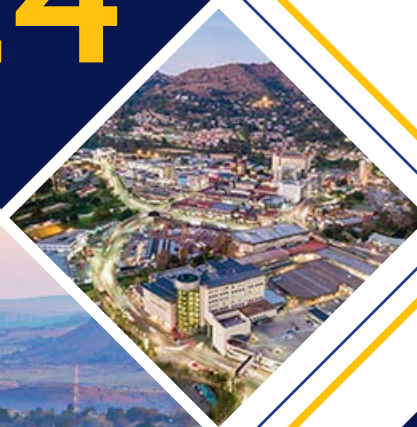




INTEGRATED  
ANNUAL  
REPORT

20

24



Since 1910  
**SACU**  
SOUTHERN AFRICAN CUSTOMS UNION

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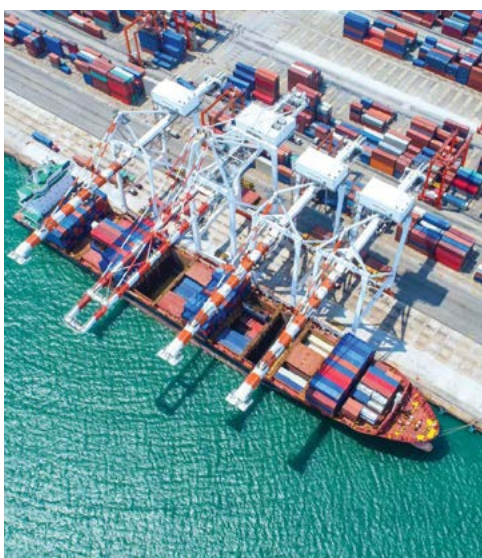
*Note: “the Republic of Botswana, Kingdom of Eswatini, Kingdom of Lesotho, Republic of Namibia and Republic of South Africa” are referred to simply as Botswana, Eswatini, Lesotho, Namibia, and South Africa in the general text of this Integrated Annual Report, respectively.*

# LIST OF ABBREVIATIONS

<b>4IR</b>	Fourth Industrial Revolution	<b>MoU</b>	Memorandum of Understanding
<b>AEOs</b>	Authorised Economic Operators	<b>N (NAD)</b>	Namibian Dollar (Namibia Currency)
<b>AEs</b>	Advanced Economies	<b>NSA</b>	Namibia Statistics Agency
<b>AfCFTA</b>	African Continental Free Trade Area	<b>OGAs</b>	Other Government Agencies
<b>AGOA</b>	African Growth and Opportunity Act	<b>P (BWA)</b>	Pula (Botswana Currency)
<b>AI</b>	Artificial Intelligence	<b>PSTCs</b>	Provisional Schedules of Tariff Concessions
<b>ANC</b>	African National Congress	<b>PTA</b>	Preferential Trade Agreement
<b>BELN</b>	Botswana, Eswatini, Lesotho, Namibia	<b>R (ZAR)</b>	Rand (South African Currency)
<b>BPR</b>	Business Process Re-engineering	<b>RECs</b>	Regional Economic Communities
<b>BURS</b>	Botswana Unified Revenue Service	<b>RFP</b>	Revolution for Prosperity
<b>CET</b>	Common External Tariff	<b>RMC</b>	Risk Management Conference
<b>CIF</b>	Cost Insurance Freight	<b>RSF</b>	Revenue Sharing Formula
<b>CNM</b>	Common Negotiation Mechanism	<b>RVCs</b>	Regional Value Chains
<b>COMESA</b>	Common Market for Eastern and Southern Africa	<b>SACU</b>	Southern African Customs Union
<b>COVID-19</b>	Coronavirus Disease of 2019	<b>SACUM</b>	SACU-Mozambique
<b>CRP</b>	Common Revenue Pool	<b>SADC</b>	Southern African Development Community
<b>DFIs</b>	Development Finance Institutions	<b>SDG</b>	Sustainable Development Goals
<b>DIMS</b>	Data Integrity Minimum Standard	<b>SDMX</b>	Statistical Data and Metadata eXchange
<b>E (SZL)</b>	Emalangen (Eswatini Currency)	<b>SFOs</b>	Senior Finance Officials
<b>EAC</b>	East African Community	<b>SMEs</b>	Small and Medium-sized Enterprises
<b>EFTA</b>	European Free Trade Association	<b>SO-IEIP</b>	Senior Officials on Industrialisation, Export and Investment Promotion
<b>EMDEs</b>	Emerging Markets and Developing Economies	<b>SPS</b>	Sanitary and Phytosanitary
<b>EPA</b>	Economic Partnership Agreement	<b>STOs</b>	Senior Trade Officials
<b>ERTP</b>	Economic Recovery and Transformation Plan	<b>TBT</b>	Technical Barriers to Trade
<b>ESG</b>	Environmental, Social, and Governance	<b>TDC</b>	Trade and Development Committee
<b>EU</b>	European Union	<b>TFTA</b>	Tripartite Free Trade Area
<b>EXCO</b>	Executive Committee	<b>TFTC-SO</b>	Trade Facilitation Technical Committee of Senior Officials
<b>FOB</b>	Free on Board	<b>TLC</b>	Technical Liaison Committee
<b>FRAC</b>	Finance, Risk and Audit Committee	<b>TPR</b>	Trade Policy Review
<b>FY</b>	Financial Year	<b>TRIPS</b>	Trade-Related Aspects of Intellectual Property Rights
<b>GDP</b>	Gross Domestic Product	<b>TSD</b>	Trade and Sustainable Development
<b>ICT</b>	Information Communication Technology	<b>TWGs</b>	Technical Working Groups
<b>IFRS</b>	International Financial Reporting Standards	<b>UK</b>	United Kingdom of Great Britain and Northern Ireland
<b>IIRC</b>	International Integrated Reporting Council	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>IoT</b>	Internet of Things	<b>UNDP</b>	United Nations Development Programme
<b>IRF</b>	Integrated Reporting Framework	<b>US</b>	United States
<b>ITAC</b>	International Trade Administration Commission of South Africa	<b>WCO</b>	World Customs Organisation
<b>ITC</b>	International Trade Centre	<b>WEO</b>	World Economic Outlook
<b>KPIs</b>	Key Performance Indicators	<b>WTO</b>	World Trade Organisation
<b>M (LSL)</b>	Maloti (Lesotho Currency)		
<b>MERCOSUR</b>	Common Market for the South		

# 1 CHAPTER

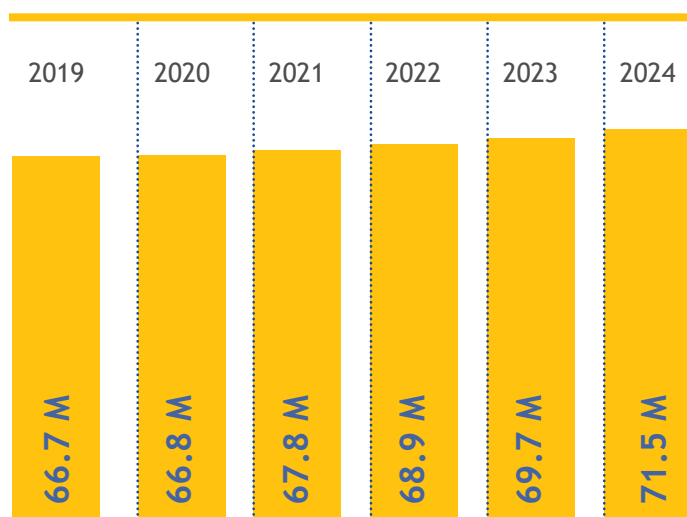
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## SACU Population



SACU's inaugural Integrated Report represents a significant shift towards increased transparency, accountability, and stakeholder engagement. By adopting the International Integrated Reporting Framework, SACU demonstrates its commitment to communicating its value creation holistically, considering the six capitals and the interests of key stakeholders. The enhanced scope and boundary of the Report, along with the inclusion of a Responsibility Statement from the Council, showcases SACU's dedication to integrated thinking and reporting.

# ABOUT THIS REPORT

SACU's 2023/24 Integrated Annual Report, like the Kalahari's life-giving salt pans, provides a rich and nourishing source of information for understanding SACU's journey. It offers a clear and reflective surface that mirrors our organisation's resilience, transparency, and accountability.

## SCOPE, BOUNDARY AND BASIS FOR PREPARATION

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The Southern African Customs Union (SACU) is pleased to present its inaugural Integrated Annual Report for the Financial Year (FY) ended on the 31<sup>st</sup> March 2024. This Report represents a significant milestone in SACU's journey towards greater transparency, accountability, and stakeholder engagement, as we seek to communicate our value creation story in a more holistic and meaningful way.

The Report covers activities and performance of SACU for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. It encompasses all aspects of SACU's operations, including its governance, strategy, risk management, financial and non-financial performance, as well as its impact on the various capitals that underpin its value creation process.

The Report has been prepared in accordance with the Integrated Reporting Framework (IRF), which provides a principles-based approach to integrated reporting. The Framework requires organisations to provide a concise, balanced, and transparent account of how they create, preserve, or erode value over time, taking into account the interests of their key stakeholders and the interdependencies between the capitals.

In addition to the IRF, this Report also draws on other relevant reporting standards and frameworks, including:

- the Global Reporting Initiative (GRI) Standards, which provide a comprehensive set of indicators for reporting;
- the United Nations (UN) Sustainable Development Goals (SDGs), which provide a global framework for addressing the world's most pressing social, economic, and environmental challenges; and
- the King IV Report on Corporate Governance for South Africa, which provides a set of principles and practices for effective and ethical corporate governance.

The financial information presented in this Report has been prepared in accordance with the International Financial Reporting Standards (IFRS).

The scope and boundary of this Report have been determined based on the principle of materiality, which requires SACU to report on those matters that have a significant impact on its ability to create value over time. The process for determining materiality is described in detail in the 'Our Material Matters' Section of this Report.

## KEY CONCEPTS FOR NAVIGATING THIS REPORT

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Throughout this Report, icons, infographics, and cross-references are used to highlight the connectivity and interdependencies between the various elements of SACU's value creation story. The Report is structured according to the Content Elements of the IRF, which provide a logical and coherent flow of information.

Readers are encouraged to engage with this Report in an active and critical manner, and to provide feedback and suggestions for improvements to SACU. This Report is intended to be a living document that evolves over time, in response to the changing needs and expectations of SACU's stakeholders and the dynamic context in which it operates.

To aid in the understanding and interpretation of this Report, the following key concepts are used throughout:

### Value creation

The process by which an organisation increases, decreases, or transforms the capitals through its activities and outputs, with the aim of creating positive outcomes for its stakeholders and the organisation itself.

### Capitals

The stocks of value that are increased, decreased, or transformed through an organisation's activities and outputs. The IRF identifies six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

### Materiality

The principle that determines which matters are sufficiently important to be included in an integrated report. A matter is considered material if it could substantively affect an organisation's ability to create value over the short-, medium-, or long-term.

### Stakeholders

Those groups or individuals that can reasonably be expected to be significantly affected by an organisation's activities, outputs, or outcomes, or whose actions can reasonably be expected to affect the ability of the organisation to create value over time.

### Integrated thinking

The active consideration by an organisation of the relationships between its various operating and functional units and the capitals that it uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation, preservation, or erosion of value over the short-, medium-, and long-term.

By embracing the principles of integrated reporting, SACU aims to enhance the quality and transparency of its communication with stakeholders, and to demonstrate its commitment to sustainable value creation, good governance, and responsible leadership.

We hope that this Report will provide valuable insights into SACU's past, present, and future, and that it will contribute to a deeper understanding and appreciation of the vital role that SACU plays in the social, economic, and environmental well-being of the SACU region.

## RESPONSIBILITY STATEMENT FROM THE COUNCIL

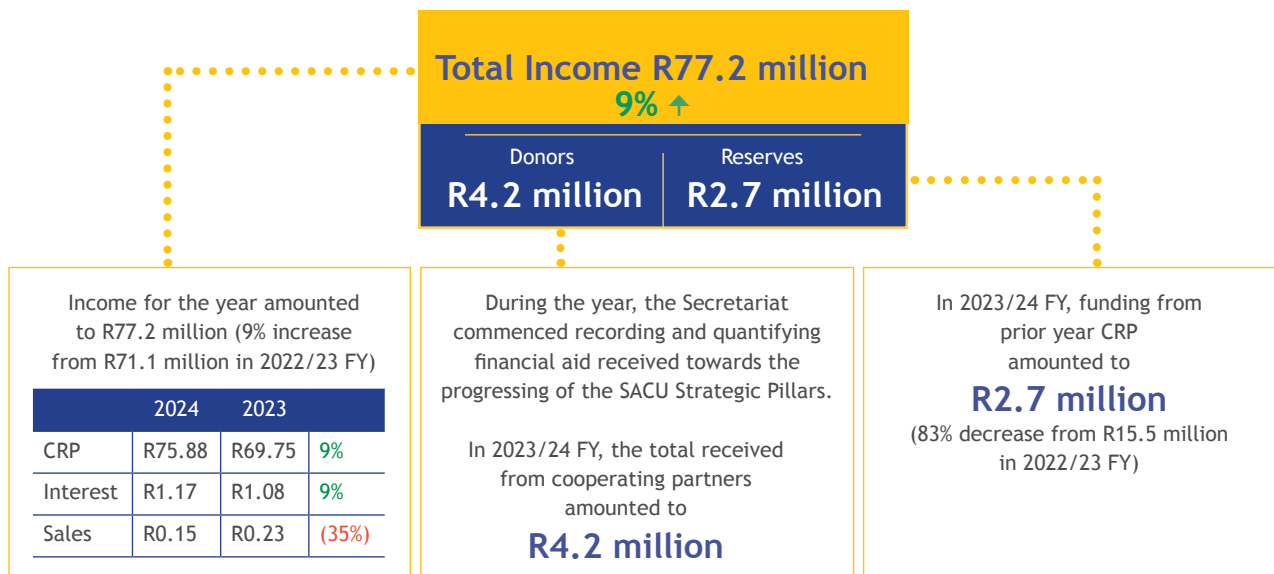
The SACU Council of Ministers acknowledges its responsibility for ensuring the integrity of this Integrated Annual Report. The Council has applied its collective mind to the preparation and presentation of this Report and believes that it addresses all material matters and fairly presents the integrated performance of SACU and its impact on stakeholders.

The Council has taken steps to ensure that the information presented in this Report is accurate, reliable, and complete, and that it provides a balanced and comprehensive account of SACU's value creation story. The Council has also ensured that the Report is consistent with SACU's governance and risk management frameworks, and that it reflects the organisation's commitment to ethical and responsible leadership.

The Council is confident that this Report will provide stakeholders with a clear and transparent understanding of SACU's strategy, performance, and prospects, and that it will enable them to make informed assessments of the Organisation's ability to create value over the short-, medium-, and long-term.

On behalf of the SACU Council of Ministers

Honourable Ipumbu Shiimi  
Minister of Finance and Public Enterprises of Namibia











## SCORECARD: ACTUALS ACROSS STRATEGIC KPIS

The 2023/24 FY Performance Dashboard showcases SACU's progress against its strategic objectives, as outlined in the Strategic Plan 2022-2027, by presenting a comprehensive

scorecard of targets versus actuals across key performance indicators (KPIs), aligned with the six Strategic Pillars.

Strategic Pillar		
 Industrialisation, Export, and Investment Promotion	Key performance indicator	2023/24 Actual
	Number of regional value chains priority sectors identified	5
 Trade Facilitation and Logistics	Key performance indicator	2023/24 Actual
	% increase in number of Authorised Economic Operators	531 AEOs
 Implementation and Leveraging of AfCFTA opportunities	Key performance indicator	2023/24 Actual
	% increase in SACU exports to the rest of Africa	37%
 Trade Relations/ Unified Engagement with Third Parties	Key performance indicator	2023/24 Actual
	% increase in SACU exports to third party countries	13%
 Finance and Resource Mobilisation	Key performance indicator	2023/24 Actual
	Increase in Secretariat operational costs	5%
 Effectiveness of SACU Institutions	Number of partnerships secured for regional development financing	14
		-

# LEADERSHIP PERSPECTIVES AND CORPORATE GOVERNANCE



The 8<sup>th</sup> SACU Summit of the Heads of State or Government held on the 29<sup>th</sup> June 2023 in the Kingdom of Eswatini. His Majesty King Mswati III chaired the Summit that was attended by H. E. Mr. Matamela Cyril Ramaphosa, President of the Republic of South Africa; the Right Honourable Samuel Ntsokoane Matekane, Prime Minister of the Kingdom of Lesotho; the Right Honourable Dr. Saara Kuugongelwa-Amadhila, Prime Minister of the Republic of Namibia representing the late H.E. Dr. Hage Geingob, President of the Republic of Namibia; Honourable Mmusi Kgafela, Minister of Trade and Industry of the Republic of Botswana representing H.E Dr. Mokgweetsi Eric Keabetswe Masisi, President of the Republic of Botswana; the Right Honourable Mr. Cleopas Dlamini, Prime Minister of the Eswatini; and Mr. Thabo David Khasipe, the Executive Secretary of SACU.

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The inclusion of leadership perspectives, particularly the Chairperson's message and the Executive Secretary's statement, provides valuable insights into SACU's strategic direction and value creation journey. These perspectives demonstrate the leadership's commitment to integrated thinking, as they discuss SACU's performance, challenges, and opportunities in the context of the six capitals and stakeholder interests. The inclusion of Council profiles and the executive management profiles further enhances transparency and accountability.

# LEADERSHIP PERSPECTIVES

SACU's 2023/24 Integrated Report, like the Kalahari's life-giving salt pans, provides a rich and nourishing source of information for understanding SACU's journey. It offers a clear and reflective surface that mirrors our organisation's resilience, transparency, and accountability.

## CHAIRPERSON'S MESSAGE: REFLECTIONS ON SACU'S VALUE CREATION JOURNEY

It is an honour for me to present the inaugural SACU Integrated Annual Report, covering the period 2023/24 Financial Year.

At the onset, I wish to congratulate the Executive Secretary and his team for introducing the global standards of reporting by adopting the Integrated Reporting Framework. SACU continues to operate in a challenging and evolving global environment. Whilst we continue to rebuild our economies ravaged by the COVID-19 pandemic, the economic landscape remains depressed by external factors. The world economy continues to be sluggish with the global growth forecast to remain subdued, with an estimated growth of only 3.1 percent for both 2023 and 2024. On the other hand, emerging markets and developing economies (EMDEs) are also expected to record 4.1 percent for both 2023 and 2024.

Economic growth in the region is forecast to mirror the subdued global performance with an overall average weighted growth forecast of 1.3 percent in 2024 from 0.6 percent in 2023. However, it is expected to reach 1.6 percent in 2025. Whilst this is still low, I hope it will help the region achieve some of our developmental targets we have set. However, this may be scurried by risks which include fiscal challenges that persist, such as budget deficits with increasing government debts driven by the need to finance the rising government deficits and increased government expenditure.





Therefore, it is critical that as the Council, we continue to prioritise SACU by providing the requisite policy guidance to ensure successful implementation of the Strategic Plan. This will translate to higher economic growth, job creation, and increased collections into the Common Revenue Pool (CRP). It is noteworthy that with the improvement in the CRP, the annual total SACU revenue for the Member States doubled from R78 billion to R159.4 billion in 2022/23 FY and 2023/24 FY, respectively. This shows that if we continue to work together collaboratively to enhance economic prospects, our Member States will realise positive benefits.

Looking at governance issues, I am pleased to note that as the Council, we managed to convene our 5<sup>th</sup> Ministerial Retreat in June 2023, where we reflected on how best we could position SACU to accelerate economic development in the region, maximise opportunities arising from the AfCFTA and other emerging new markets, as well as ensure effective institutional arrangements. However, these discussions required further national consultations by all Member States and, as directed by the 8<sup>th</sup> Summit, we were to convene the 6<sup>th</sup> Ministerial Retreat to receive outcomes from the national consultations and conclude these discussions.

The Ministerial Retreat was to be convened during the reporting period, but we did not meet due to lack of quorum. The delays experienced in convening the Retreat are negatively impacting the SACU work programme and operations, which may hamper the achievement of the set targets in the Strategic Plan.

Therefore, I cannot overemphasise the need for Council to prioritise the work that the 8<sup>th</sup> Summit directed us to discuss, through a Ministerial Retreat, to facilitate the engagement at the Summit level.

Looking at the implementation of the Strategic Plan, it is worth noting that whilst some of the activities were completed, as outlined in detail in this Report, some were not completed due to various challenges. One of the reasons is the limited funding for the activities that were planned for implementation. It is important that, as the Council, we ensure adequate funding is provided for our regional programmes. We extend our appreciation to our development partners who provided support and collaborated with SACU in the implementation of the Strategic Plan in the reporting period. It is, therefore, important that, going forward as a region, we accelerate the implementation of our Strategic Plan. To this end, I ask our development partners to continue supporting us.

We remain committed to seeing SACU achieve its strategic objectives, which will serve as a catalyst in accelerating economic development in the region. We will continue to provide the requisite policy guidance and support as well as required resources in the ensuing years of the Strategic Plan.

Lastly, I would like to thank the Executive Secretary, Mr. Thabo David Khasipe, for his able leadership and contribution to the work of SACU. We remain grateful to the entire Secretariat staff for their dedication and tenacity in supporting the Member States.



**Honourable Ericah Shafudah (MP)**  
Minister of Finance of Namibia and  
Chairperson of the SACU Council of Ministers

Honourable Ericah Shafudah is the Chairperson of the SACU Council of Ministers effective 21 March 2025.

## EXECUTIVE SECRETARY'S STATEMENT: STRATEGICALLY ADVANCING OUR MISSION

Dear Valued Stakeholders,

This SACU Integrated Annual Report for the 2023/24 Financial Year (FY) provides a comprehensive overview of our organisation's performance, challenges, and aspirations as we navigate an increasingly complex and dynamic global trade landscape.

The 2023/24 FY marked my first full year as the Executive Secretary of SACU. I am grateful for the opportunity to lead this vital organisation during such a pivotal time in our history. When I assumed this role in February 2023, SACU had just approved its first-ever Strategic Plan 2022 - 2027, a comprehensive roadmap for achieving our vision of deeper regional integration, increased intra-regional trade, and sustainable economic development for our Member States.

The Strategic Plan, anchored on six Strategic Pillars, represents a significant shift in our approach to value creation, moving beyond our traditional focus on revenue sharing to embracing a more holistic and ambitious agenda. However, the implementation of this Plan was not without its challenges, as the lingering effects of the COVID-19 pandemic, coupled with the emergence of new global trade dynamics, tested our resilience and adaptability.

One of my first priorities as the Executive Secretary was to undertake a tour of our Member States to gain a deeper understanding of their perspectives, aspirations, and expectations regarding SACU's role and future direction. These engagements revealed a clear consensus that SACU, in its current form, was not fully meeting the expectations of its Member States and a Ministerial Retreat held on the 27<sup>th</sup> June 2023 in Eswatini agreed that a fundamental reimagination of our organisation was necessary to align with the evolving global context and the specific needs of our region.

To address this critical issue, a Ministerial Retreat reflected on the challenges facing the organisation and charted a new direction. A key outcome of the Retreat was a decision to reimagine SACU, which was endorsed by the 8<sup>th</sup> SACU Summit. To this end, the Summit directed the Member States to reflect on the matter and present their national positions for consideration at the next Ministerial Retreat that was proposed for August 2023, where Member States could engage in candid discussions and chart a new course for SACU.



Unfortunately, despite the initial commitment and preparedness of Member States, the Retreat did not materialise due to challenges in securing a quorum. This setback was a stark reminder of the need for greater collective action and urgency in addressing the pressing issues facing our organisation.

Despite these challenges, I am proud to report that SACU made significant strides in several key areas during the 2023/24 FY. The successful implementation of the Accredited Economic Operator (AEO) Programme across all Member States, culminating in the signing of a Memorandum of Mutual Recognition, marked a major milestone in our efforts to facilitate cross border trade and enhance regional integration.

Similarly, the development of targeted work programmes for priority sectors such as textiles, beef, leather, and essential oils laid the foundation for building robust regional value chains and promoting industrialisation.

However, our progress was not without obstacles. The ongoing organisational restructuring and staff remuneration review, necessitated by the financial constraints faced by our Member States, created an atmosphere of uncertainty and impacted staff morale as well as constrained the Secretariat's ability to recruit new staff. It is critical that these processes are timeously concluded to ensure the Secretariat is fully capacitated and provide a sense of job security among our dedicated staff.

As we look to the future, we must confront the critical material matters that will shape our ability to create value for our Member States and stakeholders. The reimagination of SACU, the effective implementation of our Strategic Plan, and the pressing need to address our resourcing challenges will require bold leadership, innovative thinking, and a renewed commitment to collaboration and consensus-building.

Furthermore, we must proactively seize the opportunities presented by the African Continental Free Trade Area (AfCFTA) to position SACU as a key player in the emerging African trade landscape. By leveraging our unique strengths and expertise, we can contribute to the realisation of the AfCFTA's potential to drive regional integration, boost intra-African trade, and catalyse economic growth.

As we navigate the challenges and opportunities ahead, we remain steadfast in our commitment to transparency, accountability, and stakeholder engagement.

This Integrated Annual Report is a testament to that commitment, providing a comprehensive and balanced view of our performance, governance, and value creation process.

I wish to extend my heartfelt gratitude to the Summit, Council of Ministers, and the Commission. Additionally, I thank the dedicated staff of the SACU Secretariat for their unwavering support, resilience, and commitment to our shared vision. I also wish to thank our partners, stakeholders, and the citizens of our Member States for their trust and support as we work together to build a more prosperous and integrated regional bloc.

The path ahead is not without its challenges, but I am confident that by embracing the spirit of unity, innovation, and determination that has defined SACU since its inception in 1910, we can overcome any obstacle and realise our full potential as a catalyst for regional growth and development.

Sincerely,



Mr. Thabo David Khasipe, CFA  
Executive Secretary of SACU

# CORPORATE GOVERNANCE

SACU's governance structure and processes, like the delicate balance maintained by Kalahari's termite mounds, provide stability and resilience. Our robust governance framework enables us to transform challenges into opportunities and drive sustainable value creation.

## WHO WE ARE, WHAT WE DO, WHERE WE OPERATE

SACU is the oldest Customs Union in the world, having been established in 1910 between the then Union of South Africa (current Republic of South Africa) and the then British High Commission Territories of Basutoland (now the Kingdom of Lesotho); and Bechuanaland (now the Republic of Botswana) and the Kingdom of Swaziland (now the Kingdom of Eswatini). Namibia (then South-West Africa, a colony of South Africa) was a *de facto* member of SACU at the time.

The political changes following the independence of Botswana, Eswatini, and Lesotho in the 1960s necessitated a renegotiation of the SACU 1910 Agreement. This culminated in the conclusion of the Agreement between Botswana, Eswatini, Lesotho, and South Africa in 1969. Further political and economic dispensations in the early 1990s, including Namibia's independence in 1990, and the end of apartheid in South Africa in 1994, warranted a complete renegotiation of the 1969 Agreement. The renegotiations culminated in a new Agreement in 2002 (amended in 2013), which sets out a broad framework for enhanced integration amongst the SACU Member States.

The SACU Agreement, 2002, ushered in clear mandates, objectives, transparent and democratic institutions, and collective decision-making by the Member States. The following are the key provisions of the SACU Agreement, 2002:

- free movement of goods between the Member States;
- common external tariff on imports from third parties;
- sharing of revenue from customs and excise duties; and
- harmonised customs and excise policies.

The Agreement represents a major transformation of SACU from the 1969 arrangement. It introduced a rules-based

dispensation and joint decision-making that caters for the needs of all Member States. The Agreement introduced the principle of decision-making by consensus in all institutional structures, except for the ad hoc Tribunal. In addition, provision for a Common Negotiation Mechanism (CNM) is made in Article 31, which allows external trade policy to be jointly determined by all the Member States. Although South Africa still manages the tariff setting and the Common Revenue Pool (CRP) on behalf of the SACU Member States as an interim measure, the administration of the SACU day-to-day functions is now the mandate of the SACU Secretariat.

The SACU Agreement, 2002, has resulted in a new Revenue Sharing Formula (RSF), composed of the three Components, namely Customs, Excise, and Development. The calculation of each Member State's share of the Customs Component is supposed to be based on the Cost-Insurance-Freight (CIF) value at border posts of goods imported from all other Member States into the area of each state as a percentage of the total CIF value of intra-SACU imports. However, currently the Free on Board (FOB) is used due to the challenges associated with recording of the CIF. The Excise Component share of each Member State is calculated from the value of the Member State's GDP in a specific calendar year as a percentage of total SACU GDP in such a year. The Development Component is set at 15 percent of the Excise Component.

The result is that Botswana, Eswatini, Lesotho, and Namibia receive a proportionately higher share of the revenue from the Customs Component because they are net importing countries. Furthermore, the Agreement provides for protection for infant industries in Botswana, Eswatini, Lesotho, and Namibia, under Article 26. Under this Article, the BELN can impose duties on imports from South Africa provided the same duties are also imposed on imports from the rest of the world.





SACU Institutions are set out in Article 7 of the SACU Agreement, 2002 (as amended in 2013). These are: Summit, Council of Ministers, Commission, Tariff Board, Secretariat, Technical Liaison Committees, and an *ad hoc* Tribunal.

## Summit

The SACU Summit consists of the Heads of State or Government of the SACU Member States. Its mandate, as set out in Article 7(A) of the SACU Agreement, is to define the political and strategic direction, and priorities of SACU.

## Commission

The Commission consists of Senior Officials at the level of Permanent Secretaries, Director-Generals, Executive Directors, Principal Secretaries or other officials of equivalent rank from each Member State from the Ministries responsible for Trade, Industry and Finance.

The Commission reports to the Council and is responsible for the implementation of the SACU Agreement and the decisions of the Council. The Commission is responsible for overseeing the management of the Common Revenue Pool (CRP) in accordance with the policy guidelines decided by the Council. The Commission also supervises the work of the Secretariat.

## Council of Ministers

The SACU Council of Ministers consists of the Ministers of Finance, Trade and Industry from each Member State. The Council is responsible for decision-making and the overall policy direction and functioning of SACU Institutions, including the formulation of policy mandates, procedures and guidelines for the SACU Institutions. Amongst other functions, the Council appoints the Executive Secretary and Deputy Executive Secretary of SACU as well as Members of the Tariff Board. The Council also approves the revenue shares of the Member States on an annual basis, the budget of the Secretariat and the negotiation mandates for trade negotiations between SACU and third parties.

Furthermore, the Council has the responsibility to oversee the implementation of the policies of SACU and approve customs tariffs, rebates, refunds or drawbacks, and trade-related remedies. The Council also has the authority to create additional Technical Liaison Committees and other additional institutions; and to determine and amend their Terms of Reference. The Chair of the Council is held in turn by each Member State for a period of twelve months in alphabetical order. For the period under review, the Kingdom of Lesotho was the Chair with effect from the 15<sup>th</sup> July 2023, following the Kingdom of Eswatini whose tenure ended on the 14<sup>th</sup> July 2023.

## Secretariat

The Secretariat is responsible for the day-to-day administration of SACU and it coordinates and monitors the implementation of all decisions of the Summit, Council and the Commission. The Secretariat is also responsible for keeping a record of all transactions into and out of the Common Revenue Pool and coordinating and assisting in the negotiation of trade agreements with third parties. It is the depository of all records of SACU.

## Tariff Board

The SACU Agreement, 2002, provides for establishment of the Tariff Board as an independent institution consisting of experts drawn from the Member States. The Tariff Board is responsible for making recommendations to the Council on the level and changes of customs, anti-dumping, countervailing, and safeguard duties on goods imported from outside the Common Customs Area as well as rebates, refunds or duty drawbacks based on the directives given to it by the Council as provided for in Article 8 of the Agreement. The Tariff Board is not yet operational, and the Council has mandated the International Trade Administration Commission (ITAC) of South Africa to handle tariff applications on behalf of SACU on an interim basis. The Secretariat, through the Tariff Board Coordinator facilitates the consultative processes regarding changes to the Common External Tariff (CET) and provides support to promote uniform application of the CET.

## National Bodies

The SACU Agreement, 2002 also provides for establishment of National Bodies in the Member States. National Bodies are meant to be specialised independent and dedicated entities entrusted with the receiving of requests for tariff changes, carrying out preliminary investigations and recommending any tariff changes necessary to the Tariff Board.

## Ad hoc Tribunal

The SACU Agreement makes provision for an *ad hoc* Tribunal, which reports directly to the Council. Though the Tribunal is not operational yet, its main role is to adjudicate on any issue concerning the application or interpretation of the SACU Agreement, 2002, or disputes arising from its application, at the request of the Council. Its determinations will be final and binding. The Tribunal will also at the request of the Council, consider any issue and furnish the Council with its recommendations. The Tribunal will be composed of three members except as otherwise determined by the Council and assisted by the Secretariat in its work. Decisions of the Tribunal will be made by a majority vote. In the event of any dispute or difference arising between Member States in relation to or arising out of the SACU Agreement, including its interpretation, the parties shall in the first instance meet and consult in an attempt to settle such dispute or difference before referring the matter to the Tribunal.

## Technical Liaison Committees

There are five Technical Liaison Committees (TLCs) which are part of the SACU Agreement, 2002, but are currently not functional. Discussions are ongoing to review the Terms of Reference of the TLCs with a view to aligning their work to that of the Commission. In the interim, the work of the TLCs is undertaken by various Technical Experts as assigned by the Commission. They are:

- Agricultural Liaison Committee;
- Customs Technical Liaison Committee;
- Trade and Industry Liaison Committee;
- Transport Liaison Committee; and
- Finance Liaison Committee.

The Terms of Reference of these Committees are determined by the Council. The Committees comprise of technical officials from all the Member States representing specific sectors and areas of work.



# VISION, MISSION AND VALUES

## Our Vision

An economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future.

## Our Mission



**TO SERVE** as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, and global competitiveness



**TO BUILD** economic policy coherence, harmonisation, and convergence to meet the development needs of the region



**TO PROMOTE** sustainable economic growth and development for employment creation and poverty reduction



**TO SERVE** as a building block of an ever-closer community amongst the peoples of Southern Africa



**TO DEVELOP** common policies and strategies for areas such as Trade Facilitation, effective customs controls, and competition



**TO DEVELOP** effective, transparent, and democratic institutions and processes

## Our values and culture

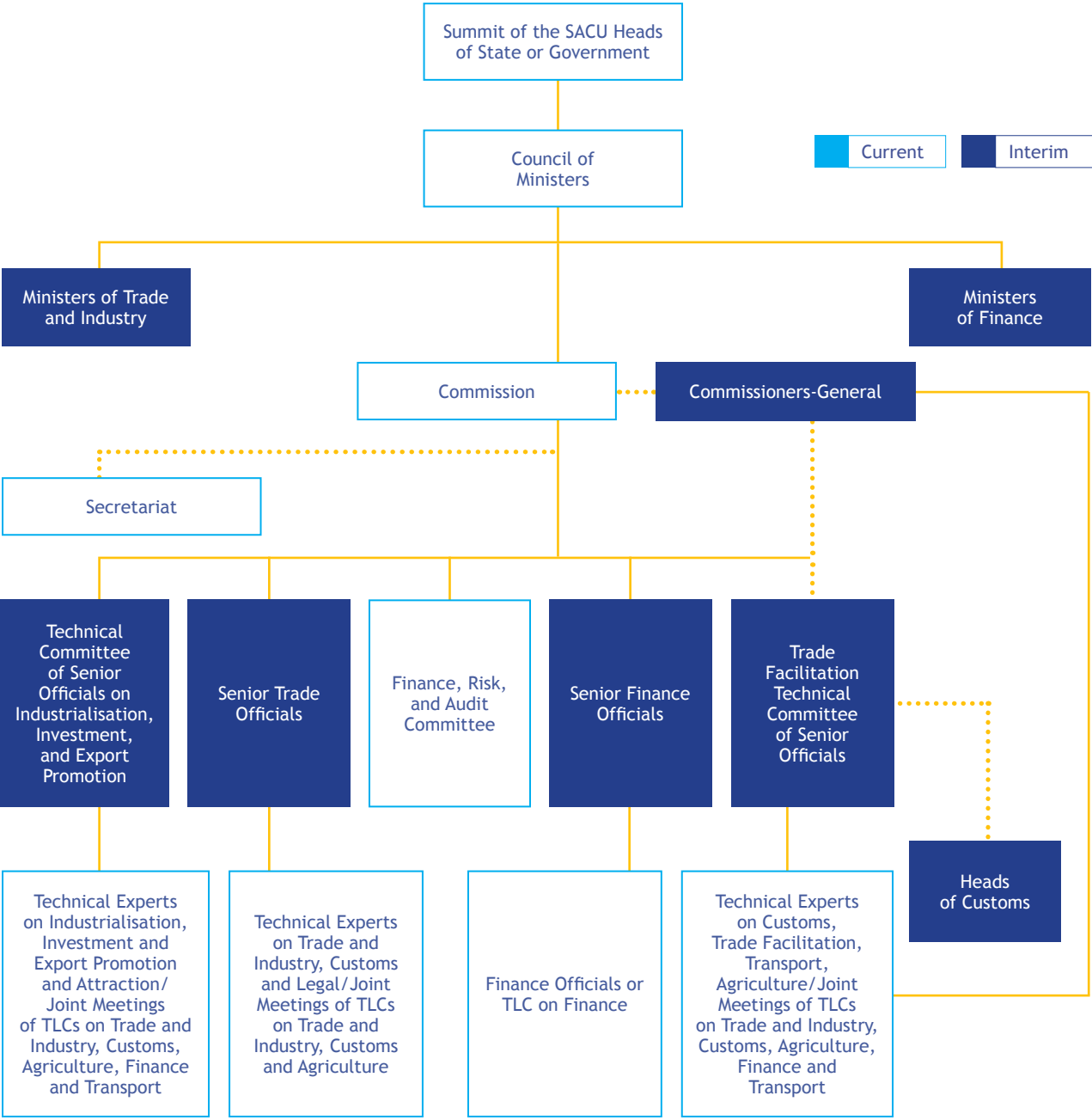
- Vision-driven, recognising the SACU vision as an overarching guide for the region's work towards a shared future.
- Trustworthy, valuing honesty with an expectation to always treat each other with respect and mutual trust.
- Performance-driven, valuing the willingness of people to be responsible and accountable for:
  - the quality of their work;
  - the importance of achieving positive results;
  - their ability to meet or surpass expectations and manage resources; and
  - the ability to manage costs effectively and efficiently.

We have Integrity, “walking the talk” in all our business dealings, treating our stakeholders with respect and fairness at all times, practicing and displaying the highest ethical standards by honouring our commitments, and being accountable and responsible for our actions.

We are People-centred, valuing people and committing to an environment characterised by continuous learning and team orientation.



# LEADERSHIP STRUCTURE AND GOVERNANCE ARCHITECTURE



## SUMMIT OF THE SACU HEADS OF STATE OR GOVERNMENT



His Excellency  
**Dr. Mokgweetsi Eric Keabetswe Masisi**  
President of the Republic of Botswana



His Majesty  
**King Mswati III**  
of the Kingdom of Eswatini



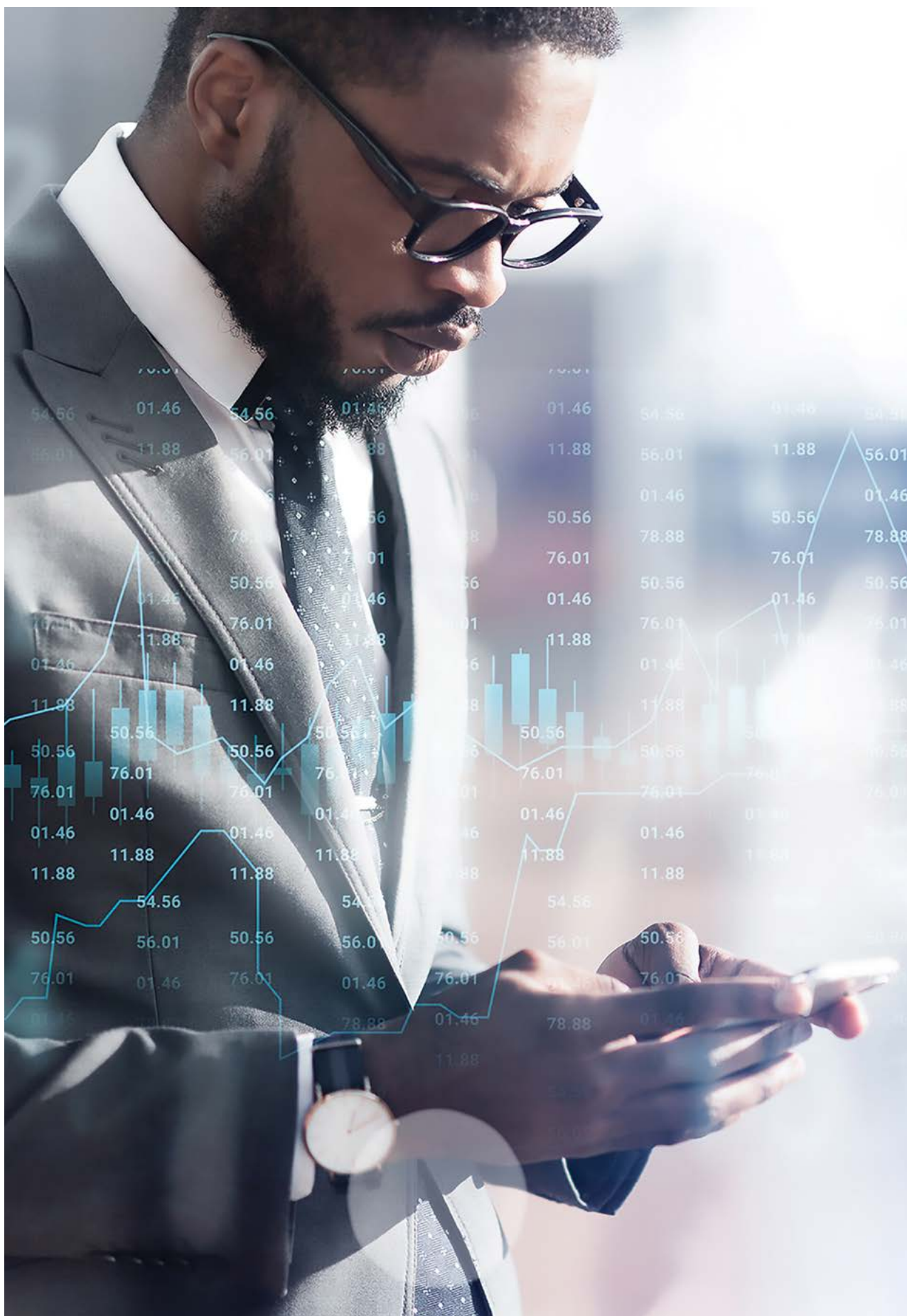
Right Honourable  
**Mr. Samuel Ntsokoane Matekane**  
Prime Minister of the Kingdom of Lesotho



His Excellency  
**Dr. Nangolo Mbumba**  
President of the Republic of Namibia



His Excellency  
**Mr. Matamela Cyril Ramaphosa**  
President of the Republic of South Africa



## COUNCIL OF MINISTERS PROFILES



**Honourable Peggy Serame**

Minister of Finance of the Republic of Botswana

Appointed in April 2021 as the Minister of Finance of the Republic of Botswana, Honourable Peggy Onkutlwile Serame is a transformational leader with extensive experience in Botswana's government. She previously served as Minister of Investment, Trade and Industry, and held various roles including Acting Deputy Permanent Secretary to the President and Permanent Secretary in the Ministry of Investment Trade and Industry. Honourable Serame has led key economic initiatives and served on multiple boards. She holds a Master's Degree in Economics and a Bachelor of Arts in Economics and Statistics from the University of Botswana.



**Honourable Mmusi Kgafela**

Minister of Trade and Industry of the Republic of Botswana

Appointed in April 2021, Honourable Mmusi Kgafela is the Minister of Trade and Industry of the Republic of Botswana, having previously served as Minister of Infrastructure and Housing Development. Before entering politics, he was an attorney of the High Court and all other Civil Courts of Botswana, as well as a Conveyancer and Notary Public. Honourable Kgafela is the Member of Parliament for Mochudi West Constituency and holds a Bachelor of Law from the University of Botswana.



**Honourable Neal Rijkenberg**

Minister of Finance of the Kingdom of Eswatini

Appointed in November 2018, for a second term, Honourable Neal Herman Rijkenberg is an accomplished businessman who founded Montigny Investments Limited. As Finance Minister, he reduced Eswatini's fiscal deficit from 7.5 percent to 0.3 percent of GDP. Honourable Rijkenberg has served on various boards and aims to aggressively grow the economy to create employment opportunities and reduce poverty. Honourable Rijkenberg has served as a Director on several high-profile boards in Eswatini.



**Honourable Senator Manqoba Khumalo**

Minister of Commerce, Industry and Trade of the Kingdom of Eswatini

Appointed on November 2018, Honourable Senator Manqoba Khumalo brings 23 years of experience from the Coca-Cola Company to his role as Minister of Commerce, Industry and Trade in Eswatini. He has held leadership positions in various countries and received the African Trade Promotion Excellence Award. Honourable Senator Khumalo has served on several high-profile boards in Eswatini. Honourable Senator Khumalo holds an MBA from the University of KwaZulu Natal, a BSc (Hons) in Digital Technology from Dublin Institute of Technology, and a Bachelor of Bio-Chemistry from the University of Eswatini.



**Honourable Dr. Retšelisitsoe Matlanyane**

Minister of Finance and Development Planning of the Kingdom of Lesotho

Appointed on October 2022, Dr. Retšelisitsoe Adelaide Matlanyane is a seasoned macroeconomic policy maker who previously served as Governor and Deputy Governor of the Central Bank Lesotho, and as a Country Economist at the IMF. Honourable Dr. Matlanyane has served in various regional and international institutions. Honourable Dr. Matlanyane holds a PhD in Economics from the University of Pretoria and a Master's degree in Monetary Economics and International Finance from the University of Botswana.



#### **Honourable Mokhele Shelile**

Minister of Trade, Industry and Business Development of the Kingdom of Lesotho

Appointed in October 2022, Honourable Mokhele Shelile is a Member of Parliament representing the Revolution for Prosperity (RFP). He has extensive experience in investment promotion, having worked at the Lesotho National Development Corporation where he rose to Head Investment Promotion. Honourable Shelile has led international investment promotion missions and served on several boards. Honourable Shelile holds a BA in Economics from the National University of Lesotho.



#### **Honourable lipumbu Shiimi**

Minister of Finance and Public Enterprises of the Republic of Namibia

Appointed in March 2020, Honourable lipumbu Shiimi is an accomplished Economist who previously served as Governor of the Bank of Namibia from 2010 to 2020. Honourable Shiimi has participated in various research projects, co-authored publications, and served on various boards and committees. Honourable Shiimi holds multiple degrees and diplomas, including an MSc in Financial Economics from the University of London and specialised training in Economics and Finance from various institutions.



#### **Honourable Lucia lipumbu**

Minister of Industrialisation and Trade of the Republic of Namibia

Appointed in March 2020, Honourable Lucia lipumbu previously served as Deputy Minister of Industrialisation, Trade and SME Development, and Deputy Minister of Economic Planning. Honourable lipumbu has a background in pension administration at the Government Institutions Pension Fund and has served on various political committees. Honourable lipumbu is currently pursuing an LLB and holds Bachelor and Master of Administration degrees from the University of Namibia.



#### **Honourable Ebrahim Patel**

Minister of Trade, Industry and Competition of the Republic of South Africa

Appointed in May 2019, Honourable Ebrahim Patel previously served as Minister of Economic Development since 2009. He has reshaped competition policy, led infrastructure development initiatives, and coordinated social accords. Honourable Patel has extensive experience in labour relations and has served on various national and international bodies, including the UN's International Labour Organisation. Honourable Patel studied at the University of the Western Cape and the University of Cape Town.



#### **Honourable Enoch Godongwana**

Minister of Finance of the Republic of South Africa

Appointed on August 2021, Honourable Enoch Godongwana has an extensive background in politics, trade unions, and finance. He has served on various boards and held deputy minister positions in Public Enterprises and Economic Development. Honourable Godongwana has been a member of the ANC's National Executive Committee since 1997 and chaired its Economic Transformation sub-committee. Honourable Godongwana holds an MSc degree in Financial Economics from the University of London and was awarded the African Banker Magazine's Finance Minister of the Year for 2023.



## SACU COMMISSION



**Ms. Boikanyo Mathipa**

Deputy Secretary: Financial Policy  
Ministry of Finance of the Republic of Botswana



**Ms. Ellen Richard-Madisa**

Permanent Secretary: Ministry  
of Trade and Industry  
Republic of Botswana



**Ms. Sizakele Dlamini**

Principal Secretary: Ministry of Finance  
Kingdom of Eswatini



**Mr. Siboniso Nkambule**

Principal Secretary: Ministry of Commerce,  
Trade and Industry  
Kingdom of Eswatini



**Ms. Nthoateng Lebona**

Principal Secretary: Ministry of Finance  
Kingdom of Lesotho





**Mr. Thabo Moleko**  
Principal Secretary: Ministry of Trade and Industry  
Kingdom of Lesotho



**Mr. Titus Ndove**  
Executive Director:  
Ministry of Finance and Public Enterprises  
Republic of Namibia



**Mr. Sikongo Haihambo**  
Executive Director: Ministry of Industrialisation and Trade  
Republic of Namibia



**Amb. Xolelwa Mlumbi-Peter**  
Deputy Director - General: Trade Branch  
Department of Trade, Industry and Competition  
Republic of South Africa



**Mr. Marlon Geswint**  
Acting Deputy Director - General: International and Regional Economic Policy  
Division, Department of National Treasury  
Republic of South Africa



## EXECUTIVE COMMITTEE



**Mr. Thabo D. Khasipe**  
Executive Secretary of SACU



**Mr. Abed Iyambo**  
Senior Office Manager in the Office  
of the Executive Secretary



**Ms. Alma Andrade**  
Director: Corporate Services



**Mr. Benjamin Katjipuka**  
Director: Policy Development and Research

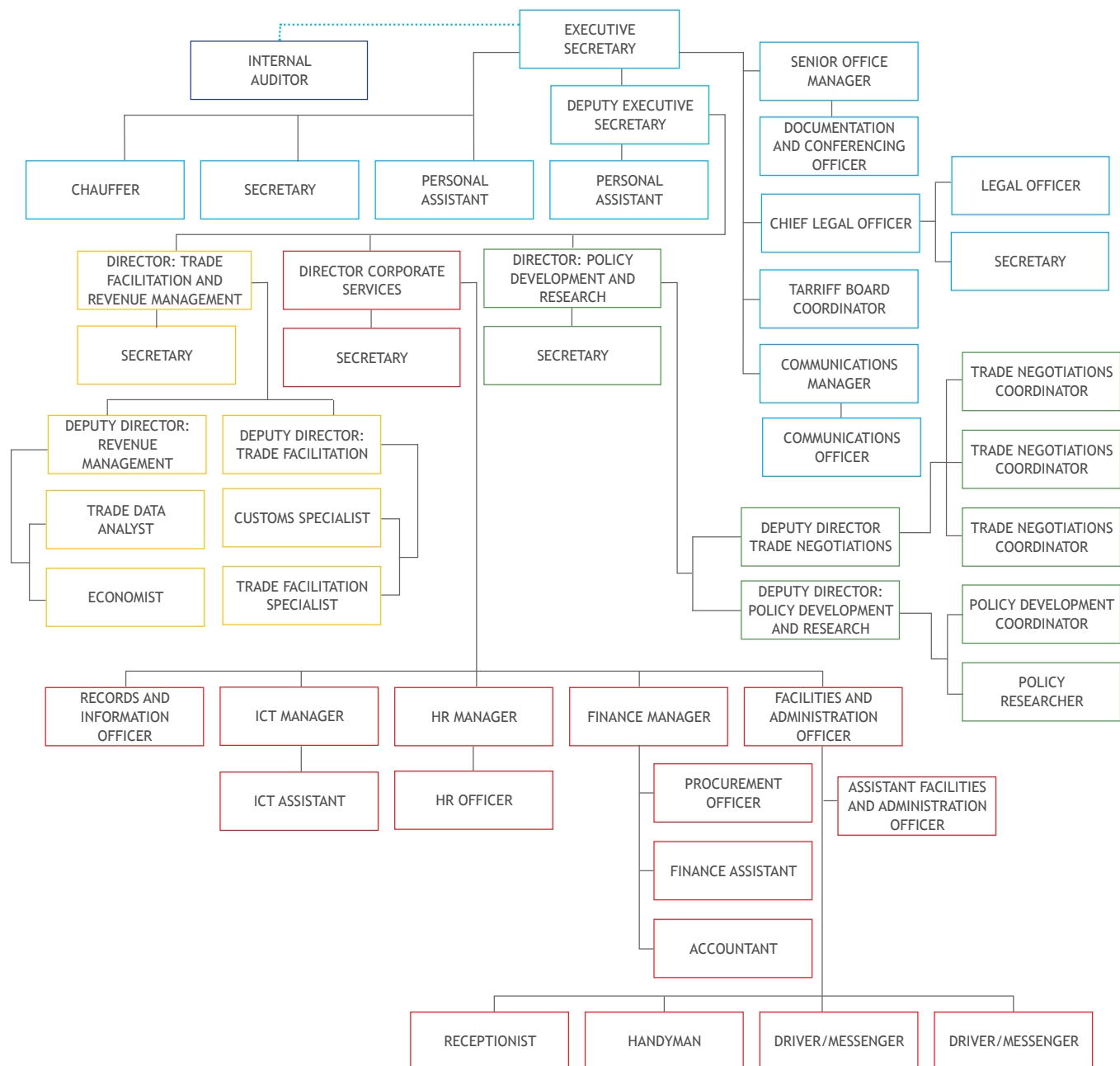


**Ms. Rumbidzaishe Chinyoka**  
Chief Legal Officer



**Mr. Donald Ndwandwe**  
Acting Director: Trade Facilitation and Revenue  
Management

# SECRETARIAT



# STRATEGIC DECISION-MAKING IN ACTION: PROCESSES AND OUTCOMES

SACU's decision-making processes are designed to promote consensus, transparency, and effective outcomes.

Key features of SACU's decision-making processes include:

- **Regular meetings:** SACU Summit meets once per year, whilst the Council meets at least twice per year and the Commission meets twice per year as per the current interim arrangement, or as requested by a Member State. This ensures that critical issues are addressed in a timely manner;
- **Dispatch of business:** The Council and Commission may make provisions for the dispatch of business when not in session, delegating authority to the Chairperson or Secretariat as needed;
- **Agenda-setting:** The Executive Secretary, in consultation with the Chairperson, prepares draft agendas for meetings, allowing Member States to propose additional items for discussion;
- **Quorum requirements:** A quorum requires at least one representative from each Member State, ensuring that decisions are made with adequate representation; and
- **Reporting:** The Commission presents reports to the Council, which in turn reports to the Summit ensuring accountability and oversight.

SACU is committed to maintaining the highest standards of ethics and integrity in its governance and operations. The SACU Agreement and the Rules of Procedure for SACU Institutions provide a framework for ethical conduct and effective control.

Key elements of this framework include:

- **Conflict of interest provisions:** Members of SACU institutions must disclose any potential conflicts of interest and recuse themselves from decision-making processes as necessary.
- **Confidentiality:** Meetings may include restricted sessions to discuss sensitive matters, with participation determined by the Council or Commission.
- **Auditing and financial management:** The Customs Union Commission, through its Finance, Risk and Audit Committee, oversees the management of the Common Revenue Pool and serves as the Governing Body under the Secretariat's Risk Management Policy and Procedures.
- **Dispute resolution:** The *ad hoc* Tribunal, once operationalised, will provide a mechanism for resolving disputes arising under the SACU Agreement.





## INSTILLING ETHICS AND EFFECTIVE CONTROL

By instilling a culture of ethics and implementing effective control mechanisms, SACU ensures that its governance processes are transparent, accountable, and aligned with the best interests of its Member States.

SACU's governance framework is designed to align institutional incentives with the long-term, sustainable value creation for its Member States. This is achieved through several key mechanisms:

- **Strategic planning:** The SACU Strategic Plan adopted by the Summit, sets out the region's shared industrialisation, trade, and development objectives. This ensures that all SACU institutions are working towards a common vision of sustainable growth and integration.
- **Performance measurement:** The Secretariat is developing a monitoring and evaluation framework to track progress against the Strategic Plan, ensuring that SACU remains accountable to its Member States.

- **Stakeholder engagement:** SACU's decision-making processes involve consultation with a wide range of stakeholders, including the private sector, civil society, and international partners. This ensures that SACU's policies and initiatives are informed by the needs and perspectives of those most affected by them.
- **Capacity building:** SACU invests in the capacity of its institutions and Member States, through initiatives such as technical assistance, training, and knowledge-sharing. This helps to ensure that all Member States are able to participate effectively in SACU's governance processes and benefit from its programmes.

SACU's governance architecture, decision-making processes, ethical framework, and alignment of incentives provide a robust foundation for steering the organisation towards its strategic objectives. By leveraging the foresight of its leadership and the strength of its institutions, SACU is well-positioned to navigate the challenges and opportunities of the evolving global trade landscape, whilst creating sustainable value for its Member States and citizens.





## INSTITUTIONAL MEETINGS AND KEY FOCUS AREAS

### Summit of the SACU Heads of State or Government

The 8<sup>th</sup> SACU Summit was held on the 29<sup>th</sup> June 2023 in the Kingdom of Eswatini, chaired by His Majesty King Mswati III. The Summit saw the participation of key leaders from SACU Member States, who deliberated on global economic challenges, notably the impact of the Russia-Ukraine conflict on their economies. The Summit also welcomed the appointment of Mr. Thabo David Khasipe as the Executive Secretary of SACU and underscored the importance of continued cooperation amongst Member States to address these challenges.

The Summit reviewed the progress on the implementation of the SACU Strategic Plan, which centres on industrialisation, trade facilitation, and the implementation of the African Continental Free Trade Area (AfCFTA), amongst other key areas. Significant progress was noted in customs cooperation, digital transformation, and the prioritisation of industrial projects that can deliver immediate benefits. Member States also established a Task Team to advance the production of fertilisers, agro-chemicals, and seeds, in response to directives from the previous Summit.

Moreover, the Summit recognised the ratification of the AfCFTA by all SACU Member States and the adoption of the SACU Provisional Schedule of Tariff Concessions to the AfCFTA. The Summit also discussed the forthcoming expiry of the African Growth and Opportunity Act (AGOA) in 2025 and called for its extension. Finally, the Summit commended His Majesty King Mswati III for his leadership during his term as Chair and welcomed the Kingdom of Lesotho's assumption of the Chairmanship from July 2023.



Professor Ricardo Hausmann, the Founder and Director of Harvard's University Growth Lab, delivered a presentation titled "SACU Industrialisation Opportunities through Improving Economic Complexity" during the 8<sup>th</sup> SACU Summit of the Heads of State or Government held on the 29<sup>th</sup> June 2023 in the Kingdom of Eswatini.

### Council of Ministers

In line with the decision of the 43<sup>rd</sup> Meeting held on the 15<sup>th</sup> July 2021, Council agreed to reduce the frequency of its quarterly Meetings and those of the Commission to two per year, as an interim arrangement. In this regard, the Council was only able to convene one out of two meetings in the financial year on the 28<sup>th</sup> June 2023, in Eswatini. The Council was unable to convene its December 2023 meeting, due to lack of quorum, and in turn the Council adopted the Recommendations of the SACU Commission, held on 5-6 December 2023, through round-robin.



Members of the SACU Council of Ministers together with the Executive Secretary of SACU at the 49<sup>th</sup> Meeting of the SACU Council of Ministers held on the 28<sup>th</sup> June 2023 in Eswatini.

## Ministerial Retreat

The 5<sup>th</sup> SACU Ministerial Retreat took place on the 27<sup>th</sup> June 2023 in Ezulwini, Eswatini, chaired by Honourable Neal Rijkenberg, Minister of Finance for Eswatini. The Retreat aimed to allow Ministers to reflect on the challenges faced by the Customs Union and determine a way forward. The Ministers acknowledged significant challenges with the current SACU Agreement, particularly in light of the evolving trade environment, including the launch of the African Continental Free Trade Area (AfCFTA). They considered a reimagined SACU, focusing on maintaining the current tariff-setting and revenue-sharing mechanisms whilst promoting regional export strategies, especially to markets opened by AfCFTA and other international agreements. This plan also includes the potential creation of an industrialisation fund accessible to all SACU Member States.

The Ministers recognised both the benefits and disadvantages of the proposed option for all Member States and emphasised the need for a balanced approach. The option involves refining the tariff-setting process to include deeper consultations with Member States and enhancing transparency regarding the Common Revenue Pool. Member States were urged to reflect on the proposal and present their positions by August 2023 for further consideration at the next Council meeting.



The 5<sup>th</sup> Ministerial Retreat held on the 27<sup>th</sup> June 2023 in the Kingdom of Eswatini.

## SACU Commission

The SACU Commission convened two Meetings during the reporting period and in line with the interim arrangement. At its two statutory biannual Meetings held on 24-25 June 2023 and 5-6 December 2023, the Commission considered various issues covering finance, the implementation of the SACU Strategic Plan, trade, as well as operational matters pertaining to the Secretariat.



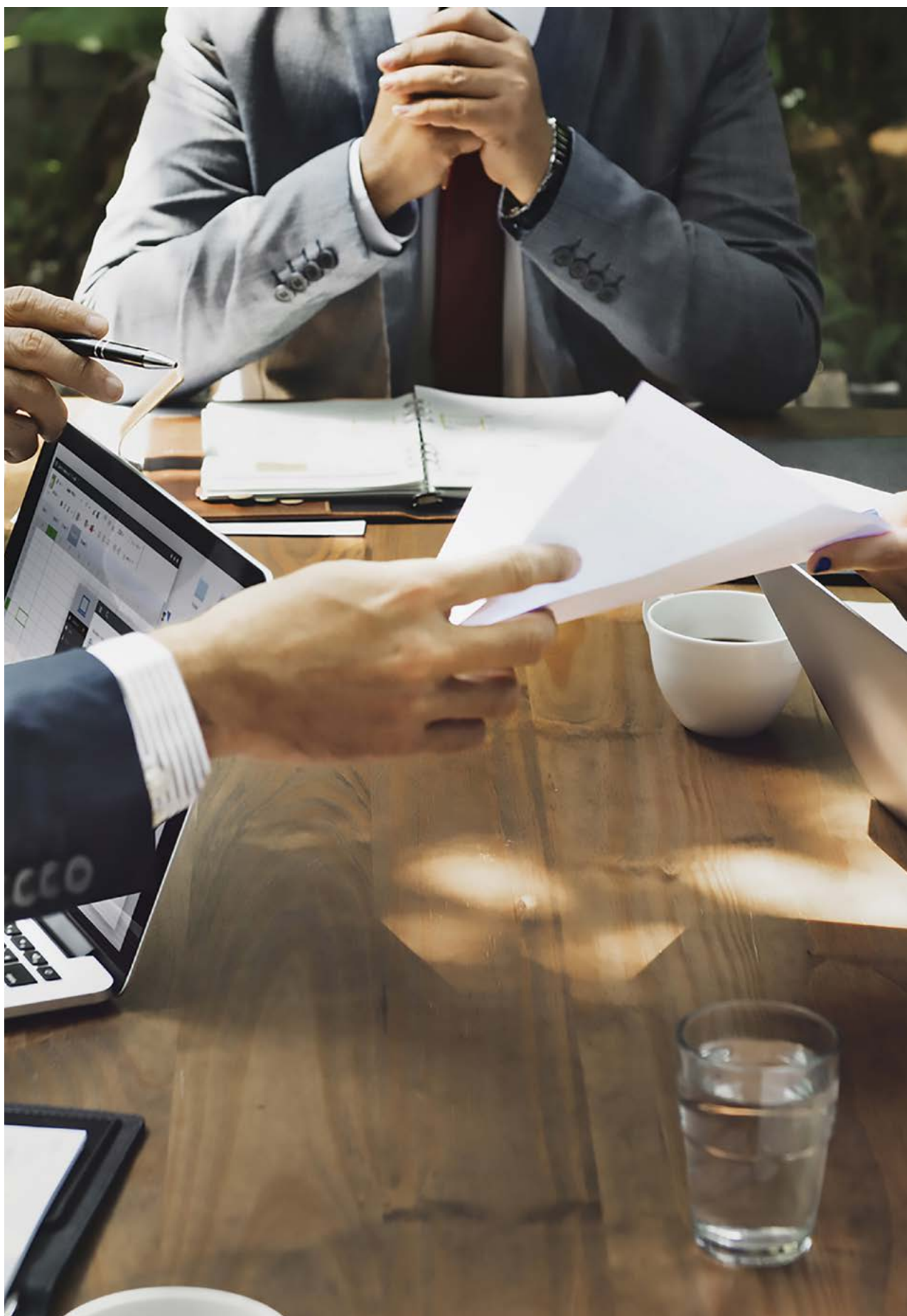
The Chairperson of the SACU Commission and Principal Secretary in the Ministry of Finance of Eswatini, Ms. Sizakele Dlamini and the Executive Secretary of SACU, Mr. Thabo David Khasipe, at the 72<sup>nd</sup> Meeting of the SACU Commission held on the 24<sup>th</sup> June 2023 in Eswatini.



## ATTENDANCE REGISTER OF THE SACU COMMISSION

MEMBERS OF THE SACU COMMISSION		72 <sup>nd</sup> Meeting of the SACU Commission, 24-25 June 2023, in Eswatini	73 <sup>rd</sup> Meeting of the SACU Commission, 5-6 December 2023 (Virtually)
<b>REPUBLIC OF BOTSWANA</b>			
1.	Ms. B. M. Mathipa Deputy Secretary for Financial Policy Ministry of Finance	Yes	Yes
2.	Ms. M. Morakaladi Permanent Secretary Ministry of Trade and Industry	No, (was represented by Mr. Phazha Butale, <i>Chief Negotiator: Ministry of Trade and Industry</i> )	No, (was represented by Mr. Phazha Butale, <i>Chief Negotiator: Ministry of Trade and Industry</i> )
<b>KINGDOM OF ESWATINI</b>			
3.	Ms. S. Dlamini Principal Secretary Ministry of Finance	Yes (Chaired the Meeting)	No (but was represented by Mr. Mxolisi Fakudze, <i>Principal Finance Officer: Ministry of Finance</i> )
4.	Mr. S. Nkambule Principal Secretary Ministry of Commerce, Industry and Trade	Yes	Yes
<b>KINGDOM OF LESOTHO</b>			
5.	Ms. N. Lebona Principal Secretary Ministry of Finance and Development Planning	Yes	Yes (Chaired the Meeting)
6.	Mr. T. Moleko Principal Secretary Ministry of Trade, Industry and Business Development	Yes (Attended virtually)	Yes
<b>REPUBLIC OF NAMIBIA</b>			
7.	Mr. T. Ndove Executive Director Ministry of Finance and Public Enterprises	Yes	Yes
8.	Mr. S. Haihambo Executive Director Ministry of Industrialisation and Trade	Yes	Yes
<b>REPUBLIC OF SOUTH AFRICA</b>			
9.	Amb. X. Mlumbi-Peter Deputy Director - General: Trade Branch Department of Trade, Industry and Competition	No (was represented by Mr. Sandile Tyini, <i>Chief Director: Africa Multilateral Relations in the Department of Trade, Industry and Competition</i> )	No (was represented by Mr. Innocent Khumalo, <i>Acting Chief Director: Africa Multilateral Economic Relations in the Department of Trade and Industry</i> )
10.	Mr. M. Geswint Acting Deputy Director - General: International and Regional Economic Policy Division Department of National Treasury	No (represented by Mr. Themba Zulu, <i>Chief Director: African Economic Integration in the Department of National Treasury</i> )	No (represented by Mr. Themba Zulu, <i>Chief Director: African Economic Integration in the Department of National Treasury</i> )





# 3 CHAPTER

## EXTERNAL ENVIRONMENT





Highlights of our Scale, Reach, and Impact	36
Megatrends Shaping our External Environment	38

The External Environment section highlights SACU's scale, reach, and impact. The inclusion of megatrends shaping the external environment demonstrates SACU's awareness of the broader context in which it operates and its impact on the organisation's ability to create value over time. This section sets the stage for understanding SACU's strategy and business model in an integrated manner.

# EXTERNAL ENVIRONMENT

As the shifting sands of the Kalahari shape its landscape, SACU adapts to the ever-changing regional and global environment. We create a foundation for growth and cooperation, remaining resilient and agile in the face of new challenges.

## HIGHLIGHTS OF OUR SCALE, REACH, AND IMPACT

In the 2023/24 FY, SACU continued to make significant strides in advancing regional integration, promoting economic growth, and improving the lives of its citizens. Despite the challenges posed by the global economic landscape and the ongoing effects of the COVID-19 pandemic, SACU demonstrated resilience and adaptability in pursuing its strategic objectives.

Key highlights of SACU's scale, reach, and impact in the 2023/24 FY include:

- Intra-SACU trade: The total value of intra-SACU trade reached R236.2 billion in 2021/22 FY, representing a 27.1 percent increase from R185.8 billion recorded in the previous financial year, the latter informing revenue sharing for 2023/24 FY. This growth was attributed to the general easing of COVID-19 pandemic restrictions and the resilient demands for goods. This trend aligned with global economic recovery, which was returning to its pre-pandemic era.
- Economic and Social development: SACU's revenue-sharing mechanism continued to play a crucial role in supporting economic and social development in its Member States. In 2023/24 FY, R159.5 billion was distributed to Member States, enabling them to part-finance development projects.
- Capacity-building: SACU provided training and capacity-building support to compilers, customs officials, trade negotiators, trade data compilers and policy makers across its Member States. These initiatives enhanced the skills and expertise of SACU's human capital, enabling the organisation to more effectively pursue its strategic objectives and respond to the challenges and opportunities of the evolving global trade landscape. Trained 143 Customs Officials as part of Phase one of four Phases of Training on the Authorised Economic Operator (AEO) Programme.
- Stakeholder engagement: During the period under review, SACU had over thirty engagements with a wide range of stakeholders, including the private sector, civil society, and trade and development partners. These engagements fostered greater collaboration, knowledge-sharing, and mutual understanding, strengthening SACU's social and relationship capital and its ability to create shared value. Funding amounting to R4.19 million was received from cooperating partners in support of SACU Strategic Plan. Created visibility and awareness around the AEO Programme through engagement of a total of 1,383 traders respectively in individual Member States. In addition, a total of 997 traders, and at a regional level collective efforts were undertaken to engage 63 other government agencies to create visibility and awareness at a regional level on the benefits of AEO Programme. As a result, an additional 356 traders were accredited as Authorised Economic Operators which brought the total number of AEOs in the SACU Region to 531 in the period under review.





## MEGATRENDS SHAPING OUR EXTERNAL ENVIRONMENT

SACU operates in an increasingly complex and interconnected world, where global megatrends are reshaping the economic, social, and political landscape. These megatrends, ranging from rapid technological advancements to shifting geopolitical dynamics, present both challenges and opportunities for our organisation as we strive to create value for our Member States and stakeholders.

### The Fourth Industrial Revolution and Digital Transformation

The rapid pace of technological change, driven by the Fourth Industrial Revolution (4IR), is transforming the way we live, work, and interact. The convergence of advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT), blockchain, and 3D printing is disrupting traditional business models and creating new opportunities for innovation and growth.

For SACU, the 4IR presents a significant opportunity to enhance our trade facilitation efforts, streamline our processes, and improve the efficiency of our operations. By embracing digital transformation, we can leverage technology to automate our customs procedures, enhance our risk management capabilities, and facilitate seamless cross-border trade.

However, the 4IR also poses challenges, particularly in terms of the digital divide between our Member States and the need to ensure that the benefits of technological advancements are shared equitably. As an organisation, we must work to build the necessary digital infrastructure, develop the skills and capabilities of our workforce, and create an enabling environment for innovation and entrepreneurship.

### The Rise of Regionalism and the African Continental Free Trade Area (AfCFTA)

The global trade landscape is increasingly characterised by the rise of regionalism, as countries seek to strengthen their economic ties and create larger, more integrated markets. In Africa, this trend is exemplified by the establishment of the African Continental Free Trade Area (AfCFTA), which aims to create a single market for goods and services across the continent.

The AfCFTA presents a significant opportunity for SACU to deepen regional integration, boost intra-African trade, and promote economic growth and development. As a well-established customs union, SACU is uniquely positioned to play a leading role in the implementation of the AfCFTA, leveraging our experience and expertise to support the harmonisation of trade policies, the removal of non-tariff barriers, and the facilitation of cross-border trade.

However, the AfCFTA also poses challenges, particularly in terms of the need to ensure that the benefits of increased trade are shared equitably amongst our Member States and that the interests of our industries and workers are protected. As an organisation, we must work to build the necessary institutional capacity, strengthen our partnerships with other regional economic communities, and engage actively in the ongoing negotiations to shape the future of the AfCFTA.

### The Changing Nature of Global Value Chains

The COVID-19 pandemic has accelerated the transformation of global value chains, as companies seek to build more resilient, flexible, and sustainable supply chains. This shift is characterised by a move towards regionalisation, nearshoring, and the diversification of supply sources, as well as a greater emphasis on environmental, social, and governance (ESG) considerations.

For SACU, this presents an opportunity to attract investment, promote industrialisation, and integrate our economies into regional and global value chains. We can create an enabling environment for the growth of regional value chains by developing targeted policies and incentives, investing in infrastructure and logistics, and promoting the development of key industries such as agro-processing, textiles, and automotive components.

However, this also requires us to address the challenges of skills development, technology transfer, and the harmonisation of standards and regulations across our Member States. As an organisation, we must work to build the necessary partnerships with the private sector, international organisations, and development partners to support the development of competitive and sustainable regional value chains.



## The Imperative of Sustainable Development and Climate Action

The world is facing an unprecedented challenge in the form of climate change, which threatens to undermine the progress made in recent decades in terms of economic growth, poverty reduction, and social development. The imperative of sustainable development and climate action is reshaping the global economy, as countries and companies seek to transition to low-carbon, resource-efficient, and socially inclusive growth models.

For SACU, this presents both challenges and opportunities. On the one hand, our Member States are particularly vulnerable to the impacts of climate change, given our reliance on agriculture, tourism, and other climate-sensitive sectors. On the other hand, the transition to a green economy presents significant opportunities for innovation, job creation, and the development of new industries and technologies.

As an organisation, we must work to mainstream sustainability and climate resilience into our policies, programmes, and operations. This includes promoting sustainable agriculture and land management practices, investing in renewable energy and energy efficiency, and supporting the development of green industries and technologies. We must also work to build the necessary partnerships and mobilise the resources required to support the transition to a sustainable and inclusive economy.

## The Shift towards Inclusive and Equitable Growth

The global economy is facing a crisis of inequality, as the benefits of economic growth have increasingly accrued to a small elite, whilst large segments of the population have been left behind. This has led to growing social and political tensions, as well as a renewed focus on the need for more inclusive and equitable growth models.

For SACU, this presents both challenges and opportunities. On the one hand, our Member States face significant challenges in terms of poverty, unemployment, and social inequality, which have been exacerbated by the COVID-19 pandemic. On the other hand, our organisation has a unique opportunity to promote a more inclusive and equitable model of regional integration, one that prioritises the needs and aspirations of our citizens and communities.

As an organisation, we continue working towards promoting policies and programmes that support inclusive growth, such as investing in education and skills development, promoting access to finance and markets for small and medium enterprises, and strengthening social protection systems. We must also work to ensure that the benefits of regional integration are shared equitably amongst our Member States, and that the interests of vulnerable and marginalised groups are protected.





# 4 CHAPTER

## PROGRESS ON THE IMPLEMENTATION OF THE SACU STRATEGIC PLAN



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The reimagination of SACU focuses on improving the financial structure, resource allocation, and revenue sharing amongst Member States. It requires a skilled workforce and strong collaboration with stakeholders. The implementation of SACU's Strategic Plan aims to enhance regional integration, industrialisation, and economic growth, impacting financial, intellectual, and human capital. Leveraging AfCFTA opportunities can boost trade and regional integration. Resourcing challenges, including financial constraints and skilled personnel shortages, need addressing. Effective SACU institutions, strengthened governance, and clear roles are essential to ensuring long-term success and value creation for Member States.

# PROGRESS ON THE IMPLEMENTATION OF THE SACU STRATEGIC PLAN

Like the determined ostrich of the Kalahari, SACU aims to face its most pressing challenges head-on. We address our material matters with resourcefulness and resolve, ensuring our organisation's long-term sustainability and value creation.

## OUR MATERIALITY DETERMINATION PROCESS

SACU's materiality determination process is a critical aspect of our integrated thinking and reporting approach. We have developed a robust methodology to identify, evaluate, and prioritise the matters that have the most significant impact on our ability to create value for our stakeholders.

Our process involves a comprehensive analysis of internal and external factors, including stakeholder engagement, market trends, and regulatory developments. By focusing on what matters most, we can allocate our resources effectively and make informed decisions that drive long-term value creation.





# REIMAGINING SACU FOR A RESILIENT, INTEGRATED, AND PROSPEROUS FUTURE

## Reimagination of SACU:

- a reimagined SACU would have a more efficient and effective financial structure, leading to better resource allocation and revenue sharing amongst Member States;
- it would require a skilled and adaptable workforce (Human Capital) to drive the transformation process;
- reimagining SACU also heavily relies on strong relationships and collaboration amongst Member States, as well as with external stakeholders such as the business community and international partners (Social and Relationship Capital); and
- this material matter is of high importance to all stakeholders, as it has the potential to shape the future direction and success of SACU and its ability to create value for all its stakeholders.

## Implementation of SACU Strategic Plan:

- has a high impact on value creation, affecting the financial, manufactured, intellectual, and human capitals;
- would lead to improved financial performance, enhanced industrial infrastructure (Manufactured Capital), and the development of new knowledge and expertise (Intellectual Capital); and
- requires a skilled and motivated workforce (Human Capital) to execute the plan effectively.

## Leveraging AfCFTA Opportunities:

- By capitalising on AfCFTA opportunities, SACU can potentially promote expanded trade and investment between its Member States and other African countries. This will require strong relationships and collaboration with other African countries and regional blocs (Social and Relationship Capital) to fully harness the benefits of the AfCFTA; and
- This material matter is of high importance to stakeholders, particularly the business community and Member States, as it presents significant opportunities for economic growth, market access, and regional integration.

## Resourcing Challenges:

- Inadequate financial resources hinders SACU's ability to invest in strategic initiatives and maintain its operations, whilst a lack of skilled personnel (Human Capital) can impede the organisation's effectiveness and efficiency.

## Effectiveness of SACU Institutions to Perform Functions:

- Ineffective institutions can lead to a demotivated workforce (Human Capital) and strained relationships amongst Member States and with external stakeholders (Social and Relationship Capital).



## Reimagination of SACU

The reimagination of SACU is a pivotal material matter that holds the potential to redefine our organisation's role and enhance our capacity to create value for our Member States. The current SACU Agreement, signed in 2002, has not fully realised its objectives, and there is a growing recognition amongst our stakeholders that a new vision is imperative.

The Ministerial Retreat aims to facilitate frank discussions amongst Member States and forge a shared vision for SACU's future. Whilst convening the Retreat has encountered challenges due to quorum issues, we remain steadfast in our commitment to this process and are actively engaging with our stakeholders to ensure its success. The reimagination of SACU is not merely an exercise in strategic planning; it is an opportunity to align our organisation with the evolving global context and the specific needs of our Member States. By addressing the shortcomings of the current agreement and defining a new vision that enhances regional integration and economic development, we can position SACU as a catalyst for growth and prosperity in Southern Africa.

This process will require bold leadership, open dialogue, and a willingness to embrace change. As we navigate this critical juncture in our organisation's history, we remain committed to engaging with our stakeholders, building consensus, and charting a course towards a reimagined SACU that is fit for purpose and poised to deliver value for generations to come.

## Implementation of the SACU Strategic Plan

The implementation of our Strategic Plan is a crucial material matter that directly impacts our ability to create value and achieve our long-term objectives. Our six Strategic Pillars provide a comprehensive framework for driving regional integration, industrialisation, and economic development.

Despite the challenges posed by the COVID-19 pandemic and other external factors, we have made significant strides in key areas such as the Accredited Economic Operator (AEO) Programme and the development of work programmes for priority sectors as detailed elsewhere in this Report.

The successful implementation of the AEO Programme across all Member States, culminating in a Memorandum of Mutual Recognition signed by the Commissioners General of the five Revenue Administrations, demonstrates our commitment to trade facilitation and regional integration. Similarly, the development of specific work programmes for priority sectors such as textiles, beef, leather, and essential oils lays the foundation for building robust regional value chains and

promoting industrialisation. However, the success of our Strategic Plan depends on our ability to effectively allocate resources, coordinate efforts across Member States, and adapt to changing circumstances. We must remain agile and responsive to the needs of our stakeholders whilst maintaining a clear focus on our long-term goals.

By continually monitoring our progress, engaging with our partners, and making data-driven decisions, we can ensure that our Strategic Plan remains a living document that guides our actions and drives meaningful change. The implementation of our Strategic Plan is not just a matter of executing initiatives; it is a testament to our collective commitment to building a more prosperous and integrated SACU region.

## Resourcing

Adequate resourcing, encompassing finance, human capital, and Member State availability, is a critical material matter that directly impacts our ability to achieve our strategic objectives and create value for our stakeholders. The COVID-19 pandemic has exerted significant pressure on our Member States' financial resources, leading to challenges in funding our initiatives and programmes. At the same time, we continue to prioritise the well-being and professional development of our staff, recognising that our human capital is our most valuable asset.

By fostering a culture of transparency, open communication, and continuous learning, we can build a resilient and motivated workforce that is equipped to navigate the challenges ahead.

Ultimately, addressing our resourcing challenges is not just about securing funding or filling positions; it is about creating an enabling environment that allows us to fulfil our mandate and drive meaningful change in the region. By working together with our Member States and other stakeholders, we can develop sustainable solutions that ensure SACU has the resources it needs to thrive in the years to come.

## Leveraging AfCFTA Opportunities

The AfCFTA presents a significant opportunity for SACU to enhance regional integration, boost intra-African trade, and drive economic growth. However, failing to effectively leverage these opportunities could limit our ability to create value for our Member States and position ourselves as a key player in the African trade landscape. To capitalise on the potential of the AfCFTA, we must proactively engage with our stakeholders to identify synergies, develop targeted strategies, and build the necessary institutional capacity. This requires a deep understanding of the AfCFTA's provisions, a clear



assessment of our strengths and weaknesses, and a willingness to adapt our policies and processes to align with the new trade environment.

We continue to identify and pursue the most promising opportunities for trade facilitation, industrialisation, and economic diversification. This may involve developing joint infrastructure projects, harmonising trade regulations, or creating regional value chains that leverage the comparative advantages of different countries. At the same time, we must remain mindful of the potential challenges and risks associated with the AfCFTA, such as increased competition, regulatory compliance, and the need to ensure equitable benefits for all Member States. By taking a proactive and strategic approach to the AfCFTA, we can position SACU as a leader in the African trade landscape and contribute to the realisation of the continent's economic potential. Ultimately, leveraging the opportunities presented by the AfCFTA is not just about boosting trade flows; it is about creating a more integrated, prosperous, and resilient Africa.

## Effectiveness of SACU Institutions to Perform Functions

As outlined in the SACU Agreement, our institutions, including the Council of Ministers, the Commission, and the Secretariat, play a vital role in setting the strategic direction, overseeing implementation, and ensuring the smooth functioning of our organisation.

We continuously strive to strengthening our governance structures, enhancing our decision-making processes, and building the capacity of our institutions. This may involve reforming our Rules of Procedure, investing in training and professional development for our staff, and exploring new technologies and platforms for collaboration and engagement.

At the same time, we must work to foster a culture of accountability, transparency, and mutual trust amongst our Member States and institutions. By clearly defining roles and responsibilities, setting measurable performance targets, and regularly monitoring and evaluating our progress, we can ensure that our institutions are equipped to perform their functions effectively and efficiently. Ultimately, the success of SACU depends on the strength and resilience of our institutions. By addressing this material matter head-on and taking concrete steps to enhance our institutional performance, we can unlock the full potential of our organisation and deliver lasting value to our Member States and citizens.



# 5 CHAPTER

## OUR VALUE CREATION ECOSYSTEM



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The Value Creation Ecosystem section is a crucial component of SACU's Integrated Annual Report, as it provides a holistic view of how the organisation creates, preserves, and erodes value over time. By mapping capital inputs to value-adding activities and presenting a multi-capital scorecard of outputs and outcomes, SACU demonstrates the interconnectedness of the six capitals in its value creation process. The inclusion of trade-offs and synergies in resource allocation further highlights the application of integrated thinking in decision-making.

# OUR VALUE CREATION ECOSYSTEM

SACU's value creation process, like the Kalahari's intricate webs of sociable weaver birds' nests, is resilient and interconnected. By weaving together diverse elements, we create a thriving ecosystem that supports sustainable growth and value for all stakeholders.

## THE SACU BUSINESS MODEL: A DYNAMIC SYSTEM

SACU's value-creation ecosystem is a dynamic and interconnected system that enables us to generate and preserve value for our Member States and stakeholders. By leveraging our unique blend of capitals, we strive to create a virtuous cycle of sustainable growth and development that benefits all our citizens and communities.

Our business model is at the heart of our value-creation ecosystem. It represents the way we transform inputs, through our business activities, into outputs and outcomes that fulfil our strategic objectives and create value over the short-, medium-, and long-term.

Our key inputs include:



- **Financial Capital:** The pool of funds available to us, including Member States' contributions, donor support, and accumulated reserves:
  - In the 2023/24 FY, SACU's financial capital inputs consisted of Member States' contributions of R75.89 million, which were based on the revenue-sharing formula agreed upon in the SACU Agreement.
  - SACU also received donor support amounting to R4.19 million from international partners such as the European Union, the World Bank, the African Development Bank, Tralac, Trade Mark Africa, WCO, UNDP, AfCFTA, the Road Freight Association, SARS, UNCTAD, the Commonwealth, COMESA, UNECA, the IMF, and the SADC Secretariat. These funds were earmarked for specific trade facilitation, capacity building, and regional integration projects.
  - SACU's accumulated reserves, which amounted to R34.71 million at the beginning of the financial year, provided an additional source of financial capital to support our operations and investments. These reserves had been built up over the years through prudent financial management and cost-saving measures, and served as a buffer against potential shocks or uncertainties in the economic and trade environment.



- **Human Capital:** The skills, knowledge, and experience of our employees, as well as their alignment with our values and strategic objectives:
  - SACU's human capital inputs in the 2023/24 FY consisted of a total staff complement of thirty-three employees, representing a diverse range of skills, experience, and expertise in areas such as customs administration, trade policy, economic analysis, project management, and stakeholder engagement.





- Social and Relationship Capital: Our relationships with Member States, development partners, the private sector, and other key stakeholders, as well as our reputation and credibility:
  - SACU's social and relationship capital inputs in the 2023/24 FY were based on our strong and long-standing partnerships with our Member States, which have been the foundation of our organisation since its establishment in 1910. These partnerships are based on a shared vision of regional integration and economic development, as well as a commitment to the principles of solidarity, equity, and mutual benefit.
  - Our engagement with the private sector, civil society, and academia in the region was also a key component of our social and relationship capital. We conducted regular consultations and dialogues with these stakeholders, to gather their views and insights on key trade and economic issues, and to explore potential areas of collaboration and partnership. For example, in the 2023/24 FY, we held a series of workshops and seminars on the AfCFTA in collaboration with the UNDP and the AfCFTA Secretariat, which brought together around 100 in-person attendees and 445 online participants from across the region to discuss the opportunities and challenges of the agreement, and to identify potential strategies and actions to maximise its benefits for SACU Member States.



- Intellectual Capital: Our organisational knowledge, systems, and processes, as well as our ability to innovate and adapt to changing circumstances:
  - SACU's intellectual capital inputs in the 2023/24 FY were based on our extensive knowledge, experience, and expertise in the areas of customs administration, trade policy, revenue management and regional integration, which have been accumulated over several decades of operation. This intellectual capital was embodied in our policies, procedures, and systems, as well as in the skills and competencies of our staff.



## MAPPING CAPITAL INPUTS TO VALUE-ADDING ACTIVITIES

To effectively manage our value creation process, we have developed a comprehensive map that links our capital inputs to our key value-adding activities. This map enables

us to identify the critical interdependencies and synergies between our capitals and activities, as well as the potential trade-offs and risks.



- Our Financial Capital inputs enable us to invest in key infrastructure, systems, and human resources that support our trade facilitation and revenue management activities:
  - In the 2023/24 FY, SACU's prudent financial management and budgeting processes enabled us to allocate resources effectively towards our strategic priorities, despite the challenging economic environment. We implemented cost-saving measures and sought alternative sources of funding, such as grants and technical assistance from development partners, to ensure the sustainability and resilience of our operations.
  - Our robust financial reporting and auditing framework, which is based on international best practices and standards, provided assurance to our Member States and stakeholders regarding the integrity and transparency of our financial management. We received an unqualified audit opinion for the 2023/24 FY, reflecting our strong commitment to fiscal discipline and accountability.



- Our Human Capital inputs are critical to the success of our policy development and research activities, as well as our ability to provide high-quality advisory and support services to our Member States.



- Our Social and Relationship Capital inputs are essential to the success of our stakeholder engagement and partnership-building activities, which underpin our ability to create shared value and drive regional integration:
  - In 2023/24, we actively participated in key regional and international forums, such as the African Union, the World Customs Organisation, and the World Trade Organisation, to advance our strategic objectives and contribute to global policy dialogues. We shared our experiences and best practices on trade facilitation, revenue management, and regional integration, and learned from the successes and challenges of other customs unions and regional economic communities.
  - We also strengthened our stakeholder engagement mechanisms, through regular consultations, workshops, and surveys, to better understand and respond to the needs and expectations of our Member States, private sector, civil society, and development partners. We used the feedback and insights gathered to inform our strategic planning, risk management, and performance monitoring processes.

For more information on our:



- strategic planning, see page 80;
- risk management, see page 74; and
- performance monitoring processes, see page 86.



- Our Intellectual Capital inputs enable us to continuously improve our processes, develop innovative solutions, and adapt to changing circumstances, which is critical to the success of our institutional capacity-building activities:
  - Our analysis capabilities were a key component of our intellectual capital, enabling us to generate evidence-based insights and recommendations on key trade and economic issues. In the 2023/24 FY, we produced 12 analytical reports and policy briefs on topics such as the impact of the COVID-19 pandemic on trade flows in the region, the potential benefits and challenges of the AfCFTA for SACU Member States, and the role of digital technologies in facilitating cross-border trade and investment, trade in services, Rules of Origin on Industrialisation, five Sectoral Reports on priority regional value chains.

# OUTPUTS AND OUTCOMES: A MULTI-CAPITAL SCORECARD

By mapping our capital inputs to our value-adding activities, we can ensure that we are allocating our resources effectively and efficiently, and that we are creating value in a sustainable and balanced way.

To measure the success of our value creation process, we have developed a multi-capital scorecard that tracks our key outputs and outcomes across capitals. This scorecard enables us to assess our performance in a holistic and integrated way, and to identify areas for improvement and innovation.

Our key outputs include:

- Harmonised trade policies and procedures that facilitate cross-border trade and investment;
- Efficient and equitable revenue sharing mechanisms that support the fiscal stability and development of our Member States;
- High-quality analytical reports and policy advice that informs evidence-based decision-making and supports regional integration; and

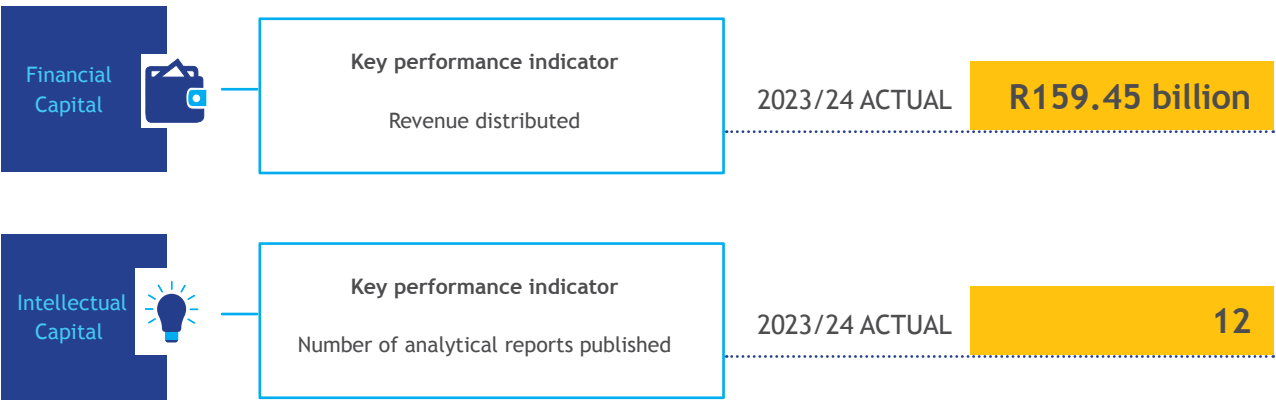
- Enhanced institutional capacity and effectiveness that enables us to deliver on our mandate and create value for our stakeholders.

Our key outcomes include:

- Increased intra-regional trade and investment that drives economic growth and job creation;
- Improved fiscal stability and development outcomes for our Member States, particularly in terms of infrastructure, health, and education;
- Enhanced regional integration and cooperation that promotes peace, stability, and shared prosperity; and
- Strengthened partnerships and collaboration with key stakeholders that enable us to leverage our resources and expertise for greater impact.

By tracking our outputs and outcomes across capitals, we can ensure that we are creating value in a balanced and sustainable way, and that we are contributing to the achievement of our strategic objectives and the SDGs.

Our multi-capital scorecard tracks our performance across the following key indicators:





### Member States

#### Value we created for Member States:

- Efficient and equitable revenue sharing mechanism that supports fiscal stability and development priorities
- Harmonised trade policies and procedures that facilitate cross-border trade and investment
- Capacity building and technical assistance on customs administration, trade policy, and negotiation



### Regional Partners

#### Value we created for regional partners:

- Sharing of experiences and best practices on trade facilitation, revenue management, and regional integration through participation in regional and international forums
- Collaboration on research and policy development initiatives, such as studies on the impact of the AfCFTA and strategies for promoting regional value chains



### Secretariat Employees

#### Value we created for employees:

- Diversity and inclusion in recruitment
- Health, safety, and well-being initiatives
- Knowledge sharing and continuous learning



### International Partners

#### Value we created for international partners:

- Alignment of trade and development policies with global frameworks such as the SDGs and the WTO Trade Facilitation Agreement
- Mobilisation of financial and technical resources to support trade facilitation, capacity building, and regional integration initiatives



### Business Community

#### Value we created for the business community:

- Reduced time and cost of cross-border trade through trade facilitation initiatives such as single window system and one-stop border posts and AEO Programme
- Enhanced transparency and predictability of customs procedures through risk management and post-clearance audits
- Technical advice and support on export strategies, special economic zones, and trade agreements



## TRADE-OFFS AND SYNERGIES IN RESOURCE ALLOCATION

As with any complex system, our value creation ecosystem involves trade-offs and synergies in the allocation of our resources. We recognise that our capitals are interconnected and that decisions affecting one capital may have unintended consequences for others.

For example, investing in new trade facilitation technologies may require significant financial and human capital, but it can also generate long-term benefits in terms of increased efficiency, reduced costs, and improved service delivery. Similarly, investing in staff training and development may require short-term financial and time commitments, but it can lead to enhanced human capital, improved performance, and greater job satisfaction in the long run.

To manage these trade-offs effectively, we have developed a robust decision-making framework that takes into account the potential impacts and dependencies across capitals. This framework enables us to make informed choices about resource allocation, risk management, and value creation, and to optimise the synergies between our capitals and activities.

In terms of the top three trade-offs and synergies in the allocation of our resources, we faced the following challenges and opportunities in the 2023/24 FY:

We faced some difficult trade-offs in the allocation of our limited resources. One key trade-off is between investing in long-term institutional capacity building and responding to short-term crises and emergencies.

Another trade-off was between pursuing regional integration and safeguarding the national interests of our Member States. Whilst deeper integration can generate significant economic benefits, it can also entail some short-term costs and adjustments for certain sectors and communities. We strive to balance these competing priorities by promoting a gradual and inclusive approach to integration, which takes into account the different levels of development and capacities of our Member States.

A third trade-off was between investing in physical infrastructure and digital technologies. Whilst both are critical for trade facilitation and revenue management, they require significant financial and human resources, which are often in short supply.

Our value-creation ecosystem is a dynamic and evolving system that requires continuous monitoring, learning, and adaptation. By leveraging our unique blend of capitals, mapping our inputs to our value-adding activities, tracking our outputs and outcomes, and managing our trade-offs effectively, we can create sustainable value for our Member States and stakeholders, and contribute to the achievement of our vision of a prosperous and integrated Southern Africa.

# 6 CHAPTER

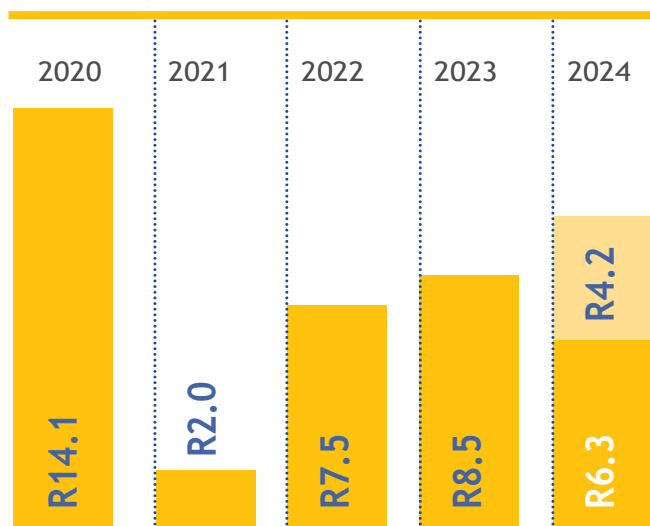
## DIRECTORATES VALUE CREATION



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Programme Expenditure Five-Year Trend (R/million)



R4.2 million allocated in 2024 is from the development partners

The Directorates Contributions to Value Creation section adopts an integrated approach by showcasing how each department contributes to SACU’s overall value creation process. By linking directorates activities to the six capitals and stakeholder interests, SACU demonstrates the interconnectedness of its operations and the collective impact on value creation. This section enhances transparency and accountability by providing stakeholders with a clearer understanding of how SACU’s various functions work together to create value.

# DIRECTORATES VALUE CREATION

Each directorate within SACU, like each part of the Kalahari's life-sustaining Tsamma melon, plays a vital role in our organisation's resilience and value creation. By working together, we overcome challenges and drive success.

Our directorates structure is designed to support our strategic objectives and maximise our value creation potential. Each department plays a crucial role in advancing our mission of regional integration and sustainable development. By adopting an integrated approach, we ensure that our directorates activities are aligned with our overall strategy and contribute to the enhancement of our six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

By working together in an integrated manner, these directorates create a synergistic effect that amplifies SACU's overall value creation potential. The interconnectedness of our operations allows us to leverage our diverse expertise and resources to address complex regional challenges and seize emerging opportunities.

As we move forward, we will continue to foster cross-directorates collaboration and knowledge sharing to enhance our ability to create sustainable value for our Member States and stakeholders. By maintaining a clear focus on our strategic objectives and the six capitals, we ensure that every aspect of our operations contributes to SACU's mission of promoting economic development, diversification, and competitiveness in Southern Africa.

This section provides an overview of how each directorate contributes to SACU's value creation process, demonstrating the interconnectedness of our operations and their collective impact on our stakeholders.







# EXECUTIVE SECRETARY OFFICE: ENSURING STRATEGIC LEADERSHIP AND GOOD GOVERNANCE



**Mr. Abed Iyambo**

Senior Office Manager in the Office of the Executive Secretary

The Executive Secretary Office plays a critical role in providing strategic direction and oversight for SACU's operations. It aims to enhance SACU's overall performance and impact through coordinated efforts across its key functional areas. Through its various Units including Internal Audit, Tariff Board coordination, Communications, Legal, and General Administration, this office contributes to the enhancement of all six capitals, with a focus on intellectual, social and relationship capitals.

## Key value creation activities:

- Providing strategic leadership and policy direction for SACU;
- Ensuring good governance and compliance across the organisation;
- Managing stakeholder relationships and communications;
- Providing legal counsel and support on trade matters;
- Conducting internal audits and risk management; and
- Facilitating and supporting the SACU consultative process for tariff and trade remedies.

## Impact on capitals:

- Human Capital: Developing leadership capabilities across the organisation;
- Intellectual Capital: Developing strategic plans and policies; generating knowledge and insights; and
- Social and Relationship Capital: Building trust with Member States and stakeholders through transparent leadership and communication.

## Value created for stakeholders:

- SACU Leadership: Strategic guidance and assurance on organisational effectiveness;
- Member States: Confidence in SACU's governance and strategic direction; and
- External Partners: Effective collaboration and information sharing on SACU matters.

# POLICY DEVELOPMENT AND RESEARCH: SHAPING EVIDENCE-BASED STRATEGIES



**Mr. Benjamin Katjipuka**

Director: Policy Development and Research

This Directorate's primary focus is on facilitation and coordination of regional initiatives towards industrialisation through development of regional value chains, export, and investment promotion, as well as the integration of the SACU Member States into the global economy through trade negotiations to secure preferential markets. In addition, the Directorate enhances our intellectual capacity through evidence-based approach to policy making and strategy formulation.

## Key value creation activities:

- Coordinating the SACU Industrialisation Work Programme through facilitating the development of viable national, regional, continental, and global value chains in the identified priority sectors; investment attraction and promotion in strategic sectors with the potential for value addition; and ensuring an increase in SACU's existing and potential exports in regional, continental, and global markets;
- Coordinating the development and implementation of policies to support SACU's strategic objectives;
- Coordinating effective implementation of the AfCFTA with the view to boost the low level of trade between SACU and the rest of Africa;
- Coordinating trade negotiations with third parties and full implementation of Trade Agreements;
- Providing technical and analytical support for trade negotiations and policy implementation.

## Impact on capitals:

- Intellectual Capital: Generating strategic insights for industrialisation and trade integration;
- Manufactured Capital: Enhancing regional value chains and production capabilities; and
- Social and Relationship Capital: Strengthening continental trade partnerships through AfCFTA.

## Value created for stakeholders:

- Member States: Enhanced industrial capacity and trade opportunities through AfCFTA;
- Private Sector: Expanded market access and value chain integration opportunities; and
- Regional Partners: Strengthened trade relationships and industrial collaboration frameworks.

# TRADE FACILITATION AND REVENUE MANAGEMENT: ENHANCING REGIONAL SYNERGIES



**Mr. Donald Ndwandwe**

Acting Director: Trade Facilitation and Revenue Management

The Trade Facilitation and Revenue Management Directorate plays a crucial role in streamlining cross-border trade processes and ensuring the equitable distribution of customs and excise revenue among Member States. This Directorate's activities primarily impact our financial, social and relationship capitals.

## Key value creation activities:

- Implementing the SACU Trade Facilitation and Logistics Programme to enhance competitiveness, to improve efficiencies, and to improve compliance and security of the supply chain;
- Operationalisation of the Trade Facilitation and Logistics Programme to expand collaboration beyond Customs Cooperation, to include Border Coordination, Behind the Border Measures, coordinated implementation of Trade Agreements, Transport and Logistics, and cross-cutting issues related to trade facilitation and logistics;
- Implementing the three approved Projects for Trade Facilitation and Logistics Programme to streamline initiatives to:
  - Trade Digitalisation and Digital Transformation Project;
  - Risk Management, Compliance and Enforcement Project; and
  - Infrastructure Development Project; and
- Maintaining a functional SACU Revenue Sharing Formula.

## Impact on capitals:

- Financial Capital: Ensuring efficient collection and distribution of customs revenue;
- Manufactured Capital: Supporting the development of border infrastructure and trade logistics systems; and
- Social and Relationship Capital: Fostering cooperation amongst Member States' customs authorities.

## Value created for stakeholders:

- Member States: Increased revenue collection and more efficient cross-border trade;
- Private Sector: Reduced trade costs and improved predictability in customs procedures; and
- Citizens: Enhanced regional integration leading to greater economic opportunities.



## CORPORATE SERVICES: ENABLING OPERATIONAL EXCELLENCE



**Ms. Alma Andrade**  
Director: Corporate Services

The Corporate Services Directorate provides the foundational support necessary for the Secretariat to operate efficiently and effectively. This Directorate's activities touch on all six capitals, with a particular focus on human, financial, and manufactured capitals.

### Key value creation activities:

- Managing SACU's human resources, including recruitment, training, and development;
- Overseeing financial management and budgeting processes;
- Maintaining and upgrading SACU's physical and digital infrastructure; and
- Implementing organisational policies and procedures to ensure compliance and good governance.

### Impact on capitals:

- Human Capital: Developing a skilled and motivated workforce aligned with SACU's values and objectives;
- Financial Capital: Ensuring prudent financial management and resource allocation;
- Manufactured Capital: Maintaining and enhancing SACU's physical and digital assets; and
- Natural Capital: Implementing sustainable practices in SACU's operations and facilities.

### Value created for stakeholders:

- SACU Staff: A supportive and enabling work environment that fosters professional growth;
- Member States: Efficient and transparent management of SACU's resources; and
- Partners and Suppliers: Clear and fair procurement processes and contract management.

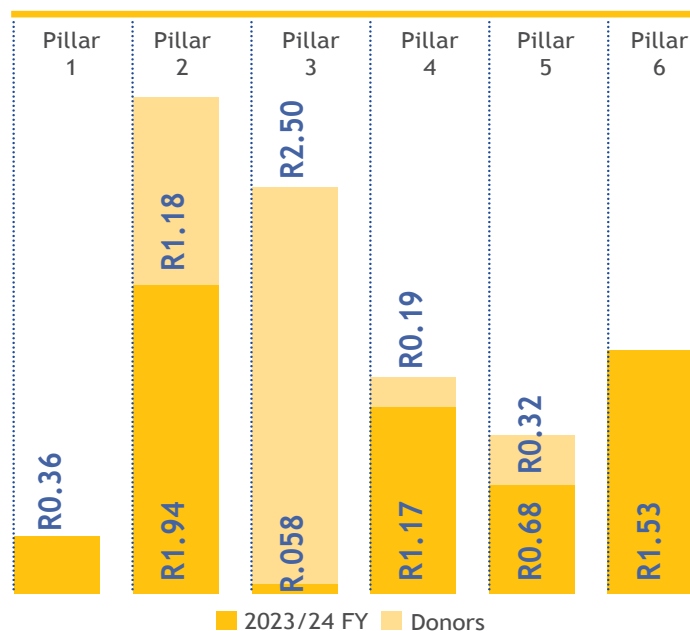
# 7 CHAPTER

## STAKEHOLDER RELATIONSHIPS



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Co-Creating Solutions and Shared Value Initiatives	72

### Programme Expenditure Per Strategic Pillar/Million (2023/24 FY)



The Donors' amounts in Pillars 2, 3, 4, and 5 are from the development partners.

The Stakeholder Relationships section reflects SACU's commitment to integrated thinking by recognising the importance of stakeholder engagement in its value creation process. By identifying key stakeholders, their interests, and the strategies employed to engage them, SACU demonstrates its understanding of the social and relationship capital. The inclusion of co-created initiatives and shared value outcomes showcases the organisation's dedication to fostering mutually beneficial relationships and creating value for all stakeholders.

# STAKEHOLDER RELATIONSHIPS

SACU nurtures stakeholder relationships with the care and reciprocity of the Kalahari’s African oxpecker and rhinoceros. By fostering trust, understanding, and mutual support, we build strong partnerships that help us navigate challenges and create shared value.

## STAKEHOLDER LANDSCAPE AND ENGAGEMENT STRATEGIES

At SACU, we recognise that our ability to create value for our Member States and to achieve our strategic objectives is inextricably linked to the quality and strength of our relationships with our stakeholders. We believe that by engaging with our stakeholders in a proactive, inclusive, and responsive manner, we can build a shared understanding of our

challenges and opportunities, co-create solutions that benefit all, and leverage our collective strengths and resources for greater impact. SACU’s stakeholder landscape is particularly diverse and complex, reflecting the multi-faceted nature of our mandate and the dynamic environment in which we operate. Our key stakeholder groups are listed below.

STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
Member States	Formation of structures including Committees of Policy makers, working Groups of Technical Experts	Differs per grouping	Depends on issues raised	The structures are operating variedly with some able to actively discharge their mandate and others facing challenges in terms of forming quorum to convene.
Other government officials and policy makers	Formation of structures including Committees of Policy makers, working Groups of Technical Experts	Differs per grouping	Depends on issues raised	The structures are operating variedly with some able to actively discharge their mandate and others facing challenges in terms of forming quorum to convene.



STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
Private Sector	Through Member States to co-create and co-implement trade facilitation and logistics initiatives	Onerous requirements and processes for cross border trade, high cost of transacting and cross border trade. and lack of predictability.	By developing and implementing initiatives that are geared to enhance efficiencies, reduce cost of trading and lead to competitiveness of firms. These include IT Connectivity which connects Customs Management Systems to automatically exchange import and export data; Authorised Economic Operators Programme that promotes compliance and security of the supply chain and rewards traders that are compliant.	The relationship is managed through Revenue Administrations and we work with the private sector to co-create and co-implement the initiatives developed. We use the feedback loop to assess the fit for purpose of the initiatives as well as to regularly enhance areas that require improvement.

## STAKEHOLDER LANDSCAPE AND ENGAGEMENT STRATEGIES

STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
Development Partners and Strategic Partners	Collaborate with strategic partners on technical and financial resources to support and capacitate Member States to implement initiatives developed under Trade Facilitation and Logistics	Value for money and that the funds should be used to deliver tangible outcomes that are practically implemented by Member States		The relationship is managed through the Secretariat. SACU enter into Memorandum of Understanding and Cooperation Agreements and these are managed by the Secretariat. We co-create this with the partners.
Trading Partners on Unified engagements with Third Parties	<p><b>STOs; Joint Trade, Customs, Agriculture, and Legal Experts</b></p> <ul style="list-style-type: none"> <li>■ Sharing background documentations to guide engagements towards SACU mandates and common positions for each negotiating area</li> </ul> <p><b>Private sector</b></p> <ul style="list-style-type: none"> <li>■ Engagement through Member States</li> </ul> <p><b>Trading Partners and their coordinators/ Secretariats</b></p> <ul style="list-style-type: none"> <li>■ Collaboration in organising meetings, coordination in developing legal texts for the agreements, sharing SACU's tariff requests and offers, information on contact points in Member States</li> </ul>	<p>Policy formulation and the development of negotiating mandates and common positions for SACU</p> <p>Defensive and offensive interests being taken into consideration whilst developing SACU common positions</p> <p>Negotiating in good faith</p> <p>Conclusion of negotiations and full implementation of concluded agreements</p>	<p>By organising consultative meeting and workshops geared towards common goals</p> <p>Balancing interests of different stakeholders</p> <p>Sensitisation regarding new market opportunities and requirements under concluded trade agreements</p> <p>Accommodating their interests where possible, and building collaboration where it is feasible</p>	<p>There are established relationships where all Member States strive towards common objectives. However, due to varying interest between Member States, there are at time differences or tensions. The Secretariat's role is to build convergence and minimise differences among the Member States.</p> <p>There is no direct relationship. This is done in liaison with Member States.</p> <p>The relationship between SACU and Trading Partners whether at the level of negotiating trade agreements, implementation or review is diplomatic and evolving. We exercise transparency in our engagements, and a positive attitude to ensure no partner is left worse off.</p>

STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
Trade Facilitation and Logistics	Commissioners General, Heads of Customs, Trade Facilitation Technical Committee of Senior Officials, and Technical Working Groups involved in developing and implementing initiatives to enhance efficiencies for cross border trade.	Revenue collection, safety and security of the supply chain, and protection of the society from entry and circulation of harmful products in the Common Customs Area	Constantly enhancing the Trade Facilitation Programme to evolve with the global trade landscape and implementing initiatives that are practical, responsive and aligned to SACU strategic objectives and Member States' strategic plans related to SACU	There are established structures that strengthen the relationship and collaboration. These include Commissioners General, Heads of Customs, Trade Facilitation Technical Committee of Senior Officials, and Technical Working Groups. These serve to strengthen the relationship at all levels.
Regional Economic Communities (RECs)	<p>SADC: Sharing information on the implementation of the SADC Protocol on Trade and engaging in tariff negotiations with the acceding Member States; leveraging on the SADC Industrialisation Strategy and Road Map on the ongoing work on industrialisation in SACU</p> <p>AfCFTA: Collaborate to ensure the effective implementation of the AfCFTA and finalise negotiations on outstanding issues</p> <p>EAC: Coordination of bilateral tariff negotiations under the TFTA and facilitate its implementation, including correspondence of SACU positions on the negotiations agenda</p>	Effective implementation of commitment/ obligations assumed by SACU Member states in different RECs	Building synergies and complementarities through formalised instruments such as MoUs that specify areas of collaboration on issues for mutual benefits; sharing of experience/ peer review and avoidance of duplication of efforts on programmes that are similar/ across the RECs	<p>All Member States of SACU are parties of SADC, and AfCFTA Agreements. There is also a MoU signed between SADC and SACU Secretariats that facilitates the collaboration of the two Secretariats.</p> <p>At the AfCFTA level, there is an established platform for RECs coordination.</p> <p>With respect to EAC, the relationship is established through the COMESA-EAC- SADC Tripartite Free Trade Area.</p>

STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
International Organisations	<p>WTO: collaborate in ensuring successful Trade Policy Reviews for SACU</p> <p>UNCTAD: collaborate on issues of mutual interest.</p> <p>UNDP: Collaborate on issues of mutual interest including support to the implementation of the SACU Strategic Plan 2022/27 FY</p> <p>ITC: Collaborate on issues of mutual interest including export promotion, export potential strategies and tools</p>	<p>Transparency in implementing the WTO obligations by SACU Member States</p> <p>Provide technical support to Member States on issues of mutual interest including trade-related matters such as Rules of Origin, investment, e-Commerce, etc.</p> <p>Leaving no one behind in the trade agenda including gender mainstreaming, information dissemination on the implementation of the AfCFTA</p> <p>Provide technical support to Member States on issues of mutual interest</p>	<p>Constant communication on related issues including follow-ups for Member States where necessary</p> <p>Constant communication on related issues including follow-ups for Member States where necessary</p> <p>Constant communication and collaboration with other parties</p> <p>Constant communication and collaboration</p>	<p>There is an existing relationship through the WTO Agreements to which all SACU Member States are party to. The Secretariat coordinates SACU's work as it relates to the SACU Trade Policy Reviews.</p> <p>There is a MoU on collaboration between SACU and UNCTAD (UN Trade and Development).</p> <p>SACU Member States are parties to the UN charter. In addition, SACU Secretariat has signed a "Letter of Intent" with UNDP which outlines areas of collaboration.</p> <p>There is a MOU signed between SACU and ITC on the collaboration.</p>
Development Partners/Donors	Signing of Memorandum of understanding and Cooperation Agreements	The need for consistency on the part of SACU in terms of policy of engagements with Donors/ Development Partners	We provide updates and engagement on the issues raised.	Member States endorsed that we continue to engage Development Partners.



STAKEHOLDER GROUP	How we engage	Matters of concern to this stakeholder group	How do we respond to their concerns	State of our relationship with this stakeholder group
Secretariat Employees	Regular Staff Meetings, Staff Representative Committee, Professional Staff Forum, Senior Management Forum	Reviews of HR Policies such as the review of the organisational structure and the review of the Pay Structure and Pay Philosophy; Proposed reimagining of SACU	Staff inputs to the processes of the reviews of HR policies	These are internal staff formations.
Media	<p>Distribute press releases to keep the media informed about key developments and events within SACU</p> <p>Collaboration with media outlets to promote and report on SACU's initiatives</p> <p>Utilise social media platforms to provide real-time updates and engage directly with the media outlets and the public</p>	<p>Media stakeholders are concerned about timely and transparent access to information regarding SACU's activities, decisions, and policies.</p> <p>They are interested in understanding how SACU policies affect member countries, regional trade, and the economy.</p>	Maintain a proactive communication strategy, provide regular updates and detailed information about SACU's initiatives and decisions, and provide detailed responses to media queries	<p>The relationship between SACU and the media can be characterised as cooperative and evolving. SACU has made strides in improving transparency and responsiveness, but there is always room for growth.</p> <p>The Secretariat is committed to strengthening the relationship with the media by increasing the frequency of engagements, enhancing transparency, and providing more in-depth insights into SACU's operations and impacts.</p>

## IDENTIFYING AND RESPONDING TO STAKEHOLDER INTERESTS

To effectively engage with our stakeholders, we need to have a deep understanding of their needs, interests, and expectations. We use a range of tools and approaches to identify and prioritise stakeholder interests.

### Stakeholder mapping and analysis

We conduct regular mapping and analysis of our stakeholder landscape, to identify the key stakeholders, assess their level of influence and interest, and understand their perspectives and concerns. This helps us to tailor our engagement strategies and to allocate our resources and efforts in a targeted and effective manner.

### Stakeholder consultations and dialogues

We organise regular consultations and dialogues with our stakeholders, through various forums and platforms, to gather their views and feedback on our activities and decisions.

These consultations range from high-level policy dialogues with Member States and trading partners, to technical workshops and focus group discussions with the business community and civil society.



*A Strategic Engagement for Commissioners General on the SACU Trade Facilitation and Logistics Programme during the AEO Regional Awareness Session held on the 30<sup>th</sup> May 2023 in South Africa. AEO aims to, amongst others, build mutual trust and partnerships between government and businesses through trade facilitation. The event was attended by business representatives from all SACU Member States.*



*Engagement with the Private Sector in Botswana on the AEO implementation by the Botswana Unified Revenue Service and the SACU Secretariat. The event was held on the 17<sup>th</sup> May 2023 in Gaborone, under the theme "The Future of Doing Business is AEO".*



*Panel discussion during the AEO Programme National Consultation Awareness Session held in Eswatini on the 6<sup>th</sup> April 2023: Mr. Brightwell Nkambule, the Commissioner General of ERS; Mr. Thabo Khasipe, the Executive Secretary of SACU; Mr. E. Nathi Dlamini, the Chief Executive Officer of Business Eswatini; Mr. Mavela Sigwane of the Federation of Eswatini Business Community; and Ms. Precious Chauya, the Director of Customs Technical at ERS.*



*The Minister of Trade, Industry, Business Development and Tourism of Lesotho, Honourable Mokhele Shelile, together with the Executive Secretary of SACU, Mr. Thabo David Khasipe, and other officials during the AEO Programme National Consultation Awareness Session with the private sector, held on the 4<sup>th</sup> May 2023 in Lesotho*



## CO-CREATING SOLUTIONS AND SHARED VALUE INITIATIVES

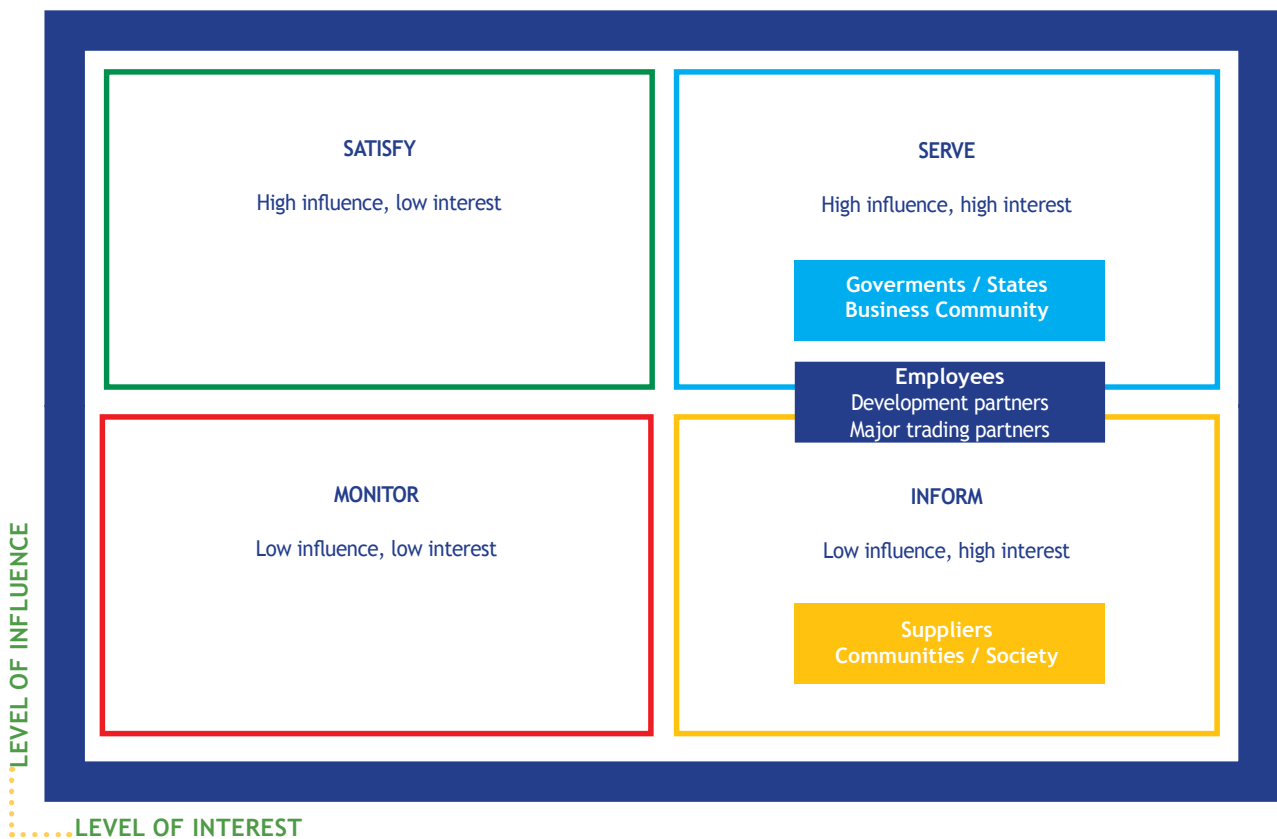
Beyond identifying and responding to stakeholder interests, we also actively engage our stakeholders in co-creating solutions and initiatives that generate shared value and impact. We believe that by leveraging the collective intelligence, resources, and commitment of our stakeholders, we can develop more innovative, effective, and sustainable solutions to the complex challenges facing our region.

As we move forward, we will continue to deepen and expand our stakeholder engagement and co-creation efforts, in line with our strategic objectives and the evolving needs and expectations of our stakeholders. We will also continue

to monitor, evaluate, and report on the effectiveness and impact of our stakeholder engagement initiatives, and to seek feedback and input from our stakeholders on how we can further improve our approaches and practices.

We are committed to building strong, mutually beneficial, and long-lasting relationships with our stakeholders, based on trust, respect, and shared value creation. We believe that by working together, we can achieve our vision of a prosperous, inclusive, and sustainable SACU, and contribute to the wider goals of regional integration, economic development, and social progress in Africa.

### Mapping SACU' stakeholders:







# 8 CHAPTER

## RISKS AND OPPORTUNITIES: NAVIGATING AN UNCERTAIN LANDSCAPE



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Stress-Testing our Strategy Against Plausible Scenarios	79

The Risks and Opportunities section adopts an integrated approach by considering the potential impact of risks and opportunities on SACU's value creation process and the six capitals. The inclusion of an integrated risk management framework, key risks and mitigation plans, and strategic opportunities demonstrates SACU's proactive approach to navigating uncertainty. By stress-testing its strategy against plausible scenarios, SACU showcases its resilience and adaptability in the face of change.



# RISKS AND OPPORTUNITIES: NAVIGATING AN UNCERTAIN LANDSCAPE

With the agility of the Kalahari's springbok, SACU navigates risks and seizes opportunities. Our proactive approach to risk management and adaptability ensures our resilience and success in an ever-changing landscape.

## INTEGRATED RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

In an increasingly complex and interconnected world, SACU faces a myriad of risks and opportunities that can significantly impact its ability to create value for its Member States and stakeholders. To navigate this uncertain landscape effectively, SACU has adopted an integrated risk management approach that considers the potential impact of risks and opportunities on its strategy, business model, and the six capitals that underpin its value creation process.

SACU's integrated Risk Management Framework is designed to identify, assess, prioritise, and manage risks and opportunities in a holistic and proactive manner. The Framework is aligned with international best practices, such as the ISO 31000 Standard on Risk Management, and is embedded throughout the organisation's governance structure.

The SACU Council of Ministers has overall responsibility for the organisation's risk governance, setting the tone at the top and ensuring that risk management is integrated into all decision-making processes. The Secretariat, under the leadership of the Executive Secretary, is responsible for implementing the Risk Management Framework and reporting on its effectiveness to the Council.

### Key features of SACU's risk governance include:

- A dedicated FRAC, comprising representatives from Member States and the Secretariat, which oversees the implementation of the Risk Management Framework and provides regular reports to the Council;
- Risk champions in each Directorate, who are responsible for identifying and managing risks specific to their areas of responsibility and escalating critical risks to the FRAC;
- Regular risk assessments and scenario planning exercises, which inform the development and refinement of SACU's strategy and risk mitigation plans; and
- A risk-aware culture, promoted through training, communication, and performance management, which encourages all staff to take ownership of risk management in their daily activities.

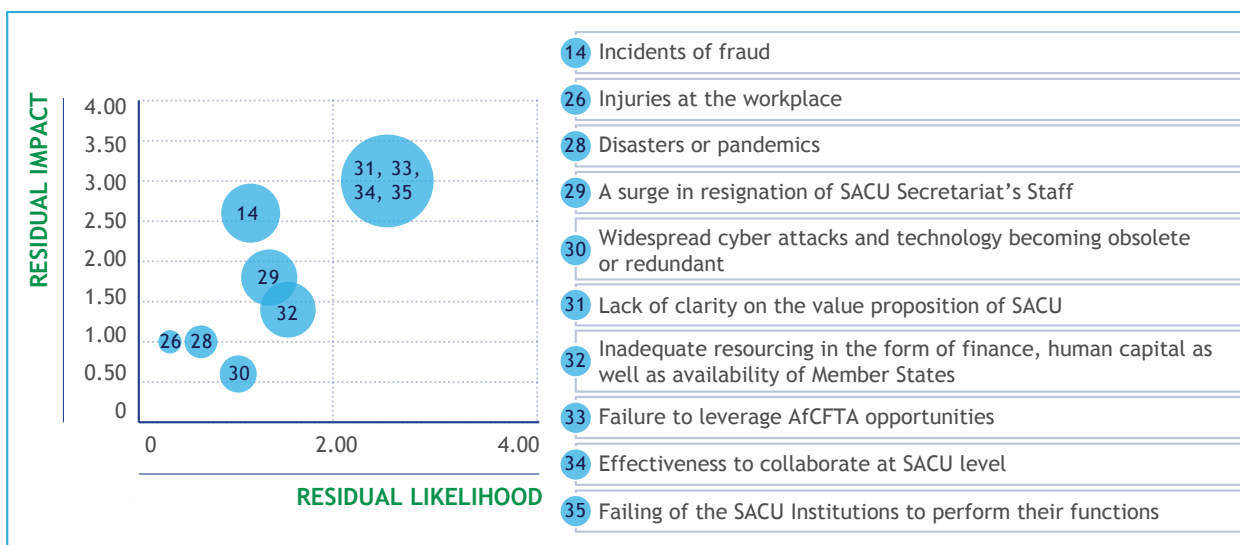


# KEY EXISTING AND EMERGING RISKS: HEAT MAP AND MITIGATION PLANS

Through its integrated risk management process, SACU has identified several key existing and emerging risks that could impact its ability to achieve its strategic objectives and create value over the short-, medium-, and long-term.

These risks are plotted on a heat map, which assesses their likelihood and potential impact, and informs the prioritisation of mitigation efforts.

## RISK HEAT MAP



For each key risk, SACU has developed a comprehensive mitigation plan that outlines the specific actions, resources, and timelines required to reduce the likelihood and/or impact of the risk. These plans are regularly reviewed and updated to ensure they remain relevant and effective in the face of changing circumstances.

Following the decisions of the 49<sup>th</sup> Meeting of the Council held on the 28<sup>th</sup> June 2023, in Ezulwini, Eswatini, a Risk Management Conference (RMC) will be facilitated during the June 2024 Institutional Meetings. The RMC will be in the form of an agenda item during the meetings of the FRAC, Commission, and Council to reflect on emerging strategic and compliance/governance risks. This will inform not only improvements to the 2024/25 Risk Register, but also business and risk planning for the 2025/26 FY, which will commence in August 2024.

The following are among the potential emerging risks and opportunities for SACU:

- Possible changes in the political leadership in the Member States and by extension leadership for SACU, which may affect the strategic direction of the Institution;
- Opportunity to leverage the extension of AGOA for the SACU Industrialisation programme;
- Possibility of changes to the SACU Strategic Plan, considering the mooted African Customs Union/Common Market;
- Potential changes in global payment systems; and
- Policy shifts due to the ongoing review of SACU free trade agreements (FTAs) with its trading partners.

The potential mitigations for these risks include:

- Identification of opportunities for SACU to utilise the US market, amongst others, to drive its industrialisation ambitions; and
- Considering, as part of the SACU reimagination process, the potential implications, including possible, plausible, and preferable future scenarios, for SACU if the mooted African Customs Union or Common Market would materialise.

The world is experiencing incidents of damage to cables running under the sea, which facilitate internet connectivity across continents, leading to reduced internet speed and capacity amongst other things. In this regard, some of the SACU Programme Activities could be affected by these risks including Trade Facilitation and Logistics; Finance and Resource Mobilisation; implementation of the AfCFTA; and effectiveness of SACU Institutions. Potential mitigations for this risk include:

- Diversification of internet infrastructure;
- Collaboration with other countries in monitoring and reporting cable damage;
- Disaster planning and preparedness; and
- Investing in new technologies, particularly artificial intelligence (AI) tools, which can provide generative strategies to combat the inherent risks.



## STRATEGIC OPPORTUNITIES: OUR PLAN TO CONVERT THEM INTO VALUE

Whilst the uncertain landscape presents many risks, it also offers significant opportunities for SACU to create value and advance its mission. By proactively identifying and seizing these opportunities, SACU can position itself as a catalyst for sustainable and inclusive growth in the region. Some of the key strategic opportunities and SACU's plans to convert them into value include:

1. The AfCFTA, which presents a unique opportunity to boost intra-African trade, attract investment, and promote industrialisation. SACU plans to leverage its experience as a well-functioning customs union to play a leadership role in the implementation of the AfCFTA, by harmonising trade policies and procedures, developing regional value chains, and promoting trade facilitation measures.
2. The digital transformation, which has the potential to revolutionise the way trade is conducted and services are delivered. SACU plans to embrace digital technologies, such as blockchain, AI, and the Internet of Things (IoT), to streamline customs processes, enhance transparency and traceability, and create new opportunities for e-commerce and digital trade.
3. The growing demand for sustainable and ethical products, which presents an opportunity for SACU to position itself as a global leader in responsible production and consumption. SACU plans to promote the adoption of sustainable practices in key sectors, such as agriculture, manufacturing, and tourism, and to develop a regional eco-labelling scheme to showcase the region's commitment to sustainability.

To convert these opportunities into tangible value, SACU will need to invest in building its human, technological, and institutional capabilities, and foster strong partnerships with the private sector, civil society, and international partners. By taking a proactive and innovative approach to opportunity management, SACU can create a virtuous cycle of growth, resilience, and shared prosperity.



# STRESS-TESTING OUR STRATEGY AGAINST PLAUSIBLE SCENARIOS

In an uncertain world, it is essential to regularly stress-test SACU's strategy against plausible future scenarios to assess its resilience and adaptability. By considering a range of possible outcomes, SACU can identify potential vulnerabilities and develop contingency plans to mitigate risks and seize opportunities. SACU conducts regular scenario planning exercises, which involve the following steps:

1. Identifying key drivers of change, such as technological disruption, geopolitical shifts, and climate change, that could significantly impact the region's economic and social landscape;
2. Developing plausible future scenarios based on different combinations and permutations of these drivers, ranging from best-case to worst-case scenarios;
3. Assessing the potential impact of each scenario on SACU's strategy, business model, and the six capitals, using both quantitative and qualitative methods;
4. Identifying the critical uncertainties and assumptions underlying SACU's strategy, and testing their validity and robustness under different scenarios; and
5. Developing contingency plans and strategic options to mitigate risks and seize opportunities in each scenario, and incorporating these into SACU's overall strategy and risk management framework.



# 6 CHAPTER

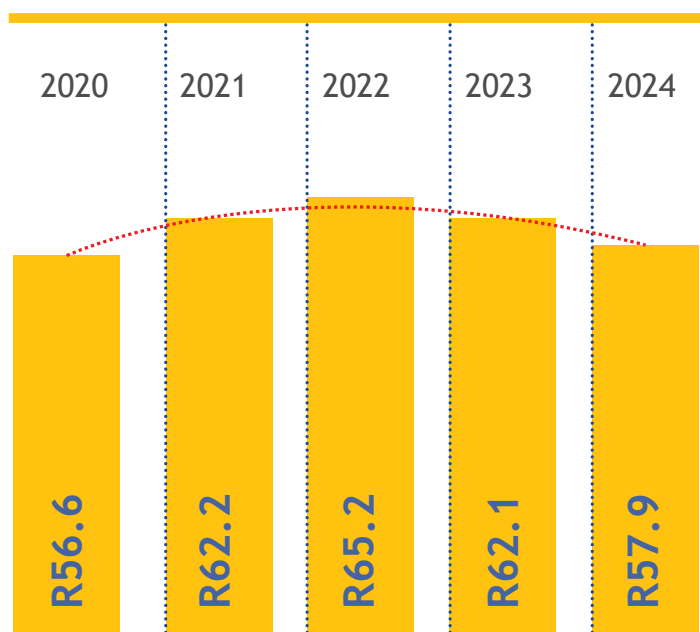
## STRATEGY AND RESOURCE ALLOCATION





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### Employee Costs



The Strategy and Resource Allocation section adopts an integrated approach by discussing SACU’s strategic objectives, resource allocation plans, and competitive positioning in relation to its value creation process. The inclusion of strategy enablers and performance indicators further enhances transparency and accountability.

# STRATEGY AND RESOURCE ALLOCATION

Like the Kalahari's hardy Hoodia plant, SACU strategically allocates its resources to thrive in challenging conditions. Our adaptable and efficient approach ensures that we maximise value creation and support the long-term success of our Member States.

## OUR STRATEGIC PLANNING APPROACH AND FRAMEWORK

SACU's Strategic Plan 2022-2027 provides a comprehensive roadmap for achieving the region's collective vision, mission, and strategic priorities over five years. The plan is underpinned by six Strategic Pillars that will guide SACU's actions and interventions, ensuring a focused and coordinated approach to addressing emerging regional and global opportunities and challenges.

Our strategic planning approach is anchored on extensive collaboration and consultation amongst Member States, guided by the lessons learned and progress made over the past

decade. The Strategic Plan builds on the region's achievements and milestones, whilst addressing the challenges encountered, to provide a solid foundation for advancing SACU's vision and mission.

The strategic framework is structured around six core Strategic Pillars, supported by a set of cross-cutting issues related to governance, accountability, and institutional arrangements. These pillars and cross-cutting issues ensure that the necessary conditions are in place to facilitate the successful implementation of the Strategic Plan.

## STRATEGIC OBJECTIVES FOR 2023/24


As a small and an open economy, it is necessary for SACU to respond in an agile manner to the opportunities and threats that it faces. This will allow it to serve as an engine for regional integration and development within Southern Africa.

For the period, 2022-2027, SACU will focus on the Strategic Pillars outlined below.





## Strategic Projects as implemented under the SACU Strategic Pillars

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p>Industrialisation, Export and Investment Promotion</p>	<p>Develop viable national, regional, continental, and global value chains</p> <p>Attract investment in strategic (priority) sectors with the potential for value addition at national and regional level</p> <p>Increase SACU's existing and potential level of exports in regional, continental, and global trade in goods</p>	<p>Value Chain Mapping for the Priority Sectors</p> <p>SACU Investment Facilitation Digital Monitor</p> <p>Regional Export Promotion Framework, Export Potential Model</p>
 <p>Trade Facilitation and Logistics with focus on (Customs Cooperation; Border Coordination; Behind the Border Measures; Coordinated implementation of Trade Agreements; and Transport and Logistics.</p>	<p>Create seamless trade and cross-border movements</p>	<p>Customs Modernisation Programme</p> <p>Trade Digitalisation and Digital Transformation Project</p> <p>Risk Management, Compliance and Enforcement Project</p> <p>Infrastructure Development Project</p>
 <p>Implementation and Leveraging of African Continental Free Trade Agreement opportunities.</p>	<p>Effectively implement the AfCFTA</p>	<p>Finalisation of Category A of the SACU Tariff Offer to the AfCFTA</p> <p>Formulation of SACU Tariff Offer on Categories B and C under the AfCFTA</p> <p>Awareness creation and information campaign on the implementation of the AfCFTA</p>
 <p>Trade Relations/Unified Engagement with Third Parties</p>	<p>Strengthen SACU's trade relations with third parties, including coordinated engagement in trade negotiations</p>	<p>Coordination of Member States participation in meetings/negotiating rounds</p> <p>Consolidation of existing Trade Agreements and their inbuilt reviews</p> <p>SACU Trade Policy Review</p> <p>SACU regional approach on E-Commerce</p>
 <p>Finance and Resource Mobilisation</p>	<p>Strengthen tax administration for effective revenue collection and distribution</p> <p>Effective Resource Mobilisation</p>	<p>Data quality enhancement initiatives</p> <p>UNSD collaboration for capacity building</p> <p>Financial support and technical assistance</p> <p>Trade data compliance and innovation</p>
 <p>Effectiveness of SACU Institutions</p>	<p>Strengthen relations and build partnerships to support SACU priorities</p> <p>Operational environment and utilisation of resources</p>	<p>Revamp of the SACU website</p> <p>SACU intranet system upgrade</p> <p>network and infrastructure security assessment</p> <p>Developments in the organisational structure, pay structure, and pay philosophy reviews</p>

## RESOURCE ALLOCATION PLANS AND STRATEGY ENABLERS

Successful implementation of the Strategic Plan requires the allocation of adequate financial and human resources. SACU will pursue innovative resource mobilisation strategies, including:

- Developing a regional compact on resource mobilisation;
- Increasing partnerships with international cooperating partners;
- Collaborating with Development Finance Institutions (DFIs) to leverage funding for industrialisation projects; and
- Optimising the Secretariat's operational efficiency through enhanced IT systems and human resource management.

Key strategy enablers include:

- A revised organisational structure for the Secretariat, aligned with the Strategic Plan's priorities;
- A results framework for monitoring and evaluating progress against set objectives;
- A mid-term evaluation to assess progress, achievements, and lessons learned;
- An effective communication and visibility strategy to disseminate information and maintain stakeholder buy-in; and
- Strong partnerships and collaboration amongst Member States, the Secretariat, and external stakeholders.



## COMPETITIVE POSITIONING AND STRATEGIC ADVANTAGES

SACU's Strategic Plan positions the region to capitalise on its unique strengths and competitive advantages:

- As the oldest customs union in the world, SACU has a wealth of experience and expertise in trade facilitation, revenue management, and regional integration;
- SACU's Member States share a common vision of industrialisation and economic development, providing a strong foundation for coordinated action;
- The region's abundant natural resources and diverse economic base offer significant potential for the development of regional value chains and industrial growth; and

- SACU's strategic location and existing trade agreements provide a platform for expanding market access and attracting investment.

By leveraging these competitive advantages and implementing the strategies outlined in the Strategic Plan, SACU aims to become a manufacturing and innovation hub for the continent, driving sustainable growth and development for its Member States.





# 10 CHAPTER

## OUR 2023/24 PERFORMANCE DASHBOARD





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The 2023/24 Performance Dashboard section represents a significant advancement in SACU's integrated reporting journey. By presenting a comprehensive scorecard of targets versus actuals across strategic KPIs, SACU provides a balanced view of its performance in relation to its strategic objectives. The inclusion of performance discussions and analysis by Strategic Pillar, regional performance, and impacts on the six capitals demonstrates SACU's integrated approach to performance management and reporting.

# OUR 2023/24 PERFORMANCE DASHBOARD

SACU's 2023/24 FY performance, like the Kalahari's hardy camelthorn tree standing strong amidst the desert, demonstrates our ability to create value despite challenging circumstances. Our solid results showcase the resilience and effectiveness of our strategy and operations.


## PERFORMANCE DISCUSSION AND ANALYSIS BY STRATEGIC PILLAR

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
For the period under review, the Secretariat continued to coordinate and facilitate activities focused on industrialisation, through the development of regional value chains, export promotion, investment attraction, and promotion.		
 <p><b>PILLAR 1</b> Industrialisation, export and investment promotion</p>	<ul style="list-style-type: none"> <li>■ Develop viable national, regional, continental, and global value chains</li> <li>■ Attract investment in strategic (priority) sectors with the potential for value addition at national and regional levels</li> <li>■ Increase SACU's existing and potential level of exports in regional, continental, and global trade in goods</li> </ul>	<p><i>Fertilisers, agro-chemicals, and seed production</i> – The constituted task team on fertilisers, agro-chemicals, and seed production continued work and developed an implementation plan for the work to be undertaken. Work is ongoing to engage a consultant to develop a study on fertilisers, agro-chemicals, and seed production to provide the status and readiness for the development of regional value chains and to propose projects that could be advanced.</p> <p><i>Pharmaceuticals validation workshop</i> – A validation workshop on pharmaceuticals was held on the 14<sup>th</sup> July 2023. The workshop validated the outcomes and recommendations from another workshop held on the 24<sup>th</sup> August 2021. The outcomes and recommendations from the recent workshop will form the basis of the work on pharmaceuticals going forward, including the development of the roadmap to implement this work.</p> <p><i>Pilot projects for development of regional value chains</i> – Member States agreed to leverage and build on work undertaken thus far, which includes work done on value chain mapping, sectoral roundtables, and the projects submitted during the investment roundtable. 'Meat and meat products', 'Leather and leather products', and 'Fruits and vegetables' were identified as sectors that could be considered in the identification of pilot projects. Subsequently, 'Fruits and vegetables' was identified to have promising projects that are ready and could bring results within a short period of time. Work is ongoing to identify projects under 'Fruits and vegetables' for development of regional value chains.</p> <p><i>Sectoral reports</i> – SACU finalised the digital sectoral reports on 'Fruits and vegetables', 'Meat and meat products', 'Leather and leather products', 'Textiles and clothing', and 'Cosmetics and essential oils'. The reports have since been uploaded on the SACU website.</p> <p><i>SACU Investment Facilitation Digital Monitor</i> – Work continued with the launch of the SACU Investment Facilitation Digital Monitor in collaboration with the United Nations Conference on Trade and Development (UNCTAD). The Digital Monitor is expected to describe the steps necessary to obtain all mandatory registrations to legally operate a company in respective countries, and will also provide details on the approval processes to obtain mandatory registrations. Subsequently, training was facilitated by UNCTAD to equip Member States on the use of the SACU Digital Monitor. The Digital Monitor can be accessed online.</p>

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 2</b></p> <p>Trade Facilitation and Logistics with focus on Customs Cooperation; Border Coordination; Behind the Border Measures; Coordinated implementation of Trade Agreements; and Transport and Logistics</p>	<p>Create seamless trade and cross-border movements</p>	<p>The Customs Modernisation Programme is used as a basis for implementation of the SACU Trade Facilitation and Logistics Programme.</p> <p>(a) Trade Digitalisation and Digital Transformation Project The Trade Digitalisation and Digital Transformation Project mainly targets operational, administrative, and procedural solutions. The key focus is on automation and digitalisation to address impediments and onerous trade requirements from Government.</p> <p>Agencies in the Common Customs Area: The main goal to be pursued includes the migration from paper-based and manual transactions to paperless cross border transactions, and streamlining of permits, licences, imports, exports, and transit processes, procedures, and requirements across all Government Agencies mandated to facilitate trade. Some of the ongoing initiatives implemented in the region that are aligned to this project include IT Connectivity under the SACU Customs Modernisation Programme. To date Botswana, Eswatini, Lesotho, and Namibia are connected to South Africa and also exchanging data automatically. This initiative is a starting point for connectivity of systems in SACU and this work will form the basis for further work under this project.</p> <p>Business Process Re-engineering (BPR) will be pursued to attain the simplification, harmonisation and/or mutual recognition that will underpin the digital journey. The vision is to ensure that all digital solutions implemented within SACU are interoperable and interconnected at the national and regional levels. The digital solutions should also aim to facilitate interconnection with other regional systems within the continent and beyond to facilitate mutual recognition of traders. This will contribute significantly to the competitiveness of SACU businesses in general and more specifically under the AfCFTA.</p> <p>(b) Risk Management, Compliance and Enforcement Project The Risk Management, Compliance and Enforcement Project will mainly address issues related to compliance, safety, and security of the supply chain. In addition, the Risk Management component will also include business continuity, operational resilience, and redundancy plan. The project will also target non-compliance, illicit trade, and circulation of high-risk goods and commodities within the Common Customs Area.</p> <p>Amongst others it will also include initiatives to promote voluntary compliance amongst traders and awarding of incentives and recognition of traders that are consistent in their compliance records.</p> <p>In terms of the Risk Management Strategy, the SACU region has a baseline from the work undertaken within the Customs Modernisation Programme. As such, the focus will be to strengthen the existing SACU Regional Customs Risk Management Strategy to include and incorporate new areas of work. In addition, the SACU Customs Modernisation Programme delivered on Joint Customs Enforcement Operations. These will be extended to include Other Government Agencies. The approved SACU Regional Authorised Economic Operator Programme is also implemented as a flagship Programme and the focus was on Customs and moving forward. Our priority is to include Other Government Agencies as part of the Single Government AEO Programme under the umbrella SACU Trade Facilitation and Logistics Programme.</p>

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 2</b></p> <p>Trade Facilitation and Logistics with focus on Customs Cooperation; Border Coordination; Behind the Border Measures; Coordinated implementation of Trade Agreements; and Transport and Logistics</p>	<p>Create seamless trade and cross-border movements</p>	<p>For the year under review, the focus of the Trade Facilitation and Logistics Programme was on development of the Operational Plan that was approved by the Council of Ministers in June 2023 and continued implementation of the Customs Modernisation Programme. The Operational Plan further outlines the three projects and related initiatives that will be implemented under the Trade Facilitation and Logistics Programme. These are:</p> <ul style="list-style-type: none"> <li>■ Trade Digitalisation and Digital Transformation Project;</li> <li>■ Risk Management, Compliance and Enforcement Project; and</li> <li>■ Infrastructure Development Project.</li> </ul> <p>Under the Customs Modernisation Programme, for the year under review, the focus included:</p> <ul style="list-style-type: none"> <li>■ Expanding the Authorised Economic Operator (AEO) Programme from 175, with a target of 510 traders;</li> <li>■ Launching anti-illicit trade campaigns and joint operations;</li> <li>■ Achieving a 90% data match rate for IT connectivity;</li> <li>■ Supporting trade agreements implementation (AfCFTA, SACUM-UK EPA, EU-SADC EPA, and others); and</li> <li>■ Continued capacity-building and technical assistance.</li> </ul> <p>Key successes include the accreditation of 531 AEOs, surpassing the regional target. This included substantial trader engagement and the creation of a Mutual Recognition Arrangement (MRA) for AEOs across SACU. There was successful engagement of a total of 1,383 traders respectively in Member States. In addition, a total of 997 traders, and 63 other Government Agencies were engaged collectively to create visibility and awareness at a regional level. A total number of applications for AEO received by the respective Member States are 419 of which 356 were successful and accredited respectively in Eswatini and South Africa as at the end of the 2023/24 Financial Year.</p> <p>Furthermore, the SACU Regional Mutual Recognition Arrangement (MRA), enabling facilitation of AEOs within the Common Customs Area, was successfully developed. The MRA was signed by all the Commissioners General on the 31<sup>st</sup> May 2023. Additionally, the IT connectivity initiative improved with stable data exchanges, although it achieved a 66% match rate against the 90% target. On Risk Management, Compliance and Enforcement, a Joint Customs Enforcement anti-illicit operation on secondhand motor vehicles and parts was conducted on the 11<sup>th</sup> December 2023 to the 15<sup>th</sup> January 2024. The operation led to significant seizures. Goods amounting to the value of R3,866,108.00 were intercepted during the operation. A total of R53,0117.28 customs duty, and R722,965.00 Value Added Tax (VAT) as well as a penalty to the amount of R23,1073.00 was collected during the operation. In addition, capacity-building efforts were made with 143 Customs Officials trained on SACU Regional AEO Programme.</p> <p>In addition, the TFTC-SO worked on the inputs to the Implementation Plan for the Strategic Plan and this work will be completed in the 2024/25 FY. The TFTC-SO agreed to resuscitate their Technical Working Groups (TWGs) on:</p> <ul style="list-style-type: none"> <li>■ Customs Experts;</li> <li>■ Border Coordination Experts;</li> <li>■ Trade Negotiations, SPS, and Health Experts; and</li> <li>■ Logistics and Transport; and (v) Private Sector.</li> </ul>



STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 2</b> Trade Facilitation and Logistics with focus on Customs Cooperation; Border Coordination; Behind the Border Measures; Coordinated implementation of Trade Agreements; and Transport and Logistics</p>	Create seamless trade and cross-border movements	<p>The TWGs will assist the TFTC-SO to conclude the remaining assignment to:</p> <ul style="list-style-type: none"> <li>■ Review and submit proposals to the Commission and Council on the Operational Structure for the Trade Facilitation and Logistics Programme;</li> <li>■ Rationalise the Customs Modernisation Programme into the overall work of the Trade Facilitation and Logistics Programme; and</li> <li>■ Complete the list of activities and results framework to be included in the Draft Implementation Plan for the Strategic Plan 2022-2027.</li> </ul> <p>One challenge identified during the year under review was the delayed approval of the proposed Operational Structure that will be used to implement the Trade Facilitation and Logistics Programme. The proposed structure of the programme intends to streamline its work to effectively use the resources at regional and Member States levels. The current configuration and set structures that are coordinated under the Trade Facilitation and Logistics Programme consist of 12 configurations of Committees and TWGs under the Customs Modernisation Programme, and six configurations of the Committees and TWGs. In total, the Secretariat is expected to coordinate the work of 18 committees under the Trade Facilitation and Logistics Programme. The new structure seeks to streamline the work of the respective committees to remain with six committees under the Trade Facilitation and Logistics Programme.</p> <p>Strengthen data matching accuracy under IT Connectivity as part of the Trade Digitalisation and Digital Transformation Project. Develop an implementation plan for the SACU AEO Programme Mutual Recognition Arrangement. Engage other government agencies (OGAs) to request their participation in the SACU Regional AEO Programme Mutual Recognition Arrangement, in order to deliver a holistic solution for businesses, as well as to enable OGAs to participate in joint enforcement operations within SACU, providing a comprehensive approach to combat illicit trade and revenue leakage. Continued capacity building and strengthening of programme management.</p> <p>The main outlook and focus for the 2024/25 Financial Year will be to:</p> <ul style="list-style-type: none"> <li>■ Rationalise the Customs Modernisation Programme into the overall work on the Trade Facilitation and Logistics Programme;</li> <li>■ Conclude work on the revision of the Operational Structure for the Trade Facilitation and Logistics Programme; and</li> <li>■ Complete the list of activities and results framework to be included in the Draft Implementation Plan for the Strategic Plan 2022-2027.</li> </ul>


STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 3</b> Implementation and leveraging of AfCFTA opportunities</p>	Effectively implement the AfCFTA	<p>During the 2023/24 FY, the key activities which the region embarked upon under this pillar include the finalisation and adoption of Category A of the SACU common tariff offer to the AfCFTA and its implementation. In this regard, the Secretariat facilitated the verification exercise on the SACU Tariff Offer and ensured its readiness for adoption. A key achievement was therefore the adoption of the SACU Provisional Schedule of Tariff Concessions (PSTC) by the AfCFTA Council of Ministers in May 2023, which triggered the national processes. This included the gazetting and publishing of the PSTC by South Africa in January 2024, which, by default, extended the operationalisation of the AfCFTA in Lesotho and Eswatini. This step officially actualises the start of a trade by the SACU Member States under the AfCFTA.</p> <p>Upon adoption of the SACU PSTC, the region intensified consultations towards the formulation of common positions on Categories B and C. It expected for the work to be completed by June 2024.</p> <p>In addition, the region embarked on publicity and awareness creation for the business community to leverage on the market access under the AfCFTA. A key milestone was successfully hosting of the information sharing workshop and regional dialogue on opportunities towards the implementation of the AfCFTA, held on the 1<sup>st</sup> and 2<sup>nd</sup> June 2023, in collaboration with the UNDP and the AfCFTA Secretariat.</p> <p>The outlook for 2024/25 includes:</p> <ul style="list-style-type: none"> <li>■ Botswana and Namibia expediting their national processes to gazette and publish the SACU PSTC, so that the implementation of the AfCFTA is applied uniformly across all SACU Member States; and</li> <li>■ Consolidation and submission of the SACU Tariff Offer for Categories B and C, which will lead to bilateral tariff negotiations with AfCFTA Trading Partners of key interest to SACU. This will safeguard SACU's offensive interests being taken into consideration by those partners while finalising their PSTCs.</li> </ul>



STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 4</b></p> <p>Trade relations/ unified engagement with third parties</p>	<p>Strengthen SACU's trade relations with third parties, including coordinated engagement in trade negotiations</p>	<p><b>TFTA</b> – The Secretariat reinvigorated the bilateral discussions between SACU and East African Community (EAC) on the outstanding issues of technical tariff negotiations under the Tripartite Free Trade Area (TFTA) between the Common Market for Eastern and Southern Africa, the Eastern African Community, and the Southern African Development Community (COMESA-EAC-SADC), Tripartite Free Trade Area (TFTA), which remained inactive for years owing to the prioritisation of the AfCFTA by the Members/Partner States. Although, there was no conclusion on these issues, the engagement between the EAC and SACU technical teams infused positive development toward a mutual solution for both parties, thereby paving the way for the implementation of the tariff concessions agreed between EAC and SACU under the TFTA umbrella.</p> <p><b>SADC</b> – The Secretariat continued to support to Member States toward the consolidation and implementation of the SADC Protocol on Trade as well as collaborate and create synergies with the SADC Secretariat on the work programme related to the implementation of the AfCFTA across all SADC Member States. This was achieved through participation in the workshop.</p> <p><b>SACU-MERCOSUR PTA</b> – The focus on facilitating the implementation of the preferential trade agreement (PTA) was on the exchanges of the updated authorised signature and specimen of stamp impression for Rules of Origin. The Secretariat also facilitated the engagements between the parties regarding customs and Rules of Origin.</p> <p><b>E-commerce</b> – For the year under review, a workshop on e-commerce was held on the 13<sup>th</sup> and 14<sup>th</sup> September 2023, supported by UNCTAD and the Commonwealth Secretariat. The workshop considered the current trends in e-commerce and the digital economy and related policies and regulatory responses, and also involved the national experiences of SACU Member States in developing e-commerce policies. The workshop also provided proposals on the SACU Regional Framework on e-commerce, including recommendations on how to advance work in this area. Going forward, engagements will be held by the SACU experts to consider the outcomes of the workshop and make recommendations that will guide on the way forward.</p>





STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 4</b> Trade relations/ unified engagement with third parties</p>	<p>Strengthen SACU's trade relations with third parties, including coordinated engagement in trade negotiations</p>	<p><b>SACUM-UK EPA</b> – Some progress was made on the Built-in Agenda and Transitional Arrangements through exchanges between SACU and Mozambique (SACUM) and the UK. A notable achievement in this area was the successful hosting of the 2<sup>nd</sup> SACUM-UK Trade and Development Committee (TDC) on the 5<sup>th</sup> April 2023.</p> <p><b>WTO Trade Policy Review</b> – The SACU region underwent its 5<sup>th</sup> joint Trade Policy Review under the World Trade Organisation in October 2023 in Geneva, Switzerland. The Trade Policy Review Mechanism (TPRM) is one of the most important transparency mechanisms of WTO. Its purpose is to examine and evaluate WTO Member countries' trade and related policies at regular intervals and contribute to the improved adherence by all Members to rules, disciplines and commitments made under the different WTO Agreements. SACU Member States have an obligation to be reviewed every seven years.</p> <p>The review process was led by the Kingdom of Lesotho, as the Chair of SACU. Ambassador Simon Manley of the United Kingdom was the discussant and his role was to stimulate the debate. The Secretariat continued to facilitate Member States' work to the responses to questions raised during the Trade Policy Review. Member States also considered matters related to the post-Trade Policy Review workshop to be undertaken in collaboration with the WTO Secretariat. The post-Trade Policy Review workshop is scheduled for November 2024.</p> <p>The outlook for 2024/25 involves finalising the review of the SACU-EFTA FTA and the Built-in Agenda under the SACUM-UK. The Secretariat will also continue to facilitate Member States notifications obligations under the Agreements including compilation and transmission of statistics on Tariff Rate Quota under the SACUM-UK EPA and EU-SADC EPA. Furthermore, the Secretariat will commission a study on the utilisation of trade agreements and analysis of possible future trade relations with third parties to further guide the region's trade patterns including the uptake of the current market dispensations.</p>






STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 5</b> Finance and resource mobilisation</p>	<ul style="list-style-type: none"> <li>■ Strengthen tax administration for effective revenue collection and distribution</li> <li>■ Effective Resource Mobilisation</li> </ul>	<p>The Secretariat implemented various activities aimed at the strengthening of data quality and management as well as determination of annual revenue shares through trade data audits in the Member States and calculation of revenue shares for the Member States which included trade data reconciliation. There was collaboration with the United Nations Statistics Department (UNSD) in conducting a capacity-building session on Statistical Data and Metadata eXchange (SDMX) and Trade Data Tools for the Trade Data Compilers. This aimed at capacitating the Trade Data Compilers in the Member State level with the necessary skills to support the data reconciliation process which is critical to uphold the quality and credibility of the compilation and trade data reconciliation process.</p> <p>In addition, financial support from UNSD was mobilised for eight Data Compilers to participate in the aforementioned training session. In collaboration with the COMESA Secretariat, provided technical assistance for the full implementation of the Eurotrace system to the Botswana Unified Revenue Service (BURS). This will contribute to the improvement of the compilation and reporting of trade statistics.</p> <p>The trade data audits that were carried out in the Member States in terms of compliance to the SACU Data Integrity Minimum Standard (DIMS), revealed that the trade data produced complies with the standards, thus meeting the desired quality. Additionally, the Member States continuously explore emerging technological tools on data management and dissemination platforms such as Trade Data Tools and the Statistical Data Metadata eXchange (SDMX).</p> <p>The 2024/25 revenue shares for the Member States were successfully determined as outlined below:</p> <ul style="list-style-type: none"> <li>■ Facilitation of the Process for the Determination of the Member States' Revenue Shares</li> <li>■ The estimated Common Revenue Pool for the 2023/24 FY reached R137.06 billion, representing a 20.0% increase from the R109.60 billion in 2022/23 FY.</li> </ul>

## RESOURCE MOBILISATION

To support the implementation of the SACU Strategic Plan, strategic development partners were engaged to mobilise additional resources. In the current period, SACU managed to secure support amounting to R4.19 million from the development partners.



STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 6</b> Effectiveness of SACU institutions</p>	<ul style="list-style-type: none"> <li>■ Strengthening relations and building partnerships to support SACU priorities</li> <li>■ Operational environment and utilisation of resources</li> </ul>	<p><b>SACU website revamp</b> The Secretariat has successfully redesigned its website, incorporating additional features, enhancing interactivity, providing a more user-friendly interface, resulting in an overall improved user experience. The new site boasts enhanced features and improved navigation tools, ensuring that users can easily access the information they need. With its updated look and advanced functionality, the website is now more intuitive and efficient. These improvements reflect the Secretariat's commitment to offering a seamless digital experience for its stakeholders and the general public.</p> <p><b>SACU intranet system upgrade</b> In its efforts to achieve its paper-lite strategy and enhance operational efficiency, the Secretariat upgraded its SharePoint-based Intranet System from SharePoint 2016 to SharePoint Online. This upgrade entailed, amongst others, the migration of the system as well as its content including documents, records, and electronic workflows from on-premises servers to SharePoint online servers. The objectives of this upgrade were to enhance system availability and accessibility from anywhere, improve document integrity and provide non-repudiation through the incorporation of digital signatures, enhance security, and above all align with international best practices and standards. The upgrade will help ensure that the Secretariat's intranet system continues to serve as an effective tool for the Secretariat's documents and records management as well as for workflow and collaboration.</p> <p><b>Network and infrastructure security assessment</b> The Secretariat completed a comprehensive security assessment aimed at identifying potential flaws and shortcomings within its ICT network and infrastructure. This assessment encompassed a range of security domains, including network and firewall security testing, web application testing, social engineering, wireless network security testing, vulnerability assessment, and database security testing. Its objective was to thoroughly evaluate the Secretariat's security posture, pinpoint potential vulnerabilities, and propose strategies to fortify the overall security resilience. The outcomes of this exercise will play a crucial role in identifying measures to enhance security, making the Secretariat's network and infrastructure more robust and resilient against potential penetrations.</p>

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/PROGRAMMES
 <p><b>PILLAR 6</b></p> <p>Effectiveness of SACU institutions</p>	<ul style="list-style-type: none"> <li>■ Strengthening relations and building partnerships to support SACU priorities</li> <li>■ Operational environment and utilisation of resources</li> </ul>	<p><b>Developments in the Organisational Structure, Pay Structure, and Pay Philosophy Reviews</b></p> <p>The reviews of the Organisational Structure, the Pay Structure and Pay Philosophy as well as all recruitment remain frozen pending the completion of the reimagining of SACU. At the time when these two reviews were frozen by the Council, substantive work had already been undertaken. In the meantime, the Secretariat has extended its engagement of three seconded staff from the Kingdom of Lesotho and the Republic of Namibia to provide capacity in the trade facilitation and customs areas. The three secondees provide capacity to the existing twenty-three professional staff and thirteen support staff of the Secretariat.</p> <p><b>The thirty-six substantive staff, excluding secondees, are from all Member States and are as follows:</b></p> <ul style="list-style-type: none"> <li>■ Republic of Botswana: Seven</li> <li>■ Kingdom of Lesotho: Six</li> <li>■ Kingdom of Eswatini: Three</li> <li>■ Republic of Namibia: Eighteen (of these, support staff are twelve, and professional staff are six)</li> <li>■ Republic of South Africa: Two</li> </ul> <p>These figures represent the gender distribution of eighteen females and eighteen males. The Executive Management has six Members. Training has also been suspended. However, all staff were trained on the prioritised Change Management programme as part of the review of the Organisational Structure.</p>



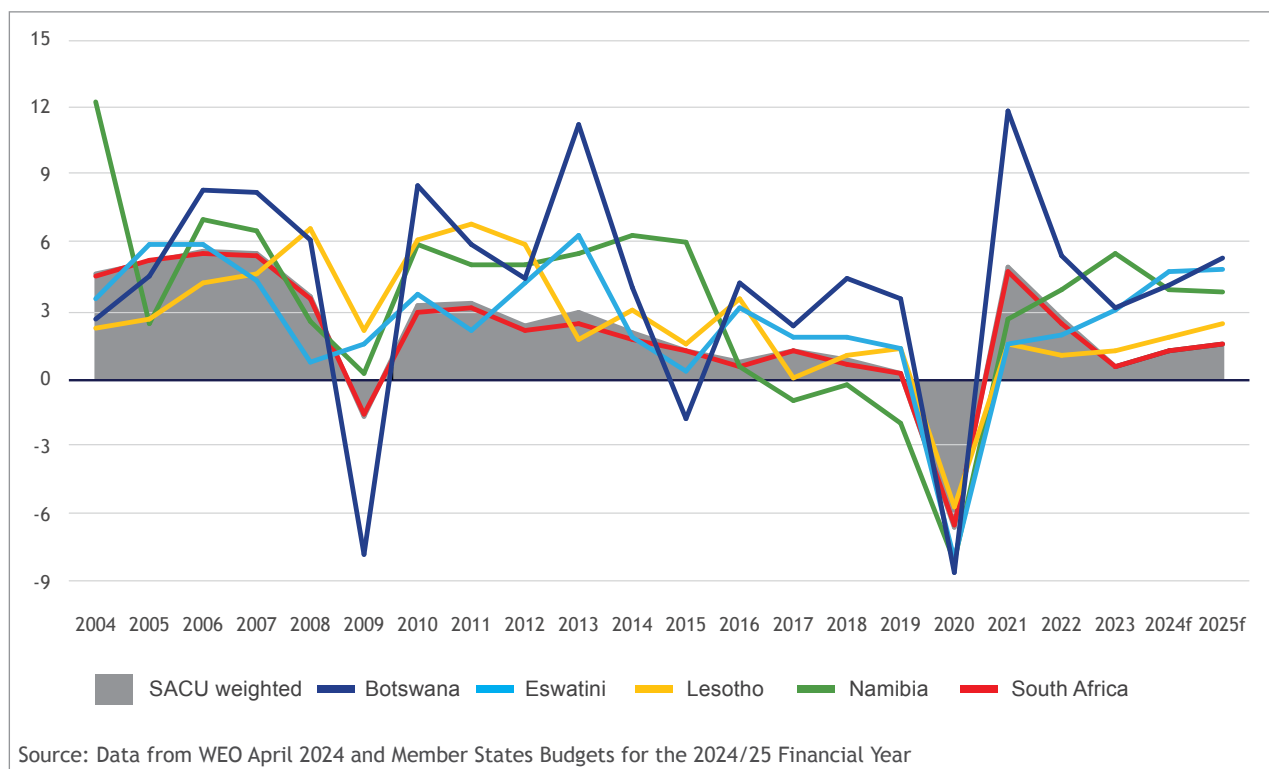
## SACU Member States' Economic Performance

The performance of SACU's Member States in 2023/24 was shaped by a complex interplay of socio-economic, political, technological, regulatory, and trade-related factors.

Whilst each Member State faced unique challenges and opportunities, there were several common threads that emerged across the region.

The overall weighted growth in the SACU region is estimated to have contracted by 6.5 percent in 2020 from 0.3 percent in 2019 amid recent growth revisions by the Member States. Growth later recovered to an estimated 5.0 percent in 2021 but declined to 2.7 percent in 2022; down to 0.6 percent in 2023. Regional growth is forecast to improve slightly to 1.3 percent in 2024, reaching 1.6 percent in 2025.

### SACU Regional Economic Growth Rates (annual % change)







## BOTSWANA

In 2023/24, Botswana made significant strides in diversifying its economy and reducing its dependence on diamond exports. The country's Economic Recovery and Transformation Plan (ERTP) gained momentum, with a focus on developing high-potential sectors such as tourism, agriculture, and financial services. The successful completion of the Kazungula Bridge project, linking Botswana and Zambia, enhanced regional connectivity and trade. Botswana also made notable progress in its transition to a knowledge-based economy, with the establishment of the Botswana Digital and Innovation Hub and the launch of the Botswana Innovation Fund. However, the country continued to grapple with high levels of unemployment, particularly among the youth, and the need to ensure more inclusive growth.





## ESWATINI

Eswatini's economy showed signs of recovery in 2023/24, supported by a rebound in the manufacturing and agriculture sectors. The country's efforts to improve its business environment and attract investment began to yield results, with the successful implementation of the Investor Roadmap as well as the continued efforts in investor promotion by the Eswatini Investment Promotion Authority. Eswatini also made progress in its efforts to promote financial inclusion, with the launch of the Eswatini Financial Inclusion Strategy and the expansion of mobile banking services. However, the country continued to face several socio-economic challenges including high levels of unemployment, particularly amongst the youth, poverty and inequalities.



## LESOTHO

Lesotho's economic performance in 2023/24 was bolstered by the recovery of the textile and garment industry, which benefited from the reopening of global markets and the country's continued eligibility for the African Growth and Opportunity Act (AGOA). The country also made progress in implementing its National Strategic Development Plan II, which prioritises economic diversification, infrastructure development, and human capital development. Lesotho's successful completion of the Lesotho Highlands Water Project Phase II strengthened its position as a key water supplier to the region. However, the country continued to face challenges related to political instability, high levels of poverty and inequality, and the need to build resilience to climate change.





## NAMIBIA

Namibia's economy rebounded in 2023/24, driven by a recovery in the mining, tourism, and agriculture sectors. The country's Green Hydrogen strategy gained traction, with significant investments in renewable energy and the establishment of the Namibia Green Hydrogen Council. Namibia also made notable progress in its efforts to promote sustainable fisheries management and develop its blue economy, with the launch of the Namibia Blue Economy Strategy. However, Namibia continued to face challenges related to high levels of unemployment, income inequality, and the need to diversify its economy.





## SOUTH AFRICA

South Africa's economy showed signs of recovery in 2023/24, supported by the successful rollout of its Economic Reconstruction and Recovery Plan. The country made significant progress in implementing structural reforms in key sectors such as energy, telecommunications, and transport, which helped to boost investor confidence and unlock growth.

South Africa's successful hosting of the BRICS Summit and the African Investment Forum showcased its leadership role in advancing regional integration and investment. However, South Africa continued to face challenges related to high levels of unemployment, poverty, and inequality, as well as the need to accelerate the transition to a low-carbon economy.



## General socio-economic perspective

All SACU Member States continue to grapple with the ongoing impacts of the COVID-19 pandemic, which disrupted livelihoods and exacerbated existing inequalities. However, the gradual reopening of economies in recent years led to a rebound in growth, with Botswana, Eswatini, Lesotho, Namibia, and South Africa reporting in 2023 an overall GDP weighted average growth rate of 0.6 percent, respectively. This growth was supported by a combination of fiscal stimulus measures, monetary policy interventions, and targeted support for vulnerable populations and sectors.







## General technological advancements

The accelerated adoption of digital technologies, such as mobile banking, e-commerce, and remote working solutions, helped to mitigate the impact of the pandemic and opened up new opportunities for businesses and consumers. However, the digital divide remains a persistent challenge, with uneven access to internet connectivity and digital skills across the region. To address this, SACU Member States invested in expanding digital infrastructure and promoting digital literacy, with initiatives such as the SACU Digital Transformation Strategy.

## General regulatory and legislative developments

The implementation of the AfCFTA agreement created new opportunities for intra-African trade and investment, but also required Member States to harmonise their trade policies and regulations. SACU played a key role in coordinating Member States' engagement with the AfCFTA, ensuring a coherent and strategic approach to the negotiations. At the same time, Member States continued to implement domestic reforms aimed at improving the ease of doing business, attracting investment, and promoting competition.

## UNPACKING OUR IMPACTS ON THE CAPITALS

CAPITAL	Positive Impacts	Negative Impacts
<b>Financial</b> 	<ul style="list-style-type: none"> <li>■ Increased revenue for Member States through the Customs Modernisation Programme</li> <li>■ Improved fiscal stability and economic growth through regional integration initiatives</li> <li>■ Increased funding for regional development projects through partnerships with DFIs</li> </ul>	<ul style="list-style-type: none"> <li>■ Potential short-term costs of implementing trade facilitation measures</li> <li>■ Possible revenue losses for some Member States due to tariff reductions under AfCFTA</li> </ul>
<b>Manufactured</b> 	<ul style="list-style-type: none"> <li>■ Development of regional transport corridors and logistics hubs</li> <li>■ Increased investment in industrial infrastructure and production capacity</li> <li>■ Upgrading of border posts and trade facilitation infrastructure</li> <li>■ Develop One Stop Border Posts, Single Windows, and Regional Cargo Conveyance Decontamination Centre. The supporting components required include rehabilitation of ailing road infrastructure at prioritised commercial border posts to support implementation of the Trade Facilitation and Logistics Programme</li> <li>■ Development and implementation of the SACU Integrated Risk Management, Compliance and Enforcement Strategy, including SACU Single AEO Programme to secure the supply chain</li> <li>■ Trade Digitalisation and Digital Transformation to cater for automation, interconnectivity of systems and digitalisation of paper based and manual processes.</li> </ul>	<ul style="list-style-type: none"> <li>■ Risk of stranded assets if regional integration initiatives are delayed or abandoned</li> <li>■ Potential displacement of some local industries due to increased regional competition</li> </ul>
<b>Human</b> 	<ul style="list-style-type: none"> <li>■ Creation of new jobs and skills development opportunities through regional value chains</li> <li>■ Enhanced capacity of trade officials, negotiators, and policymakers through training and technical assistance</li> <li>■ Improved social outcomes (e.g., health, education) through increased investment and revenue sharing</li> </ul>	<ul style="list-style-type: none"> <li>■ Possible job losses in some sectors due to structural changes in the economy</li> <li>■ Risk of brain drain if skilled workers migrate to other regions for better opportunities</li> </ul>
<b>Intellectual</b> 	<ul style="list-style-type: none"> <li>■ Development of new knowledge, expertise, and innovation through regional collaboration and research</li> <li>■ Sharing of best practices and lessons learned across Member States</li> <li>■ Enhancement of SACU's reputation and credibility as a leading regional integration body</li> <li>■ Establishing Centres of Excellence as part of sustaining existing human capital whilst developing novice knowledge to align to best practices (this is part of the Trade Facilitation and Logistics Programme)</li> </ul>	<ul style="list-style-type: none"> <li>■ Potential loss of traditional knowledge and cultural heritage if not adequately protected</li> <li>■ Risk of intellectual property disputes if regional frameworks are not harmonised</li> </ul>
<b>Social and Relationship</b> 	<ul style="list-style-type: none"> <li>■ Strengthened relationships and trust among Member States through regular engagement and cooperation</li> <li>■ Enhanced partnerships with private sector, civil society, and international organisations</li> <li>■ Increased social cohesion and regional identity through people-to-people exchanges and cultural initiatives</li> </ul>	<ul style="list-style-type: none"> <li>■ Possible tensions and conflicts if regional integration benefits are not equitably shared</li> <li>■ Risk of social disruption and displacement if economic changes are not well managed</li> </ul>
<b>Natural</b> 	<ul style="list-style-type: none"> <li>■ Promotion of sustainable trade and investment practices through green industrial policies and standards</li> <li>■ Increased cooperation on transboundary natural resource management and environmental protection</li> <li>■ Adoption of circular economy principles and practices in regional value chains</li> </ul>	<ul style="list-style-type: none"> <li>■ Potential environmental degradation and biodiversity loss if industrial development is not well regulated</li> <li>■ Increased pressure on natural resources due to population growth and urbanisation</li> <li>■ Risk of climate change impacts (e.g., droughts, floods) on regional trade and livelihoods</li> </ul>

# 11 CHAPTER

## PEERING INTO SACU'S FUTURE





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Expected Effects on our Business Model and Capitals	110

The Peering into SACU's Future section adopts an integrated approach by considering the potential impact of future trends, strategic shifts, and performance commitments on SACU's value creation process. By discussing the expected effects on the business model and the six capitals, SACU demonstrates integrated thinking in its long-term planning.

# PEERING INTO SACU'S FUTURE

As the majestic giraffe scans the Kalahari horizon for new opportunities, SACU looks to the future with a steadfast commitment to resilience, adaptability, and transformation. We are well-positioned to embrace the challenges and opportunities that lie ahead, creating sustainable value for our Member States and stakeholders.

## OUTLOOK FOR OUR MARKETS AND OPERATING ENVIRONMENT

As SACU looks to the future, it faces a rapidly evolving and increasingly complex global trade landscape. Whilst the outlook presents many challenges and uncertainties, it also offers significant opportunities for SACU to create value and advance its mission of regional integration and sustainable development.

Some of the key trends and developments that are likely to shape SACU's markets and operating environment in the short-, medium-, and long-term include:

### Economic recovery and growth

As the world emerges from the COVID-19 pandemic, economic activity is expected to rebound, driven by pent-up demand, expansionary fiscal and monetary policies, and the rollout of vaccines. However, the recovery is likely to be uneven, with some countries and sectors faring better than others. SACU Member States will need to navigate this uncertain landscape, whilst also addressing structural challenges such as high unemployment, inequality, and debt levels.

### Technological disruption and digitalisation

The rapid pace of technological change, including the advent of artificial intelligence, blockchain, and the Internet of Things, is transforming the way trade is conducted and value is created. This presents both opportunities and challenges for SACU, as it seeks to harness the power of digital technologies to enhance competitiveness, efficiency, and inclusivity, while also managing the risks of job displacement and cybersecurity threats.

### Geopolitical shifts and trade tensions

The global trading system is increasingly shaped by geopolitical tensions and the rise of protectionism, as evidenced by the US-China trade war and the Brexit process. This poses risks to the multilateral rules-based trading system and could lead to increased fragmentation and regionalisation of trade. SACU will need to navigate these tensions carefully, whilst also strengthening its own regional integration and negotiating strategic trade agreements with key partners.

### Climate change and sustainability

The urgent need to address climate change and promote sustainable development is reshaping the global economy and trade landscape. This presents both risks and opportunities for SACU, as it seeks to transition to a low-carbon and climate-resilient future, whilst also leveraging its natural resources and biodiversity for sustainable growth. SACU will need to develop and implement ambitious climate and sustainability policies, whilst also promoting green industrialisation and trade.

### Demographic shifts and urbanisation

Africa's population is expected to double by 2050, with a growing youth bulge and rapid urbanisation. This presents both challenges and opportunities for SACU, as it seeks to create jobs, develop skills, and meet the growing demand for goods and services, whilst also managing the pressures on infrastructure, natural resources, and social cohesion. SACU will need to invest in human capital development, promote entrepreneurship and innovation, and foster inclusive and sustainable cities.

## EVOLVING OUR STRATEGY: PLANNED SHIFTS AND FOCUS AREAS

To realise its vision, SACU will need to evolve its strategy and focus on key areas that can drive transformative change. Based on the insights gained from our stakeholder engagements and the lessons learned from our past experiences, we have identified several strategic shifts and focus areas for the coming years:

### Industrialisation and regional value chains

SACU will prioritise the development of regional value chains in key sectors such as agro-processing, textiles and clothing, pharmaceuticals, and automotive components. This will involve targeted interventions to support the upgrading of industrial capabilities, the attraction of investment, and the promotion of exports. SACU will work closely with the private sector and development partners to identify and unlock opportunities for greater regional integration and specialisation.

### Trade facilitation and logistics

SACU will continue to streamline and harmonise its customs procedures and border management systems, with a focus on digitalisation, risk management, and the reduction of non-tariff barriers. SACU will also invest in the development of regional transport corridors and logistics hubs to facilitate the smooth flow of goods and services across the region.

### Investment promotion and export development

SACU will develop a comprehensive investment promotion and facilitation strategy to attract greater foreign and domestic investment into the region, particularly in priority sectors and value chains. SACU will also support the development of export capabilities among its Member States, with a focus on Small and Medium-sized Enterprises (SMEs) women, and youth-owned businesses.

### Inclusive trade and sustainable development

SACU will mainstream gender, youth, and environmental considerations into its trade and industrial policies, to ensure that the benefits of regional integration are shared more equitably and sustainably. SACU will also promote greater participation of SMEs, women, and youth in regional trade and value chains, through targeted support programmes and capacity building initiatives.

### Institutional strengthening and capacity building

SACU will invest in the strengthening of its own institutions and the capacity of its Member States to implement its policies and programs effectively. This will involve a comprehensive review and redesign of the Secretariat's organisational structure, as well as the development of a long-term capacity building programme for Member States' officials and stakeholders.

These strategic shifts and focus areas will require a significant mobilisation of resources and political will from SACU Member States and partners. However, by pursuing them in a coordinated and sustained manner, the organisation can position itself as a driving force for sustainable and inclusive growth in the region.



## EXPECTED EFFECTS ON OUR BUSINESS MODEL AND CAPITALS

The evolution of SACU's strategy and focus areas will have significant implications for its business model and the capitals that underpin its value creation process. Some of the expected effects include:



### Financial Capital:

SACU will need to mobilise significant financial resources to support its industrialisation and infrastructure development agenda. This will require innovative financing mechanisms, such as public-private partnerships, regional development funds, and blended finance instruments. SACU will also need to strengthen its own financial management and revenue sharing systems to ensure greater transparency, accountability, and equity.



### Manufactured Capital:

SACU's focus on regional value chains and trade facilitation will require significant investments in industrial infrastructure, transport corridors, and logistics hubs. This will create new opportunities for private sector investment and job creation, whilst also enhancing the competitiveness and connectivity of the region.



### Human Capital:

SACU's emphasis on capacity building and inclusive trade will require a significant upskilling and empowerment of its Human Capital, particularly among women, youth, and marginalised groups. We will need to invest in education, training, and entrepreneurship programmes to build the skills and capabilities needed for the jobs of the future.



### Social and Relationship Capital:

SACU's success will depend on its ability to build strong and mutually beneficial relationships with its stakeholders, including Member States, the private sector, civil society, and development partners. We will need to strengthen our engagement and communication mechanisms to ensure greater transparency, responsiveness, and accountability to its stakeholders.



### Natural Capital:

SACU's pursuit of sustainable and inclusive growth will require a greater consideration of its impact on Natural Capital, including biodiversity, ecosystems, and climate change. We will need to mainstream environmental sustainability into its policies and programmes, and promote green industrialisation and low-carbon development pathways.



By actively managing and enhancing these capitals, we can create a more resilient and sustainable business model that delivers long-term value for SACU's Member States and citizens.

To ensure that SACU's strategic focus areas translate into tangible results and impact, the organisation will need to set clear performance commitments for the future. SACU will continue to implement the Strategic Plan whilst the mid-term review of the Strategic Plan, to be undertaken in 2025, would provide clarity and create a forward trajectory in regard to future outlook beyond 2027.

As a resilient Customs Union, we can uncover new possibilities and reimagine its role in the region, beyond the limitations of our current paradigm and metaphors. We can position our organisation as a catalyst for transformative change

in Southern Africa by pursuing strategic shifts and focus areas that align with our vision of sustainable and inclusive growth. With the right vision, strategy, and partnerships in place, we can look to the future with confidence and optimism, and play a leading role in shaping a more prosperous and equitable region for all.

The outlook for our operating environment is challenging but also full of potential. By leveraging its strengths, such as its well-functioning Customs Union, its abundant natural resources, and its dynamic and youthful population, SACU can position itself as a catalyst for sustainable and inclusive growth in the region. This will require bold leadership, innovative thinking, and strong partnerships with all stakeholders, but the rewards - in terms of increased trade, investment, job creation, and social and environmental progress - will be well worth the effort.



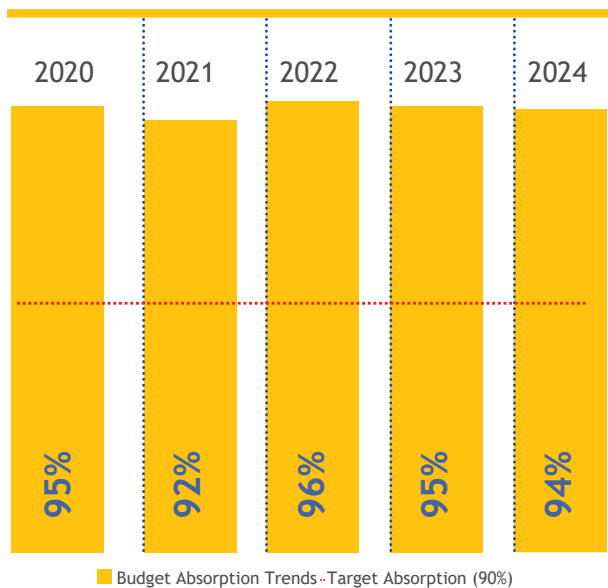
# 12 CHAPTER

## OUR FINANCIAL PERFORMANCE



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Expenditure	115

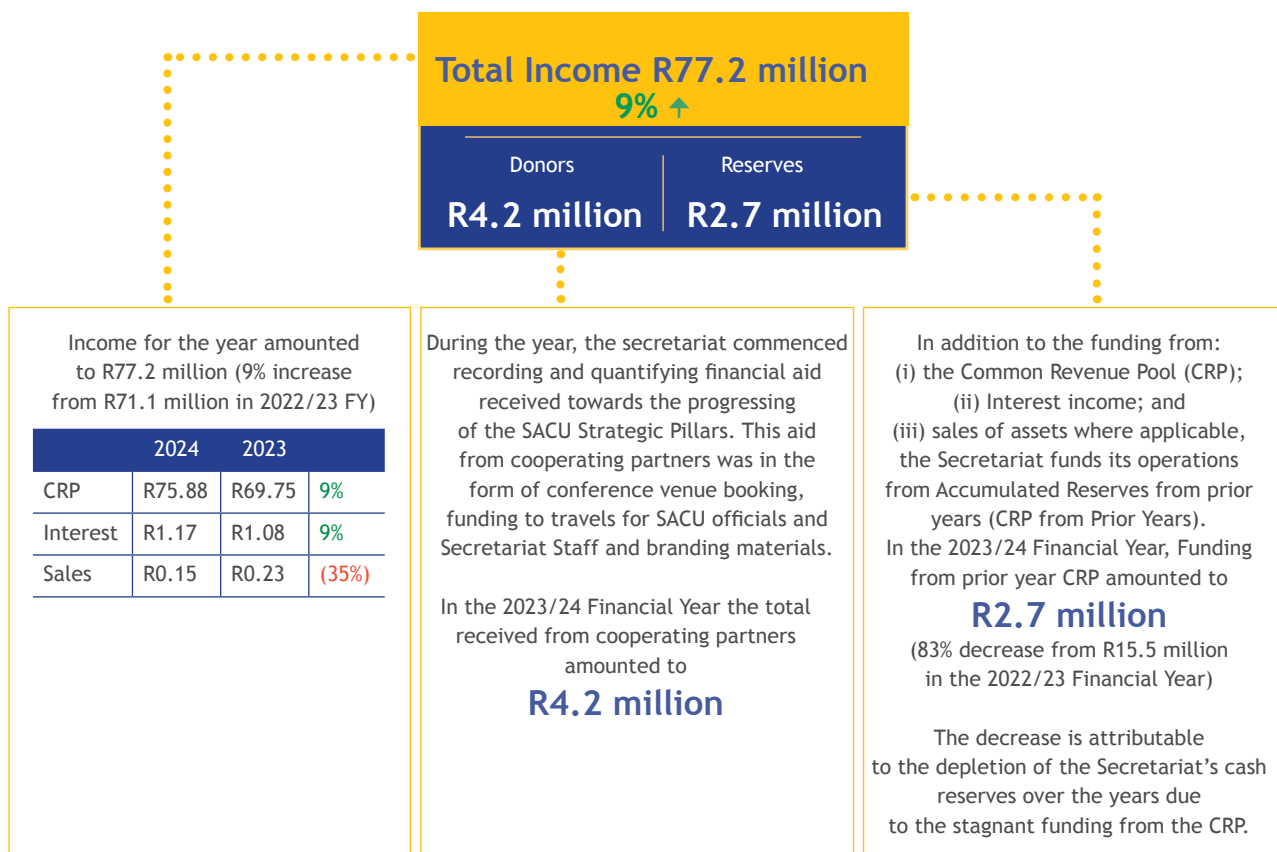
### Budget Absorption Trends



# OUR FINANCIAL PERFORMANCE

As the vigilant meerkat guards its colony's resources in the Kalahari, SACU safeguards the financial interests of its Member States with keen oversight and collaborative strength. We stand united, ever watchful for economic opportunities, ensuring equitable revenue sharing and fostering prosperity across our diverse union.

## INCOME





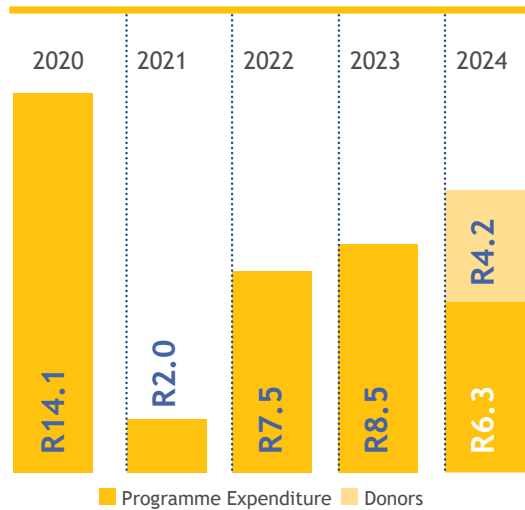
# EXPENDITURE

The Secretariat reduced the total operating expenditure (excluding capital expenditure) by 6 percent from R92.0 million in 2022/23 Financial Year to R86.2 million in the current 2023/24 Financial Year.

The Secretariat classes its operational expenditure into three main categories being:

- Programme Expenditure for activities directly related to progressing the SACU Strategic Plan and programmes;
- Other Operating Expenditure for support activities including administrative expenses of the organisation; and
- Employee Costs.

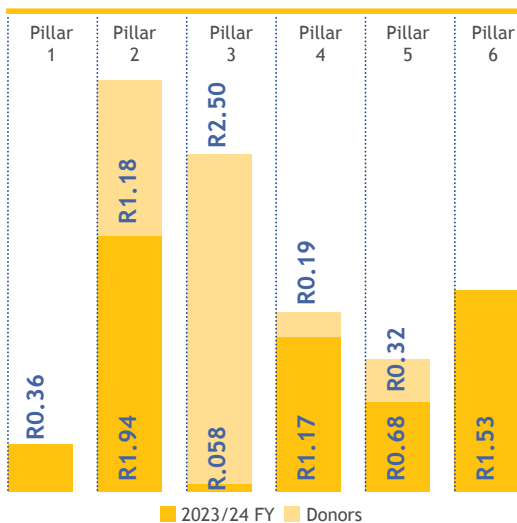
Programme Expenditure Five Year Trend (R/million)



Programme Expenditure amounted to R6.3 million for the 2023/24 Financial Year, down by 26% from R8.5 million in the 2022/23 Financial Year. The reason for the decrease in programme spending is that in the 2022/23 Financial Year, the dispute between the European Union (EU) and SACU on poultry safeguard measures under the EU-SADC EPA was concluded. The matter cost R3.9 million in the 2022/23 Financial Year, which was not incurred in the current year.

The Secretariat received funding from cooperating partners amounting to R4,190,830. This brings the total spend on SACU programmes for the 2023/24 Financial Year to R10,450,902.

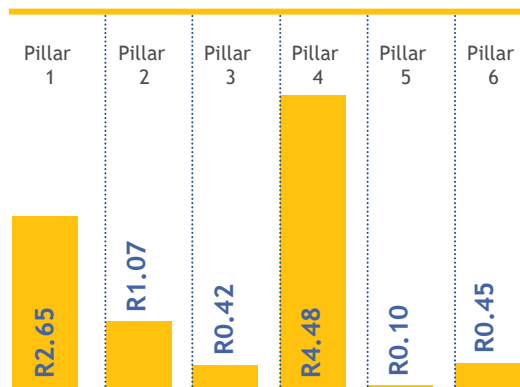
Programme Expenditure Per Strategic Pillar/Million (2024)



The Donors' amounts in Pillars 2, 3, 4, and 5 are from the development partners.

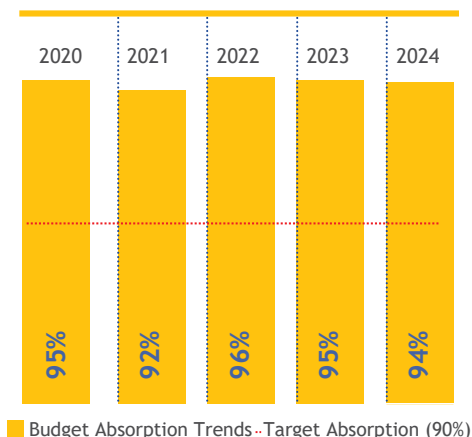
The Secretariat focused on Pillar 2: Trade Facilitation and Logistics and Pillar 3: Implementation and leveraging of African Continental Free Trade Agreement (AfCFTA) opportunities in the 2023/24 FY, when compared to the focus which was on Pillar 4: Trade Relations/Unified Engagements with Third Parties in the prior year (2022/23 Financial Year). Under Pillar 2 the focus was on the rollout of the Authorised Economic Operator (AEO) programme where training of customs officials across Member States was undertaken culminating in issuing 133 certificates. Under Pillar 3 there was awareness creation on concluded trade agreements through the hosting of the Joint SACU-UNDP-AfCFTA Information Sharing Workshop on the implementations of the AfCFTA and Regional Dialogue on Market Opportunities under the AfCFTA.

### Programme Expenditure Per Strategic Pillar/Million (2023)



The Secretariat also convened all statutory meetings for the Finance, Risk and Audit Committee (FRAC), as well as the SACU Commission during the year in line with the interim arrangement. The SACU Council of Ministers only convened one meeting, held in June 2023 in Eswatini, and was not able to convene in December 2023, due to lack of quorum. In addition, the 8<sup>th</sup> Summit of the SACU Heads of State or Government was held on the 29<sup>th</sup> June 2023, in Mandvulo, Eswatini. This meeting was preceded by the 5<sup>th</sup> SACU Ministerial Retreat which was aimed at providing strategic guidance for the organisation and where a key decision was made to reimagine SACU.

### Budget Absorption Trends

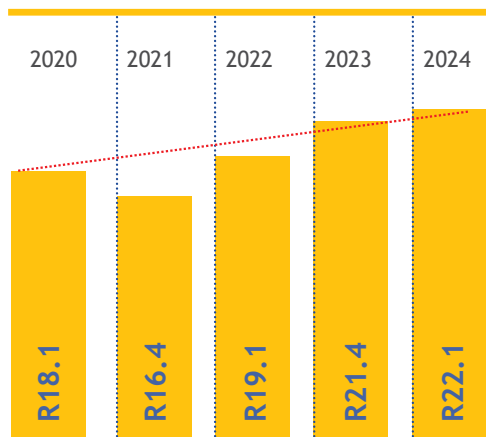


For the 2023/24 Financial Year, the Secretariat recorded a budget absorption rate of 94 percent when excluding activities funded from Accumulated Funds and Rollovers from the previous Financial Year. This 94 percent absorption has met the minimum target of 90 percent as set by the SACU Institutions for the organisation.

Through prudent financial and budget management, the Secretariat has demonstrated a consistent attainment of the target benchmark in terms of budget absorption over the years. This is demonstrated by a five year average absorption rate of 94 percent from the 2019/20 Financial Year to the 2022/23 Financial Year.

In addition, through efficiencies realised over the years due to a huge technology appetite and uptake, which has led to digitisation of Secretariat processes and revision of policies, the Secretariat has managed to maintain budgetary provisions stable over the year.

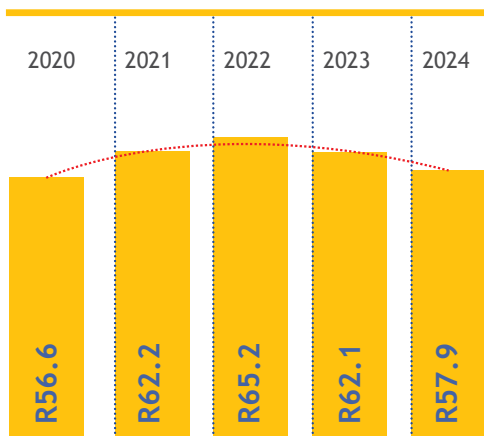
### Other Operating Expenditure



Other Operating Expenditure increased slightly by 3 percent to R22.1 million in the 2023/24 Financial Year from R21.4 million in the 2022/23 Financial Year. The increase is attributable to the increase in the accounting estimate of depreciation during the year. The estimate increased by 40 percent to R12.2 million in the 2023/24 Financial Year from R8.7 million in the 2022/23 Financial Year. This increase was due to a revaluation of the Land and Building assets at the end of the 2022/23 Financial Year.

When discounting the accounting estimate of depreciation, the expenditure category has reduced by 22 percent to R9.9 million in the 2023/24 Financial Year from R12.7 million in the 2022/23 Financial Year. The Secretariat realised savings mostly in areas such as Disaster Recovery by adopting cloud solutions, rationalisation of Security Services as well as Communications costs. Other administration costs were also kept at or below inflation levels.

## Employee Costs



Employee Costs has decreased by 7 percent to R57.9 million in the 2023/24 Financial Year from R62.1 million in the 2022/23 Financial Year.

The staff complement for the Secretariat contracted by 13 percent to forty-one staff members including seconded staff at the end of the 2023/24 Financial Year, from a total of forty-seven at the end of the 2022/23 Financial Year.

The SACU Council of Ministers have given a directive to freeze recruitment for the organisation until the organisational structure has been reviewed pending the SACU reimagination process.



# 13

# CHAPTER

## FINANCIAL STATEMENTS





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# FINANCIAL STATEMENTS

## GENERAL INFORMATION

Country of Incorporation and Domicile	Namibia
Nature of Business and Principal Activities	Customs Union Secretariat
Executive Committee	Mr. TD. Khasipe (CFA) Ms. A. Andrade Mr. BR. Katjipuka Mr. AP. Iyambo Mr. DS Ndwandwe Ms. RO Chinyoka (Appointed 1 May 2023)
Member States	The Republic of Botswana The Kingdom of Eswatini The Kingdom of Lesotho The Republic of Namibia The Republic of South Africa
Registered Office	Corner Julius K Nyerere and Feld Street, Windhoek, Namibia
Business Address	Corner Julius K Nyerere and Feld Street, Windhoek, Namibia
Postal Address	Private Bag 13285 Windhoek, Namibia
Bankers	Standard Bank Namibia Limited Bank Windhoek
Preparer	Gaelekane R. Mohale (FCCA   FCPA   MFC   BAAC)

## COUNCIL OF MINISTERS RESPONSIBILITIES AND APPROVAL

for the year ended 31 March 2024

The Council of Ministers are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

The Council of Ministers acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Council of Ministers to meet these responsibilities, the Council of Ministers set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards 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. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council of Ministers are of the opinion, based on the information and explanations given by management, that the system of internal control 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 loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the Council of Ministers have no reason to believe that the organisation will not be a going concern in the foreseeable future. The annual financial statements support the viability of the organisation.

The annual financial statements set out on [page 124](#) to [page 139](#), and the supplementary information set out on [page 140](#) which have been prepared on the going concern basis, were approved by the Council of Ministers and were signed on 30 September 2024.



Chairperson of the SACU  
Council of Ministers



Executive Secretary of SACU

# FINANCIAL STATEMENTS

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE SACU COUNCIL OF MINISTERS for the year ended 31 March 2024

### Opinion

I have audited the financial statements of Southern African Customs Union Secretariat for the year ended 31 March 2024. These financial statements comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of cash flows, notes to the financial statements, and a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Southern African Customs Union Secretariat as at 31 March 2024, its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

### Basis for Opinion

I conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibility section of the report. I am independent of the organisation in accordance with the Code of Ethics of International Organisation for Supreme Audit Institutions (INTOSAI Code) together with the ethical requirements that are relevant to the audit of financial statements in Botswana, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide the basis for my opinion.

### Key Audit Matters

I have determined that there are no key audit matters to communicate in my report.

### Other Matters

I have noted audit recommendations from prior years, within my tenure of three years auditing the SACU Secretariat, which have not been implemented. These relate to critical strategic, governance and internal control measures necessary for the effective operation of SACU. Major pronouncements such as: The Summit communique on re-imagining of SACU, compliance with the SACU Agreement, management of the revenue pool, high vacancy/staff turnover rate and staff conditions of service were not implemented. The non-implementation of the above impacts on the overall strategic success of SACU.

My opinion is not modified in respect of this matter.

### Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and legislation, and for such internal control as Management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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



## Auditor's Responsibility

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

As part of an audit in accordance with International Standards for Supreme Audit Institutions, I exercise professional skepticism throughout the audit. I 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 my 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 controls.
- Obtain an understanding of internal controls 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- 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.

I 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 I identify during my audit.

I also provide those charged with governance a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were most significant in the audit of the financial statements of the current period and are therefore the key audit matters.

I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Keneilwe Senyarelo ACCA, ACPA  
ACTING AUDITOR GENERAL  
Date: 18 June 2025

# FINANCIAL STATEMENTS

## COUNCIL OF MINISTERS REPORT

The Council of Ministers present their report for the year ended 31 March 2024

### 1. Review of financial results and activities

#### Main business and operations

The organisation is the Southern African Customs Union Secretariat. There were no major changes herein during the year.

The organisation generated a deficit after tax for the year ended 31 March 2024 of R9,634,340 (2023: R20,987,347).

The organisation's revenue increased from R69,753,420 in the prior year to R75,886,811 for the year ended 31 March 2024.

The organisation cash flows from operating activities changed from an outflow of R16,138,924 in the prior year to an inflow of R859,339 for the year ended 31 March 2024.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure, have been incorporated.

The Council of Ministers are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the organisation.

### 4. Council of Ministers interest in contracts

None of the Council of Ministers have reported any interest in contracts entered into during the year under review.

### 5. Executive Committee

The Executive Committee of the organisation during the year and up to the date of this Report are as follows:

Mr. TD. Khasipe (CFA)  
 Ms. A. Andrade  
 Mr. BR. Katjipuka  
 Mr. AP. Iyambo  
 Mr. DS Ndwandwe  
 Ms. RO Chinyoka (Appointed 1 May 2023)

### 6. Member States

There have been no changes in Member States during the current financial year.

The Republic of Botswana  
 The Kingdom of Eswatini  
 The Kingdom of Lesotho  
 The Republic of Namibia  
 The Republic of South Africa

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

Figures in R	Notes	2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	80,283,253	91,424,209
Intangible assets	4	866,468	1,095,504
<b>Total non-current assets</b>		<b>81,149,721</b>	<b>92,519,713</b>
<b>Current assets</b>			
Trade and other receivables	5	1,118,722	3,277,748
Cash and cash equivalents	6	12,064,611	12,018,098
<b>Total current assets</b>		<b>13,183,333</b>	<b>15,295,846</b>
<b>TOTAL ASSETS</b>		<b>94,333,054</b>	<b>107,815,559</b>
<b>Accumulated Funds and liabilities</b>			
<b>Accumulated Funds</b>			
Deficit for the year		(9,670,340)	(20,987,347)
Revaluation reserve	8	54,340,328	54,340,328
Accumulated surplus	8	44,377,988	65,378,218
<b>Total accumulated funds</b>		<b>89,047,976</b>	<b>98,731,199</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Provisions	9	3,611,890	3,604,894
Trade and other payables	10	1,673,188	5,479,466
<b>Total current liabilities</b>		<b>5,285,078</b>	<b>9,084,360</b>
<b>Total liabilities</b>		<b>5,285,078</b>	<b>9,084,360</b>
<b>TOTAL ACCUMULATED FUNDS AND LIABILITIES</b>		<b>94,333,054</b>	<b>107,815,559</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

Figures in R	Notes	2024	2023
Revenue	11	75,886,811	69,753,420
Administrative expenses	12	(1,213,701)	(1,511,256)
Other expenses	13	(85,663,335)	(90,535,232)
<b>Deficit from operating activities</b>		<b>(10,990,225)</b>	<b>(22,293,068)</b>
Finance income	15	1,168,584	1,075,229
Gain/(loss) on foreign exchange	16	—	(368)
<b>Deficit from continuing operations</b>		<b>(9,821,641)</b>	<b>(21,218,207)</b>
Surplus from discontinued operations	7	151,301	230,860
<b>DEFICIT FOR THE YEAR</b>		<b>(9,670,340)</b>	<b>(20,987,347)</b>
<b>Deficit for the year attributable to Member States arises from:</b>			
Continuing operations		(9,821,641)	(21,218,207)
Discontinuing operations (Disposal of fixed assets)		151,301	230,860
		<b>(9,670,340)</b>	<b>(20,987,347)</b>

# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

Figures in R	Revaluation surplus	Accumulated surplus	Deficit for the year	Total
Balance at 1 April 2022	43,553,842	124,709,777	(59,331,561)	108,932,058
<b>Changes in accumulated funds</b>				
Deficit for the year	—	—	(20,987,347)	(20,987,347)
Total comprehensive income	—	—	(20,987,347)	(20,987,347)
Revaluations during the year	10,786,486	—	—	10,786,486
<b>BALANCE AT 31 MARCH 2023</b>		124,709,777	(80,318,908)	98,731,197
Balance at 1 April 2023	54,340,328	124,709,777	(80,318,908)	98,731,197
<b>Changes in accumulated funds</b>				
Deficit for the year	—	—	(9,670,340)	(9,670,340)
Total comprehensive income	—	—	(9,670,340)	(9,670,340)
<b>BALANCE AT 31 MARCH 2024</b>	54,340,328	124,709,777	(89,989,248)	89,060,857

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

Figures in R	Notes	2024	2023
<b>Net cash flows used in operations</b>	19	(309,245)	(17,213,785)
Gain/(loss) on foreign exchange		—	(368)
Interest received		1,168,584	1,075,229
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		859,339	(16,138,924)
<b>Cash flows used in investing activities</b>			
Disposal of property, plant and equipment (carrying cost)		131,543	245,222
Purchase of property, plant and equipment		(364,929)	(1,410,427)
Intangible assets disposals		—	7,326
Purchase of intangible assets		(579,440)	(10,560)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		(812,826)	(1,168,439)
<b>Net increase/(decrease) in cash and cash equivalents</b>		46,513	(17,307,363)
Cash and cash equivalents at beginning of the year		12,018,098	29,325,461
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	6	12,064,611	12,018,098



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

## 1. General information

The Southern African Customs Union Secretariat ('the organisation') has been established according to the SACU Agreement, 2002 and is responsible for the day-to-day administration of SACU.

The organisation is incorporated in line with the Headquarters Agreement. The address of its registered office is ERF8531 (A portion of ERF 182), Corner Julius K Nyerere and Feld Street, Windhoek, Namibia.

## 2. Basis of preparation and summary of significant accounting policies

The financial statements of the organisation have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS) and the organisation's Policies and Guidelines. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of the financial statements, in conformity with IFRS for Small and Medium-sized Entities, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 3. Property, plant and equipment

### 3.1 Accounting policies

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The organisation adds to the carrying amount of an item of property, plant and equipment and the cost of replacing parts of such an item when that cost is incurred (if the replacement part is expected to provide incremental future benefits to the organisation). The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Measurement base	Useful life/depreciation rate
Land	Revaluation Model	Indefinite
Buildings	Revaluation Model	20 years
Motor vehicles	Cost Model	5 years
Office furniture and fittings	Cost Model	6 years
Household furniture and fittings	Cost Model	6 years
Office equipment	Cost Model	5 years
Computer equipment - servers or infrastructure items	Cost Model	5 years
Computer equipment - laptop computers and mobile items	Cost Model	3 years

# FINANCIAL STATEMENTS

## 3. Property, plant and equipment

### 3.1 Accounting policies

After initial recognition, the organisation measures certain classes of property, plant and equipment using the Cost Model, and other classes using the Revaluation Model. The measurement base is set out in the table below. Property, plant and equipment measured in accordance with the Cost Model is shown at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment that is measured in accordance with the Revaluation Model is shown at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus, except where the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Decreases in the carrying amount are recognised in surplus or deficit, except where

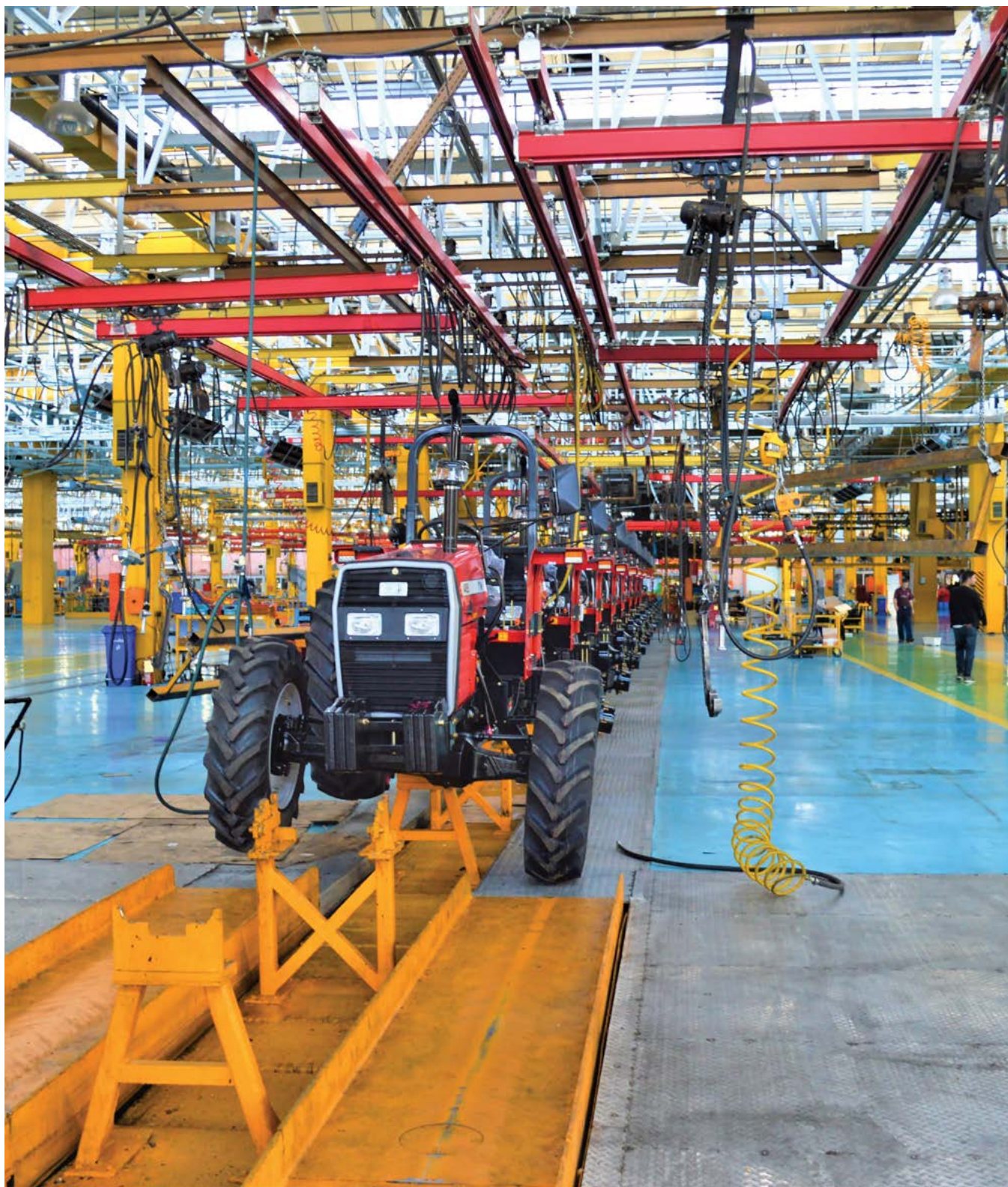
the decrease reverses any credit balance existing in the revaluation surplus in respect of that asset, in which case the decrease is recognised in other comprehensive income and reduces the amount accumulated in equity under the heading of revaluation surplus.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as well as the measurement base for each class of asset is as follows:

- The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, if there is an indication of significant change since the last reporting date.
- An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.







# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 3. Property, plant and equipment

#### 3.2 Balances at year end and movements for the year

Figures in R	Land	buildings	Motor vehicles
<b>Reconciliation for the year ended 31 March 2024</b>			
<b>Balance at 1 April 2023</b>			
At cost	27,592,800	64,555,403	2,894,922
Accumulated depreciation	—	(6,286,087)	(811,859)
<b>NET BOOK VALUE</b>	<b>27,592,800</b>	<b>58,269,316</b>	<b>2,083,063</b>
<b>Movements for the year ended 31 March 2024</b>			
Additions from acquisitions	—	22,575	—
Depreciation	—	(9,742,722)	(317,402)
Increase (decrease) resulting from revaluations and from impairment losses recognised or reversed in other comprehensive income	—	—	—
Carrying Value on Disposals	—	—	(130,436)
<b>PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE YEAR</b>	<b>27,592,800</b>	<b>48,549,169</b>	<b>1,635,225</b>
<b>Closing balance at 31 March 2024</b>			
At cost	27,592,800	64,570,232	2,460,138
Accumulated depreciation	—	(16,021,063)	(824,913)
<b>NET BOOK VALUE</b>	<b>27,592,800</b>	<b>48,549,169</b>	<b>1,635,225</b>
<b>Balance at 1 April 2022</b>			
At cost	29,856,750	64,502,633	2,426,645
Accumulated depreciation	—	(13,782,901)	(1,031,316)
<b>NET BOOK VALUE</b>	<b>29,856,750</b>	<b>50,719,732</b>	<b>1,395,329</b>
<b>Movements for the year ended 31 March 2023</b>			
Additions from acquisitions	—	65,654	1,043,846
Depreciation	—	(5,564,443)	(183,442)
Revaluation increase (decrease)	(2,263,950)	13,050,436	—
Carrying Value on Disposals	—	—	(172,670)
<b>PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE YEAR</b>	<b>27,592,800</b>	<b>58,271,379</b>	<b>2,083,063</b>
<b>Closing balance at 31 March 2023</b>			
At cost	27,592,800	64,555,403	2,894,922
Accumulated depreciation	—	(6,286,087)	(811,859)
<b>NET BOOK VALUE</b>	<b>27,592,800</b>	<b>58,269,316</b>	<b>2,083,063</b>



	Office furniture and fittings	Household furniture and fittings	Office equipment	Computer equipment	Total
	7,978,525	1,890,669	321,984	10,637,971	115,872,274
	(7,144,834)	(1,556,940)	(270,243)	(8,378,102)	(24,448,065)
	833,691	333,729	51,741	2,259,869	91,424,209
	6,560	19,457	67,432	248,905	364,929
	(30,791)	(57,941)	(19,574)	(1,193,031)	(11,361,461)
	—	—	—	(2,062)	(2,061)
	(1,692)	(3,927)	(6,307)	—	(142,362)
	807,768	291,318	93,292	1,313,681	80,283,253
	7,928,334	1,866,109	338,791	11,410,487	116,166,891
	(7,120,566)	(1,574,791)	(245,499)	(10,096,806)	(35,883,638)
	807,768	291,318	93,292	1,313,681	80,283,253
	8,051,738	2,095,351	365,867	11,657,249	118,956,233
	(7,160,587)	(1,777,435)	(299,722)	(7,606,355)	(31,658,316)
	891,151	317,916	66,145	4,050,894	87,297,917
	—	87,008	—	213,919	1,410,427
	(53,582)	(70,330)	(12,752)	(1,940,850)	(7,825,399)
	—	—	—	—	10,786,486
	(3,878)	(865)	(1,652)	(66,157)	(245,222)
	833,691	333,729	51,741	2,257,806	91,424,209
	7,978,525	1,890,669	321,984	10,637,971	115,872,274
	(7,144,834)	(1,556,940)	(270,243)	(8,378,102)	(24,448,065)
	833,691	333,729	51,741	2,259,869	91,424,209

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 4. Intangible assets

#### Reconciliation of changes in intangible assets

Figures in R	Computer software	Total
<b>Reconciliation for the year ended 31 March 2024</b>		
Balance at 1 April 2023		
At cost	4,419,221	4,419,221
Accumulated amortisation	(3,323,717)	(3,323,717)
<b>NET BOOK VALUE</b>	<b>1,095,504</b>	<b>1,095,504</b>
<b>Movements for the year ended 31 March 2024</b>		
Other acquisitions	579,440	579,440
Amortisation	(808,476)	(808,476)
<b>INTANGIBLE ASSETS AT THE END OF THE YEAR</b>	<b>866,468</b>	<b>866,468</b>
<b>Closing balance at 31 March 2024</b>		
At cost	4,998,661	4,998,661
Accumulated amortisation	(4,132,193)	(4,132,193)
<b>NET BOOK VALUE</b>	<b>866,468</b>	<b>866,468</b>

### 5. Trade and other receivables

#### 5.1 Accounting policies

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

#### 5.2 Trade and other receivables comprise:

Figures in R	2024	2023
Sundry debtors	—	5,684
Prepaid expenses	386,485	690,414
Sundry employee receivables	1,987	54,593
Value added tax refundable	582,505	2,371,522
Interest receivable	147,744	155,535
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,118,722</b>	<b>3,277,748</b>

## 6. Cash and cash equivalents

### 6.1 Accounting policies

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of six months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

### 6.2 Cash and cash equivalents comprise:

Figures in R	2024	2023
<b>Cash</b>		
Cash on hand	339	399
Balances with banks	4,064,272	4,017,699
<b>Total cash</b>	<b>4,064,611</b>	<b>4,018,098</b>
<b>Cash equivalents</b>		
Short term investments	8,000,000	8,000,000
<b>Total cash equivalents</b>	<b>8,000,000</b>	<b>8,000,000</b>
<b>TOTAL CASH AND CASH EQUIVALENTS INCLUDED IN CURRENT ASSETS</b>	<b>12,064,611</b>	<b>12,018,098</b>
<b>NET CASH AND CASH EQUIVALENTS</b>	<b>12,064,611</b>	<b>12,018,098</b>

### 6.3 Detail of cash and cash equivalent balances

Figures in R	2024	2023
<b>Bank balances</b>		
Standard Bank Current Account	2,673,433	1,293,722
Standard Bank Call Account	1,056,898	1,501,399
Bank Windhoek Current Account	83,175	248,456
Bank Windhoek Call Account	250,766	974,122
<b>TOTAL</b>	<b>4,064,272</b>	<b>4,017,699</b>
Short term investments		
Short term investment classified as cash	8,000,000	8,000,000

## 7. Discontinued operations

Gain (loss) from measurement or disposal of discontinued operations are as follows:

Figures in R	2024	2023
Gain or loss recognised on the disposal of assets	151,301	230,860
	151,301	230,860
Amount per statement of comprehensive income	151,301	230,860
Attributable to the Secretariat	151,301	230,860
	151,301	230,860

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 8. Reserves

#### Nature and purpose of reserves

The Revaluation Reserve relates to the revaluation of the SACU Secretariat Land and Buildings assets to reflect them at fair value in the financial statements for the year. As per policy, Land and Buildings are revalued every 2 years.

Figures in R	2024	2023
Opening Balance	54,340,328	43,553,842
Revaluations during the year	—	10,786,486
	54,340,328	54,340,328

The Accumulated surplus is the aggregate movement in deficit or surplus for the year and movement in revaluation reserve.

Figures in R	2024	2023
Opening Balance of Accumulated surplus	65,378,215	86,024,500
Retained deficit for prior year	(20,987,347)	(20,646,285)
<b>BALANCE OF ACCUMULATED SURPLUS BEFORE CURRENT YEAR DEFICIT</b>	<b>44,390,864</b>	<b>65,378,215</b>

### 9. Provisions

#### 9.1 Accounting policies

Provisions are recognised when the organisation has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions comprise employee termination payments, leave pay and bonus pay obligations. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 9.2 Provisions compromise:

Figures in R	2024	2023
Provisions for leave pay	1,039,618	1,263,836
Provisions for performance bonus	2,572,272	2,341,058
<b>TOTAL PROVISIONS</b>	<b>3,611,890</b>	<b>3,604,894</b>
Provisions for leave pay	1,039,618	1,263,836
Provisions for performance bonus	2,572,272	2,341,058
<b>Current portion</b>	<b>3,611,890</b>	<b>3,604,894</b>
<b>TOTAL PROVISIONS</b>	<b>3,611,890</b>	<b>3,604,894</b>

#### 9.3 Provisions for employee benefits

Figures in R	Leave pay provision	Total
Balance at 1 April 2023	1,263,836	1,263,836
Leave paid out during the year	(897,092)	(897,092)
Increase in existing provision	672,874	672,874
<b>Total changes</b>	<b>(224,218)</b>	<b>(224,218)</b>
<b>BALANCE AT 31 MARCH 2024</b>	<b>1,039,618</b>	<b>1,039,618</b>



## 9.4 Details of employee benefit provisions

### Leave pay provision

The leave obligations cover the Secretariat's liabilities for annual leave which are classified as either other long-term benefits or short-term benefits, as explained under Employee benefits in note 10.3 below.

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of R1,039,618 (2023 - R1,263,836) is presented

as current, since the organisation does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the organisation does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months R815,195 (2023 - R860,424).

## 9.5 Provisions for performance bonus

Figures in R

Balance at 1 April 2023

New provisions

Bonus paid out

2023/24 provisions movements recognised

Total changes

BALANCE AT 31 MARCH 2024

Provision	Total
2,341,058	2,341,058
2,340,984	2,340,984
(2,516,734)	(2,516,734)
406,964	406,964
231,214	231,214
2,572,272	2,572,272

## 10. Trade and other payables

### 10.1 Accounting policies

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### 10.2 Trade and other payables comprise:

Figures in R

Trade creditors

Bank liabilities

TOTAL TRADE AND OTHER PAYABLES

2024	2023
1,605,859	5,441,348
67,329	38,118
1,673,188	5,479,466

### 10.3 Employee benefits

The SACU Secretariat participates in a provident fund for support staff. The fund is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations. The SACU Secretariat has a defined contribution plan. A defined contribution plan is a provident/retirement plan under which the SACU Secretariat pays fixed contributions into a separate entity. The SACU Secretariat has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits

relating to employee service in the current and prior periods.

For defined contribution plans, the SACU Secretariat pays contributions to privately administered pension insurance plans on a contractual basis. The SACU Secretariat has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 10.4 Items included in trade and other payables not classified as financial liabilities

Figures in R	2024	2023
Value added tax	—	2,951,763
Trade payables	1,328,824	1,324,980
Staff payables	13,392	35,240
Accruals	164,380	1,129,375
Retention payable	99,263	—
<b>TOTAL LIABILITIES INCLUDED IN TRADE AND OTHER PAYABLES</b>	<b>1,605,859</b>	<b>5,441,358</b>
Total trade and other payables excluding non-financial liabilities included in trade and other payables	67,329	38,108
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>1,673,188</b>	<b>5,479,466</b>

### 10.5 Analysis of the periods and the amounts due

Creditor	Current	30 days	60 days	90 days	120 days	150+ days	Total
<b>31 March 2024</b>							
Trade payables	1,227,144	94,084	7,596	—	—	—	1,328,824
Staff payables	1,820	—	—	11,571	—	—	13,391
Retention payable	—	—	—	—	—	99,263	99,263
Accruals	144,803	4,042	4,005	4,005	4,005	3,520	164,380
Credit Card Liability	67,329	—	—	—	—	—	67,329
	<b>1,441,096</b>	<b>98,126</b>	<b>11,601</b>	<b>15,576</b>	<b>4,005</b>	<b>102,783</b>	<b>1,673,187</b>
<b>31 March 2023</b>							
Value added tax	—	—	—	—	—	2,951,763	2,951,763
Trade payables	1,126,825	184,303	10,102	—	—	3,750	1,324,980
Staff payables	35,240	—	—	—	—	—	35,240
Accruals	990,965	53,967	1,350	900	82,193	—	1,129,375
Credit Card Liability	38,118	—	—	—	—	—	38,118
	<b>2,191,148</b>	<b>238,270</b>	<b>11,452</b>	<b>900</b>	<b>82,193</b>	<b>2,955,513</b>	<b>5,479,476</b>

## 11. Revenue

### 11.1 Accounting policies

Revenue from the Common Revenue Pool is measured at the fair value of the consideration received or receivable.

Revenue from the Common Revenue Pool is recognised when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest and investments income on short term investments is presented as finance income when it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

## 11.2 Revenue comprises:

Figures in R	2024	2023
Common Revenue Pool	75,886,811	69,753,420

## 12. Administrative expenses

Figures in R	2024	2023
<b>Administrative expenses comprise:</b>		
Auditors fees	374,233	220,339
Bank charges	69,893	71,016
Communication costs	688,504	909,519
Subscriptions and reference materials	81,071	310,382
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>1,213,701</b>	<b>1,511,256</b>

## 13. Other expenses

Figures in R	2024	2023
<b>Other expenses comprise:</b>		
Advertising	19,680	89,220
Amortisation	808,476	859,573
Depreciation	11,361,461	7,825,399
Electricity, water and refuse	907,450	824,452
Employee costs	58,041,507	62,132,091
Hospitality and staff wellness	113,588	264,030
Hosting and convening of Member States technical meetings	974,277	1,616,887
Household expenses	398,000	427,490
Insurance	263,636	251,839
IT services	1,567,036	1,344,997
Media and Public relations	528,352	705,127
Motor vehicle expense	152,853	177,545
Office Supplies	319,085	409,365
Professional fees	3,222,300	6,873,043
Recruitment costs	—	452,920
Relocation costs	710,459	482,337
Rent for disaster recovery site	571,060	1,630,013
Repairs and maintenance	989,906	897,817
Security	629,674	898,298
Training	44,941	—
Travel, accommodation and subsistence	4,039,594	2,372,789
<b>TOTAL OTHER EXPENSES</b>	<b>85,663,335</b>	<b>90,535,232</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 14. Foreign exchange gains and losses

#### Accounting policies

##### Functional and presentation currencies

The financial statements have been presented in South African Rand. The functional currency of the organisation is Namibian Dollar. The presentation

currency has been selected because it is the currency of the primary economic environment in which the SACU Secretariat operates.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in surplus or deficit within 'finance income or costs'. All other foreign exchange gains and losses are presented in surplus or deficit within 'other (losses)/gains - net'.

### 15. Finance income

Figures in R

#### Finance income comprises:

Interest received

Investment income

**TOTAL FINANCE INCOME**

	2024	2023
Interest received	305,834	454,991
Investment income	862,750	620,238
<b>TOTAL FINANCE INCOME</b>	<b>1,168,584</b>	<b>1,075,229</b>

### 16. Finance costs

#### 16.1 Accounting policies

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

#### 16.2 Finance costs included in surplus or deficit:

Figures in R

Foreign exchange losses

	2024	2023
Foreign exchange losses	—	368

### 17. Related parties

Figures in R

#### Compensation paid to key management personnel

Executive Committee Benefits

**TOTAL COMPENSATION PAID TO KEY MANAGEMENT PERSONNEL**

	2024	2023
Executive Committee Benefits	15,660,556	16,957,334
<b>TOTAL COMPENSATION PAID TO KEY MANAGEMENT PERSONNEL</b>	<b>15,660,556</b>	<b>16,957,334</b>

### 18. Insurance policies

#### Insurance policy details

The SACU Secretariat holds the following insurance policies with expiry dates as set out below:

Underwriter	Description of cover	Cover details
King Price Insurance Insurer 1 Policy number Period of cover Policy expiry date Payment basis Sum insured	Short term insurance	KP472283 36 months 31-Mar-25 Quarterly 213,080,904



## 19. Cash flows from operating activities

Figures in R	2024	2023
<b>Deficit for the year</b>	<b>(9,670,340)</b>	<b>(20,987,347)</b>
<b>Adjustments for:</b>		
Finance income	(1,168,584)	(1,075,229)
Finance costs	—	368
Depreciation and amortisation expense	12,169,937	8,684,972
<b>Change in operating assets and liabilities:</b>		
Adjustments for decrease/(increase) in trade accounts receivable	1,801,955	(257,390)
Adjustments for decrease in other operating receivables	357,071	103,455
Adjustments for decrease in trade accounts payable	(3,835,481)	(1,723,649)
Adjustments for increase in other operating payables	29,201	21,767
Adjustments for provisions	6,996	(1,980,732)
<b>NET CASH FLOWS FROM OPERATIONS</b>	<b>(309,245)</b>	<b>(17,213,785)</b>

## 20. Commitments

### Tender commitments

The SACU Secretariat enters into various contracts and agreements with various suppliers for the provision of goods and services. At year end, the SACU Secretariat

had the following commitments in respect of contracts and agreements signed before the financial year end, for which the goods and services had not been received:

Figures in R	2024	2023
<b>Commitments for contracts beyond 31 March 2024</b>		
Cleaning services	566,874	620,862
Disaster Recovery Plan	44,340	441,991
Network support	139,992	30,664
Upgrade of the Trade Database Application	—	100,890
Security services	604,340	694,991
SharePoint support	79,800	145,303
Extranet technical support	180,000	164,956
Develop the SACU Strategic Plan and Review of the Organisational Structure	99,263	887,090
Production of the SACU Annual Report	—	53,000
Insurance Services	247,488	288,784
Records Achieval Services	15,695	29,457
	<b>1,977,791</b>	<b>3,457,987</b>

### Rollover

The SACU Secretariat undertook activities related to procurement of goods and services from various suppliers which were not completed by the end of the financial year. Approval was granted to rollover these

activities to the next financial year as a commitment was made to the suppliers. Most of the activities are in the process of being completed by 31 May 2024.

Figures in R	2024	2023
SACU Website Revamp	29,038	—
Audit of the Business Continuity Plan	200,000	—
Printing of the SACU Annual Report and Production of Animated Jingles	76,609	—
Authorised Economic Operator Programme	117,300	—
Review of the SACU Strategic Plan and Organisational Structure	—	887,090
Upgrade of the SharePoint system	—	265,150
	<b>422,947</b>	<b>1,152,240</b>

# FINANCIAL STATEMENTS

## DETAILED INCOME STATEMENT

for the year ended 31 March 2024

Figures in R	Notes	2024	2023
<b>Revenue</b>	11		
Common Revenue Pool		75,886,811	69,753,420
<b>Total revenue</b>		<b>75,886,811</b>	<b>69,753,420</b>
<b>Administrative expenses</b>	12		
Auditors fees		(374,233)	(220,339)
Bank charges		(69,893)	(71,016)
Communication costs		(688,504)	(909,519)
Subscriptions and reference materials		(81,071)	(310,382)
<b>Total administrative expenses</b>		<b>(1,213,701)</b>	<b>(1,511,256)</b>
<b>Other expenses</b>	13		
Advertising		(19,680)	(89,220)
Amortisation - intangible assets		(808,476)	(859,573)
Depreciation - property, plant and equipment		(11,361,461)	(7,825,399)
Electricity, water and refuse		(907,450)	(824,452)
Employee costs - salaries		(58,041,507)	(62,132,091)
Hospitality and staff wellness		(113,588)	(264,030)
Hosting and convening of Member States technical meetings		(974,277)	(1,616,887)
Household expenses		(398,000)	(427,490)
Insurance		(263,636)	(251,839)
IT services		(1,567,036)	(1,344,997)
Media and Public relations		(528,352)	(705,127)
Motor vehicle expense		(152,853)	(177,545)
Office Supplies		(319,085)	(409,365)
Professional fees		(3,222,300)	(6,873,043)
Recruitment costs		—	(452,920)
Relocation costs		(710,459)	(482,337)
Rent for disaster recovery site		(571,060)	(1,630,013)
Repairs and maintenance		(989,906)	(897,817)
Security		(629,674)	(898,298)
Training		(44,941)	—
Travel, accommodation and subsistence		(4,039,594)	(2,372,789)
<b>Total other expenses</b>		<b>(85,663,335)</b>	<b>(90,535,232)</b>
<b>DEFICIT FROM OPERATING ACTIVITIES</b>		<b>(10,990,225)</b>	<b>(22,293,068)</b>
<b>Finance income</b>	15		
Interest received		305,834	454,991
Investment income		862,750	620,238
<b>Total finance income</b>		<b>1,168,584</b>	<b>1,075,229</b>
<b>Finance costs</b>	16		
Foreign exchange losses		—	(368)
<b>Total finance costs</b>		<b>—</b>	<b>(368)</b>
<b>DEFICIT FROM CONTINUING OPERATIONS</b>		<b>(9,821,641)</b>	<b>(21,218,207)</b>
<b>Discontinued operations</b>			
Gain or loss recognised on the disposal		151,301	230,860
<b>Surplus from discontinued operations</b>		<b>151,301</b>	<b>230,860</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(9,670,340)</b>	<b>(20,987,347)</b>

[illegible]



## ADMINISTRATION

### BUSINESS ADDRESS:

Cnr. Julius K. Nyerere & Feld Street, Windhoek, Namibia

### POSTAL ADDRESS:

Private Bag 13285 Windhoek, Namibia

### BANKERS:

Standard Bank Namibia Limited

### EXTERNAL AUDITORS:

Auditor General of the Republic of Botswana,  
Private Bag 0010, Gaborone, Republic of Botswana