



**SOUTHERN AFRICAN DEVELOPMENT  
COMMUNITY SECRETARIAT**

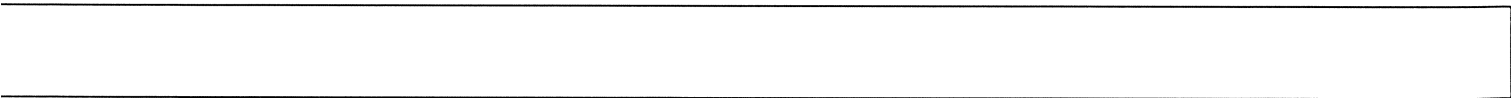
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**Financial Statements**

**for the year ended**

**31 March 2023**

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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. Its Member States during the 2022/2023 financial year were sixteen and consisted of the following: 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 SADC 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 Custer 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
Comoros	Madagascar	Namibia	Zambia
Democratic Republic of Congo	Malawi	Seychelles	Zimbabwe

**All correspondence should be addressed to the Executive Secretary**

- (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.
- 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 24<sup>th</sup> 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.

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- 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, 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.
- 1.5 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). Special funds from the Member States and ICPs are only recognised as income and expenditure when conditions attached to these funds are fulfilled.
- 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 the annual financial statements of the operations of SADC Institutions, which are then audited. Council appoints the external auditors in line with the Treaty.
- 1.8 The Financial Statements for the year ended 31 March 2023 were issued on **17 July 2023**

**Member States:**

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## SOUTHERN AFRICAN DEVELOPMENT COMMUNITY SECRETARIAT

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(267) 3181070

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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 a 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 2022 to 31 March 2023.

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 annual financial statements set out on pages 12 to 70, were issued on **17 July 2023**.



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

**Member States:**

Angola	Eswatini	Mauritius	South Africa
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(267) 3181070

### Transmittal Statement: Annual Financial Statements 31 March 2023

1. The Financial Statements of the SADC Secretariat for the year ended 31 March 2023 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 the Council for approval.
2. The 2022/23 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 2022/2023 Financial Statements, together with their recommendations and the Secretariat's responses thereto, shall be contained in a separate document at the conclusion of the audit.

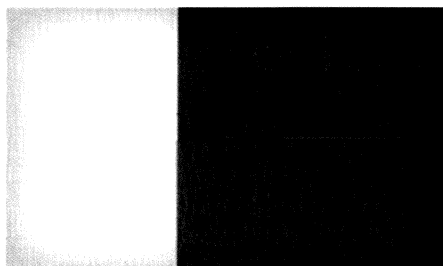
H. E. Antipas Mbusa Nyamwisi  
**Chairperson of the SADC Council of Ministers  
And Minister of Regional Integration and Francophonie of DRC**

#### Member States:

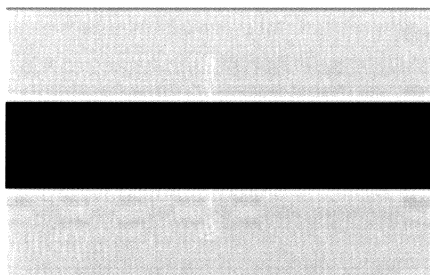
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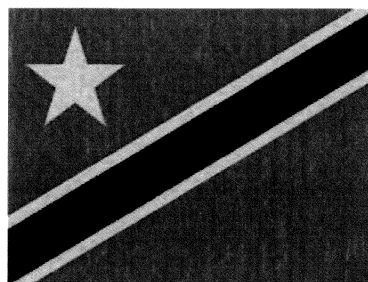
**REPORT OF SADC BOARD OF AUDITORS ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**



**REPUBLIC OF MADAGASCAR**



**REPUBLIC OF BOTSWANA**



**DEMOCRATIC REPUBLIC OF CONGO**

**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

**REPORT OF THE BOARD OF AUDITORS ON THE FINANCIAL STATEMENTS OF  
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
FOR THE YEAR ENDED 31 MARCH 2023**

**Introduction**

1. 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 2023, the Statement of Financial Performance, Statement of Changes in Equity 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 12 to 70.

**Opinion**

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the SADC as at 31 March 2023 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.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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.

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

3. 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.

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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**

4. 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.
- 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.

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- 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.

## Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of SADC Secretariat for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the SADC Secretariat financial statements as a whole, and in forming our opinion thereon, and we do

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not provide a separate opinion on these matters. We have determined the matter described below as key audit matter to be communicated in our audit report.

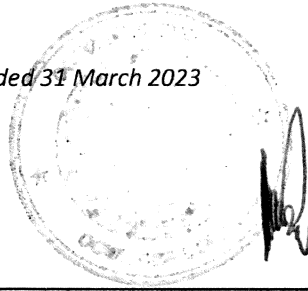
Key Audit matter	How the matter was addressed in the audit.
<b>Valuation of receivables from non-exchange transactions. Note 6 of the Financial Statements</b>	<b>Our audit procedures in addressing the risk of material misstatement relating to valuation of receivables included:</b>
<p>The Secretariat recognised receivables from non-exchange transactions amounting to US\$ 27 867 543 after a provision for impairment allowance amounting to US\$ 12 254 330.</p> <p>Member States contributions are determined using a predetermined formula based on the five-year average GDPs of each Member State. The contributions are approved by the Council and Member States are invoiced in March before the beginning of the financial year being invoiced.</p> <p>Impairment assessment on the account receivables balances is therefore a critical and key control over the valuation of the accounts receivables ensuring that the balances are valued correctly. Valuation and rights to account receivables were considered to be a key audit matter.</p>	<p>BOA tested implementation of controls over account receivables</p> <p>Understanding and evaluating reasonableness of assumptions used by management on impairment balances.</p> <p>Reviewed reconciliation of debtor balances and ensured that reconciling items were valid.</p> <p>Performed substantive test to determine that the balances were complete and accurate.</p> <p>We were satisfied that the entity has rights to the accounts receivables and have fairly valued the balances as at 31 March 2023.</p>

## Report on legal and other Regulatory Requirements

6. 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 2023, 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:

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**RAKOTONDRAMIHAMINA JEAN DE DIEU (Mr)**  
**PRESIDENT OF THE COURT OF ACCOUNTS**  
**REPUBLIC OF MADAGASCAR**

A handwritten signature in black ink, appearing to read 'K. Senyarelo', is written over a horizontal line.

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**KENEILWE SENYARELO (Ms)**  
**ACTING AUDITOR GENERAL**  
**REPUBLIC OF BOTSWANA**

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**MUNGANGA NGWAKA JIMMY (Mr)**  
**FIRST PRESIDENT OF THE COURT OF ACCOUNTS**  
**DEMOCRATIC REPUBLIC OF CONGO**

**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 2023

	Notes	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
<b>Current assets</b>		<b>124,776,878</b>	<b>126,072,218</b>
Cash and cash equivalents	4	94,612,686	106,758,040
Receivables exchange transactions	5	444,029	304,828
Receivables non-exchange transactions	6	27,867,543	15,815,939
Prepayments	7	905,307	736,223
Value added tax receivable	8	947,313	2,457,188
<b>Non-current assets</b>		<b>41,283,102</b>	<b>39,399,283</b>
Property, plant and equipment	9	40,559,350	38,608,041
Intangibles	10	683,244	750,734
Security Deposits on Operating Leases	11	40,508	40,508
<b>Total assets</b>		<b>166,059,980</b>	<b>165,471,501</b>
<b>Current liabilities</b>		<b>36,545,903</b>	<b>40,588,120</b>
Trade and other payables from exchange transactions	12	9,196,152	7,569,116
Trade and other payables from non-exchange transactions	13	495,097	872,914
Finance lease liability	14	4,010,344	3,739,980
Post-employment benefit	15	1,420,991	3,575,940
Deferred revenue from ICPs	16	21,423,319	24,830,170
<b>Non-current liabilities</b>		<b>3,507,352</b>	<b>6,606,558</b>
Finance lease liability	14	413,877	4,424,221
Post-employment benefit	15	3,093,475	2,182,337
<b>Total liabilities</b>		<b>40,053,255</b>	<b>47,194,678</b>
<b>Net assets</b>		<b>126,006,725</b>	<b>118,276,823</b>
Reserves	17	18,626,529	26,483,919
Member States Special Funds	18	44,579,434	42,501,063
Accumulated surplus		62,800,762	49,291,841
<b>Total net assets and liabilities</b>		<b>166,059,980</b>	<b>165,471,501</b>

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## Statement of Financial Performance for the year ended 31 March 2023

	Notes	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
<b>Revenue from non-exchange transactions</b>		<b>117,409,748</b>	<b>76,387,007</b>
Member States contributions	19	84,035,379	56,345,853
Other Income	20	5,037,860	528,648
ICPs Contributions	21	28,336,509	19,512,506
<b>Revenue from exchange transactions</b>		<b>1,394,545</b>	<b>734,401</b>
ICP Overhead Recovery and Institutional revenue	22	1,225,966	579,995
Investment revenue	23	168,579	154,406
<b>Total revenue</b>		<b>118,804,293</b>	<b>77,121,408</b>
<b>Expenditure</b>			
<b>Operating expenditure</b>		<b>22,951,472</b>	<b>20,169,940</b>
Staff costs	24.1	10,407,508	11,154,131
Transport, subsistence and conferences		2,948,866	1,659,936
Rentals		711,531	725,879
Contingent Rent on finance leases		1,390,198	1,001,646
General expenses and supplies	25	4,742,500	3,125,676
Communications		212,373	431,645
Depreciation current year charge	9	2,017,991	1,299,234
Amortisation (intangible assets)	10	67,490	66,641
Finance cost on lease	26	453,015	705,152
<b>Programme Expenses</b>		<b>85,013,988</b>	<b>44,272,447</b>
Member States funded	27	56,526,763	24,840,792
ICPs funded	28	28,487,225	19,431,655
<b>Total expenditure</b>		<b>107,965,460</b>	<b>64,442,387</b>
<b>Other losses /(gains)</b>		<b>5,187,301</b>	<b>9,319,130</b>
Gain on sale of assets		(27,138)	(4,378)
Loss on foreign exchange transactions		660,878	1,345,416
Impairment of Receivables	29	4,553,561	7,978,092
<b>Surplus for the year</b>		<b>5,651,532</b>	<b>3,359,891</b>



**Statement of Changes in Member States Funds and Net Assets for the year ended 31 March 2023**

	Reserve Fund	Asset Replacement Reserve	Staff Loan Fund	Designated (Special) Funds	Accumulated surplus/ (deficit)	Total
	USD	USD	USD	USD	USD	USD
<b>Balance as at 31 March 2021</b>	<b>18,916,799</b>	<b>4,445,654</b>	<b>936,740</b>	<b>19,435,651</b>	<b>60,190,766</b>	<b>103,925,610</b>
Transfers from Accumulated surplus Contributions from Member States	2,588,912	474,701	-	12,074,090	(15,137,703)	-
Foreign exchange translations gains	(538,251)	-	(24,507)	(33)	562,758	27,239,766
Surplus for the period	-	-	-	-	3,359,891	(33)
Transfers to Accumulated Surplus	-	(369,161)	-	-	369,161	3,359,891
Designated funds expenditures	-	-	-	(16,258,931)	-	(16,258,931)
Interest Received	23,260	9,733	20,039	10,520	(53,032)	10,520
<b>Balance as at 31 March 2022</b>	<b>20,990,720</b>	<b>4,560,927</b>	<b>932,272</b>	<b>42,501,063</b>	<b>49,291,841</b>	<b>118,276,823</b>
Transfers to Asset Replacement Fund	-	453,429	-	-	(453,429)	-
Contributions from Member States	-	-	-	47,948,232	-	47,948,232
Foreign exchange translations loss	-	-	(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
<b>Balance as at 31 March 2023</b>	<b>13,231,874</b>	<b>4,549,864</b>	<b>844,791</b>	<b>44,579,434</b>	<b>62,800,762</b>	<b>126,006,725</b>

*There were no transfers to the reserve fund in the financial year 2022/23 while in 2021/22, USD 2,588,912 of realised accumulated surplus was transferred to the Reserve Fund in accordance with the policy governing the utilisation and creation of the Reserve Fund. This transfer was approved by Council, at its meeting in August 2022. Details on Reserves are provided in note 17.*

**38. Surplus for the Period**

The Secretariat realised a Surplus of USD 5,651,532 in 2022/23 (2021/22: USD 3,359,891). An analysis of the source of the surplus is presented in the table below:

<b>Causes</b>	<b>Explanation</b>	<b>2022/23 Increase in Surplus (USD)</b>	<b>2021/22 Increase in Surplus (USD)</b>
Unutilised amounts	Programme activities	660,893	3,161,961
	Staff costs and related work programmes	(328,620)	3,269,468
Impaired Receivables recovered (Madagascar)			1,668,423
<b>Total unutilised cash (A)</b>		<b>332,273</b>	<b>8,099,852</b>
Accounting treatment for SADC House Income		3,739,980	3,487,844
Capital expenditure and depreciation	Capital expenditure	1,318,249	1,112,288
	Depreciation	(2,017,991)	(1,299,234)
	Amortisation	(67,490)	(66,641)
	Gain on sale of assets	(27,138)	4,378
	Assets Donated	2,650,973	-
Other Impairments		(277,324)	(504)
Comoros Impairment		-	(7,978,092)
<b>Total non-cash (B)</b>		<b>5,319,259</b>	<b>(4,739,961)</b>
<b>Increase in surplus (value terms) (A+B)</b>		<b>5,651,532</b>	<b>3,359,891</b>

**Statement of Cash Flows for the year ended 31 March 2023**

	Notes	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>			
Surplus for the year		5,651,532	3,359,891
<b>Adjustments:</b>			
Depreciation		2,017,991	1,299,234
Amortization (intangible assets)		67,490	66,641
(Gain)/loss on sale of assets		(27,138)	(4,378)
Donated assets		(2,650,973)	-
Investment Income		(168,579)	(154,406)
Finance costs on lease		453,015	705,152
(Decrease)/Increase in Post-employment benefit		(1,243,811)	487,925
Decrease in Deferred revenue from ICP		(3,406,851)	(9,638,627)
Increase in the Member States Special Funds		2,078,371	23,065,412
Increase in payables		1,249,219	239,065
(Increase)/decrease in receivables		(10,850,015)	6,343,957
<b>Net cash flows from operating activities</b>		<b>(6,829,749)</b>	<b>25,769,865</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(1,318,249)	(1,112,288)
Proceeds from sale of property, plant and equipment		27,060	21,195
Investment Income		168,579	154,406
SADC Assistance to Mozambique		-	(1,900,000)
SADC Elections Observer Missions Fund		-	(5,174,090)
Regional Logistics Depot Fund		-	(5,000,000)
<b>Net cash flows used in investing activities</b>		<b>(1,122,610)</b>	<b>(13,010,777)</b>
<b>Cash flows from financing activities</b>			
Finance charges paid on SADC House		(453,015)	(705,152)
SADC house lease repayments		(3,739,980)	(3,487,844)
<b>Net cash flows used in financing activities</b>		<b>(4,192,995)</b>	<b>(4,192,996)</b>
<b>Net increase in cash and cash equivalents</b>			
Opening cash and cash equivalents		(12,145,354)	8,566,092
		106,758,040	98,191,948
<b>Closing cash and cash equivalents</b>	4	<b>94,612,686</b>	<b>106,758,040</b>

**Statement of Comparison of Budget and Actual Amounts (Revenue) for the year ended 31 March 2023**

Description	Original Budget	Final Adjusted Budget	Actual Comparable Amount	Variance	Utilization rate
	2022/23	2022/23	2022/23	2022/23	2022/23
Member States contributions	38 102 908	38 102 908	38 102 908	-	100%
Contingency Fund Contributions	2 257 515	2 257 515	2 257 515	-	100%
Member States Contributions-Special Funds	23 695 478	55 018 018	36 103 471	18 914 547	66%
Transfers and asset donations	-	-	5 037 860	(5 037 860)	0%
International Cooperating Partners contributions	36 711 927	46 357 191	28 413 342	17 943 849	61%
<b>Total Contributions</b>	<b>100 767 828</b>	<b>141 735 632</b>	<b>108 915 096</b>	<b>31 820 536</b>	<b>77%</b>
<b>Revenue from other Sources</b>					
Institutional property rentals			17 406	(17 406)	0%
Investment revenue	255 538	255 538	168 579	86 959	66%
Proceeds from Disposals	20 000	20 000	27 138	(7 138)	136%
<b>Total revenue from Other Sources</b>	<b>275 538</b>	<b>275 538</b>	<b>213 123</b>	<b>62 415</b>	<b>77%</b>
<b>Sub-Total before Withdrawals</b>	<b>101 043 366</b>	<b>142 011 170</b>	<b>109 128 219</b>	<b>31 882 951</b>	<b>77%</b>
<b>Withdrawals</b>					
Assets Replacement Fund	1 657 581	2 244 013	479 372	1 764 641	21%
SEOM five years Plan (2021-2025)	449 173	849 173	1 293 126	(443 953)	152%
Mechanism in Honors of the SADC Founders Fund	595 000	389 058	92 388	296 670	24%
ICP Contributions towards Administration Overheads Revenue	734 465	734 465	1 208 560	(474 095)	165%
Contingency Fund	1 600 000	2 400 000	4 391 065	(1 991 065)	183%
SADC Anti-Corruption Funds	80 400	80 400	69 688	10 712	87%
Regional Logistic Depot Funds	4 726 000	4 726 000	1 096 480	3 629 520	23%
Statistics Fund	52 000	52 000	63 509	(11 509)	122%
2021/22 Savings Towards SADC standby Force	1 314 366	1 314 366	112 107	1 202 259	9%
Appropriated from 2021/22 Cash Surplus / SHOC 2022/23	929 545	55 279	51 417	3 862	93%
<b>Sub-Total Withdrawals</b>	<b>12 138 530</b>	<b>12 844 754</b>	<b>8 857 712</b>	<b>3 987 042</b>	<b>69%</b>
<b>Total revenue</b>	<b>113 181 896</b>	<b>154 855 924</b>	<b>117 985 931</b>	<b>35 869 993</b>	<b>76%</b>

## **Analysis of Revenue**

Revenue from Annual Member States contributions is recognized when invoiced. Cash received relating to Member States' special contributions and funds are initially recorded as deferred income and only recognized as revenue when conditions imposed on the fund have been met.

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 2022/23 financial year, the total revenue amounted to US\$117,985,931, which is a significant increase from the previous year's revenue of USD\$82,708,314 million. The revenue represents 76% of the revised budgeted revenue of US\$154,855,924. The major contributing factor to the increase in the Member States' contributions budget (Final Adjusted Budget) was the additional approved budget for the deployment of the Southern African Development Community (SADC) Standby Force Mission to Mozambique. Member States were required to remit additional contributions of US\$37,566,501 towards SAMIM during the 2022/23 Financial Year.

On the other hand, there was a significant variance of 39% relating to the International Cooperating Partners' contributions. This variance was mainly due to delays experienced in concluding procurement processes, caused by non-responsive bidders on service contracts for the programs and delayed replenishment of funds from some ICPs.

Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2023

Programme Activities	Original Budget	Adjusted Budget	Actual Amount	Variance	Utilization rate
<b>Member States funded</b>					
Organ, Politics, Defence and Security	30 433 039	60 781 461	43 541 692	17 239 769	72%
Industrial Development and Trade	3 074 184	3 204 900	2 029 060	1 175 840	63%
Finance Investment and Customs	1 587 360	1 505 884	1 444 396	61 488	96%
Infrastructure and Services	2 086 984	1 899 725	1 771 823	127 902	93%
Food, Agriculture and Natural Resources	3 094 186	3 339 186	2 639 334	699 852	79%
Social, Human Development and Special Programmes	1 281 003	1 254 817	1 155 187	99 630	92%
Disaster Risk Reduction	398 451	1 345 570	1 282 442	63 128	95%
Policy, Planning and Resource Mobilization	2 980 924	2 849 807	2 725 919	123 888	96%
Gender Unit	428 816	400 381	377 032	23 349	94%
GSHD-HIV/AIDS	1 600 000	1 600 000	2 025 898	(425 898)	127%
<b>Sub-total: Programmes Funded by Member States</b>	<b>46 964 946</b>	<b>78 181 730</b>	<b>58 992 783</b>	<b>19 188 947</b>	<b>75%</b>
<b>International Cooperating Partners Funded</b>					
Organ, Politics, Defence and Security	6 380 747	9 525 176	6 927 649	2 597 527	73%
Industrial Development and Trade	4 503 954	6 183 074	4 651 066	1 532 008	75%
Finance Investment and Customs	9 107 309	11 644 150	5 958 993	5 685 157	51%
Infrastructure and Services	4 340 420	4 658 291	2 929 388	1 728 903	63%
Food, Agriculture and Natural Resources	7 182 270	6 758 065	3 359 582	3 398 483	50%
Social, Human Development and Special Programmes	409 236	409 236	235 209	174 027	57%
Disaster Risk Reduction	146 410	259 545	259 545	-	100%
Policy, Planning and Resource Mobilization	2 135 000	4 016 659	3 042 717	973 942	76%
<b>Sub-total: Program activities Funded by ICP</b>	<b>34 205 346</b>	<b>43 454 196</b>	<b>27 364 148</b>	<b>16 090 047</b>	<b>63%</b>
<b>Sub-total: Program activities</b>	<b>81 170 292</b>	<b>121 635 926</b>	<b>86 356 931</b>	<b>35 278 995</b>	<b>71%</b>
<b>Support Activities</b>					

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Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2023

	Original Budget	Adjusted Budget	Actual Amount	Variance	Utilization rate
<b>Member State funded</b>					
Directorate of Budget and Finance	3 370 944	3 328 352	3 110 606	217 746	93%
Directorate Human Resources and Administration	15 792 130	17 676 495	12 796 648	4 879 847	72%
Legal	780 965	722 770	606 429	116 342	84%
Information Communication Technology	1 437 132	1 424 687	1 218 233	206 454	86%
Procurement Unit	1 182 086	1 062 086	988 400	73 686	93%
Executive Secretary, Deputy Executive Secretaries	1 583 258	1 763 583	1 328 957	434 626	75%
Internal Audit and Risk Management	1 039 790	936 043	862 340	73 703	92%
SADC Administration Tribunal	266 594	266 594	246 149	20 445	92%
Communication and Public Relations	845 064	858 878	799 042	59 835	93%
<b>Sub-total: Support activities Member State funded</b>	<b>26 297 963</b>	<b>28 039 488</b>	<b>21 956 804</b>	<b>6 082 684</b>	<b>78%</b>
<b>ICP Funded</b>					
Executive Secretary	124 000	124 000	-	124 000	0%
Communication and Public Relations	421 261	421 261	326 458	94 803	77%
Directorate of Human Resources and Administration	900 000	960 000	644 243	315 757	67%
Information Communication Technology	1 061 320	1 397 734	222 455	1 175 279	16%
<b>Sub-total: ICP Funded</b>	<b>2 506 581</b>	<b>2 902 995</b>	<b>1 193 156</b>	<b>1 709 839</b>	<b>41%</b>
<b>Sub-total Support activities</b>	<b>28 804 544</b>	<b>30 942 483</b>	<b>23 149 960</b>	<b>7 792 523</b>	<b>75%</b>
<b>Total Programme and support activities costs</b>	<b>109 974 836</b>	<b>152 578 409</b>	<b>109 506 892</b>	<b>43 071 517</b>	<b>72%</b>
Transfer to Contingency Fund	2 277 515	2 277 515			
<b>Total</b>	<b>112 252 351</b>	<b>154 855 924</b>			

## Analysis of Expenditure Variances

The total expenditure for the year amounted to US\$109,506,892, which represents 72% 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 utilization rate of 75% on Programme activities and 78% on Support activities under Member States funding is mainly due to the following:
  - (a) Delays in the recruitment of Consultants and Experts due to challenges in identifying the right candidates, delays in internal procurement processes, delays in approval processes, and the need to relaunch some tenders due to non-responsive bidders.
  - (b) Postponement or cancellation of some Statutory Meetings, which are responsible for approving deliverables and issuing directives on different Sectors, leading to a negative impact on the performance of various Directorates and Units.
  - (c) Some positions that were budgeted for in the 2022/23 financial year remained unfilled, resulting in low utilization of the emoluments budget and negatively affecting the capacity and performance of Directorates and Units.
  - (d) Slow responses from Member States on critical issues such as the formulation of technical committees, review and validation of documents, submission of data/information to inform sector-specific reports, and response to assessment tools to inform studies being coordinated by the Secretariat.
  
- (ii) **International Cooperating Partners (ICP) funds:** Budget utilization rate of 63% on Programme activities and 41% on Support Activities achieved was due to the following:
  - (a) Lengthy internal procurement processes resulted in delay in the procurement of equipment worth US\$1,511,155 for the Intra ACP Climate Programme.
  - (b) Non-responsive bidders caused delays in the procurement of suitable consultants, such as in the PROFISHBLUE and MSFI Programmes. Additionally, there were delays in engaging successful bidders/consultants.
  - (c) Signing of contracts with Implementing Partners (Grant Beneficiaries) was delayed, specifically in the RiNaWa project, which impacted the rolling out of project activities.
  - (d) Some project-funded positions budgeted for in the 2022/23 financial year remained vacant throughout the year, as noted in the GIZ ES Support and the IICB Programmes.
  - (e) Some projects disbursed grants to Implementing Partners that were yet to verify expenditures, with OACPS RiNaWa disbursing US\$192,014.



**Note 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 and comply with the accrual basis of the International Public Sector Accounting Standards (IPSAS). The Financial Statements have been prepared on the historical cost basis unless otherwise stated and the accounting policies have been applied consistently in their preparation and presentation. The statement of cash flows is prepared using the indirect method.

**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 2021 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**

<b>IPSAS No.</b>	<b>Description</b>	<b>Reason for not applying to SADC Secretariat</b>
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 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.

<b>IPSAS No.</b>	<b>Description</b>	<b>Reason for not applying to SADC Secretariat</b>
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 recorded using the mid- rate at the beginning of each month except for direct translations, which are converted at the actual spot rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to USD equivalents using the closing foreign exchange rate ruling at the reporting date.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

Exchange differences on foreign currency transactions are included 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.

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 (e.g., grants) are recorded initially at fair value, which is assumed as 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%
Motor vehicles	10%
Computer equipment	25%
Furniture and fittings	12.5%
Office and Residential Equipment	25%
Servers	20%
Machinery and Equipment	12.5%
Tents and Camping Equipment (Military)	50%
Military Equipment	50%

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.

## **2.4. 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.

### **2.4.2. 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 liabilities. These are transferred and recognized as revenue in a statement of financial performance when conditions imposed on the special fund are met. When conditions are not met, the contributing Member States are engaged; 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 a statement of financial performance. During a financial year, these contributions will form part of a surplus and or reduce a deficit, if not utilized.

### **2.4.3. 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.

#### **2.4.4. 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**

###### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 *Financial Instruments: Recognition and Measurement* are recognised in the financial statements when the entity becomes a party to the contractual arrangements of the instrument. Upon initial recognition, a financial asset is classified within financial assets at fair value through a surplus or a deficit, loans



and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Upon initial recognition, financial assets are measured at fair value plus directly attributable transaction cost, unless a financial instrument is classified as a financial asset at fair value through a surplus or a deficit. Financial assets at fair value through surplus or deficit are measured at fair value upon initial recognition.

### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification:

#### **i. Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. 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. After initial measurement, such financial assets are subsequently measured at amortized cost, using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit

#### **ii. 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 are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to cash and subject to insignificant risk of changes in value.

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

#### **iii. De-recognition**

The Secretariat de-recognizes a financial asset or, where applicable a part of a financial asset or a part of a group of similar financial assets, when:

1. The rights to receive cash flows from the asset have expired or are waived;
2. The Secretariat has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:
  - a) The Secretariat has transferred substantially all the risks and rewards of the asset;  
or
  - b) The Secretariat has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

#### **iv. 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).

#### **v. Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Secretariat first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Secretariat determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realized or has been transferred to the Secretariat. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

## 2.6.2. Financial Liabilities

### Initial recognition and measurements

Initial recognition measurement:

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Secretariat determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The Secretariat's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement:

The measurement of financial liabilities depends on their classification.

i. Financial liabilities at fair value through a surplus or a deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

ii. Loan and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

iii. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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.

### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification:

i. Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized, as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

ii. Payables

Payables are classified as loans and borrowing. These are measured at amortised cost in the statement of financial position.

iii. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities, simultaneously.

## 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

The Secretariat does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Contingent liabilities disclosed are stated at the estimated cost expected to settle the potential obligation, as at the reporting date.

## 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 2023 of each financial year are as follows:

<b>Currency</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Botswana Pula	13.386880857	11.6686
European Union Euro	0.850629466	0.9422
Great Britain Pound	0.967117988	0.8008
South African Rand	18.795900000	15.1729
Mozambican Meticals	64.520000000	-
Tanzanian Shilling	2392.000000000	-
Zimbabwean Dollar (RTGS)	961.642600000	145.9843
Zambian Kwacha	22.505300000	19.0086
Canadian Dollar	1.425100000	1.3150

**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.

### **2.13. Employee benefits**

#### **2.13.1. 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.

### **2.14. 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.

### **2.15. 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. Provisions**

Provisions are raised and management determines estimated amounts, based on the available information.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

The estimates are discounted at a discount rate that reflects current market assessments of the time value of money.

### **3.5. 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.

### **3.6. 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**

<b>4 Cash and Cash Equivalents</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Development partners	18,679,731	19,147,778
Member States - operations	29,416,846	27,387,513
Member States - staff benefits	4,535,266	5,757,240
Member States - reserves	17,577,859	25,672,669
Member States - special projects	24,402,984	28,792,840
<b>Total cash and cash equivalents</b>	<b>94,612,686</b>	<b>106,758,040</b>

<b>5 Receivables from Exchange Transactions</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Workshop imprest (Note 5.1)	82,332	94,760
Staff advances and loans (Note 5.1)	361,697	210,068
<b>Total receivables from Ex Transactions</b>	<b>444,029</b>	<b>304,828</b>

**5.1 The Ageing Analysis of Receivables from Exchange Transactions is as follows:**

<b>At 31 March 2023</b>	<b>Neither past due nor impaired</b>		
	<b>Total</b>	<b>= &lt;30days</b>	<b>&gt;30 days</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Workshop imprest	82,332	58,176	24,156
Staff advances and loans	361,697	48,616	313,081
<b>Total</b>	<b>444,029</b>	<b>106,792</b>	<b>337,237</b>
<b>At 31 March 2022</b>	<b>Total</b>	<b>= &lt;30days</b>	<b>&gt;30 days</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Workshop imprest	94,760	58,300	36,460
Staff advances and loans	210,068	20,951	189,117
<b>Total</b>	<b>304,828</b>	<b>79,251</b>	<b>225,577</b>

<b>6 Receivables Non-Exchange Transactions</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
<b>Current receivables - Member States</b>		
Receivable from Member States	30,241,482	12,794,245
Less: Impairment Comoros	(12,254,330)	(7,978,092)
<b>Total current receivables - Member States</b>	<b>17,987,152</b>	<b>4,816,153</b>

**Current Receivables - Project Advances**

Receivable from project advances	8,944,605	10,973,851
Deferred Revenue Debits	935,786	25,935
<b>Total Current Receivables - Project Advances</b>	<b>9,880,391</b>	<b>10,999,786</b>
<b>Total Current Receivables Non-Exchange</b>	<b>27,867,543</b>	<b>15,815,939</b>

Included in receivables from Member States is a total of US\$ 12,254,330 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.

Receivables from project advances relate to transfers to projects being implemented by Member States and other institutions located in various Member States for utilisation in projects implemented by them. Expenditures in such projects are recognised in the Secretariat books when expenditure has been reported and verified.

Current receivables also include International Development Partners (ICP) with debit balances of US\$ 935,786 broken down as follows: SADC-EU SIBE US\$222,688, ADB Profishblue fund US\$369,681, SADC ADB Sustainable financing in Regional fund US\$119,548, SADC AU APSA Support IV US\$45,636 and SADC-ERM Peacebuilding Support to Mozambique fund US\$178,233.

<b>7 Prepayments</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Education allowance	747,627	576,613
Other Prepayments	157,680	159,610
	<b>905,307</b>	<b>736,223</b>

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

<b>8 Value added tax receivable</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Value added tax	947,313	2,457,188
<b>Total value added tax receivable</b>	<b>947,313</b>	<b>2,457,188</b>

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

Cost	Land	Buildings WIP	Buildings	Buildings Leased	Motor Vehicles	Computers	Furniture & Fittings	Equipment	Computer Servers	Plant and Equipment	Tents	Military Equipment	Total
	1 April 2022	2,600,725	780,766	6,337,167	40,085,834	1,059,309	2,525,263	336,475	3,733,357	44,645	49,808	-	-
Additions	-	848,280	7,433	-	132,364	250,611	26,788	89,396	-	6,550	2,566,300	41,500	3,969,222
Disposals	-	-	-	-	-	(6,423)	-	(632)	-	-	-	-	(7,055)
31 March 2023	2,600,725	1,629,046	6,344,600	40,085,834	1,191,673	2,769,451	363,263	3,822,121	44,645	56,358	2,566,300	41,500	61,515,516
<b>Depreciation</b>													
1 April 2022	-	-	1,954,244	10,129,381	919,990	2,059,099	271,834	3,603,129	6,697	934	-	-	18,945,308
Depreciation	-	-	114,320	803,320	67,137	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	987,127	2,279,035	287,877	3,646,940	15,626	7,288	722,363	8,646	20,956,166
Net book value	2,600,725	1,629,046	4,276,036	29,153,133	204,546	490,416	75,386	175,182	29,019	49,070	1,843,937	32,854	40,559,350

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Notes to the Financial Statements for the Year Ended 31 March 2023

	Land	Buildings WIP	Buildings Leased	Motor Vehicles	Computers	Furniture & Fittings	Equipment	Computer Servers	Plant and Equipment	Total
<b>Cost</b>										
1 April 2021	2,600,725	-	6,220,540	1,161,759	2,499,209	311,394	3,716,859	-	-	56,596,321
Additions	-	780,766	116,626	-	61,643	25,081	33,719	44,645	49,808	1,112,288
Adjustments	-	-	-	-	84	-	(84)	-	-	-
Disposals	-	-	-	(102,450)	(35,673)	-	(17,137)	-	-	(155,261)
<b>31 March 2022</b>	<b>2,600,725</b>	<b>780,766</b>	<b>6,337,167</b>	<b>1,059,309</b>	<b>2,525,263</b>	<b>336,475</b>	<b>3,733,357</b>	<b>44,645</b>	<b>49,808</b>	<b>57,553,349</b>
<b>Depreciation</b>										
1 April 2021	-	-	1,837,157	976,179	1,836,836	256,733	3,551,402	-	-	17,784,518
Depreciation	-	-	117,087	803,170	249,260	15,101	68,137	6,697	934	1,299,234
Disposals	-	-	-	(95,038)	(26,997)	-	(16,410)	-	-	(138,445)
<b>31 March 2022</b>	<b>-</b>	<b>-</b>	<b>1,954,244</b>	<b>919,990</b>	<b>2,059,099</b>	<b>271,834</b>	<b>3,603,129</b>	<b>6,697</b>	<b>934</b>	<b>18,945,308</b>
<b>Net book value</b>										
31 March 2022	2,600,725	780,766	4,382,923	139,319	466,164	64,641	130,228	37,948	48,874	38,608,041

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

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. Both properties have been excluded from the Secretariat’s non-current assets because ownership of the buildings is with Botswana Government.

Figures reported in Note 17 include fully depreciated assets with a cost of USD6.14 million (2022: USD8.86 million), which were still in use during the financial year under review.

Included in additions to Property, Plant and Equipment are donations of \$2,619,940 from the African Union for use in the SADC Military Assistance to Mozambique, \$2,669 from the European Union, US\$17,794 from the Reinforcing veterinary Governance in Africa and US\$10,570 from GIZ.

<b>10 . Intangible Assets</b>	<b>SADC LOGO &amp; Trademark USD</b>	<b>Software USD</b>	<b>Total USD</b>
<b>Cost</b>			
1 April 2022	385,953	622,672	1,008,625
<b>31 March 2023</b>	<b>385,953</b>	<b>622,672</b>	<b>1,008,625</b>
<b>Impairment</b>			
1 April 2022	-	257,891	257,891
Amortisation	-	67,490	67,490
<b>31 March 2023</b>	<b>-</b>	<b>325,381</b>	<b>325,381</b>
<b>Net book value :31 March 2023</b>	<b>385,953</b>	<b>297,291</b>	<b>683,244</b>
<b>Cost</b>			
1 April 2021	385,953	622,672	1,008,625
<b>31 March 2022</b>	<b>385,953</b>	<b>622,672</b>	<b>1,008,625</b>
<b>Impairment</b>			
1 April 2021	-	191,250	191,250
Amortisation	-	66,641	66,641
<b>31 March 2022</b>	<b>-</b>	<b>257,891</b>	<b>257,891</b>
<b>Net book value :31 March 2022</b>	<b>385,953</b>	<b>364,781</b>	<b>750,734</b>

<b>11. Other Non-Current Assets</b>	<b>2023 USD</b>	<b>2022 USD</b>
Security Deposits on Rentals (Non-Current)	40,508	40,508
<b>Total security Deposit</b>	<b>40,508</b>	<b>40,508</b>

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**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Trade payables	4,796,862	2,666,529
Accrued expenses	4,399,290	4,902,587
	<b>9,196,152</b>	<b>7,569,116</b>

**Accrued Expenses are Analysed as below:**

Staff contribution and leave days	1,273,017	1,534,308
Consultancies	3,086,078	3,276,833
VAT Staff & Projects	40,195	91,446
<b>Totals</b>	<b>4,399,290</b>	<b>4,902,587</b>

**13 Trade and other Payables from Non-Exchange Transactions**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Member states' contributions	495,097	872,914
<b>Total</b>	<b>495,097</b>	<b>872,914</b>

Payables from non-exchange transactions represent contributions paid in advance by Member States. The above amount relates to an advance payment of the 2023/2024 financial year by the Kingdom of Lesotho.

**14 Finance Lease Liability**

<b>Amounts payable under finance leases</b>	<b>Minimum lease payments</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payments</b>
<b>2023</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Within one year	4,192,995	182,652	4,010,344
Later than one year	416,682	2,804	413,877
<b>Total minimum lease payments</b>	<b>4,609,677</b>	<b>185,456</b>	<b>4,424,221</b>
	<b>Minimum lease payments</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payments</b>
<b>2022</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Within one year	4,192,995	453,015	3,739,980
Later than one year	4,609,677	185,456	4,424,221
<b>Total minimum lease payments</b>	<b>8,802,672</b>	<b>638,471</b>	<b>8,164,201</b>

The finance lease obligations relate to the buildings with a lease term of fifteen (15) years from 1<sup>st</sup> 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. On 12 October 2007 the estimated cost of construction was USD27.3 million translating into a base-line annual unitary charge of USD4.0 million. At the time of occupying the SADC House building on the 1st of August 2009, the baseline was recomputed to USD4.2 million.

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 2023 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.

No further adjustments or disclosures have been made in the current year's annual accounts since it was assessed that the guarantee by the Government of Botswana was more than sufficient to cover the finance lease arrangement.



**15 Post-Employment Benefit**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Opening Balance as at 1 April	5,758,277	5,270,353
Interest/exchange rate gain	6,298	10,413
Payments	(3,945,779)	(2,267,033)
Transfers to expenditure	2,695,670	2,744,544
<b>Closing Balance as at 31 March</b>	<b>4,514,466</b>	<b>5,758,277</b>

**Post-employment benefit analysis of amount due**

Due within one year (current portion)	1,420,991	3,575,940
Later than one year (long term liability)	3,093,475	2,182,337
<b>Total post-employment benefit</b>	<b>4,514,466</b>	<b>5,758,277</b>

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	2021/22 Balance	Interest	Receipts	Payments	Exchange Gain/(Loss)	2022/23 Balance
	ADB - ACMAD/DMC	28,787	-	-	(28,787)	-	-
	SADC AFDB Sustainable Financing in Regional Infrastructure	19,827	3	-	(139,375)	(3)	(119,548)
	Macroeconomic Stability (USD) Fund	-	103	649,581	(290,010)	317	359,990
	Profishblue Fund account	-	62	408,009	(777,775)	23	(369,681)
African Development Fund	AFDB-Support to Covid19 Response	457,964	238	-	(234,217)	-	223,985
	<b>Sub-Total</b>	<b>506,578</b>	<b>406</b>	<b>1,057,590</b>	<b>(1,470,164)</b>	<b>337</b>	<b>94,747</b>
	SADC EU/APSA IV PROJECT	358,408	-	-	(404,044)	-	(45,636)
	APSA III	74,795	-	-	(4,749)	-	70,046
Africa Union	"SADC-ERM Peacebuilding Support to Mozambique Fund"	-	166	1,377,548	(1,555,947)	-	(178,233)
	<b>Sub-Total</b>	<b>433,203</b>	<b>166</b>	<b>1,377,548</b>	<b>(1,964,740)</b>	<b>-</b>	<b>(153,823)</b>
	GIZ Support to Peace and Security	23,353	-	-	(15,118)	-	8,235
	GIZ - Support to Electoral Processes	20,517	-	-	(20,517)	-	-
	GIZ- ES Support	86,324	-	-	-	1	86,325
	GIZ-SADC National Regional Linkages	(20,352)	-	23,446	(70)	-	3,024
GIZ	GIZ Support towards Business Continuity and Efficiency	110,176	-	-	(63,193)	-	46,983

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	GIZ Support for Peace, Security and Good Governance	342,993	-	-	(308,540)	-	34,454
	GIZ Support on Scenario Planning	(5,584)	-	12,886	-	-	7,302
	<b>Sub-Total</b>	<b>557,428</b>	<b>-</b>	<b>36,332</b>	<b>(407,437)</b>	<b>1</b>	<b>186,323</b>
	Disaster Risk management strengthening Fund	-	35	1,194,086	(32)	-	1,194,089
	11TH EDF - TCF1 PE1	22,172	-	-	(21,664)	(508)	-
	EU - PPDF	2,620,804	-	-	-	(658,122)	1,962,682
	Trade Related Facility	7,769,343	-	-	(2,255,308)	(1,463)	5,512,572
	EU- East and Southern Africa Transport	23,745	-	354,312	(396,605)	21,064	2,516
	EU Regional Agriculture Policy	324,450	-	5,498	(329,948)	-	-
	Support to Peace and Security in the SADC region	1,207,404	444	6,317,521	(4,255,289)	246	3,270,326
	IICB- Integrated Institutional Capacity Building	878,320	1,104	3,056,713	(2,206,579)	-	1,729,558
	SADC/OACPS Research & Innovation fund	-	-	1,579,741	(97,267)	77,538	1,560,012
	EU - Dialogue Facility	250,880	41	1,127,064	(1,375,070)	21	2,936
	Intra ACP GCCA+	1,786,038	1,173	3,685,132	(2,349,697)	-	3,122,647
	EU - SIPS	1,225,122	612	1,738,348	(1,237,674)	-	1,726,408
	EU - SIBE	3,005,985	1,657	-	(3,230,330)	-	(222,688)
	EU – TFP	3,445,904	1,241	-	(3,138,843)	995	309,297
	Intra-ACP Climate	474,158	900	2,009,351	(2,294,454)	(23)	189,932
	EU EPA	35,441	-	-	(35,441)	-	-
European Union	<b>Sub-Total</b>	<b>23,069,765</b>	<b>7,207</b>	<b>21,067,766</b>	<b>(23,224,201)</b>	<b>(560,252)</b>	<b>20,360,285</b>



**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	2023	2022
		USD	USD
Reserve Fund	17.1	13,231,874	20,990,720
Asset Replacement Fund	17.2	4,549,864	4,560,927
Staff Loan Fund	17.3	844,791	932,272
		<b>18,626,529</b>	<b>26,483,919</b>

**17.1 Reserve Fund**

	2023	2022
	USD	USD
Opening balance as at 1 April	20,990,720	18,916,799
Interest/(Bank charges)	74,999	23,260
Receipts	-	2,588,912
Payments	(7,833,845)	-
Foreign exchange Translations (loss)/gains	-	(538,251)
<b>Closing balance as at 31 March</b>	<b>13,231,874</b>	<b>20,990,720</b>

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 as the previous year's surplus was allocated to other activities to be implemented by the Secretariat during the year.

**17.2 Asset replacement reserve**

	2023	2022
	USD	USD
Opening balance as at 1 April	4,560,927	4,445,654
Interest/(Bank charges)	14,880	9,733
Payments	(479,372)	(369,161)
Receipts	453,429	474,701
Closing balance as at 31 March	<b>4,549,864</b>	<b>4,560,927</b>

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 to each year's depreciation charged on movable capital assets and receipts from disposal of assets are appropriated from the Operating Surplus for purposes of replacing

assets. Under the Regulation, Council approves the asset replacement plan to utilize resources under the Fund.

In 2022/23, the Secretariat realised an operating surplus of USD5.7million (2021/22 USD3.4million). An amount equivalent to the depreciation charge of 405,174 (2021/22 USD 474,701) 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

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
<b>Opening balance :1 April</b>	<b>932,272</b>	<b>936,740</b>
Interest	22,270	20,039
Exchange Translation Loss	(109,751)	(24,507)
<b>Closing balance :31 March</b>	<b>844,791</b>	<b>932,272</b>

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.

**18 Member States special funds**

<b>2022/23 Fund Name</b>	<b>Opening balance</b>	<b>Interest</b>	<b>Receipts</b>	<b>Payments</b>	<b>Exchange Rate /transfers</b>	<b>Closing balance</b>
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 Fencing Fund	5,128,834	14,625	-	(1,293,126)	-	3,850,333
<b>Totals</b>	<b>42,501,063</b>	<b>78,889</b>	<b>47,948,233</b>	<b>(45,932,471)</b>	<b>(16,279)</b>	<b>44,579,434</b>
<b>2021/22 Fund Name</b>	<b>Opening balance</b>	<b>Interest</b>	<b>Receipts</b>	<b>Payments</b>	<b>Exchange Differences</b>	<b>Closing balance</b>
SADC HIV/AIDS Trust Fund	7,379,759	1,246	1,611,362	(422,202)	(33)	8,570,132
SADC House fund	-	-	5,131,809	(5,131,809)	-	-
Statistics Training Fund	696,789	-	-	-	-	696,789
SADC Regional Logistics Depot	6,669,737	9,273	8,342,281	(745,296)	-	14,275,996
SADC Contingency fund	4,574,533	-	2,257,515	(119,982)	(2,248,688)	4,463,378
SADC Anti-Corruption	114,833	-	48,000	(19,527)	-	143,306
SADC Assistance to Mozambique	-	-	16,748,800	(9,774,860)	2,248,688	9,222,628
SEOM 5 years Ring Fencing Fund	-	-	5,174,090	(45,256)	-	5,128,834
<b>Totals</b>	<b>19,435,651</b>	<b>10,520</b>	<b>39,313,856</b>	<b>(16,258,931)</b>	<b>(33)</b>	<b>42,501,063</b>

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

19 Member States' Contributions	2023	2022
	USD	USD
Angola	3,106,702	3,132,433
Botswana	2,095,167	2,112,521
Comoros	1,917,486	1,933,367
Democratic Republic of Congo	2,369,447	2,389,072
Eswatini	1,952,544	1,968,716
Lesotho	1,932,824	1,948,833
Madagascar	2,048,079	2,065,043
Malawi	1,978,585	1,994,973
Mauritius	2,051,196	2,068,185
Mozambique	2,058,208	2,075,255
Namibia	2,051,150	2,068,139
Seychelles	103,801	104,661
South Africa	7,620,582	7,683,700
Tanzania	2,503,145	2,523,877
Zambia	2,166,942	2,184,890
Zimbabwe	2,147,050	2,164,834
<b>Member State Contribution recognized</b>	<b>38,102,908</b>	<b>38,418,499</b>
Member States Special Projects	45,932,471	17,927,354
<b>Total</b>	<b>84,035,379</b>	<b>56,345,853</b>

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. The total Member States Contribution of USD 38.1 million (2021/22: USD 38.4 million) excludes SADC House and HIV/AIDS Trust Fund contributions of USD5.4 million (2021/22 USD5.1 million) and USD 1.6 million (2021/22: USD 1.6 million) respectively, which are only recognised to revenue once utilised.

#### Member States Special Projects and other Contributions

	2023	2022
	USD	USD
SADC House Project and transfer income	5,447,401	5,131,809
SADC HIV/AIDS Trust Fund	2,128,139	422,202
Withdrawals From Contingency Fund	800,345	119,982
Statistics	63,509	-
Madagascar Arrears Recovery	-	1,668,423
SADC Assistance to Mozambique	35,103,471	9,774,860
SADC Regional Logistics Depot Fund	1,096,480	745,296
SADC Anti-Corruption Strategic Action Plan	-	19,527
SEOM 5 years Ring Fencing Fund	1,293,126	45,256
<b>Total</b>	<b>45,932,471</b>	<b>17,927,354</b>



A full list of special funds, inclusive of balances and movements during the year is presented in Note 18.

**20 Other Income**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Donations	4,159,527	99,831
Recoveries from staff costs	27,768	19,055
Direct funding to ICAO	68,010	85,726
Recoveries from Projects	782,555	319,966
<b>Total</b>	<b>5,037,860</b>	<b>528,648</b>

The Secretariat received a donation of assets from the African Union of US\$ 4,092,354, European Union of US\$ 5,666, Reinforcing veterinary Governance in Africa of US\$17,794 and from GIZ of US\$10,570. These two amounts are included in the figure for donations above. Also included in donations is an imputed rental of USD33,143 for the right of use of offices belonging to Botswana Government at Sebele.

Project recoveries relate to the following projects SACCAR, SADC RGNL & NATNL COH SUPP FAC and DRR. These projects ended and the amounts relate to remnant funds transferred to Member States Funds.

**21 ICPs' Contributions**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
African Development Bank	2,686,193	788,142
African Union APSA III	2,464,033	365,633
China	89,985	86,500
European Union	22,748,071	17,985,544
German Technical Cooperation	348,227	218,719
Swedish International Development Agency	-	504
World Bank (DRR Capacity Enhancement)	-	67,464
<b>Totals</b>	<b>28,336,509</b>	<b>19,512,506</b>

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

**22 Commission for Overheads /Institutional Revenue**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Institutional revenue	25,176	21,353
7% commission on overheads	1,200,790	558,642
<b>Total other Income</b>	<b>1,225,966</b>	<b>579,995</b>

23	<b>Investment Revenue</b>	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
	Interest received	168,579	154,406
	<b>Total investment revenue</b>	<b>168,579</b>	<b>154,406</b>
24	<b>Staff Costs</b>	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
24.1	<b>Staff Operating Expenditures</b>		
	<b>Employee related costs - salaries and wages</b>	<b>6,088,413</b>	<b>6,728,620</b>
	Salaries	6,011,648	6,672,570
	Temporary staff salaries	36,782	12,215
	Staff overtime	39,983	43,835
	<b>Employee related costs - contributions to pensions and medical aids</b>	<b>190,848</b>	<b>316,001</b>
	Medical aid	189,641	191,843
	Group life insurance	1,207	124,158
	<b>Other allowances</b>	<b>4,128,247</b>	<b>4,109,510</b>
	Assignment allowance	274,994	278,098
	Education allowance	447,709	457,608
	Entertainment allowance	4,380	4,527
	Utility allowance	428,439	442,555
	Secondment Allowance	-	24,674
	Acting allowance	25,149	21,121
	Communication and relocation allowances	83,253	103,815
	Staff passage	127,142	73,198
	Settlement allowance	38,814	20,465
	Housing allowance	1,264,741	1,326,265
	Contract gratuity	1,433,626	1,357,184
	<b>Sub-Total Operating Expenditure Staff Costs</b>	<b>10,407,508</b>	<b>11,154,131</b>
24.2	<b>Staff Costs related to Programme Expenses</b>	<b>2023</b>	<b>2022</b>
		<b>USD</b>	<b>USD</b>
	<b>Employee related costs - salaries and wages</b>	<b>5,554,144</b>	<b>5,106,036</b>
	Salaries	5,541,301	5,098,148
	Temporary staff salaries	12,843	7,888
	<b>Contributions to pensions and medical aids</b>	<b>204,344</b>	<b>260,534</b>

Medical aid	188,983	246,246
Group life insurance	15,361	14,288
<b>Other allowances</b>	<b>5,564,047</b>	<b>5,644,580</b>
Assignment allowance	392,050	387,200
Education allowance	660,109	877,741
Entertainment allowance	3,639	4,200
Utility allowance	554,706	573,114
Secondment allowance	469,574	300,898
Acting allowance	21,531	19,689
Communication and relocation allowances	111,382	151,823
Staff passage	168,984	118,361
Settlement allowance	9,750	31,740
Housing allowance	1,893,578	1,960,449
Contract gratuity	1,278,744	1,219,365
<b>Sub-total Programme Expenditure Staff Costs</b>	<b>11,322,535</b>	<b>11,011,150</b>
<b>Total Staff Costs</b>	<b>21,730,043</b>	<b>22,165,281</b>

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.

25 General Expenses	2023	2022
	USD	USD
Administration costs	1,834,289	243,762
Maintenance and repairs	80,638	215,830
Security	263,228	239,189
Consultancies	1,218,820	1,395,883
Utilities Cost	363,360	465,823
Recruitment Costs	5,485	680
Exhibitions and promotional materials	155,823	198,030
Staff Development and Professional Subscriptions	53,804	37,938
Insurance costs	123,420	75,207
Software licences	610,325	238,567
Vehicle running costs	33,308	14,767
<b>Total general expenses</b>	<b>4,742,500</b>	<b>3,125,676</b>

<b>26 Finance Costs</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Finance charges on finance lease	453,015	705,152
<b>Total finance costs</b>	<b>453,015</b>	<b>705,152</b>

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 as "the contractor." Construction of the new SADC House was undertaken through a Build, Operate and Transfer arrangement.

**27 Member States Funded Program Costs with Emoluments**

	2023			2022		
	Actual USD	Final Budget USD	Budget % utilisation	Actual USD	Final Budget USD	Budget % utilisation
Organ, Politics, Defense and Security (ORGAN)	39,976,637	54,484,370	73%	12,546,465	24,877,067	50%
RPTC	1,203,800	1,317,862	91%	909,934	930,114	98%
Industrial Development and Trade	2,029,060	3,204,900	63%	1,673,719	2,685,508	62%
Finance Investment and Customs	1,444,396	1,505,884	96%	1,263,519	1,386,966	91%
Infrastructure	1,418,488	1,562,669	91%	1,461,833	1,550,517	94%
Climate Services Center	327,217	328,037	100%	195,865	210,879	93%
Food, Agriculture and Natural Resources	1,354,593	1,582,743	86%	1,199,458	1,448,683	83%
SPGRC	1,208,920	1,510,448	80%	1,110,973	1,274,268	87%
Gender Social and Human Development	1,155,187	1,254,817	92%	861,739	1,121,008	77%
Policy, Planning and Resource Mobilisation	2,725,919	2,849,807	96%	2,379,186	2,628,678	91%
Gender Unit	377,032	400,381	94%	372,292	399,856	101%
Gender Social and Human Development	2,023,072	1,600,000	126%	566,303	2,720,000	21%
Disaster Risk management	1,282,442	1,345,569	95%	299,506	478,101	63%
<b>Totals</b>	<b>56,526,763</b>	<b>72,947,487</b>	<b>77%</b>	<b>24,840,792</b>	<b>41,711,647</b>	<b>60%</b>

Included in Member States Program Costs is an amount of US\$11,322,535 relating to program staff emoluments as presented in Note 24.2

**28. International Cooperating Partner Funded**

Project Name	International Cooperating Partner	Sector	2022/23		2022/23		2021/22		2021/22	
			Budget USD	Actual USD	Utilization %	Budget USD	Actual USD	Utilization %		
<b>Africa Development Bank</b>										
AfDB - Sustainable Financing of Regional Infrastructure		Regional Infrastructure Development	1 868 768	1 204 829	64%	2 047 292	463 160	23%		
AfDB- Support to the COVID-19 Pandemic Crisis		Health and Safety	-	-	-	682 400	248 479	36%		
SADC AfDB SARCIS DR		Metrology	409 236	235 209	57%	8	76 503			
AfDB-Macroeconomic stability and financial integration		Economic Stability and Financial Integration	3 622 942	290 158	8%	-	-	-		
AfDB-PROFISHBLUE project		Aqua, Fisheries and Blue Economy	1 327 373	955 998	72%	-	-	-		
<b>Sub-total Africa Development Bank</b>			<b>7 228 319</b>	<b>2 686 193</b>	<b>37%</b>	<b>2 729 700</b>	<b>788 142</b>	<b>29%</b>		
<b>Africa Union</b>										
African Union APSA Support		Peace and Security	2 144 663	1 560 058	73%	12 002	2 020	17%		
<b>Sub-total Africa Union</b>			<b>2 144 663</b>	<b>1 560 058</b>	<b>73%</b>	<b>12 002</b>	<b>2 020</b>	<b>17%</b>		
<b>European Union</b>										
Peace and Security PAGODA		Politics and Diplomacy Institutional development	6 434 929	4 255 840	66%	3 405 652	2 526 520	74%		
Trade Related Facility		Institutional development	387 817	2 167 377	559%	3 780 256	5 741 892	152%		
PPDF			-	-	-	47 600	1 699 235	3570%		
T2 FP		Transport	570 098	396 605	70%	520 900	335 113	64%		
SADC EUR Regional Agricultural Programme		Agriculture Institutional development	-	-	-	-	6 756	0%		
Integrated Institutional Capacity Building (IICB)			4 382 984	2 206 621	50%	2 999 615	1 042 543	35%		
Dialogue Facility			1 476 940	1 378 244	93%	908 548	317 529	35%		
Intra-ACP GCCA+ Programme			4 777 038	2 350 127	49%	3 339 911	740 201	22%		
SIPs_PAGoDA			3 182 569	1 232 058	39%	3 744 649	687 176	18%		
SIBE_PAGoDA			4 558 329	3 230 370	71%	3 446 639	2 298 250	67%		
11th EDF Trade Facilitation Programme (TFP)			4 868 794	3 139 455	64%	3 199 298	1 994 085	62%		
Intra-ACP Climate		Metrology	3 850 007	2 294 597	60%	1 375 441	596 245	43%		
EU-APSA IV		Peace and Security	740 636	903 975	122%	625 051	363 613	58%		
<b>Sub-total European Union</b>			<b>35 230 141</b>	<b>23 555 269</b>	<b>67%</b>	<b>27 393 559</b>	<b>18 349 157</b>	<b>67%</b>		

**German Technical Cooperation**

ES Support	124 000	-	0%	24,200	10,105	42%
GIZ-SADC National Regional Linkages	-	-	-	63,858	(5,838)	-9%
Support for Peace Security and Good Governance	352 432	288 145	82%	458,798	71,383	16%
GIZ Support towards Business Continuity and Efficiency	149 214	56 902	38%	146,065	4,527	3%
GIZ Support on Scenario Planning	-	-	-	150,000	138,542	92%
<b>Sub-total German Technical Cooperation</b>	<b>625 646</b>	<b>345 047</b>	<b>55%</b>	<b>842,921</b>	<b>218,719</b>	<b>26%</b>
<b>Other International Cooperating Partners</b>						
SADC Chinese Support	430 000	312 980	73%	100,000	8,621	9%
World Bank - SADC DRR	-	-	-	67,325	67,464	100%
OACPS RiNaWa	698 422	97 267	0%	-	-	0%
<b>Sub-total Other ICP</b>	<b>1 128 422</b>	<b>410 247</b>	<b>36%</b>	<b>167,325</b>	<b>76,084</b>	<b>45%</b>
<b>Total Budget Utilisation</b>	<b>46 357 191</b>	<b>28 557 305</b>	<b>62%</b>	<b>31,145,507</b>	<b>19,434,123</b>	<b>62%</b>
<b>Less: VAT Receivable</b>		(70,080)			(2,972)	
<b>Net ICP Funded Expenditure</b>		<b>28,487,225</b>			<b>19,431,151</b>	

(i) Trade Related Facility budget over expenditure (US\$1,779,560): Following the previous year's expenditure verification, which determined ineligible expenditure, the Member States subsequently submitted the missing documents, resulting in EUR1 526 554 eligible expenditures. The prior year's eligible expenditure was posted in the 2022/23 Financial Year, resulting in an over-expenditure against budgeted amount.

(ii) APSA IV budget over expenditure (US\$163,339): The Project submitted a 2021/22 reduction budget on the 'Regional Early Warning Equipment' Budget line. The same amount was included in the 2023/24 Financial Year. Council approved the reduction adjustment budget at its meeting in March 2023. However, the budget line subsequently incurred some expenditures prior to the end of March 2023, which resulted in an over-expenditure.

**29 Impairment of Receivables**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Receivables from Non-Exchange Transactions	4,276,238	7,978,092
Receivables from Exchange Transactions	277,323	-
<b>Closing Balance as at 31 March</b>	<b>4,553,561</b>	<b>7,978,092</b>

**30 Financial Instruments – 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.

<b>Financial Assets</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>USD</b>	<b>USD</b>
<b>2023</b>		
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
	<b>122,924,258</b>	<b>122,924,258</b>
<b>2022</b>		
Receivables from non-exchange transactions	15,815,939	15,815,939
Receivables from exchange transactions	304,828	304,828
Cash and cash equivalents	106,758,039	106,758,039
<b>Totals</b>	<b>122,878,806</b>	<b>122,878,806</b>
<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>USD</b>	<b>USD</b>
<b>2023</b>		
Payable from exchange transactions	9,196,152	9,196,152
Payables from non-exchange transactions	495,097	495,097
Finance lease obligations	4,424,221	4,424,221
<b>Totals</b>	<b>14,115,470</b>	<b>14,115,470</b>
<b>2022</b>	<b>USD</b>	<b>USD</b>



Payable from exchange transactions	7,569,115	7,569,115
Payables from non-exchange transactions	872,914	872,914
Finance lease obligations	8,164,201	8,164,201
	<b>16,606,230</b>	<b>16,606,230</b>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 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 2022 was

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Receivables from non-exchange transactions	27,867,543	15,815,939
Receivables from exchange transactions	444,029	304,828
Cash and cash equivalents	94,612,686	106,758,039
Maximum exposure to credit risk	<b>122,924,258</b>	<b>122,878,806</b>

### 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. In accordance with its financial risk management policy, the Secretariat does not make deposits with banks with a credit rating below Aa3. Accordingly, the credit rating attached to the cash and cash equivalents line item is, as follows:

	<b>2023</b>	<b>2022</b>
	<b>Rating</b>	<b>Rating</b>
Cash and cash equivalents	AA+	AA+

The customer base of the Secretariat is diverse and consists of individuals, companies, non-profit organizations and government entities. Credit ratings, from external rating agencies, are not readily available for all customers. Also, it is not financially viable to obtain external credit ratings for all customers due to the nature of the customer base. Furthermore, Secretariat is mandated by its financial and administrative regulations established under Article 14(1)(p) of the SADC Treaty Article to provide basic services to all its constituents irrespective of their financial standing. For the purpose of determining

the credit quality of customers, the Secretariat applies its past experience with customers in determining the risk of default posed by customers. In line with the methodology applied, customers are classified into the following credit quality groups:

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:

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
High	-	-
Medium	444,029	304,828
Low	-	-
Total trade and other receivables at amortized cost exposed to credit risk	<b>444,029</b>	<b>304,828</b>

### 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.

<b>The Secretariat's Contractual liabilities at year end were as follows:</b>						
	<b>On demand</b>	<b>&gt; 3 months</b>	<b>3 – 12 months</b>	<b>&gt; 5 years</b>	<b>&lt; 5 years</b>	<b>Total</b>
<b>2023</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Liabilities</b>						
Payables from exchange transactions	9,196,152	-	-	-	-	9,196,152
Payables non exchange transactions	495,097	-	-	-	-	495,097
Finance lease obligations	323,608	982,195	3,118,418	-	-	4,424,221
<b>Total liabilities</b>	<b>10,014,857</b>	<b>982,195</b>	<b>3,118,418</b>	<b>-</b>	<b>-</b>	<b>14,115,470</b>
	<b>On demand</b>	<b>&gt; 3 months</b>	<b>3 – 12 months</b>	<b>&gt; 5 years</b>	<b>&lt; 5 years</b>	<b>Total</b>
<b>2022</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Liabilities</b>						
Payables from exchange transactions	7,569,115	-	-	-	-	7,569,115
Payables non-exchange transactions	872,914	-	-	-	-	872,914
Finance lease obligations	301,792	951,979	3,828,013	3,118,417	-	8,164,201
<b>Total liabilities</b>	<b>8,743,821</b>	<b>951,979</b>	<b>3,828,013</b>	<b>3,118,417</b>	<b>-</b>	<b>16,606,230</b>

### 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.

### 30.8 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates, affecting the Secretariat's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on the risk. The weighted average interest rates and maturity profile on financial instruments as at 31 March 2023 are as follows:

2023	Weighted average Interest rates	1 year or less	1-5 years	Over 5 years	Total
	USD	USD	USD	USD	USD
<b>Financial assets</b>					
Non-exchange receivables		27,867,543	-	-	27,867,543
Exchange receivables	10%	444,029	-	-	444,029
Cash and cash equivalents	1%	94,612,686	-	-	94,612,686
<b>Total Financial Assets</b>		<b>122,924,258</b>	<b>-</b>	<b>-</b>	<b>122,924,258</b>
<b>Financial liabilities</b>					
Finance lease obligations	7%	4,010,344	413,877	-	4,424,221
Payables from exchange transactions	5%	9,196,152	-	-	9,196,152
Payables non-exchange transactions		495,097	-	-	495,097
<b>Total liabilities</b>		<b>13,701,593</b>	<b>413,877</b>	<b>-</b>	<b>14,115,470</b>

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

	-100	
--	------	--

2022	Increase (+)/ Decrease (-) in base points	Effect on Surplus/ deficit (USD)
<b>Financial asset</b>		
Cash and cash equivalents	100	154,406
	-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 the Deputy Executive Secretaries (DES) appointed as the Summit may decide from time to time.

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:

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
<b>Aggregate remuneration</b>	<b>2,600,440</b>	<b>1,929,857</b>

### 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 winning the cases is fair. Consequently, no provision has been made for them in these financial statements.

### 33. Commitments

Commitments contracted but not provided for in the financial statements are as follows:

#### Authorized but not contracted:

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Authorised but not contracted prior years	<b>555,031</b>	<b>1,080,306</b>
Received in the current year	(479,372)	(369,161)
Contracted but not received	221,912	(156,114)
<b>Balance carried forward</b>	<b>297,571</b>	<b>555,031</b>

**Contracted but not received made up of the following:**

Procure Laptops for Ex Ante Unit	-	6,500
RPTC Assets	158,912	-
Develop the Translation and Interpretation System	-	45,500
Redevelopment of SADC Website	-	41,865
SADC Plant Genetic & Resource Centre Assets commitments	63,000	62,249
<b>Total capital commitments</b>	<b>221,912</b>	<b>156,114</b>

<b>Other Commitments</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Member States funded commitments	416,000	1,033,662
ICP Funded	2,286,018	1,368,962
<b>Subtotal other commitments</b>	<b>2,702,018</b>	<b>2,402,624</b>
<b>Overall total commitments</b>	<b>2,923,930</b>	<b>2,558,738</b>

**Other Commitments**

The funds authorised but not contracted at the end of the 2022/23 **USD2,923,930** (2021/22: USD USD2,558,738) will be carried forward into the 2023/2024 financial year. Commitments under the Member States amounting to **USD416,000** will be appropriated from the 2022/23 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 2023, the Centre stored 18,666 (2020/21; 18,662) Accessions (Seed Collections) in the SADC Regional Genebank in Lusaka, Zambia

**36. Budget for 2022/23 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 2022 to 31<sup>st</sup> March 2023 and includes satellite offices and funds from ICPs.

36.3 The initial budget of USD 112.3 million was approved by Council at its meeting in March 2022. In March 2023, Council approved a revised budget of USD 154.9 million. The budget was substantially revised upwards to cater for additional resources requirements of the deployment of SADC Standby Force Deployment in Mozambique, and acquisition of assets.

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 2023 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 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	ICP	MS	TOTALS	ICP	MS	TOTALS
	USD	USD	USD	USD	USD	USD
<b>Current assets</b>	<b>26,657,185</b>	<b>98,119,693</b>	<b>124,776,878</b>	<b>28,306,149</b>	<b>97,766,069</b>	<b>126,072,218</b>
Cash and cash equivalents	18,679,731	75,932,956	94,612,686	19,147,778	87,610,261	106,768,039
Receivables exchange transactions	50,766	393,263	444,029	37,518	267,310	304,828
Receivables non-exchange transactions	7,832,388	20,035,154	27,867,543	9,058,121	6,757,819	15,815,939
Prepayments	-	905,307	905,307	-	736,223	736,223
Value added tax receivable	94,300	853,013	947,313	62,732	2,394,456	2,457,188
<b>Non-current assets</b>	<b>67,447</b>	<b>41,215,655</b>	<b>41,283,102</b>	<b>20,010</b>	<b>39,379,273</b>	<b>39,399,283</b>
Property, plant and equipment	67,447	40,491,903	40,559,350	20,010	38,588,031	38,608,041
Intangibles	-	683,244	683,244	-	750,734	750,734
Security Deposits on Operating Leases	-	40,508	40,508	-	40,508	40,508
<b>Total assets</b>	<b>26,724,632</b>	<b>139,335,348</b>	<b>166,059,980</b>	<b>28,326,159</b>	<b>137,145,342</b>	<b>165,471,501</b>
<b>Liabilities</b>						
<b>Current liabilities</b>	<b>26,570,794</b>	<b>9,975,108</b>	<b>36,545,902</b>	<b>27,994,825</b>	<b>12,593,294</b>	<b>40,588,119</b>
Payables from exchange transactions	5,147,475	4,048,676	9,196,152	3,193,441	4,375,674	7,569,115
Payables from non-exchange transactions	-	495,097	495,097	-	872,914	872,914
Finance lease liability	-	4,010,344	4,010,344	-	3,739,980	3,739,980
Post-employment benefit	-	1,420,991	1,420,991	-	3,575,940	3,575,940
Deferred revenue from development partners	21,423,319	-	21,423,319	24,801,384	28,786	24,830,170
<b>Non-current liabilities</b>	<b>-</b>	<b>3,507,352</b>	<b>3,507,352</b>	<b>-</b>	<b>6,606,558</b>	<b>6,606,558</b>
Finance lease liability	-	413,877	413,877	-	4,424,221	4,424,221
Post-employment benefit	-	3,093,475	3,093,475	-	2,182,337	2,182,337
<b>Total liabilities</b>	<b>26,570,794</b>	<b>13,482,461</b>	<b>40,053,255</b>	<b>27,994,825</b>	<b>19,199,852</b>	<b>47,194,677</b>
<b>Net assets</b>	<b>153,838</b>	<b>125,852,887</b>	<b>126,006,725</b>	<b>331,334</b>	<b>117,945,490</b>	<b>118,276,824</b>
<b>Reserves</b>						
Member States Special Funds	-	18,626,530	18,626,530	-	26,483,920	26,483,920
Accumulated surplus	153,838	62,646,923	62,800,762	331,334	48,960,507	49,291,841
<b>Total net assets and liabilities</b>	<b>26,724,632</b>	<b>139,335,348</b>	<b>166,059,980</b>	<b>28,326,159</b>	<b>137,145,342</b>	<b>165,471,501</b>



### 37b SEGMENT REPORTING STATEMENT OF FINANCIAL PERFORMANCE

	Year ended 31st March 2023			Year Ended 31st March 2022		
	ICP	MS	TOTALS	ICP	MS	TOTALS
	USD	USD	USD	USD	USD	USD
<b>Revenue from non-exchange transactions</b>	<b>28,336,509</b>	<b>89,073,23</b>	<b>117,409,748</b>	<b>19,512,506</b>	<b>56,874,501</b>	<b>76,387,007</b>
Member States contributions	-	84,035,379	84,035,379	-	56,345,853	56,345,853
Other Income	-	5,037,860	5,037,860	-	528,648	528,648
Development partners contributions	28,336,509	-	28,336,509	19,512,506	-	19,512,506
<b>Revenue from exchange transactions</b>	<b>-</b>	<b>1,394,545</b>	<b>1,394,545</b>	<b>-</b>	<b>734,401</b>	<b>734,401</b>
Commission for overheads /institutional rentals	-	1,225,966	1,225,966	-	579,995	579,995
Investment revenue	-	168,579	168,579	-	154,406	154,406
<b>Total revenue</b>	<b>28,336,509</b>	<b>90,467,784</b>	<b>118,804,293</b>	<b>19,512,506</b>	<b>57,608,902</b>	<b>77,121,408</b>
<b>Expenditure</b>						
<b>Operating expenditure</b>	<b>4,800</b>	<b>22,946,671</b>	<b>22,951,471</b>	<b>12,142</b>	<b>20,157,798</b>	<b>20,169,940</b>
Staff costs	-	10,407,508	10,407,508	-	11,154,131	11,154,131
Transport, subsistence and conferences	-	2,597,107	2,597,107	-	1,363,592	1,363,592
Rentals	-	711,531	711,531	-	725,879	725,879
Contingent Rent on finance leases	-	1,390,198	1,390,198	-	1,001,646	1,001,646
General expenses and supplies	-	4,742,500	4,742,500	-	3,125,676	3,125,676
Communications	-	212,373	212,373	-	431,645	431,645
Audit and professional fees	-	351,759	351,759	-	296,344	296,344
Depreciation current year charge	4,800	2,013,191	2,017,991	12,142	1,287,092	1,299,234
Amortisation (intangible assets)	-	67,490	67,490	-	66,641	66,641
Finance cost on lease	-	453,015	453,015	-	705,152	705,152
<b>Programme Expenses</b>	<b>28,487,225</b>	<b>56,526,763</b>	<b>85,013,988</b>	<b>19,431,655</b>	<b>24,840,792</b>	<b>44,272,447</b>
Member States funded	-	56,526,763	56,526,763	-	24,840,792	24,840,792
Development partners funded	28,487,225	-	28,487,225	19,431,655	-	19,431,655
<b>Total expenditure</b>	<b>28,492,025</b>	<b>79,473,434</b>	<b>107,965,459</b>	<b>19,443,797</b>	<b>44,998,590</b>	<b>64,442,387</b>
<b>Other losses /(gains)</b>	<b>112</b>	<b>5,187,190</b>	<b>5,187,302</b>	<b>4,882</b>	<b>9,314,248</b>	<b>9,319,130</b>
(Gain) on sale of assets	(846)	(26,292)	(27,138)	1,683	(6,061)	(4,378)
Loss on foreign exchange transactions	958	659,920	660,878	227	1,345,189	1,345,416
Impairment of Receivables	-	4,553,561	4,553,561	2,972	7,975,120	7,978,092
<b>Surplus for the year</b>	<b>(155,628)</b>	<b>5,807,161</b>	<b>5,651,532</b>	<b>63,827</b>	<b>3,296,064</b>	<b>3,359,891</b>

**38. Surplus for the Period**

The Secretariat realised a Surplus of USD 5,651,532 in 2022/23 (2021/22: USD 3,359,891). An analysis of the source of the surplus is presented in the table below:

<b>Causes</b>	<b>Explanation</b>	<b>2022/23 Increase in Surplus (USD)</b>	<b>2021/22 Increase in Surplus (USD)</b>
Unutilised amounts	Programme activities	660,893	3,161,961
	Staff costs and related work programmes	(328,620)	3,269,468
Impaired Receivables recovered (Madagascar)			1,668,423
<b>Total unutilised cash (A)</b>		<b>332,273</b>	<b>8,099,852</b>
Accounting treatment for SADC House Income		3,739,980	3,487,844
Capital expenditure and depreciation	Capital expenditure	1,318,249	1,112,288
	Depreciation	(2,017,991)	(1,299,234)
	Amortisation	(67,490)	(66,641)
	Gain on sale of assets	(27,138)	4,378
	Assets Donated	2,650,973	-
Other Impairments		(277,324)	(504)
Comoros Impairment		-	(7,978,092)
<b>Total non-cash (B)</b>		<b>5,319,259</b>	<b>(4,739,961)</b>
<b>Increase in surplus (value terms) (A+B)</b>		<b>5,651,532</b>	<b>3,359,891</b>