



**SOUTHERN AFRICAN DEVELOPMENT
COMMUNITY SECRETARIAT**

Financial Statements

for the year ended

31 March 2024



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY SECRETARIAT

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Botswana

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Transmittal Statement: Annual Financial Statements, 31 March 2024

1. The Financial Statements of the SADC Secretariat for the year ended 31 March 2024 are transmitted to the Council of Ministers through the Finance Committee and the Audit Committee. In accordance with Article 29 of the SADC Treaty, the Executive Secretary is required to facilitate an external audit of these annual financial statements prior to their submission to Council for approval.
2. The 2023/24 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The SADC Secretariat first implemented International Public Sector Accounting Standards (IPSAS) in the financial period that ended 31 March 2015. The adoption of IPSAS is in accordance with a decision of the Council of August 2012. The application of IPSAS has resulted in improvement in the quality, consistency and credibility of financial reporting which has led to increased confidence of the Member States and International Cooperating Partners as to the accountability and sound financial management practices of the Secretariat
3. The report of the External Auditors on the audit of the 2023/2024 Financial Statements, together with their recommendations and the Secretariat's responses thereto, shall be contained in a separate document

Ambassador Tete António
Chairman of the SADC Council of Ministers
And Minister of External Affairs of the Republic of Angola

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1 Reporting entity

1.1 The Secretariat of the Southern African Development Community (SADC Secretariat) is an institution of SADC, established under Article 9 of the SADC Treaty. SADC is an international organization established under Article 2 of the SADC Treaty. During the 2023/2024 financial year, SADC consisted of the following sixteen Member States: Angola, Botswana, the Union of Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

1.2. The Secretariat serves as the principal executive institution of the SADC, with the Executive Secretary as its Head. Its primary responsibilities in accordance with Article 14 of the SADC Treaty are strategic planning and management of the programmes of SADC. The primary responsibilities encompass the following key deliverables:

- (a) implementation of decisions of the Summit, Troika of the Summit, Organ on Politics, Defence and Security Co-operation, Troika of the Organ on Politics, Defence and Security Co-operation, Council, Troika of the Council, Sectoral and Cluster Ministerial Committees;
- (b) organization and management of SADC meetings;
- (c) financial and general administration;
- (d) representation and promotion of SADC;
- (e) coordination and harmonisation of the policies and strategies of Member States;
- (f) gender mainstreaming in all SADC programmes and activities;
- (g) submission of harmonised policies and programmes to the Council for consideration and approval;
- (h) monitoring and evaluating the implementation of regional policies and programmes;
- (i) collation and dissemination of information on the Community and maintenance of a reliable database;
- (j) development of capacity, infrastructure master plan and maintenance of intra-regional information communication technology;
- (k) mobilisation of resources, coordination and harmonisation of programmes and projects with cooperating partners;

Member States:

Angola	Eswatini	Mauritius	South Africa
Botswana	Lesotho	Mozambique	United Republic of Tanzania
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- (l) devising appropriate strategies for self-financing and income-generating activities and investment;
 - (m) management of special programmes and projects;
 - (n) undertaking research on Community building and the integration process; and
 - (o) preparation and submission to the Council, for approval, administrative regulations, standing orders and rules for the management of the affairs of SADC.
- 1.3 The Secretariat's operations are directed by the SADC Council of Ministers. These operations are funded by contributions, based on Article 26 (Funds) of the Treaty, which stipulates that: "The funds of SADC shall consist of contributions of Member States, income from SADC enterprises and receipts from regional and non-regional sources". The Secretariat's operations are carried out from the SADC Headquarters in Gaborone, Botswana, and satellite offices in some Member States.
- 1.4 The following operations are undertaken outside the headquarters of SADC:
- 1.4.1 The SADC Plant Genetic Resources Centre (SPGRC), a programme implemented by the Secretariat under the Directorate of Food Agriculture and Natural Resources, operates from Lusaka, Zambia. SPGRC was established in 1988 as a partnership between SADC and Nordic donors and was fully constituted into the structure of the SADC Secretariat as a unit under the Directorate of Food Agriculture and Natural Resources (FANR) in March 2017. The SPGRC aims at facilitating and guaranteeing the conservation and preservation of crop and wild plant genetic resources of the region for use in agricultural development by the present and future generations.
- 1.4.2 The SADC Regional Peacekeeping Training Centre (RPTC) operates from Harare, Zimbabwe under the Directorate of the Organ on Politics, Defence and Security Cooperation. The Centre was established in 1996. The aim of RPTC is to study the theory and practice of Peace Support Operations and to coordinate peace and support training in the SADC region as mandated by the SADC Ministerial Committee of the Organ (MCO).
- 1.4.3 The SADC's Permanent Mission to the International Civil Aviation Organisation (ICAO) is based in Montreal, Canada, and was established through Article 9.5 of the SADC Protocol on Transport, Communication and Meteorology, signed on the 24th of August 1996 in Maseru by ten Member States in order to promote SADC Member States' representation in the ICAO Council and pursue a common position related to Civil Aviation.
- 1.4.4 The SADC Humanitarian and Emergency Centre (SHOC) was established by Council in March 2021 to facilitate enhanced regional disaster risks preparedness, response,

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and early recovery in support of Member States overwhelmed by disastrous events such as droughts, tropical cyclones, floods, wildfires and sea level rises. The Centre focuses on the coordination of preparedness, response, early recovery activities and provide quick deployment of region's standby arrangements. The centre is hosted by the Government of Mozambique in Nacala City, Nampula Province.

- 1.4.5. The SADC Regional Counter Terrorism Centre (RCTC) located in Dar es Salaam, United Republic of Tanzania, was established in accordance with the provisions of the SADC Treaty; the Protocol on Politics, Defence and Security Co-operation of 2001; and the SADC Mutual Defence Pact of 2003, all of which are geared towards the preservation of peace, security and stability in the SADC region.
- 1.4.6. The SADC Mission in Mozambique (SAMIM) was deployed on 15 July 2021 following approval by the Extraordinary SADC Summit of Heads of State and Government as a regional response to support the Republic of Mozambique to combat terrorism and acts of violent extremism. The mandate of SAMIM includes supporting the Republic of Mozambique to combat terrorism and acts of violent extremism in Cabo Delgado.
- 1.4.7. The SADC Mission in DRC (SAMIDRC) was deployed on 15 December 2023 following approval by the 43rd SADC Summit of Heads of State and Government with a primary mandate to assist the Democratic Republic of Congo (DRC) in restoring peace and security in the eastern region.
- 1.5. The SADC Secretariat's regular budget includes assessed Member States' contributions, Special funds from the Member States for designated projects and activities, and funds from International Cooperating Partners (ICPs).
- 1.6. The operations of SADC Institutions are accounted for by the Secretariat, in accordance with its role as the principal executive institution of the SADC.
- 1.7. Pursuant to provisions under Article 29 of the SADC Treaty, the Executive Secretary prepares annual financial statements of the SADC Secretariat and its Institutions. The Secretariat financial statements are audited by external auditors appointed by the SADC Council of Ministers line with the Treaty.
- 1.8. The draft Financial Statements for the year ended 31 March 2024 were issued on **12 July 2024**

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Statement of Responsibility for the Financial Statements

In accordance with Article 15 (1)(i) of the SADC Treaty, as amended, the Executive Secretary is the Head of the SADC Secretariat, which is the reporting entity for purposes of annual financial statements as provided for under Article 29 (2) of the SADC Treaty.

As head of the reporting entity, the Executive Secretary has the responsibility to establish an adequate system of internal controls, designed to provide reasonable assurance regarding the achievement of internal control objectives.

The Executive Secretary acknowledges that he is ultimately responsible for systems of internal control established by the Secretariat and places considerable importance on maintaining a strong control environment. To enable the Executive Secretary to meet these responsibilities, he has set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. These internal controls are monitored throughout the Secretariat and all employees are required to maintain the highest ethical standards in ensuring the Secretariat's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The SADC Treaty requires the Executive Secretary to prepare annual financial statements, based on an approved financial reporting framework, which give a true and fair view of the assets, liabilities and financial position of the Secretariat at the end of the financial year, together with statements of financial performance, changes in Member States funds/net assets, cash flows and comparison of budget and actual amounts, for the reporting period. In preparing these annual financial statements, the Executive Secretary is required to:

- select suitable and appropriate accounting policies and apply them consistently;
- make prudent judgments and accounting estimates, that are reasonable;
- state whether the annual financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), including any interpretations issued by the IPSAS Board; and
- prepare the annual financial statements on a going concern basis unless it is inappropriate to presume that the Secretariat will continue operation for the foreseeable future.

The Executive Secretary is responsible for establishing and maintaining adequate internal controls over financial reporting for the Secretariat. The purpose of the control processes is to

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provide reasonable assurance regarding the reliability of the financial reporting process that culminates in the preparation of annual financial statements in accordance with IPSAS.

The Secretariat's internal controls over financial reporting include financial regulations, policies and procedures that:


- pertain to the maintenance of records that are in reasonable detail, and accurately and fairly reflect the Secretariat's transactions, assets, liabilities and cash flows;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the annual financial statements in accordance with IPSAS and that receipts and expenditures are made only in accordance with authorizations established by the Executive Secretary;
- include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposal of the Secretariat's assets that could have a material effect on the financial statements.

There were no changes to the Secretariat's internal controls system during the financial year that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over the financial reporting period of 01 April 2023 to 31 March 2024.

The Executive Secretary is of the opinion, based on the information and explanations given by management and staff that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficiencies.

The annual financial statements are prepared on the basis that the Secretariat is a going concern, and that SADC has neither the intention nor the need to liquidate or materially curtail the scale of operations of the Secretariat.

The audited financial statements, set out on pages 12 to 69, were issued on **12 July 2024**.


H.E. Mr. Elias M. Magosi
EXECUTIVE SECRETARY

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**REPORT OF THE BOARD OF AUDITORS FOR THE SOUTHERN AFRICAN
DEVELOPMENT COMMUNITY**



REPUBLIC OF BOTSWANA



DEMOCRATIC REPUBLIC OF CONGO



REPUBLIC OF MALAWI

Member States:

Angola
Botswana
Comoros
Democratic Republic of Congo

Eswatini
Lesotho
Madagascar
Malawi

Mauritius
Mozambique
Namibia
Seychelles

South Africa
United Republic of Tanzania
Zambia
Zimbabwe

**The Chairperson
Council of Ministers
Southern African Development Community**

REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the Financial Statements of the Southern African Development Community (SADC) Secretariat which comprises the Statement of Financial Position as of 31 March 2024, the Statement of Financial Performance, Statement of Changes in Member Statement Funds and Net Assets, Statement of Cash Flows and the Statement of Comparison of Budget and Actual Amounts for the year then ended as well as notes comprising a summary of significant accounting policies and other explanatory information set out on pages 6 to 63.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the SADC as at 31 March 2024 and its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and SADC Secretariat Financial Regulations.

Basis of Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements sections of our report. We are independent of the SADC Secretariat in accordance with the International Standards of Supreme Audit Institutions –Code of ethics (ISSAI 130) as promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI) and the ethical requirements of International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) .We have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of matter

We draw attention to:

Note 6 of the Financial Statements, which discloses that receivables from Member States amounting to USD192, 038,724 suffered impairment loss of USD21, 625,897 due to non-remittance by the Union of Comoros. The full amount of receivable contributions from the Union of Comoros has been impaired owing to non-remittance of cumulative Member States' contributions since the Member State joined SADC.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our opinion is not modified in respect of these matters.

Other Matter

The due diligence implemented allowed us to note that:

- i. SADC Secretariat did not provide preventative measures that would make the
- ii. critical assets resilient and minimize the likelihood of system failure. As a result, the Secretariat experienced system outage for the Procure to Pay system for approximately eight (8) days. Over this period the processing of purchase orders and payment of suppliers/services were halted.
- iii. the host server hardware had reached the end of its useful life and the hardware warranty had expired. The operating system installed at the time of failure had also reached the end of its useful life. ICT Management did not ensure timely system upgrade, replacement or disposal of the outdated server.
- iv. the system failed to backup for a period of five (5) weeks prior to the system's outage.

Our opinion is not modified in respect of this matter.

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Responsibilities of Management and Those Charged with Governance for the Audit of the Financial Statements

The Executive Secretary and Management of SADC Secretariat, are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), applicable legislation and for such internal controls as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error as required by the Treaty and financial regulations.

In preparing the financial statements, management are responsible for assessing the SADC 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 management either intends to liquidate the SADC Secretariat or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives were 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 an opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment 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.

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- 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 SADC Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by SADC Secretariat.
- 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.
- Conclude on the appropriateness of the SADC Secretariat's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SADC Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available at the date of the auditor's report however; future events or conditions may cause SADC Secretariat to cease to continue as a going concern.

We communicate with those charged with governance 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 identified during the audit.

We also provided those charged with governance with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Report on legal and other Regulatory Requirements

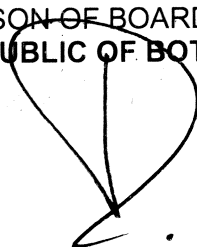
We have performed procedures in order to identify and report findings on compliance with legislation and internal control. In our opinion, the financial statements of the SADC Secretariat for the financial year ended 31 March 2024, have been prepared in accordance with the terms of Article 29 of the SADC Treaty and the provision of the SADC Financial Regulations.

Member States:

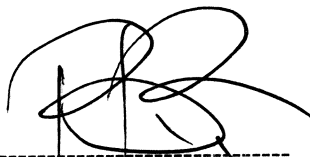
Angola	Eswatini	Mauritius	South Africa
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Democratic Republic of Congo	Malawi	Seychelles	Zimbabwe



MS.KENEILWE SENYARELO, ACCA, ACPA
ACTING AUDITOR GENERAL
CHAIRPERSON OF BOARD OF AUDITORS
REPUBLIC OF BOTSWANA



MR. JIMMY NGWAKA MUNGANGA
PRESIDENT OF COUR DES COMPTES
DEMOCRATIC REPUBLIC OF CONGO



MR. THOMAS MAKIWA
AUDITOR GENERAL
REPUBLIC OF MALAWI

Member States:

Angola
Botswana
Comoros
Democratic Republic of Congo

Eswatini
Lesotho
Madagascar
Malawi

Mauritius
Mozambique
Namibia
Seychelles

South Africa
United Republic of Tanzania
Zambia
Zimbabwe

Statement of Financial Position as at 31 March 2024

		2024	2023
	Notes	USD	Restated USD
Current assets		332,808,420	124,776,878
Cash and cash equivalents	4	147,394,221	94,612,686
Receivables exchange transactions	5	466,612	444,029
Receivables non-exchange transactions	6	181,961,179	27,867,543
Prepayments	7	1,470,768	905,307
Value added tax receivable	8	1,515,640	947,313
Non-current assets		45,005,921	43,710,245
Property, plant and equipment	9	44,343,341	42,986,493
Intangibles	10	622,853	683,244
Security Deposits on Operating Leases	11	39,727	40,508
Total assets		377,814,341	168,487,123
Current liabilities		48,216,624	36,545,903
Trade and other payables from exchange transactions	12	31,648,426	9,196,152
Trade and other payables from non-exchange transactions	13	50,210	495,097
Finance lease liability	14	2,841,020	4,010,344
Post-employment benefit	15	1,802,005	1,420,991
Deferred revenue from ICPs	16	11,874,964	21,423,319
Non-current liabilities		3,361,758	5,934,495
Finance lease liability	14	-	2,841,020
Post-employment benefit	15	3,361,758	3,093,475
Total liabilities		51,578,382	42,480,398
Net assets		326,235,959	126,006,725
Reserves	17	19,679,448	18,626,529
Member States Special Funds	18(a)	238,645,032	44,579,434
Accumulated surplus	18 (b)	67,911,479	62,800,762
Total net assets and liabilities		377,814,341	168,487,123

The opening balance for Property, Plant and Equipment has been restated to correct an error in the initial valuation of the lease for the SADC House, which led to an understatement of the value of the property and the associated lease liability.

Member States:

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Comoros
Democratic Republic of Congo

Eswatini
Lesotho
Madagascar
Malawi

Mauritius
Mozambique
Namibia
Seychelles

South Africa
United Republic of Tanzania
Zambia
Zimbabwe

Statement of Financial Performance for the year ended 31 March 2024

		2024	2023
	Notes	USD	USD
Revenue from non-exchange transactions		139,816,549	117,409,748
Member States contributions	19	103,097,498	84,035,379
Other Income	20	4,299,912	5,037,860
ICPs Contributions	21	32,419,139	28,336,509
Revenue from exchange transactions		2,555,847	1,394,545
ICP Overhead Recovery and Institutional revenue	22	2,127,654	1,225,966
Investment revenue	23	428,193	168,579
Total revenue		142,372,396	118,804,293
Expenditure			
Operating expenditure		23,408,122	22,951,472
Staff costs	24.1	10,850,539	10,407,508
Transport, subsistence and conferences		2,524,775	2,948,866
Rentals		671,187	711,531
Contingent Rent on finance leases		1,748,089	1,390,198
General expenses and supplies	25	3,646,151	4,742,500
Communications		178,617	212,373
Depreciation current year charge	9	3,538,622	2,017,991
Amortisation (intangible assets)	10	67,490	67,490
Finance cost on lease	26	182,652	453,015
Programme Expenses		110,809,679	85,013,988
Member States funded	27	78,514,271	56,526,763
ICPs funded	28	32,295,408	28,487,225
Total expenditure		134,217,801	107,965,460
Other losses /(gains)		1,990,959	5,187,301
Loss (Gain) on sale of assets		12,887	(27,138)
Loss on foreign exchange transactions		82,433	660,878
Impairment of Receivables	29	1,895,639	4,553,561
Surplus for the year		6,163,636	5,651,532

Statement of Changes in Member States Funds and Net Assets for the year ended 31 March 2024

	Reserve Fund	Asset Replacement Fund	Staff Loan Fund	Designated (Special) Funds	Accumulat ed surplus/ (deficit)	Total
	USD	USD	USD	USD	USD	USD
Balance as at 31 March 2022	20,990,720	4,560,927	932,272	42,501,063	49,291,841	118,276,823
Transfers from Accumulated surplus	-	453,429	-	-	(453,429)	-
Contributions from Member States	-	-	-	47,948,232	-	47,948,232
Foreign exchange translations gains	-	-	(109,751)	(16,279)	109,751	(16,279)
Surplus for the period	-	-	-	-	5,651,532	5,651,532
Transfers to Accumulated Surplus	(7,833,845)	(479,372)	-	-	8,313,217	-
Designated funds expenditures	-	-	-	(45,932,471)	-	(45,932,471)
Interest Received	74,999	14,880	22,270	78,889	(112,150)	78,889
Balance as at 31 March 2023	13,231,874	4,549,864	844,791	44,579,434	62,800,762	126,006,725
Transfers from Accumulated surplus	2,567,605	436,565	-	-	(3,004,170)	-
Contributions from Member States	-	-	-	260,266,616	-	260,266,616
Foreign exchange translations loss	-	-	(38,679)	(658)	38,679	(658)
Surplus for the period	-	-	-	-	6,163,636	6,163,636
Transfers to Accumulated Surplus	(887,390)	(1,232,182)	-	-	2,119,572	-
Designated funds expenditures	-	-	-	(66,413,597)	-	(66,413,597)
Interest Received	141,251	38,625	27,124	213,237	(207,000)	213,237
Balance as at 31 March 2024	15,053,340	3,792,872	833,236	238,645,032	67,911,479	326,235,959

Statement of Cash Flows for the year ended 31 March 2024

	Notes	2024 USD	2023 USD
Cash flows from operating activities			
Surplus for the year		6,163,636	5,651,532
Adjustments:			
Depreciation		3,538,622	2,017,991
Amortization (intangible assets)		67,490	67,490
(Gain)/loss on sale of assets		12,887	(27,138)
Donated assets		(3,598,265)	(2,650,973)
Investment Income		(428,193)	(168,579)
Finance costs on lease		182,652	453,015
(Decrease)/Increase in Post-employment benefit		649,297	(1,243,811)
Decrease in Deferred revenue from ICP		(9,548,355)	(3,406,851)
Increase in the Member States Special Funds		194,065,598	2,078,371
Increase in payables		22,007,386	1,249,219
(Increase)/decrease in receivables		(155,249,225)	(10,850,015)
Net cash flows from operating activities		57,863,530	(6,829,749)
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,339,119)	(1,318,249)
Purchase of Intangibles		(7,100)	-
Proceeds from sale of property, plant and equipment		29,027	27,060
Investment Income		428,193	168,579
Transfer from Reserves to SADC House Fund		-	-
Net cash flows used in investing activities		(888,999)	(1,122,610)
Cash flows from financing activities			
Finance charges paid on SADC House		(182,652)	(453,015)
SADC house lease repayments		(4,010,344)	(3,739,980)
Net cash flows used in financing activities		(4,192,996)	(4,192,995)
Net increase in cash and cash equivalents		52,781,535	(12,145,354)
Opening cash and cash equivalents		94,612,686	106,758,040
Closing cash and cash equivalents	4	147,394,221	94,612,686

Statement of Comparison of Budget and Actual Amounts (Revenue) for the year ended 31 March 2024

Description	Original Budget	Final Adjusted Budget	Actual Comparable Amount	Variance	Utilization rate
Member States contributions	37,038,780	37,038,780	37,038,780	-	100%
Member States Contributions-Special Funds	39,616,894	274,416,452	66,058,718	208,357,734	24%
International Cooperating Partners contributions	40,986,920	51,729,016	32,419,139	19,309,877	63%
Total revenue from non-exchange transactions	117,642,594	363,184,248	135,516,637	227,667,611	37%
Revenue from exchange transactions					
Institutional property rentals	1,249,928	1,249,928	2,127,654	(877,726)	170%
Investment revenue	-	-	428,193	(428,193)	100%
Other Revenue	-	-	4,299,912	(4,299,912)	100%
Proceeds from Disposals	20,000	20,000	29,027	(9,027)	145%
Total revenue from exchange transactions	1,269,928	1,269,928	6,884,786	(5,614,858)	542%
Sub-Total before Withdrawals	118,912,522	364,454,176	142,401,423	222,052,753	39%
Withdrawals from reserves and other funds					
Withdrawal from Assets Replacement Fund	1,691,555	2,133,063	1,232,182	900,881	58%
Seed Capital towards Operationalize the Mechanism in Honors of the SADC Founders	394,329	394,329	283,992	110,337	72%
Reserve Fund towards EU refund for TRF and PPDF ineligible expenditure	-	4,165,755	282,670	3,883,085	7%
SADC Standby Force Exercise	1,309,366	1,309,366	1,309,366	-	100%
SHOC	1,127,266	1,127,266	270,145	857,121	24%
Withdrawal from 2021/22 Cash Surplus to cover Commitments	-	410,580	391,580	19,000	95%
Withdrawal from 2021/22 Savings/Appropriation towards Hashim Mbita	311,303	-	-	-	0%
Sub-Total Withdrawals	4,833,819	9,540,359	3,769,935	5,770,424	40%
Total revenue	123,746,341	373,994,535	146,171,358	227,823,177	39%

Analysis of Revenue

The Revenue from Annual Member States contributions is recognized when invoiced. Contributions for special projects and activities from Member State are initially recorded as deferred revenue to Special Funds accounts and only recognized as revenue in the Statement of Financial Performance when earmarked activities have been implemented.

Grants received from International Cooperating Partners are initially recorded as deferred income and only recognized as revenue in the Statement of Financial Performance when the related conditions of the respective grants have been fulfilled.

During the 2023/24 Financial Year, total receipts amounted to **US\$146,171,358**, representing 39% of the revised budgeted revenue of **US\$373,994,535**. The Secretariat's annual budget was revised from **US\$123,746,341** mainly as a result of additional Member States contributions of **US\$249,955,454** for SADC Missions during the 2023/24 Financial Year. On the other hand, the substantial variance in revenue, amounting to **US\$227,823,177**, was primarily caused by delays from Member States in remitting the additional contributions.

Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2024

Description	Original Budget	Revised Budget	Actual Expenditure Amount	Variance	Actual Utilization - Annual
Programme Activities					
Member States funded					
Directorate of Organ, Politics, Defence and Security (ORGAN)	36,070,542	267,507,816	62,716,503	204,791,313	23%
Directorate of Industrial Development and Trade	2,308,656	2,457,092	2,180,086	277,006	89%
Directorate of Finance Investment and Customs	1,485,473	1,426,151	1,375,406	50,745	96%
Directorate of Infrastructure and Services (I&S)	1,976,396	1,925,626	1,932,108	(6,482)	100%
Directorate of Food, Agriculture and Natural Resources (FANR)	3,146,766	3,261,029	2,829,403	431,626	87%
Directorate of Social, Human Development and Special Programmes(SHD&SP)	1,341,349	1,297,027	1,036,510	260,517	80%
Disaster Risk Reduction	1,890,291	1,890,291	987,392	902,899	52%
Policy, Planning and Resource Mobilization (PPRM)	3,139,627	3,074,956	2,970,363	104,593	97%
Gender Unit	412,827	412,827	401,557	11,269	97%
GSHD-HIV/AIDS	1,600,000	4,809,893	2,598,726	2,211,168	54%
Sub-total: Programmes Funded by Member States	53,371,927	288,062,708	79,028,054	209,034,654	27%
Program activities: ICP Funded					
Directorate of Organ, Politics, Defence and Security (ORGAN)	8,274,247	8,274,247	5,933,900	2,340,347	72%
Directorate of Industrial Development and Trade	6,387,917	12,591,674	3,742,812	8,848,862	30%
Directorate of Finance Investment and Customs	11,547,817	15,510,936	10,238,009	5,272,926	66%
Directorate of Infrastructure and Services (I&S)	3,591,913	4,679,244	2,521,140	2,158,104	54%
Directorate of Food, Agriculture and Natural Resources (FANR)	8,032,277	10,738,036	6,594,690	4,143,346	61%
Disaster Risk Reduction	535,269	562,680	294,237	268,443	52%
Policy, Planning and Resource Mobilization (PPRM)	932,328	1,852,802	1,435,677	417,126	77%
Sub-total Program activities Funded by ICP	39,301,768	54,209,619	30,760,465	23,449,154	57%
Sub-total Program activities	92,673,695	342,272,326	109,788,518	232,483,808	32%
Support activities Member State funded					
Directorate -Finance	3,576,076	3,579,200	3,560,565	18,636	99%
Directorate Human Resources and Administration	16,968,759	17,207,193	15,052,011	2,155,182	87%
Legal	751,924	851,924	726,785	125,138	85%
Information Communication Technology	1,611,258	1,904,103	1,621,666	282,438	85%
Procurement Unit	1,140,589	1,074,967	984,212	90,755	92%

SADC Secretariat

Financial Statements for the Year Ended 31 March 2024

Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2024

Description	Original Budget	Revised Budget	Actual Expenditure Amount	Variance	Actual Utilization - Annual
Executive Secretary, Deputy Executive Secretaries Corporate Affairs and Regional Integration	397,990	397,990	370,547	27,443	93%
Internal Audit and Risk Management	1,034,085	1,054,867	991,764	63,103	94%
SADC Administration Tribunal	232,497	292,497	251,511	40,986	86%
Communication and Public Relations	766,801	766,801	758,737	8,064	99%
Sub-total: Support activities Member State funded	26,479,979	27,129,542	24,317,796	2,811,746	90%
Support activities International Cooperating Partners funded					
Communication and Public Relations	279,032	279,032	191,856	87,176	69%
Directorate of Human Resources and Administration	752,000	752,000	749,080	2,920	100%
Information Communication Technology	654,120	654,120	700,191	(46,071)	107%
Sub-total Support activities International Cooperating partners funded	1,685,152	1,685,152	1,641,127	44,025	97%
Sub-total Support activities	28,165,131	28,814,694	25,958,923	2,855,771	90%
Total Programme and support activities costs excluding Contingency	120,838,826	371,087,020	135,747,442	235,339,579	37%
Transfers to Special Accounts	2,907,515	2,907,515			
Total	123,746,341	373,994,536			

Excluding the additional budget on SADC Missions results in ORGAN performance of 43%, 63% for programmes activities funded by Member States and overall budget performance for the Secretariat of 67%.

Analysis of Expenditure Variances

The total expenditure for the year amounted to US\$135,747,442, which represents 37% of the Revised Budget, excluding transfers to the Contingency Fund. The achieved level of expenditure was attributable to the following.

- (i) **Member States funds:** Budget utilisation rate of 27% on Programme activities and 90% on Support activities under Member States funding is mainly due to the following:

- (a) The delayed roll-out of SADC Missions led to a significantly lower expenditure of the additional programme budget. The budget for SADC missions accounted for 87% of the programme budget funded by Member States. This resulted in a total expenditure of only 23% for the ORGAN. Excluding the additional budget on SADC Mission results in a budget utilisation for the ORGAN of 43%, 63% for programmes and overall budget utilisation of 67%;
- (b) delays in internal procurement processes, approval processes, and the need to relaunch some tenders due to non-responsive bidders; and

with the exception of the Directorate of ORGAN (23%) and Disaster Risk and Reduction Unit (52%), the utilisation rate of Member States resources by Directorates and Units, exceeded 80%.

- (ii) **International Cooperating Partners (ICP) funds:** Budget utilisation rate of 57% on Programme activities and 97% on Support Activities achieved was due to the following:

- (a) delays in the rollout of activity implementation resulted in low utilisation in some projects, such as AfDB Sustainable Financing in Regional Infrastructure (SFRI) project and Trade and Transit Facilitation project, where the financing agreements were signed around midyear.
- (b) signing of contracts with Implementing Partners (Grant Beneficiaries) was delayed, specifically on the RiNaWa project, and this affected the rolling out of project activities.
- (c) non-responsive bidders caused delays in the procurement of suitable consultants, such as the AfDB MSFI Programme, which recorded a 28% utilisation. Additionally, there were delays in engaging successful bidders/consultants; and
- (d) some projects such as OACPS RiNaWa disbursed grants to Implementing Partners during the financial year and expenditure from these grants are yet to be verified.

Notes to the Financial Statements

1 Basis of preparation

1.1 Statement of compliance and basis of preparation

The Financial Statements of the Secretariat of Southern African Development Community (SADC) herein referred to as the Secretariat have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) is applied. The Financial Statements have been prepared on the historical cost basis unless otherwise stated and the accounting policies. The statement of cash flows is prepared using the indirect method. The financial statements are presented in United States dollars, the functional and reporting currency of the Secretariat.

1.2 Going concern

The accompanying financial statements have been prepared on the assumption that the SADC Secretariat will continue as a going concern. Based on the positive historical trend of collection of assessed contributions over the past years and the fact that the Council has not taken any decision to cease the operations of the SADC Secretariat, Management is confident that the SADC Secretariat will continue as a going concern in the foreseeable future.

1.3 Application of International Public Sector Accounting Standards (IPSAS)

- 1.3.1 The SADC Secretariat continues to prepare its financial statements in accordance with IPSAS issued by the International Public Sector Accounting Standards Board ("IPSASB") that are relevant to its operations. For the accounting periods beginning 1 April 2023 IPSAS not applicable to the SADC Secretariat are listed in table 1 below.
- 1.3.2 The SADC Secretariat has elected not to "early adopt" IPSAS Standards/Interpretations not yet effective as at the year-end.

Table 1: IPSAS not applicable to the SADC Secretariat

IPSAS No.	Description	Reason for not applying to SADC Secretariat
IPSAS 10	Financial Reporting in Hyper Inflationary Economy;	SADC Secretariat did not operate in a hyperinflationary environment during the reporting period. The United States Dollar, which over the years, has not been affected by hyperinflation, is the functional and reporting currency of the SADC Secretariat
IPSAS 11	Construction Contracts	SADC Secretariat is not involved in issues or manages any construction contracts as prescribed by the standard and therefore could

IPSAS No.	Description	Reason for not applying to SADC Secretariat
		not be required to account for any transaction in terms of IPSAS 11
IPSAS 27	Agriculture	SADC Secretariat is not involved in agricultural activities within the definition of biological assets.
IPSAS 32	Service Concession Arrangements: Grantor.	SADC Secretariat is not involved in binding arrangements that involve private sector participation in the development, financing, operation or maintenance of assets used to provide public service.
IPSAS 35	Consolidated Financial Statements.	SADC Secretariat does not have subsidiaries or Associate companies as defined by the standard.
IPSAS 36	Investment in Associates and Joint ventures	SADC Secretariat does not have Investments in Associates involving any form of shares or equity instruments or joint ventures
IPSAS 37	Joint Arrangements	SADC Secretariat does not have jointly controlled operations, or jointly controlled assets. Accordingly, the standard does not apply.
IPSAS 38	Disclosure of Interests in Other Entities	SADC Secretariat does not have interest in other entities. Accordingly, the standard does not apply
IPSAS 40	Public Sector Combinations	SADC Secretariat is not involved in any business combinations

2. Significant Accounting Policies

2.1. Measurement Basis

These financial statements are prepared using the historical-cost convention, except for financial assets which are recorded at fair value through surplus or deficit.

2.2. Foreign currency transactions

The financial statements are presented in United States Dollars (USD), which is the functional and reporting currency of the Secretariat, and all values are rounded to the nearest USD.

Transactions in foreign currencies are translated to United States dollars at the rates of exchange prevailing at the date of the transactions.

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. The resulting gains or losses are recognized in the statement of financial performance.

2.3. Property, plant and equipment

2.3.1. Initial recognition and measurement

Property, plant and equipment acquired by the Secretariat is initially stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment is subsequently measured at cost less accumulated depreciation and accumulated impairment. Depreciation is charged to the statement of financial performance on an annual basis. Impairment losses are recognised in the statement of financial performance, as and when these arise.

Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of \$10,000 for military assets and \$500 for all other assets.

Included in property are leasehold buildings which are stated at a fair value of the leased asset determined at the inception of the lease. The fair value is based on the discount rate implicit in the lease/ Public-Private Partnership agreement of 7% per annum.

Property, plant, and equipment acquired through non-exchange transactions, including grants, are initially recorded at fair value, which is deemed to represent the cost of the asset.

2.3.2. Depreciation

Depreciation on assets is charged on a straight-line basis over the useful economic life of the asset. Depreciation is charged at rates calculated to allocate the cost of the asset, less any estimated residual value, over its remaining useful economic life. Annual depreciation rates used are as follows:

Classes of asset	Depreciation rates
Buildings	2%
Solar Street lights	10%
Motor vehicles	10%
Computer equipment	25%
Furniture and fittings	12.5%
Office and Residential Equipment	25%
Servers	20%
Fences	10%
Plant and Machinery	12.5%
Tents and Camping Equipment (Military)	50%
Military Equipment	50%
Military Plant and Machinery	25%

The assets' residual values and useful economic lives are determined at the time of procurement and are reviewed and adjusted as appropriate at the end of each reporting period.

2.3.3. Useful lives

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- (i) The condition of the asset based on the assessment of experts;

- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- (iii) The nature of the processes in which the asset is deployed;
- (iv) Availability of funding to replace the asset; and
- (v) Changes in the market in relation to the asset

2.3.4. De-recognition

Items of property, plant and equipment and/or any significant part of an asset are derecognised upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit, in the period when the asset is de-recognised.

2.3 Intangible Assets

2.3.1 Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2.3.2 Internally generated computer software

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits or service potential is probable, and the Secretariat intends to and has sufficient resources to complete development and to use the asset.

The expenditure capitalised includes the direct labour and overheads that are directly attributable to preparing the software for its intended use. Other development expenditure is not capitalised and is reflected in surplus or deficit in the period in which the expenditure is incurred.

2.3.3 Software Licenses

Software licenses that are identifiable or arise from contractual or other legal rights are recognised as intangible assets if it is probable that the expected future economic benefits or service potential that is attributable to the asset will flow to the Secretariat over a period greater than 12 months and the cost of the asset can be measured reliably.

2.3.4 Trademarks, logo and insignia

In August 2017 Council approved a budget to register the SADC trademark, Logo and Insignia, in order to protect them from misuse and misrepresentation and to secure them in all the Member States. Expenditure relating to legal services to register, protect and secure the trademarks, logo and insignia have been capitalized as an intangible asset with

an indefinite life span. The trademarks, logo and insignia will not be amortised, but will be tested annually for impairment, and more frequently whenever there is an indication that the asset may be impaired.

2.3.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use since this most closely reflects the expected patterns of consumption of the future economic benefits or service potential embodied in the asset.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortised over their useful life as follows:

Class of intangible assets	Life span
Internally generated computer software	10 years
Software licenses	5 years or the duration of the contract.
Copy right and Trademark	Indefinite

- 2.3.6. The amortisation period and the amortisation method, for intangible asset with finite useful lives, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

2.3.7 De-recognition

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is de-recognised.

2.3.8. Donated Right to Use

Land, buildings, infrastructure assets, machinery and equipment are sometimes granted to the Secretariat, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether the agreement indicates that control over the underlying assets is transferred to the Secretariat.

Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to an imputed annual rental value of the asset or similar property are recognized in the financial statements. Where a donated right-to-use arrangement is treated as a finance lease, the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of

the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases where the Secretariat does not have exclusive control over the land and/or title to the land is transferred under restricted deeds. Where title to land is transferred to the Secretariat without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

2.3.9. Heritage Assets

Heritage assets are not recognized in the financial statements, but significant heritage assets transactions are disclosed in **Note 35** to these financial statements.

2.4. Revenue Recognition

2.4.1. Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at fair value and recognised on obtaining control of the asset (cash, goods, services and property plant and equipment) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Secretariat and can be measured reliably.

2.4.1(a) Contributions from the Member States

Contributions from the Member States are recognised based on the following:

- i) Annual Member States contributions are assessed under the provisions of the Treaty, as amended, in Article 28(2) based on a formula approved by Council. These are recorded as receivables and recognized as revenue after the approval of the annual budget by the Council. These are not returnable to the contributing Member States. The collection is enforced by the application of sanctions under Article 33 of the Treaty;
- ii) Contributions received from the Member States, as Special Funds, other than annual Member States Contributions, are recorded as designated funds. These are recognised as revenue in the statement of financial performance when the funds have been utilised for the intended purposes. Utilisation of these funds is reported separately in these notes to the financial statements; and
- iii) In the event that the Council waives the conditions applicable to a Special Fund, the Secretariat recognizes the contributions received as revenue in the statement of financial performance. During a financial year, these contributions will form part of surplus or deficit.

2.4.1(b) Contributions from International Cooperating Partners (ICPs)

In accordance with provisions under Article 25 of the Treaty, SADC mobilizes resources from non-members for the implementation of interventions. The Executive Secretary, being the Chief Executive officer of SADC and Head of the Secretariat as designated in

Article 3 and Article 14(2) respectively of the Treaty, signs resource mobilisation agreements providing financial, technical and material resources to SADC.

These resources may be executed by SADC Institutions established under Article 9 of the Treaty. Resources that are executed by the Secretariat are managed by the Executive Secretary. Pursuant to Article 15(1)(g), the Executive Secretary is the Accounting Officer on resources executed by the Secretariat.

Entities established at the level of Member States and or Regional level may in some cases be designated as executing authorities by SADC. As the Executive Secretary is not the Accounting Officer of such entities, agreements providing for financial, technical and material resources establish accounting officers on such resources to ensure accountability. These resources if channelled directly by the ICPs to those institutions are not included in the financial statements of the Secretariat.

Under the Windhoek Declaration of April 2006 on aid effectiveness, it is now the norm for SADC to forge its own strategies (ownership); for ICPs to support these strategies

(alignment) and work to streamline their efforts and base delivery of aid on the Secretariat's own systems and processes (harmonisation); for development policies to be directed to achieving clear goals and for progress towards these goals to be monitored (results); and for development partners and SADC alike to be jointly responsible for achieving these goals (mutual accountability).

In compliance with the objectives of the Declaration, SADC and some of its ICPs have signed contribution agreements. Under this framework and within the specified legal framework, ICPs delegate the management of resources to SADC, the management of the resources based on the Secretariat own regulations, standing orders and rules. An agreed administrative overhead rate is charged on the eligible expenditure towards institutional indirect costs.

The Secretariat has determined that Members' contributions and contributions from ICPs are non-exchange transactions in terms of IPSAS 23. Revenue from Non-exchange transactions are utilised to fund the operations of the Secretariat in accordance with budget approval requirements.

Resources availed by ICPs have been accounted for and reported as follows:

- (i) Contributions receivable from ICPs which are expected to be received, are recognized in the statement of financial performance only when there is reasonable assurance that the Secretariat will comply with the conditions attached to them and the contributions will be received.
- (ii) Generally, such revenue is matched against the expenditure, as this is when the conditions of the grant are fulfilled. Expenditure not complying with requirements and or exceeding available resources under contractual instruments is not charged against an ICP. A system is in place to ensure that mandatory accounting and financial reporting requirements on contributions are complied with. The system provides for the following:
 - a) Grants are initially recorded on the statement of financial position of the

Secretariat as deferred revenue and recognised as revenue when the related conditions of the grant have been fulfilled;

- b) Grants relating to the acquisition of fixed assets managed by the Secretariat are recognised in the statement of financial performance as revenue when conditions related to the grant have been met.
- c) Disbursements of funds to the beneficiary by the Secretariat are treated as advances and recorded as receivables until justifications/ a satisfactory expenditure report is received.

(iii) Funds receivable on contribution agreements with ICPs towards institutional overheads are:

- (a) Provided for as a charge against the grant on an accrual basis; and
- (b) Recognized as exchange revenue, on an accruals basis.

2.4.2. Revenue from exchange transactions

The Secretariat obtains additional revenue categorised as exchange transactions from the following sources;

- (i) Charge for use of institutional property
- (ii) Sale of assets; and
- (iii) Interest received.

The Secretariat will only recognise revenue where it is acting as a principal and has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Where SADC Secretariat acts as an agent, any amount collected on behalf of the principal will not be recognised as revenue.

Interest income is recognised as interest accrued using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying value.

2.5. Segment reporting

The SADC secretariat does not have clearly identifiable segments as described by IPSAS 18. Management however decided to separately present information on revenues, expenditures, assets and liabilities funded by the Member States and International Cooperating Partners (ICP) as a way of enhancing the quality of the information provided to the Secretariat's stakeholders. This information is presented on the face of the statement of financial performance, and the statement of financial position, while further information on ICP funding and expenditures is presented in notes 6, 12, 22, and 26. A summary of information on both streams of funding is presented in note 35. The disclosures made on the various sections of the Financial Statements provide meaningful information to users of the financial statements on resources received from ICPs, how the resources were allocated and utilised during the financial year, and the balances of assets and liabilities at the end of the financial year.

2.6. Financial instruments

2.6.1. Financial assets

Financial Asset Classification

The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The Secretariat classifies its financial assets as follows;

Classification	Financial Asset
Loans and Receivables	Cash and cash equivalents and receivables

Initial recognition and measurement

Financial assets within the scope of IPSAS 41 *Financial Instruments* are recognised in the financial statements when the entity becomes a party to the contractual arrangements of the instrument. At initial recognition, a financial asset is measured at its fair value. The Secretariat initially recognises financial assets classified as loans and receivables on the date on which they are originated. All other financial assets are recognized initially on the trade date, which is the date on which the Secretariat becomes party to the contractual provisions of the instrument.

Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

Financial assets at fair value through surplus or deficit are those that have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Loans and receivables represent amounts due from the Member States, Development Partners and other providers of goods and services in the normal course of business.

Impairment of financial assets

The Secretariat assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- (a) A group of debtors or debtors are experiencing significant financial difficulty;
- (b) Default or delinquency in interest or principal payments;
- (c) Probable that debtors will enter bankruptcy or other financial reorganization; and;
- (d) Observable data indicate that there is a measurable decrease in the estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

Impairment losses are recognized in the statement of financial performance in the year in which they arise.

De-recognition

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Secretariat has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Cash and cash equivalents.

Cash on hand and in banks and short-term deposits, which are held to maturity are measured at amortised cost. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash resources as defined above.

Other Assets

Other assets include education allowances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

2.6.2. Financial Liabilities

Classification

Financial liabilities are classified as "current liabilities". They include accounts payable, transfer payables, unspent funds held for future refunds and other liabilities such as deferred payables. The Secretariat re-evaluates the classification of financial liabilities at each reporting date.

Financial liabilities: accounts payable and accrued liabilities

Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for at the reporting date. Payables are measured at their nominal value if classified as current liabilities, or at the fair value if classified as non-current liabilities.

Advance receipts and deferred revenue

Advance receipts and deferred revenue consist of contributions or payments received in advance and other deferred revenue.

Liabilities for conditional arrangements

Liabilities for conditional arrangements are liabilities arising from funding arrangements with stipulations imposed by ICPs on the use of the contributions that are classified as conditions

Initial recognition measurement:

Financial liabilities classified as current liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of fewer than 12 months are recognized at their nominal value.

De-recognition

A financial liability is derecognized and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired. 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

2.7. Provisions

Provisions are recognized when the Secretariat has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Current provisions are measured at the estimated costs expected to settle the obligation, as at the reporting date.

Long-term provisions are measured at the present value of weighted average costs expected to settle the obligation, as at the reporting date. The present value of long-term provisions is determined using estimated cash flows. The cash flows are discounted at a current discount rate that reflects the risks specific to the obligation. The unwinding of the discount is expensed as incurred and recognized in the statement of financial performance as a finance cost.

2.8. Contingent liabilities

Contingent liabilities are continually assessed to determine whether an outflow of resources has become probable. When it is assessed as remote that SADC will be liable, no disclosure of contingent liability is made. When it is probable that an outflow of resources will be required (i.e it is more likely than not that a present obligation exists at the reporting date) for an item previously dealt with as a

contingent liability, a provision is recognised in the financial statements in the period in which the change in probability occurs, provided a reliable estimate can be made of the amount.

2.9. Contingent assets

The Secretariat does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Secretariat in the notes to the financial statements. Contingent assets disclosed are stated at the estimated benefit expected to accrue to the entity as at the reporting date.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.10. Taxation

The current tax charge is not provided for since the Secretariat is exempt from taxes. This is in accordance with the SADC Protocol on Immunities and Privileges.

2.10.1. Deferred taxation

Deferred income tax has not been provided for as a liability and an asset is not expected in taxation due to the tax exemption status of the Secretariat.

2.10.2. Value added tax (VAT)

Value-added taxes on transactions of the SADC Secretariat are claimable by the Secretariat. Accordingly, expenditure is recorded net of value-added tax. Amounts owed by the various tax authorities for refund of VAT paid by the Secretariat are reflected as receivables.

2.11. Lease

2.11.1. Finance Lease

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of the leased item to the Secretariat. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Secretariat also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured at the present value of the future minimum lease payments at initial recognition.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Secretariat will obtain ownership of the asset 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. Contingent rentals are recognized as expenses in the period in which they are incurred. Contingent rentals are computed as the difference between the fixed minimum lease payments at the commencement of the lease and the actual minimum lease payment.

2.11.2. Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

The Secretariat included the service element in computing the fair value of the leasehold building on the inception of the lease from 1 August 2009, and in recognizing the underlying liability. Subsequently, the liability has been reduced as payments are made and an imputed finance charge on the liability recognized using the SADC Secretariat incremental borrowing rate of interest.

2.12. Financial risk management

The Secretariat's exposure to financial risks as well as its policies to mitigate those risks is described below:

2.12.1. Exchange rate exposure

Exposure to foreign currency exchange rate movements arises in the normal course of the Secretariat's activities. While this is subject to the risk of foreign exchange rates changing, the Secretariat attempts to minimise the exposure by ensuring that contractual liabilities are in the currency of the foreign currency resources.

The closing relevant exchange rates vis-à-vis US Dollar as at 31 March 2024 of each financial year are as follows:

Currency	31 March 2024	31 March 2023
Botswana Pula	14.084507042	13.386880857
European Union Euro	0.879739597	0.850629466
Great Britain Pound	0.752728641	0.967117988
South African Rand	19.963500000	18.795900000
Mozambican Meticals	64.520000000	64.520000000
Tanzanian Shilling	2605.000000000	2392.000000000
Zimbabwean Dollar (RTGS)	23158.247500000	961.642600000
Zambian Kwacha	26.291300000	22.505300000
Canadian Dollar	1.429900000	1.425100000

2.12.2. Interest rate exposure

Exposure to interest rate movements arises in the normal course of the Secretariat's activities. The Secretariat does not engage in speculative investment activities.

2.12.3. Credit risk exposure

Exposure to credit risk arises in the normal course of the SADC Secretariat's activities. The Secretariat attempts to minimise this exposure through utilisation of various collection instruments.

There is no significant concentration of credit in any instrument.

2.12.4 Employee benefit

Gratuity

The Secretariat does not provide post-employment benefits for its employees other than Gratuity as specified below.

SADC members of staff earn 25% of their salary as gratuity. This is accrued monthly and charged against the annual surplus or deficit. The gratuity is invested in interest earning securities in accordance with regulation 51(2) of the SADC Secretariat Financial Regulations. The gratuity is paid to the members of staff at the end of the contract of employment. As such the amounts accrued to this account, approximate the fair value of the Secretariat's post-employment obligations.

Other Benefits

Employee benefits are benefits (other than termination benefits) that are payable within 12 months, in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (relocation and settlement allowances, Home passage and school passage), regular monthly benefits (assignment allowances, secondment allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (education allowance, and home leave travel) provided to current employees on the basis of services rendered.

2.13. Related parties

The Secretariat regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Secretariat, or vice versa. Members of key management are also regarded as related parties. Where transactions are undertaken with related parties and those transactions are not at arm's length or not in the ordinary course of business the transactions and resultant balances are disclosed in the related party note in the financial statements.

2.14. Impairment of non-cash generating assets

The Secretariat has determined that all of its non-financial assets are non-cash-generating assets and therefore applies the following principles with regards to impairment:

- (i) The Secretariat at each reporting date assesses whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Secretariat estimates the asset's recoverable amount or value in use. An asset's recoverable amount is the higher of the non-cash-generating asset's estimates sale proceeds or value in service less costs to sell, and its value in use.
- (ii) Where the carrying amount of an asset exceeds its recoverable amount or service potential, the asset is considered impaired and is written down to its recoverable or service potential amount.
- (iii) In assessing value in use, the Secretariat has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- (iv) In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement nor active market for an asset, the Secretariat determines fair value less cost to sell based on the best available information.
- (v) For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Secretariat estimates the asset's recoverable service amount. Previously recognized impairment losses are reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

3.0. Significant judgements

The preparation of the Secretariat's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. These are disclosed as contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1. Operating lease commitments

The Secretariat has entered into operating leases allowing the Secretariat to utilise some properties, plant and equipment. The Secretariat has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the property, plant and equipment) that it does not acquire all the significant risks and rewards of ownership of these properties, plant and equipment and therefore accounts for the contracts as operating lease.

3.2. Impairment of non-financial assets – non-cash-generating assets

The Secretariat reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the Secretariat undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use of estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

3.3. Fair value estimation – financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. The judgement includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.4. Held-to-maturity investments and loans and receivables

The Secretariat assesses its loans and receivables (including trade receivables) and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Secretariat evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments.

3.5. Commitments

Commitments are future expenses to be incurred by the Secretariat with respect to open contracts which the Secretariat has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that are not delivered as at the end of the reporting period, non-cancellable minimum lease payments and other non-cancellable commitments.

Notes to the Financial Statements

4	Cash and Cash Equivalents	2024	2023
		USD	USD
	Development partners	11,086,315	18,679,731
	Member States – operations	6,369,706	6,094,366
	Member States - staff benefits	5,171,948	4,535,266
	Member States – reserves	16,233,939	17,577,859
	Member States - special projects	108,532,313	47,725,464
	Total cash and cash equivalents	147,394,221	94,612,686

5	Receivables from Exchange Transactions	2024	2023
		USD	USD
	Trade Receivables	4,407	-
	Workshop imprest (Note 5.1)	58,576	82,332
	Staff advances and loans (Note 5.1)	403,729	361,697
	Total receivables from Ex Transactions	466,612	444,029

5.1 The Ageing Analysis of Receivables from Exchange Transactions is as follows:**At 31 March 2024**

	Total	= <30days	>30 days
	USD	USD	USD
Trade Receivables (6.1)	4,407	4,407	-
Workshop imprest	58,576	10,933	47,643
Staff advances and loans	403,729	7,598	396,131
Total	466,612	22,938	443,774

At 31 March 2023

	Total	= <30days	>30 days
	USD	USD	USD
Workshop imprest	82,332	58,176	24,156
Staff advances and loans	361,697	48,616	313,081
Total	444,029	106,792	337,237

6	Receivables Non-Exchange Transactions	2024	2023
		USD	USD
	Current receivables - Member States		
	Receivable from Member States	192,038,724	30,241,482
	Less: Impairment Comoros (6.2)	(21,625,897)	(12,254,330)
	Total current receivables - Member States	170,412,827	17,987,152

Receivables - Project Advances

Receivable from project advances (6.3)	6,949,907	8,830,644
Travel Advances	106,143	113,961
Deferred Revenue Debits (6.4)	<u>4,492,302</u>	935,786
Total Receivables - Project Advances	<u>11,548,352</u>	9,880,391

Total Non-Exchange Receivables

<u>181,961,179</u>	<u>27,867,543</u>
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6.1 Trade debtors arose from two creditors that had debit balances as at 31 March 2024

6.2 Included in receivables from Member States is a total of US\$ 21,625,897 of annual Member States contributions from the Union of Comoros. The full amount of receivable contributions from the Union of Comoros has been impaired owing to non-remittance of Member States contributions since the Member State joined SADC. The Union of Comoros is currently under sanctions by the Council in line with Article 33 (3) (a), (b) and (c) of the SADC Treaty.

6.2 Receivables from project advances relate to transfers to Member States and other institutions located in various Member States for utilisation in projects implemented by them. Expenditure in such projects is recognised in the Secretariat books when the advanced funds have been utilised and verified.

6.3 Current receivables also include International Development Partners (ICP) with debit balances (Deferred Revenue Debits) of US\$4,492,302 broken down as follows:

Project	Amount (US\$)
SADC Investment and Business Environment	746,196
ADB Profishblue	881,215
SADC ADB Sustainable financing in Regional	29,381
SADC EU IICB SO2 capacity	258,411
SADC EU PAGODA for Peace and Security	457,137
GIZ ES Support	60,326
SADC/GIZ PSGG	17,169
SADC 11TH EDF TFP	1,941,382
SADC-ERM Peacebuilding Support to Mozambique	101,085
TOTAL	<u>4,492,302</u>

7 Prepayments	2024	2023
	USD	USD
Education allowance	644,215	747,627
Other Prepayments	<u>826,553</u>	157,680
	<u>1,470,768</u>	<u>905,307</u>

Other prepayments relate to prepayment for a motor vehicle, prepaid utilities and prepaid insurance.

8 Value added tax receivable

	2024	2023
	USD	USD
Value added tax	1,515,640	947,313
Total value added tax receivable	1,515,640	947,313

SADC Institutions are exempt from Member States taxes. Taxes included in the suppliers' invoices are claimed from the relevant tax authorities in Member states.

9. Property, Plant and Equipment

	Land	Buildings WIP	Buildings Leased	Fence	Street Lights	Motor Vehicles	Computers	Furniture & Fittings	Tents & Camping Equipment	Office Equipment	Military Equipment	Military plant & Machinery	Computer Servers	Plant and Machinery	Total
Cost															
1 April 2023	2,600,725	1,629,046	6,344,500	42,512,977	-	1,191,672	2,769,450	363,263	2,566,300	3,822,121	41,500	-	44,645	56,359	63,942,659
Additions	-	-	56,921	-	15,274	272,828	603,707	23,991	-	348,728	-	3,534,520	9,962	47,420	4,937,384
Adjustments	-	-	-	-	-	-	(15,035)	-	-	5,078	-	-	9,957	-	-
Disposals	-	-	-	-	-	(64,770)	(419,988)	(31,212)	-	(726,025)	-	-	-	-	(1,241,995)
31 March 2024	2,600,725	1,629,046	6,401,521	42,512,977	15,274	1,399,731	2,938,134	356,041	2,566,300	3,449,902	41,500	3,534,520	64,564	103,778	67,638,048
Depreciation															
1 April 2023	-	-	2,097,128	10,904,136	-	987,127	2,279,035	287,877	722,363	3,646,940	8,646	-	15,626	7,288	20,956,166
Depreciation	-	-	114,291	851,563	891	35,829	254,714	16,039	1,283,150	54,224	20,750	883,630	11,775	7,654	3,538,622
Adjustments	-	-	(351)	351	-	-	(1,375)	-	-	1,375	-	-	-	-	-
Disposals	-	-	-	-	-	(63,475)	(405,691)	(30,666)	-	(700,248)	-	-	-	-	(1,200,081)
31 March 2024	-	-	2,211,068	11,756,050	891	959,481	2,126,681	273,250	2,005,513	3,002,291	29,396	883,630	27,401	14,942	23,294,707
Net book value 31 March 2024	2,600,725	1,629,046	4,190,453	30,756,927	14,383	440,250	811,453	82,791	560,787	447,611	12,104	2,650,890	37,163	88,836	44,343,341

9. Property, plant and equipment (continued)

	Land	Buildings WIP	Buildings Leased Restated	Motor Vehicles	Computers	Furniture & Fittings	Equipment	Computer Servers	Plant and Machinery	Tents	Military Equipment	Total
Cost												
1 April 2022	2,600,725	780,766	6,337,167	40,085,834	1,059,309	336,475	3,733,357	44,645	49,808	-	-	57,553,349
Additions	-	848,280	7,433	-	250,611	26,788	89,396	-	6,550	2,566,300	41,500	3,969,222
Adjustments	-	-	-	2,427,143	-	-	-	-	-	-	-	2,427,143
Disposals	-	-	-	-	(6,423)	-	(632)	-	-	-	-	(7,055)
31 March 2023	2,600,725	1,629,046	6,344,600	42,512,977	2,769,451	363,263	3,822,121	44,645	56,358	2,566,300	41,500	63,942,659
Depreciation												
1 April 2022	-	-	1,954,244	10,129,381	919,990	271,834	3,603,129	6,697	934	-	-	18,945,308
Depreciation	-	-	114,320	803,320	226,993	16,043	43,886	8,929	6,354	722,363	8,646	2,017,991
Adjustments	-	-	-	-	(846)	-	-	-	-	-	-	(846)
Disposals	-	-	-	-	(6,212)	-	(75)	-	-	-	-	(6,287)
31 March 2023	-	-	2,068,564	10,932,701	2,279,035	287,877	3,646,940	15,626	7,288	722,363	8,646	20,956,166
Net book value												
31 March 2023	2,600,725	1,629,046	4,276,036	31,580,276	490,416	75,386	175,182	29,019	49,070	1,843,937	32,854	42,986,493

"Buildings under finance leases" relate to SADC House leasehold property, which is under a fifteen-finance lease, from 01 August 2009.

The opening balance for Property, Plant and Equipment has been restated to correct an error in the initial valuation of the lease for the SADC House, which led to an understatement of the value of the property and the associated lease liability. The impact of the restatement is as follows:

- (i) Property, Plant and Equipment: The opening balance of Property, Plant and Equipment has been adjusted upwards by \$2,427,143 to reflect the corrected valuation of the SADC House
- (ii) Lease Liability: Correspondingly, the opening balance of the lease liability related to the SADC House has been adjusted upwards by \$2,427,143 to rectify the understatement resulting from the miscalculation.

This restatement has been made in accordance with to ensure the accuracy and completeness of the financial statement.

The Government of Botswana provides office space to some SADC Secretariat units at its offices at Sebele and in Village. The offices at Sebele were constructed for a SADC project by the European Union but were later handed over to the Government of Botswana by the Council. The Secretariat has however continued to utilise the offices. This property has been excluded from the Secretariat's non-current assets because the buildings remains the property of Botswana Government.

Included in additions to Property, Plant and Equipment are donations of \$3,598,265 from partners.

Figures reported in Note 17 include fully depreciated assets with a cost of USD5.79 million (20E22: USD6.14 million), which were still in use during the financial year under review.

10 . Intangible Assets	SADC LOGO & Trademark USD	Software USD	Total USD
Cost			
1 April 2023	385,953	622,672	1,008,625
Addition	7,100	-	7,100
31 March 2024	393,053	622,672	1,015,725
Impairment			
1 April 2023	-	325,381	325,381
Amortisation	-	67,490	67,490
31 March 2024	-	392,871	392,871
Net book value :31 March 2024	393,053	229,800	622,853
Cost			
1 April 2022	385,953	622,672	1,008,625
31 March 2023	385,953	622,672	1,008,625
Impairment			
1 April 2022	-	257,891	257,891
Amortisation	-	67,490	67,490
31 March 2023	-	325,381	325,383
Net book value :31 March 2023	385,953	297,291	683,244

11. Other Non-Current Assets

	2024	2023
	USD	USD
Security Deposits on Rentals (Non-Current)	39,727	40,508
Total security Deposit	39,727	40,508

Other non-current assets relate to security deposits on operating leases that are refundable at the end of the lease agreements.

12 Trade and other Payables from Exchange Transactions

	2024	2023
	USD	USD
Trade payables	5,889,687	4,796,862
Accrued expenses	24,330,712	3,126,273
Staff contribution and leave days	1,428,027	1,273,017
Total	31,648,426	9,196,152
Accrued Expenses are Analysed as below:		
SADC Missions	21,675,640	91,132
Consultancies	2,571,127	2,994,946
VAT Staff & Projects	83,945	40,195
Totals	24,330,712	3,126,273

13 Trade and other Payables from Non-Exchange Transactions

	2024	2023
	USD	USD
Member states' contributions	-	495,097
Project advances	50,210	-
Total	50,210	495,097

Payables from non-exchange transactions include expenditure that exceeded funds advanced to grantees in the region.

14 Finance Lease Liability

Amounts payable under finance leases	Minimum lease payments	Future finance charges	Present value of minimum lease payments
2024	USD	USD	USD
Within one year	2,919,317	78,297	2,841,020
Total minimum lease payments	2,919,317	78,297	2,841,020
2023 Restated			
Within one year	4,192,995	182,652	4,010,344
Later than one year	2,919,317	78,297	2,841,020
Total minimum lease payments	7,112,312	260,949	6,851,364

The finance lease obligations relate to the buildings with a lease term of fifteen (15) years from 1st August 2009. An arrangement was entered into with Bongwe Investments as "the contractor" for the construction of the new SADC House undertaken through a Build, Operate and Transfer arrangement.

The unitary charge payable fluctuates in line with the USD Consumer Price Index. The risks borne by the private party were guaranteed by the Government of Botswana for the duration of the agreement. The underwriting arrangement by Government of Botswana is covered by a Memorandum of Understanding with SADC Member States signed in August 2007.

The finance lease became operational upon occupancy on 01 August 2009. Annual unitary payments to the contractor became payable from this date. The present value of the unitary payments has been calculated as at 31 March 2024 based on a discount rate of 7% which is in accordance with the Financial Clause baseline values signed with the contractor.

The annual unitary charge payable is distributed amongst the SADC Member States in line with the formula applicable on determining annual Member States contributions.

The opening balance for Property, Plant and Equipment has been restated to correct an error in the initial valuation of the lease for the SADC House, which led to an understatement of the value of the property and the associated lease liability. The impact of the restatement is as follows

- (i) The opening balance of Property, Plant and Equipment has been adjusted upwards by US\$2,427,143 to reflect the corrected valuation of the SADC House; and
- (ii) Correspondingly, the opening balance of the lease liability related to the SADC House has been adjusted upwards by US\$2,427,143 to rectify the understatement resulting from the miscalculation.

This restatement has been made in accordance with to ensure the accuracy and completeness of the financial statement.

15 Post-Employment Benefit	2024	2023
	USD	USD
Opening Balance as at 1 April	4,514,466	5,758,277
Interest/exchange rate gain	34,979	6,298
Payments	(2,354,288)	(3,945,779)
Transfers to expenditure	2,968,606	2,695,670
Closing Balance as at 31 March	5,163,763	4,514,466
Post-employment benefit age analysis		
Due within one year (current portion)	1,802,005	1,420,991
Later than one year (long term liability)	3,361,758	3,093,475
Total post-employment benefit	5,163,763	4,514,466

SADC members of staff earn 25% of their salary as a gratuity that accrues monthly and is charged against income. The gratuity is invested in interest earning securities and is paid to the members of staff at the end of the contract of employment.

16. Deferred Revenue from International Cooperating Partners (USD)

Development Partner	Project Name	2022/23 Balance	Interest	Receipts	Payments	Refunds to ICPs	Exchange Gain/(Loss)	2023/24 Balance
African Development Bank	SADC AFDB Sustainable Financing in Regional Infrastructure	(119,548)	-	120,321	(30,154)	-	-	(29,380.98)
	Macroeconomic Stability (USD) Fund	359,990	293	557,835	(603,446)	-	(614)	314,058
	Profishblue Fund account	(369,681)	89	2,402,247	(2,919,224)	-	5,355	(881,215)
	AFDB-Support to Covid19 Response	223,985	24	-	(223,998)	-	-	10.88
	Sub-Total	94,746	406	3,080,403	(3,776,822)	-	4,740	(596,527)
	SADC EU/APSA IV PROJECT	(45,636)	-	2,624,315	(2,191,262)	-	(101,937)	285,481
	APSA III	70,046	-	-	740	-	6,987	77,773
Africa Union	"SADC-ERM Peacebuilding Support to Mozambique Fund"	(178,233)	26	77,240	(117)	-	-	(101,084)
	Sub-Total	(153,823)	26	2,701,555	(2,190,639)	-	(94,950)	262,169
	GIZ Support to Peace and Security	8,235	-	-	(8,235)	-	-	-
GIZ	GIZ- ES Support	86,325	10	155,618	(302,279)	-	-	(60,326)
	GIZ-SADC National Regional Linkages	3,024	-	-	(3,024)	-	-	-
	GIZ Support towards Business Continuity and Efficiency	46,983	-	-	(46,951)	-	(32)	-
	GIZ Support for Peace Security and Good Governance	34,454	-	21,715	(73,957)	-	618	(17,169)
	GIZ Support on Scenario Planning	7,302	-	-	(7,302)	-	-	0
	GIZ-RISDP	-	-	51,557	(7,686)	-	1,291	45,161
	GIZ DRR Fund	-	19	93,895	(85,357)	-	-	8,557
	Sub-Total	186,323	29	322,785	(534,791)	-	1,877	(23,777)

European Union	Disaster Risk management strengthening Fund	1,194,089	455	-	(208,811)	282,670	21	985,754
	EU - PPDF	1,962,682		55,729	(2,504,183)	239,937	254,898	51,796
	Trade Related Facility	5,512,572			(256)		559,843	6,312,096
	EU- East and Southern Africa Transport	2,516	-	-	(891)	154,095	2,694	158,414
	Support to Peace and Security in the SADC region	3,270,326	538	-	(3,727,992)	-	(9)	(457,137)
	IICB- Integrated Institutional Capacity Building	1,729,558	475	-	(1,983,693)	-	(4,750)	(258,410)
	EICB	-	179	1,021,544	(65,827)	-	52	955,948
	SADC/OACPS Research & Innovation fund	1,560,012	-	-	(735,114)	-	78,422	903,320
	EU - Dialogue Facility	2,936	1,168	-	(262)	-	-	3,842
	Intra ACP GCCA+	3,122,647	402	-	(2,985,797)	-	-	137,252
World Bank	EU - SIPS	1,726,408	554	917,492	(2,028,479)	-	(4,473)	611,502
	EU - SIBE	(222,688)	1,666	5,347,518	(5,874,226)	-	1,533	(746,197)
	EU - TFP	309,297	1,016	3,507,515	(5,761,582)	-	2,372	(1,941,382)
	Intra-ACP Climate	189,932	1,167	3,061,356	(2,566,203)	-	(105)	686,147
	Sub-Total	20,360,287	7,620	13,911,154	(28,443,316)	676,702	890,498	7,402,945
	World Bank - SADC Regional Statistics							
	Project	-	-	554,464	(362,128)	-	545	192,881
	World Bank Public Procurement and capacity Building	-	-	235,990	(91,019)	-	-	144,971
		-	-	790,454	(453,147)	-	545	337,852
	Sub-Totals (All ICPs)	20,487,533	8,081	20,806,351	(35,398,715)	676,702	802,710	7,382,662
ICPs with debit balances		935,786						4,492,302
Grand Total		21,423,319						11,874,964

17 Reserves

Reserves represent resources set aside from accumulated surpluses and special contributions for future uses. Current reserves are made up of the Reserve Fund, Asset Replacement Fund and Staff Loan Fund. The funds are set aside and utilised in accordance with the decisions of the SADC Council of Minister

	Note	2024	2023
		USD	USD
Reserve Fund	17.1	15,053,340	13,231,874
Asset Replacement Fund	17.2	3,792,872	4,549,864
Staff Loan Fund	17.3	833,236	844,791
		19,679,448	18,626,529

17.1 Reserve Fund

	2024	2023
	USD	USD
Opening balance as at 1 April	13,231,874	20,990,720
Interest/(Bank charges)	141,251	74,999
Receipts	2,567,605	-
Payments	(887,390)	(7,833,845)
Closing balance as at 31 March	15,053,340	13,231,874

This is a fund set aside by the SADC Council of Ministers from the accumulated fund and other sources to provide adequate capitalisation of the Secretariat. Utilisation of these funds requires a Council resolution. There was no appropriation of cash surplus to the Reserve Fund in 2022/23 financial year.

17.2 Asset Replacement Fund

	2024	2023
	USD	USD
Opening balance as at 1 April	4,549,864	4,560,927
Interest/(Bank charges)	38,625	14,880
Payments	(1,232,182)	(479,372)
Receipts	436,565	453,429
Closing balance as at 31 March	3,792,872	4,549,864

At its meeting held in Kinshasa, DRC in February 2010, Council established the Asset Replacement Fund. Management of the fund is guided by the SADC Financial Regulations. Cash equivalent of each year's depreciation charge for movable capital assets and receipts from disposal of assets are appropriated from the Operating Surplus to the asset replacement fund. Any appropriation to and from the fund must be approved by Council.

In 2023/24, the Secretariat realised an operating surplus of USD6.1million (2022/23 USD5.7million). An amount equivalent to the depreciation charge of USD 0.5 million

(2022/23 USD 0.5 million) will be proposed for appropriation to the Asset Replacement Fund based on the depreciation charge for Member States funded movable capital assets and proceeds from sale of assets.

17.3 Staff Loan Fund

	2024	2023
	USD	USD
Opening balance :1 April	844,791	932,272
Interest	27,124	22,270
Exchange Translation Loss	(38,679)	(109,751)
Closing balance :31 March	833,236	844,791

The fund was established by the SADC Council of Ministers to provide loans to SADC members of staff. These funds are denominated in the local currency of the host country.

18a Member States special funds

2023/24 Fund Name	Opening balance	Interest	Receipts	Payments	Exchange Rate /transfers	Closing balance
SADC HIV/AIDS Trust Fund	8,042,175	-	1,519,587	(2,598,313)	(504)	6,962,945
SADC House fund	-	-	5,941,085	(5,941,085)	-	-
Statistics Training Fund	633,281	-	-	-	-	633,281
SADC Regional Logistics Depot	13,243,780	164,146	788	(1)	-	13,408,713
SADC Contingency fund	2,329,828	-	2,143,908	(92,886)	1,465,186	5,846,035
SADC Anti-Corruption	143,306	-	-	(46,691)	-	96,615
SADC Missions	16,336,732	1	250,031,248	(55,158,878)	(2,065,340)	209,143,663
SEOM 5-years Ring Fenced Funds	3,850,333	49,000	-	(2,575,743)	-	1,323,590
SADC Regional Disaster Fund	-	90	630,000	-	600,000	1,230,090
Totals	44,579,435	213,237	260,266,616	(66,413,597)	(658)	238,645,032

2022/23 Fund Name	Opening balance	Interest	Receipts	Payments	Exchange Differences	Closing balance
SADC HIV/AIDS Trust Fund	8,570,132	-	1,600,000	(2,128,139)	182	8,042,175
SADC House fund	-	-	5,447,401	(5,447,401)	-	-
Statistics Training Fund	696,789	-	-	(63,509)	1	633,281
SADC Regional Logistics Depot	14,275,996	64,264	-	(1,096,480)	-	13,243,780
SADC Contingency fund	4,463,378	-	2,257,515	(800,345)	(3,590,720)	2,329,828
SADC Anti-Corruption	143,306	-	-	-	-	143,306
SADC Assistance to Mozambique	9,222,628	-	38,643,317	(35,103,471)	3,574,258	16,336,732
SEOM 5-years Ring Fenced Funds	5,128,834	14,625	-	(1,293,126)	-	3,850,333
Totals	42,501,063	78,889	47,948,233	(45,932,471)	(16,279)	44,579,435

Member States Special Fund receipts are contributions received from Member States for specific objectives. The Member States' special funds are initially recorded as in a designated Funds Account and transferred to revenue when related costs are incurred.

18 (b) Accumulated Surplus

	2024	2023
	USD	USD
Opening Balance	62,800,762	49,291,841
Surplus for the year (18 (b). 1)	6,163,636	5,651,532
Transfer to the Reserve Fund (18 (b). 2)	(2,567,605)	-
Transfers from the Reserve Fund (18 (b). 3)	887,390	(7,833,845)
Transfer to Asset Replacement Fund (18 (b). 4)	(436,565)	(453,429)
Transfer from the Asset Replacement Fund (18 (b). 5)	1,232,182	479,372
Investment Revenue earned on Reserve Funds (18 (b). 6)	(207,000)	(112,150)
Foreign Exchange Losses (18 (b). 7)	38,679	109,751
Closing Balance	<u>67,911,479</u>	<u>62,800,762</u>

18 (b).1 Surplus for the year relates to the net result of operations for the financial year

18 (b).2 The transfer to reserves from accumulated surplus relates to funds that were initially withdrawn from the Reserve Fund to SADC Missions to cover a temporary cash flow deficit due to late remittance of funds by Member States, as approved by Council in March 2023.

18 (b).3 The transfer from the Reserve Fund to cover ineligible expenditures in the Trade Related Facility Project (**US\$249,183**) and the Project Preparation Development Facility project (**US\$282,670**) as approved by Council in the August 2023, and an amount of **USD355,537** to cover a shortfall of Member States Contributions towards that SADC House Finance Lease.

18 (b).4 The transfer to the Asset Replacement Fund comprises depreciation of movable assets and proceeds from the sale of assets that are annually transferred to the Fund in accordance with Financial regulation 22 (2).2

18 (b).5 The transfer from the Asset Replacement Fund covers the cost of replacement assets as per the asset replacement plan approved by Council in March 2023 in accordance with Financial Regulation 22 (2).5

18 (b).6 Investment Revenue transferred to Reserves relate to interest earned through short term investments of the Reserve, Asset Replacement and Staff Loan Funds. Investment Revenue is recognised through surplus and deficit, and transferred to respective reserve Funds.

18 (b).7 The Foreign exchange loss transfer relates to foreign exchange translation differences on the Staff Loans Fund which is denominated in Botswana Pula. All foreign exchange differences are recognised through surplus and deficit, and transferred to the relevant Fund account.

19 Member States' Contributions	2024	2023
	USD	USD
Angola	3,019,939	3,106,702
Botswana	2,036,654	2,095,167
Comoros	1,863,935	1,917,486
Democratic Republic of Congo	2,303,274	2,369,447
Eswatini	1,898,014	1,952,544
Lesotho	1,878,844	1,932,824
Madagascar	1,990,881	2,048,079
Malawi	1,923,327	1,978,585
Mauritius	1,993,911	2,051,196
Mozambique	2,000,727	2,058,208
Namibia	1,993,866	2,051,150
Seychelles	100,902	103,801
South Africa	7,407,756	7,620,582
Tanzania	2,433,237	2,503,145
Zambia	2,106,424	2,166,942
Zimbabwe	2,087,089	2,147,050
Member State Contribution recognized	37,038,780	38,102,908
Member States Special Projects	66,058,718	45,932,471
Total	103,097,498	84,035,379

Member States make annual financial contributions to the Secretariat based upon a formula approved by council and agreed upon by Summit to meet budgetary resource requirements for the financial year. Member States contributions for special projects (Designated Funds) are accounted for separately. Revenue from such contributions is recognised when funds have been utilised and amounts recognised in these financial statements are detailed below:

19.1 Member States Special Projects and other Contributions	2024	2023
	USD	USD
SADC House Project and transfer income	5,585,548	5,447,401
SADC HIV/AIDS Trust Fund	2,598,817	2,128,139
Withdrawals From Contingency Fund	92,886	800,345
Statistics	-	63,509
SADC Missions	55,159,032	35,103,471
SADC Regional Logistics Depot Fund	1	1,096,480
SADC Anti-Corruption Strategic Action Plan	46,691	-
SEOM 5-years Ring Fenced Funds	2,575,743	1,293,126
Total	66,058,718	45,932,471

Full details of Member States special contributions are presented in **Note 18**.

20 Other Income

	2024	2023
	USD	USD
Asset Donations	<u>3,598,265</u>	4,159,527
Tanzania donation for RCTC Running costs	222,636	-
Recoveries from staff costs	10,432	27,768
Direct funding to ICAO	13,780	68,010
Recoveries from Projects	-	782,555
Reversal of provision for legal cases	<u>454,799</u>	-
Total	<u>4,299,912</u>	<u>5,037,860</u>

Asset donations include US\$ 3,598,265 received from partners as well as an imputed rental of USD35,462 for the right of use of Botswana Government offices located at Sebele in Gaborone.

21 ICPs' Contributions

	2024	2023
	USD	USD
African Development Bank	3,552,824	2,686,193
African Union APSA III	2,191,262	2,464,033
China	89,985	89,985
European Union	25,654,409	22,748,071
German Technical Cooperation	477,514	348,227
World Bank	453,146	-
Totals	<u>32,419,139</u>	<u>28,336,509</u>

Contributions from International Corporation Partners to the SADC Secretariat are accounted for and recognised in the financial statements as revenue from non-exchange transactions.

22 Commission for Overheads / Institutional Revenue

	2024	2023
	USD	USD
Institutional revenue	21,775	25,176
7% commission on overheads	2,105,879	1,200,790
Total other Income	<u>2,127,654</u>	<u>1,225,966</u>

23 Investment Revenue

	2024	2023
	USD	USD
Interest received	428,193	168,579
Total investment revenue	<u>428,193</u>	<u>168,579</u>

24 Staff Costs		2024	2023
		USD	USD
24.1 Staff Operating Expenditures			
Employee related costs - salaries and wages		6,164,114	6,088,413
Salaries		6,081,744	6,011,648
Temporary staff salaries		38,779	36,782
Staff overtime		43,591	39,983
Contributions to pensions and medical aids		205,107	190,848
Medical aid		205,107	189,641
Group life insurance		-	1,207
Other allowances		4,481,318	4,128,247
Assignment allowance		293,997	274,994
Education allowance		630,578	447,709
Entertainment allowance		4,850	4,380
Utility allowance		416,590	428,439
Secondment Allowance		28,440	-
Acting allowance		17,905	25,149
Communication and relocation allowances		86,478	83,253
Staff passage		72,140	127,142
Settlement allowance		11,981	38,814
Housing allowance		1,454,996	1,264,741
Contract gratuity		1,463,363	1,433,626
Sub-Total Operating Expenditure Staff Costs		10,850,539	10,407,508
24.2 Staff Costs related to Programme Expenses		2024	2023
		USD	USD
Employee related costs - salaries and wages		6,075,270	5,554,144
Salaries		6,070,955	5,541,301
Temporary staff salaries		4,315	12,843
Contributions to pensions and medical aids		229,909	204,344
Medical aid		213,031	188,983
Group life insurance		16,878	15,361

Other allowances

	6,319,819	5,564,047
Assignment allowance	410,056	392,050
Education allowance	963,221	660,109
Entertainment allowance	3,795	3,639
Utility allowance	580,394	554,706
Secondment allowance	753,062	469,574
Acting allowance	18,412	21,531
Communication and relocation allowances	83,105	111,382
Staff passage	143,924	168,984
Training cost	24,889	9,750
Housing allowance	2,006,730	1,893,578
Contract gratuity	1,332,231	1,278,744

Sub-total Programme Expenditure Staff Costs

12,624,998 11,322,535

Total Staff Costs

23,475,537 21,730,043

Employee costs arise from the application of terms and conditions under which employees are contractually engaged by the SADC Secretariat. The SADC Council of Ministers under the provisions of the SADC Treaty (Article 2(1)) determines the terms and conditions of service of the staff of the Institutions of SADC. Under Article 14(5), Council is also responsible for establishing the structures of the Secretariat and the specifications, descriptions and grading of the jobs of staff of the Secretariat. In August 2006, Council approved that the staff benefits stipulated in the terms and conditions of service be monetized.

Staff costs for Corporate Service Directorates and Units are included in Operating Costs, while those for Directorates and Units that implement programme activities are included in Programme Expenditures.

25 General Expenses

	2024	2023
	USD	USD
Administration costs	495,548	1,834,289
Maintenance and repairs	280,207	80,638
Security	229,071	263,228
Consultancies	1,262,606	1,218,820
Utilities Cost	454,461	363,360
Recruitment Costs	168,167	5,485
Exhibitions and promotional materials	79,413	155,823
Staff Development and Professional Subscriptions	74,224	53,804
Insurance costs	229,816	123,420
Software licences	347,461	610,325
Vehicle running costs	25,176	33,308
Total general expenses	3,646,151	4,742,500

26 Finance Costs

	2024	2023
	USD	USD
Finance charges on finance lease	182,652	453,015
Total finance costs	182,652	453,015

The finance charges relate to interest on the finance lease arising from the unitary payments for the SADC House building. The lease was entered into with Bongwe Investments who constructed the SADC House on a Build, Operate and Transfer basis, under a Public Private Partnership (PPP) arrangement.

27 Member States Funded Program Costs with Emoluments

	2024			2023		
	Actual	Final Budget	Budget % utilisation	Actual	Final Budget	Budget % utilisation
	USD	USD		USD	USD	
Organ, Politics, Defence and Security (ORGAN)	61,124,092	264,916,701	23%	39,976,537	54,484,370	73%
RPTC	1,263,232	1,209,204	104%	1,203,800	1,317,862	91%
Industrial Development and Trade	2,180,086	2,457,092	89%	2,029,060	3,204,900	63%
Finance Investment and Customs	1,375,406	1,426,151	96%	1,444,396	1,505,884	96%
Infrastructure	1,630,883	1,508,593	108%	1,418,488	1,562,669	91%
Climate Services Centre	301,225	417,032	72%	327,217	328,037	100%
Food, Agriculture and Natural Resources	1,426,441	1,538,080	93%	1,354,593	1,582,743	86%
SPGRC	1,266,486	1,482,853	85%	1,208,920	1,510,448	80%
Gender Social and Human Development	1,036,510	1,297,027	80%	1,155,187	1,254,817	92%
Policy, Planning and Resource Mobilisation	2,970,363	3,074,956	97%	2,725,919	2,849,807	96%
Gender Unit	401,557	412,827	97%	377,032	400,381	94%
Gender Social and Human Development	2,598,726	4,809,893	54%	2,023,072	1,600,000	126%
Disaster Risk management	939,265	1,180,374	80%	1,282,442	1,345,569	95%
Totals	78,514,271	285,730,784	27%	56,526,763	72,947,487	77%

Included in Member States Program Costs is an amount of US\$12,624,998 relating to program staff emoluments as presented in Note 24.2
Both Budget and Actual Figures exclude capital expenditure

28. International Cooperating Partner Funded

International Cooperating Partner	Sector	2023/24 Budget	2023/24 Actual Expenses	2023/24 Refunds to ICPs	2023/24 Total Actual Expenses	2023/24 Budget Utilization	2022/23 Actual Expenses	2022/23 Budget Utilization
Project Name		USD	USD	USD	USD	%	USD	%
Africa Development Bank								
AfDB - Sustainable Financing of Regional Infrastructure	Regional Financing and Infrastructure Development	387,732	30,154	-	30,154	0%	1,868,768	64%
AfDB-Macroeconomic stability and financial integration	Economic Stability and Financial Integration	2,188,182	603,446	-	603,446	28%	3,622,942	8%
AfDB-PROFISHBLUE project	Aqua, Fisheries and Blue Economy	3,608,262	2,919,224	-	2,919,224	81%	1,327,373	72%
SADC AFDB SARCIS DR	Metrology						409,236	57%
SADC-AfDB Trade and Transit Facilitation	Transport and Transit	152,880	-	-	-	0%		
Sub-total Africa Development Bank		6,337,056	3,552,824	-	3,552,824	56%	7,228,319	-37%
African Union								
African Union APSA Support	Peace and Security	-	-	-	-	0%	2,144,663	73%
Sub-total African Union		-	-	-	-	0%	2,144,663	73%
European Union								
Trade Related Facility	Regional Trade Development	3,546,699	6,077	(239,937)	(233,860)	-7%	387,817	559%
EU - PPDF	Institutional Development	619,056	379,635	(282,670)	96,965	16%	-	-
Peace and Security PAGODA	Politics and Diplomacy	5,661,157	3,728,251	-	3,728,251	66%	6,434,929	66%
T2 FP	Transport	34,000	11,464	(154,095)	(142,631)	-420%	570,098	70%

28. International Cooperating Partner Funded

International Cooperating Partner	Sector	2023/24 Budget	2023/24 Actual Expenses	2023/24 Refunds to ICs	2023/24 Total Actual Expenses	2023/24 Budget Utilization	2022/23 Actual Expenses	2022/23 Budget Utilization
Integrated Institutional Capacity Building (IICB)	Institutional development	1,941,620	1,983,983	-	1,983,983	102%	4,382,984	2,206,621
Dialogue Facility		-	-	-	-	0%	1,476,940	1,378,244
Extended Institutional Capacity Building (EICB)	Institutional development	100,000	65,827	-	65,827	66%	-	-
Intra-ACP GCCA+ Programme	Global Climate Change	3,978,718	2,984,817	-	2,984,817	75%	4,777,038	2,350,127
SIPs_PAGoDA	Industrialisation and Productive Sector Investment	5,367,393	2,028,487	-	2,028,487	38%	3,182,569	1,232,058
SIBE_PAGoDA	Business							
11th EDF Trade Facilitation Programme (TFP)	Environment	8,595,869	5,874,225	-	5,874,225	68%	4,558,329	3,230,370
Intra-ACP Climate	Institutional development	8,152,546	5,757,168	-	5,757,168	71%	4,868,794	3,139,455
EU-APSA IV	Metrology	3,901,761	2,566,203	-	2,566,203	66%	3,850,007	2,294,597
EU-DRMSS	Peace and Security	2,570,800	2,191,262	-	2,191,262	85%	740,636	903,975
	Disaster Management	435,469	208,880	-	208,880	48%	-	-
Sub-total European Union		44,905,088	27,786,278	(676,702)	27,109,576	60%	35,230,141	23,555,269
German Technical Cooperation								
ES Support	Institutional development	316,828	302,279	-	302,279	95%	124,000	-
Enhancing Implementation of RISDP	Institutional development	30,000	7,686	-	7,686	26%	-	-
Support for Peace Security and Good Governance	Peace and Security	102,290	73,957	-	73,957	72%	352,432	288,145
GIZ Support towards Business Continuity and Efficiency	Institutional development	-	-	-	-	0%	149,214	56,902
GIZ Support - SO DRR	Institutional development	127,211	85,357	-	85,357	67%	-	-

28. International Cooperating Partner Funded

International Cooperating Partner	Sector	2023/24 Budget	2023/24 Actual Expenses	2023/24 Refunds to ICPs	2023/24 Total Actual Expenses	2023/24 Budget Utilization	2022/23 Actual Expenses	2022/23 Budget Utilization
Sub-total German Technical Cooperation		576,329	469,279	-	469,279	81%	625,646	55%
Other International Cooperating Partners								
OACPS RiNaWa Project	Natural Resources and Waste Management	3,195,824	735,114	-	735,114	23%	698,422	14%
SADC-World Bank Regional Statistics Project	Statistics	554,474	362,128	-	362,128	65%	-	-
World Bank Public Procurement and Capacity Buildin	Capacity Building	236,000	91,019	-	91,019	39%	-	-
SADC Chinese Support	Youth Development and Empowerment	90,000	81,652	-	81,652	91%	430,000	73%
Sub-total Other International Cooperating Partners		4,076,298	1,269,913	-	1,269,913	31%	1,128,422	36%
Total Budget Utilization		55,894,771	33,078,293	(676,702)	32,401,591	58%	46,357,191	62%
Less: ICP funded Capital Expenditure not recognized in Statement of Financial Performance					(106,183)		(70,080)	
Net ICP Funded Expenditure recognized in Statement of Financial Performance					32,295,408		28,487,225	

Total expenditure of US\$32,401,591 includes the acquisition of assets totalling US\$106,083 under various projects.

29 **Impairment of Receivables**

	2024	2023
	USD	USD
Impaired Comoros Revenue Contribution	1,895,639	4,276,238
Impaired Comoros Special Funds Contribution	7,475,928	-
Receivables from Exchange Transactions	-	277,323
Closing Balance as at 31 March	9,371,567	4,553,561

30 **Financial Risk Management**

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Secretariat's operations. This note presents information about Secretariat's exposure to each of the above risks, policies and processes for measuring and managing risk, and Secretariat's management of capital. Further quantitative disclosures are included throughout these financial statements.

30.1 **Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Secretariat's financial instruments.

Financial Assets

	Carrying amount	Fair value
	USD	USD
2024		
Receivables from non-exchange transactions	181,961,179	181,961,179
Receivables from exchange transactions	466,612	466,612
Cash and cash equivalents	147,394,221	147,394,221
	329,822,012	329,822,012
2023		
Receivables from non-exchange transactions	27,867,543	27,867,543
Receivables from exchange transactions	444,029	444,029
Cash and cash equivalents	94,612,686	94,612,686
Totals	122,924,258	122,924,258

Financial liabilities

	Carrying amount	Fair value
	USD	USD
2024		
Payable from exchange transactions	31,648,426	31,648,426
Payables from non-exchange transactions	50,210	50,210
Finance lease obligations	2,841,020	2,841,020
Totals	34,539,655	34,539,655

2023

	USD	USD
Payable from exchange transactions	9,196,152	9,196,152
Payables from non-exchange transactions	495,097	495,097
Finance lease obligations (Restated)	6,851,364	6,851,364
	16,542,613	16,542,613

30.2 Credit risk

Credit risk is the risk of financial loss to SADC if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from SADC's receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2024 was

	2024	2023
	USD	USD
Receivables from non-exchange transactions	181,961,179	27,867,543
Receivables from exchange transactions	466,612	444,029
Cash and cash equivalents	147,394,221	94,612,686
Maximum exposure to credit risk	329,822,012	122,924,258

30.3 Credit Quality

Credit quality is an assessed risk of default attached to counterparties to which Secretariat extends credit and also those parties with whom Secretariat invests. As such, the credit quality assessed extends to the customers and banks of the Secretariat.

For financial statement purposes, the investments and balances with banks are limited to the cash and cash equivalents line item in the statement of financial position. The Secretariat determines the credit quality of the investments and banks using information obtained from external rating agencies.

The SADC Secretariat's Partner Banks received credit ratings ranging from high to medium for the 2023/24 Financial Year, according to Moody's International Rating Agency as indicated below:

S/No	Partner Bank	Company Debt Rating	Grade	Interpretation
1	ABSA Bank	Aa3 (Prime 1)	Highest category	Subject to very low credit risk. Strong capacity to meet commitments
2	Standard Chartered Bank	Baa2 (Prime 2)	Medium Category	Moderate credit risk. It may possess certain speculative characteristics.
3	Stanbic Bank	Baa2 (Prime 2)	Medium Category	Moderate credit risk. It may possess certain speculative characteristics

High

This category represents those customers who have no history of defaulting on payments to the Secretariat and only includes customers who settle their accounts in full and within the prescribed minimum period.

Medium	This category represents those customers with a history of late payments only. These customers usually arrange ahead of time with Secretariat in settling balances in arrears and when payments are made, the outstanding amounts (including interest) are settled in full.
Low	This category represents customers with a significant history of defaults. The balances of these customers are rarely settled in full. The recovery of outstanding balances from these customers is problematic.

The credit quality of the balance of trade and other receivables is made up as follows:

	2024	2023
	USD	USD
High	-	-
Medium	466,612	444,029
Low	-	-
Total trade and other receivables exposed to credit risk	466,612	444,029

30.4 Receivables

Receivables are amounts owed to the Secretariat and are presented net of impairment losses. The Secretariat has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The Secretariat's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The Secretariat has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The Secretariat establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from the date of invoice. Secretariat's provided fully for all receivables outstanding over 365 days where there was no evidence of expected recovery. Receivables up to 365 days are provided for, based on estimated irrecoverable amounts, determined by reference to past default experience.

30.5 Cash and cash equivalents

Secretariat limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, Secretariat does not consider there to be any significant exposure to credit risk.

30.6 Liquidity risk

Liquidity risk is the risk of the Secretariat not being able to meet its obligations as they fall due. Secretariat's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to Secretariat's reputation.

Secretariat ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. Receivables are settled within 30 days after the due date, and payables are settled within 30 days of the invoice.

The Secretariat's Contractual liabilities at year end were as follows:

	On demand	> 3 months	3 – 12 months	> 5 years	< 5 years	Total
2024	USD	USD	USD	USD	USD	USD
Liabilities						
Payables from exchange transactions	31,648,426	-	-	-	-	31,648,426
Payables non-exchange transactions	50,210	-	-	-	-	50,210
Finance lease obligations	332,844	1,010,225	1,497,951	-	-	2,841,020
Total liabilities	32,031,480	1,010,225	1,497,951	-	-	34,539,656
	On demand	> 3 months	3 – 12 months	> 5 years	< 5 years	Total
	USD	USD	USD	USD	USD	USD
2023						
Liabilities						
Payables from exchange transactions	9,196,152	-	-	-	-	9,196,152
Payables non-exchange transactions	495,097	-	-	-	-	495,097
Finance lease obligations-Restated	323,608	982,195	4,047,609	1,497,451	-	6,851,363
Total liabilities	10,014,857	982,195	4,047,609	1,497,451	-	16,542,612

30.7 Currency risk

The Secretariat is exposed to foreign currency risk through the award of contracts and provision of imprest to cover payments. The Secretariat manages any material direct exposure to foreign-currency risk by ensuring foreign currency liabilities are matched with the currency of funding.

2024	Weighted average Interest rates	1 year or less	1-5 years	Over 5 years	Total
	USD	USD	USD	USD	USD
Financial assets					
Non-exchange receivables		181,961,179	-	-	181,961,179
Exchange receivables	10%	466,612	-	-	466,612
Cash and cash equivalents	1%	147,394,221	-	-	147,394,221
Total Financial Assets		329,817,605	-	-	329,822,012

Financial liabilities

Finance lease obligations	7%	2,841,020	-	-	2,841,020
Payables from exchange transactions	5%	<u>31,644,018</u>	-	-	<u>31,648,426</u>
Payables non-exchange transactions		50,210	-	-	50,210
Total liabilities		<u>34,535,248</u>	-	-	<u>34,539,656</u>

2024	Increase (+)/ Decrease (-) in base points	Effect on Surplus/ deficit (USD)
Financial asset		
Cash and cash equivalents	100	428,193
	-100	

2023	Increase (+)/ Decrease (-) in base points	Effect on Surplus/ deficit (USD)
Financial asset		
Cash and cash equivalents	100	168,579
	-100	

31. Related Party Transactions

The SADC Secretariat is established as a SADC Institution under article 9 (i) (f) of the Treaty. The Secretariat performs executive functions within SADC in accordance with Article 14 (i). The Executive Secretary (ES) is designated under article 14 (2) as the Head of the Secretariat. He/she is assisted by Deputy Executive Secretaries (DES) appointed by the Summit.

Council established a Management team of the Secretariat comprising the Executive Secretary, two Deputies, ten Directors and six Head of Units. The terms and conditions under which the management team are remunerated are approved under Article 11(2)(i) of the Treaty.

Accordingly, the Management team as constituted are considered a related party in accordance with the requirement of IPSAS 20. In view of the above the financial statements of the SADC Secretariat, include emoluments paid to management as follows:

	2024	2023
	USD	USD
Aggregate remuneration	<u>2,813,175</u>	<u>2,600,440</u>

32. Contingent Liabilities

There were contingent liabilities arising from two legal cases against the SADC Secretariat, which existed at the end of the financial year. According to the Secretariat's legal experts, the probability of SADC losing the cases is remote. Consequently, no provision has been made for them in these financial statements.

33. Commitments**Authorized but not contracted:**

	2024	2023
	USD	USD
Authorised but not contracted prior years	297,571	555,031
Received in the current year	(297,571)	(479,372)
Contracted but not received	435,665	221,912
Balance carried forward	435,665	297,571

Contracted but not received made up of the following:

RPTC Assets	190,069	158,912
SADC Plant Genetic & Resource Centre Assets	245,596	63,000
Total capital commitments	435,665	221,912

Other Commitments

	2024	2023
	USD	USD
Member States funded commitments	434,490	416,000
ICP Funded	676,952	2,286,018
Subtotal other commitments	1,111,442	2,702,018

Overall total commitments

1,547,107	2,923,930
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The funds authorised but not contracted at the end of the 2023/24 amounted to US\$1,547,107 (2022/23: US\$2,923,930) during the 2023/2024 financial year. Commitments funded by Member States amounting to US\$434,490 will be appropriated from the 2023/24 surplus before it is transferred to the reserve fund.

34. Events after the reporting period

There were no material events that would have an impact on the results of these financial statements after the reporting date.

35. Heritage Assets

The SADC Plant Genetic Resource Centre is entrusted with the conservation and evaluation for sustainable utilization of SADC regional plant genetic resources for the present and future generations and coordination of all activities through the network of National Plant Genetic Resources Centres. The Secretariat has determined that these Accessions (Seed Collections) meet the definition of Heritage Assets in terms of IPSAS 17. As at 31 March 2024, the Centre stored 19,555 (2022/23: 18,666) Accessions (Seed Collections) in the SADC Regional Genebank in Lusaka, Zambia.

During the 2023/2024 financial year, SADC Secretariat completed the construction of the Julius Nyerere statue at the AU headquarters in Addis Ababa, Ethiopia. The statue is an initiative by Council to honour the Legacy of the SADC Founding Fathers for their contribution to the Liberation

of the Region and the Continent. The Statue is a reminder to the current and future generations of Julius Nyerere's legacy and his dedication to his tireless efforts and huge sacrifices in the liberation struggle and fight for freedom.

36. Budget for 2023/24 Financial Year

- 36.1 Article 26 (funds) stipulate that the funds of SADC shall consist of contributions of Member States, income from SADC enterprises and receipts from regional and non-regional sources.

These funds are appropriated under Article 28, as follows:

- (a) The budget of SADC shall be funded by financial contributions made by the Member States, and such other sources as may be determined by the Council;
- (b) Member States shall contribute to the budget of SADC based upon a formula agreed upon by the Summit;
- (c) The Executive Secretary shall cause to be prepared, estimates of revenue and expenditure for the Secretariat, and submit them to the Council, before commencement of the financial year; and
- (d) The Council shall approve the estimates of revenue and expenditure before the beginning of the financial year.

- 36.2 The SADC Budget is approved on an accruals basis by nature classification. The approved budget covers the fiscal period from 1 April 2023 to 31st March 2024 and includes satellite offices and funds from ICPs.

- 36.3 The initial budget of USD 123,7 million was approved by Council at its meeting in March 2023. In August 2023, Council approved a revised budget of USD 374 million. The budget was substantially revised upwards to cater for additional resources requirements of the deployment of SADC Standby Force Deployment in Democratic Republic of Congo.

- 36.4 A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and the actual amounts in the Statement of Financial Performance for the year ended 31 March 2024 is not required as the financial statements and the budget are prepared for the same period and using the same basis.

37. Segment Reporting**37a SEGMENT REPORTING ON STATEMENT OF FINANCIAL POSITION**

Assets	As at 31 st March 2024			As at 31 st March 2023		
	ICP	MS	TOTALS	ICP	MS	TOTALS
	USD	USD	USD	USD	USD Restated	USD Restated
Current assets	17,816,041	314,992,379	332,808,420	26,657,185	98,119,693	124,776,878
Cash and cash equivalents	11,086,315	136,307,905	147,394,221	18,679,731	75,932,956	94,612,686
Receivables exchange transactions	2,917	463,695	466,612	50,766	393,263	444,029
Receivables non-exchange transactions	6,595,115	175,366,064	181,961,179	7,832,388	20,035,154	27,867,543
Prepayments	8,243	1,462,525	1,470,768	-	905,307	905,307
Value added tax receivable	123,451	1,392,189	1,515,640	94,300	853,013	947,313
Non-current assets	117,620	44,888,301	45,005,921	67,447	43,642,797	43,710,244
Property, plant and equipment	117,620	44,225,721	44,343,341	67,447	42,919,045	42,986,492
Intangibles	-	622,853	622,853	-	683,244	683,244
Security Deposits on Operating Leases	-	39,727	39,727	-	40,508	40,508
Total assets	17,933,661	359,880,680	377,814,341	26,724,632	141,762,490	168,487,122
Liabilities						
Current liabilities	17,764,345	30,452,279	48,216,624	26,570,794	9,975,108	36,545,902
Payables from exchange transactions	5,889,381	25,759,044	31,648,426	5,147,475	4,048,676	9,196,152
Payables from non-exchange transactions	-	50,210	50,210	-	495,097	495,097
Finance lease liability	-	2,841,020	2,841,020	-	4,010,344	4,010,344
Post-employment benefit	-	1,802,005	1,802,005	-	1,420,991	1,420,991
Deferred revenue from development partners	11,874,964	-	11,874,964	21,423,319	-	21,423,319
Non-current liabilities	-	3,361,758	3,361,758	-	5,934,495	5,934,495
Finance lease liability	-	-	-	-	2,841,020	2,841,020
Post-employment benefit	-	3,361,758	3,361,758	-	3,093,475	3,093,475
Total liabilities	17,764,345	33,814,037	51,578,382	26,570,794	15,909,603	42,480,397
Net assets	169,316	326,066,643	326,235,959	153,838	125,852,887	126,006,725
Reserves	-	19,679,448	19,679,448	-	18,626,530	18,626,530
Member States Special Funds	-	238,645,032	238,645,032	-	44,579,434	44,579,434
Accumulated surplus	169,316	67,712,193	67,911,479	153,838	62,646,923	62,800,761
Total net assets and liabilities	17,933,661	359,880,680	377,814,341	26,724,632	141,762,490	168,487,122

37b SEGMENT REPORTING STATEMENT OF FINANCIAL PERFORMANCE

	Year ended 31st March 2024				Year Ended 31st March 2023			
	ICP	MS		TOTALS	ICP	MS		TOTALS
		USD	USD			USD	USD	
Revenue from non-exchange transactions	32,419,139	107,397,410	139,816,549	28,336,509	89,073,23	117,409,748		
Member States contributions	-	103,097,498	103,097,498	-	84,035,379	84,035,379		
Other Income	-	4,299,912	4,299,912	-	5,037,860	5,037,860		
Development partners contributions	32,419,139	-	32,419,139	28,336,509	-	28,336,509		
Revenue from exchange transactions	-	2,555,847	2,555,847	-	1,394,545	1,394,545		
Commission for overheads /institutional rentals	-	2,127,654	2,127,654	-	1,225,966	1,225,966		
Investment revenue	-	428,193	428,193	-	168,579	168,579		
Total revenue	32,419,139	109,953,257	142,372,396	28,336,509	90,467,784	118,804,293		
Expenditure								
Operating expenditure	27,978	23,380,144	23,408,122	4,800	22,946,671	22,951,471		
Staff costs	-	10,850,539	10,850,539	-	10,407,508	10,407,508		
Transport, subsistence and conferences	-	2,524,775	2,524,775	-	2,948,866	2,948,866		
Rentals	-	671,187	671,187	-	711,531	711,531		
Contingent Rent on finance leases	-	1,748,089	1,748,089	-	1,390,198	1,390,198		
General expenses and supplies	-	3,646,151	3,646,151	-	4,742,500	4,742,500		
Communications	-	178,616	178,616	-	212,373	212,373		
Depreciation current year charge	27,978	3,510,644	3,538,622	4,800	2013,191	2,017,991		
Amortisation (Intangible assets)	-	67,490	67,490	-	67,490	67,490		
Finance cost on lease	-	182,652	182,652	-	453,015	453,015		
Programme Expenses	32,295,408	78,514,271	110,809,679	28,487,225	56,526,763	85,013,988		
Member States funded	-	78,514,271	78,514,271	-	56,526,763	56,526,763		
Development partners funded	32,295,408	-	32,295,408	28,487,225	-	28,487,225		
Total expenditure	32,323,386	101,894,385	134,217,771	28,492,025	79,473,434	107,965,459		
Other losses / (gains)	3,093	1,987,866	1,990,959	112	5,187,190	5,187,302		
(Gain) on sale of assets	2,168	10,719	12,887	(846)	(26,292)	(27,138)		
Loss on foreign exchange transactions	925	81,508	82,433	958	659,920	660,878		
Impairment of Receivables	-	1,895,639	1,895,639	-	4,553,561	4,553,561		
Surplus for the year	92,661	6,071,975	6,163,636	(155,628)	5,807,161	5,651,532		

38. Cash Surplus Calculation for the Period

The Secretariat realised a Surplus of USD 6,163,636 in 2023/24 (2022/23: USD 5,651,532).

An analysis of the source of the surplus is presented in the table below:

2023-2024 Surplus for the year		6,163,636	5,651,532
Accounting treatment for SADC House Income		(4,010,344)	(3,739,980)
Capital Expenditure, Depreciation and Donations	Capital expenditure	(1,339,119)	(1,318,249)
	Purchase of intangible	(7,100)	-
	Depreciation	3,538,622	2,017,991
	Amortisation	67,490	67,490
	Gain on sale of assets	(12,887)	27,138
	Donated Assets	(3,598,265)	(2,650,973)
Receivables Impairment		-	277,324
Total: Unutilised Cash Surplus		802,033	332,273
Made up of			
Unutilised amounts	Programme activities	634,554	660,893
	Staff costs	167,479	(328,620)
Cash Surplus		802,033	332,273

