
Grant received (SEK 19 million)		1,820,106	1,676,152
TOTAL RECEIPTS		1,820,106	1,676,152
EXPENDITURE			
1	Salaries & Allowances	187,902	720,600
2	Regional capacity building session	157	53,985
3	HSDSP Committee	9,270	88,032
4	Meeting SG and Clerks/SG National Parliament	8,603	6,832
5	RPMLOC		16,820
6	Regional Meeting of Clerks	412	39,416
7	Roundtable meeting technical partners/Donors		7,648
8	Capacity development by technical partners		34,110
9	Joint Session of Regional Standing Committees		19,648
10	Adoption of normative SRHR legal standards		6,425
11	Roundtable discussions-N. Parliament/Ministries		21,000
12	Multi-stakeholder Capacity development workshop	15,294	63,550
13	Conduct Public hearings on SRHR bills		104,484
14	Public awareness constituency campaigns by MPs		64,680
15	Budget analysis retreats		24,480
16	National Working Group meetings		25,333
17	Community outreach projects for MPs		36,287
18	Media and advocacy materials	3,493	16,800
19	Attend regional/ international conference on SRHR	11,107	97,676
20	Attend 6 plenary Assembly session	217	27,072
21	Domestication experts attend the RPMLOC Cttee		6,748
22	Development of a model law on Prison Oversight		88,265
23	Monitoring & Evaluation Consultant	10,000	20,000
24	Conduct external financial audits		13,000
25	E-Communication	1,122	23,280
26	Administrative overhead	27,850	33,385
27	Flexible Funds for Contingency		16,596
TOTAL EXPENDITURE		275,425	1,676,152
UNUTILIZED FUNDS AS AT 31 MARCH 2024		1,544,681	0