





CONTAINERS

TLLU 165368  
LEG1  
MGW. 34,000 KGS  
TARE. 74,960 LBS  
NET. 9,400 KGS  
CU.CAP. 89.2 CU.M  
3.150 CUFT

TAL  
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LEGB  
45  
MGW. 34,000 KGS  
TARE. 74,960 LBS  
NET. 9,400 KGS  
CU.CAP. 89.2 CU.M  
3.150 CUFT

CAI  
45  
CAUTION 2.5M WIDE

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LEG1  
MAX. GROSS 34,000 KG  
TARE 74,960 LB  
NET 9,400 KG  
CU. CAP. 89.2 CU.M  
3.150 CUFT

PVDU 103999  
LEG1  
UNIT45.com  
MAX GROSS 34,000 KG  
TARE 74,960 LB  
NET 9,400 KG  
CU. CAP. 89.2 CU.M  
3.154 CUFT

PVDU 101992  
LEG1  
UNIT45.com  
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MAX. GROSS 34,000 kg  
TARE 74,960 lb  
PAYLOAD 29,520 kg  
CU. CAP. 89.2 cu. m  
3.153 cu. ft.

CAI  
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CAUTION 2.5M WIDE

CNEU 451595  
LEG1  
MAX GROSS 34,000 KGS  
TARE 74,960 LBS  
PAYLOAD 29,520 KGS  
CU. CAP. 89.3 CU.M  
3.154 CUFT

TAL  
TLLU 159243  
LEG1  
45  
MGW. 34,000 KGS  
TARE. 74,960 LBS  
NET. 9,400 KGS  
CU.CAP. 89.2 CU.M  
3.150 CUFT

CNEU 457424  
LEG1  
45  
MAX GROSS 34,000 KGS  
TARE 74,960 LBS  
PAYLOAD 29,520 KGS  
CU. CAP. 89.3 CU.M  
3.154 CUFT

TAL  
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MGW. 34,000 KGS  
TARE. 74,960 LBS  
NET. 9,400 KGS  
CU.CAP. 89.2 CU.M  
3.150 CUFT

CAI  
45  
CAUTION 2.5M WIDE

CNEU 454384  
LEG1  
MAX GROSS 34,000 KGS  
TARE 74,960 LBS  
PAYLOAD 29,520 KGS  
CU. CAP. 89.3 CU.M  
3.154 CUFT

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LEG1  
MAX. GROSS 34,000 KG  
TARE 74,960 LB  
NET 9,400 KG  
CU. CAP. 89.4 CU.M  
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# LIST OF ABBREVIATIONS

<b>AEO</b>	Authorised Economic Operators	<b>MTEF</b>	Medium-Term Expenditure Framework
<b>AEs</b>	Advanced Economies	<b>N (NAD)</b>	Namibian Dollar (Namibian Currency)
<b>AfCFTA</b>	African Continental Free Trade Area	<b>OGAs</b>	Other Government Agencies
<b>AFTP</b>	America First Trade Policy	<b>P (BWA)</b>	Pula (Botswana Currency)
<b>AGOA</b>	African Growth and Opportunity Act	<b>PSTCs</b>	Provisional Schedules of Tariff Concessions
<b>BELN</b>	Botswana, Eswatini, Lesotho, Namibia	<b>PTA</b>	Preferential Trade Agreement
<b>CET</b>	Common External Tariff	<b>R (ZAR)</b>	Rand (South African Currency)
<b>CIF</b>	Cost-Insurance-Freight	<b>RECs</b>	Regional Economic Communities
<b>CNM</b>	Common Negotiation Mechanism	<b>RoO</b>	Rules of Origin
<b>COVID-19</b>	Coronavirus disease of 2019	<b>RSF</b>	Revenue Sharing Formula
<b>CRP</b>	Common Revenue Pool	<b>SACU</b>	Southern African Customs Union
<b>E (SZL)</b>	Emalangeni (Eswatini Currency)	<b>SACUM</b>	SACU-Mozambique
<b>EAC</b>	East African Community	<b>SADC</b>	Southern African Development Community
<b>EMDEs</b>	Emerging Market and Developing Economies	<b>SDGs</b>	Sustainable Development Goals
<b>EPA</b>	Economic Partnership Agreement	<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>TLCs</b>	Technical Liaison Committees
<b>FOB</b>	Free on Board	<b>tralac</b>	Trade Law Centre
<b>FRAC</b>	Finance, Risk and Audit Committee	<b>UCR</b>	Unique Consignment Reference
<b>FY</b>	Financial Year	<b>UK</b>	United Kingdom of Great Britain and Northern Ireland
<b>GDP</b>	Gross Domestic Product	<b>UN</b>	United Nations
<b>GRI</b>	Global Reporting Initiative	<b>UNDP</b>	United Nations Development Programme
<b>ICT</b>	Information Communication Technology	<b>US</b>	United States
<b>IFRS</b>	International Financial Reporting Standards	<b>WCO</b>	World Customs Organisation
<b>ITAC</b>	International Trade Administration Commission	<b>WEO</b>	World Economic Outlook
<b>ITC</b>	International Trade Centre	<b>WTO</b>	World Trade Organisation
<b>KPIs</b>	Key Performance Indicators		
<b>M (LSL)</b>	Maloti (Lesotho Currency)		
<b>M&amp;E</b>	Monitoring and Evaluation		
<b>MERCOSUR</b>	Common Market for the South		



# CHAPTER ONE

## ABOUT THIS REPORT

# ABOUT THIS REPORT

The Integrated Annual Report (the Report) for the 2024/25 Financial Year (FY) highlights the Organisation's operational and financial performance. It provides a comprehensive overview of performance, strategic direction and governance during the reporting period. The Report further underscores the Southern Africa Customs Union's (SACU) continued commitment to accountability, resilience, and transparency, while providing key insights into progress made towards regional integration and value delivery for its Member States.

## Scope, Boundary and Basis for Preparation

This Report represents a significant milestone in SACU's journey towards greater transparency, accountability, and stakeholder engagement, as SACU seeks to communicate its value creation story in a more holistic and meaningful manner.

The Report covers SACU's activities and performance for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025. It encompasses all aspects of the operations, including governance, strategy, risk management, financial and non-financial performance, as well as its impact on the various capitals that underpin the value creation process.

The Report has been prepared in accordance with the Integrated Reporting Framework (IRF), which adopts 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, considering the interests of key stakeholders and interdependencies between the capitals.

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

- a. the Global Reporting Initiative (GRI) Standards, which provide a comprehensive set of indicators for reporting;
- b. 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
- c. 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 have been determined based on the principle of materiality, focusing on matters that substantively impact on SACU's ability to create value over time. The materiality determination process is described in detail in the 'Our Material Matters' section of this Report.

# KEY CONCEPTS FOR NAVIGATING THIS REPORT

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, designed to 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 the SACU Secretariat. 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, below are explanations of key concepts 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 (6) 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 stakeholder communication, while demonstrating 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.



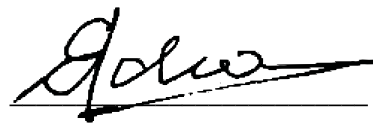
# RESPONSIBILITY STATEMENT FROM COUNCIL

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 Enoch Godongwana  
Minister of Finance of the Republic of South Africa and  
Chairperson of the SACU Council of Ministers

## Scorecard: Actuals Across Strategic Key Performance Indicators

The 2024/25 FY Performance Dashboard showcases SACU's progress against its strategic objectives, as outlined in the Strategic Plan 2022-2027, by presenting a comprehensive scorecard actuals across key performance indicators (KPIs), aligned with the six (6) Strategic Pillars.

Strategic Pillar	Key performance indicator	2024/25 FY Actual	2023/24 FY Actual
Industrialisation, Export, and Investment Promotion	Number of regional value chains priority sectors identified	7	5
Trade Facilitation and Logistics	% increase & number of Authorised Economic Operators	849	531
	% import and export data matching (between South Africa and Botswana, Eswatini, Lesotho, and Namibia (BELN Member States))	66%	66%
Finance and Resource Mobilisation	Total SACU revenue shared among Member States	R171,165,105,663	R159,450,457,192



# CHAPTER TWO

## LEADERSHIP PERSPECTIVES AND CORPORATE GOVERNANCE

# CHAIRPERSON'S MESSAGE: TOGETHER NAVIGATING THE GLOBAL HEADWINDS



I am honoured to present the second *SACU Integrated Annual Report* for the 2024/25 financial year. As the world's oldest Customs Union, SACU continues to champion initiatives that deepen intra-SACU integration and advance continental integration. These efforts are guided by the *SACU Strategic Plan 2022-2027* and reinforced through full participation in the *African Continental Free Trade Area (AfCFTA)*.

The 2024/25 financial year brought both opportunities and challenges, as the region pursued strategic initiatives amid heightened global risks. This Report outlines the initiatives undertaken, highlights key achievements, identifies persistent challenges and risks, and explores emerging opportunities alongside the regional economic outlook.

The global economic environment remained subdued during the review period, with modest stabilization following a series of prolonged shocks. Global growth projections point to



moderation, with declines to 3.2 percent in 2025 and 3.1 percent in 2026. Similarly, most regions face tempered prospects, with SACU forecasted to record an average weighted growth rate of 1.6 percent in 2025—below the Sub-Saharan Africa average of 4.1 percent. Given the openness of SACU economies, Member States continue to grapple with low growth, high youth unemployment, and constrained fiscal space. In response, Member States have advanced structural reforms aimed at promoting sustainable growth, strengthening resilience, addressing fiscal constraints, and reducing inflation to safeguard households. These reforms also prioritize leveraging the AfCFTA by developing intra-SACU regional value chains to drive industrialization and expand export opportunities.

Despite internal and external pressures, SACU has sustained efforts to reimagine and reposition the region through the *SACU Re-imagination Process*. This initiative seeks to reshape the Union’s work programme and strategic direction in alignment with Member States’ aspirations and the evolving economic landscape. To this end, SACU is launching a *Comprehensive Study* to explore optimal models for deepening regional integration, taking into account geopolitical and regional dynamics. Key focus areas include tariff setting, management of the Common Revenue Pool (CRP), establishment of a Regional Innovation Funding Mechanism, export strategies, facilitation of movement of people, and development of cross-border economic zones.

Progress has also been made on strategic initiatives in industrialization and border efficiency enhancement. Notable projects include SACU IT Connectivity; full implementation of the *Regional Authorised Operator Programme (AEO)*; Fertilizers, Agro-Chemicals and Seed Production;

and initiatives in the Automotive and Green Mineral Beneficiation sectors. Collaboration with the private sector remains central, as SACU continues to engage businesses in identifying opportunities and fostering a conducive operating environment, including improved border efficiencies. These initiatives are designed to maximize the opportunities presented by the AfCFTA, which serves as a catalyst for addressing challenges, advancing integration, and creating new prospects for the business community.

On behalf of the SACU Council of Ministers, I reaffirm our collective political and strategic commitment to the successful completion of these projects and programmes. I extend my sincere appreciation to all Member States and the Secretariat for their unwavering dedication and support throughout this period.

Honourable Enoch Godongwana  
Minister of Finance of the Republic of South Africa  
and Chairperson of the SACU Council of Ministers

# EXECUTIVE SECRETARY'S STATEMENT

This Integrated Annual Report presents and highlights high-level milestones and achievements in implementing our Strategic Plan, 2022-27, during the 2024/25 FY. It also outlines key challenges encountered and the outlook ahead.

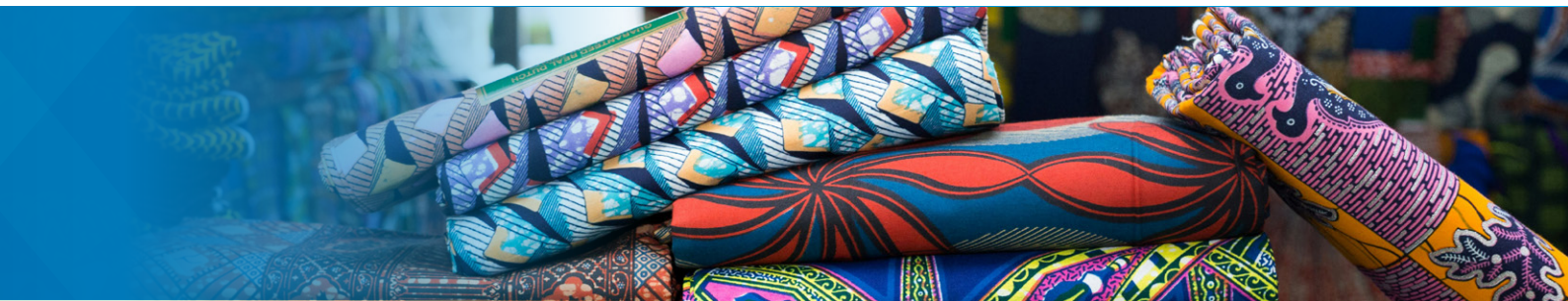
Despite numerous challenges during the period under review, I am pleased to report good progress by the Secretariat and Member States on the agreed priorities. These are highlighted below.

In the area of Industrialisation, Export and Investment Promotion, our efforts focused on developing concrete proposals and programmes to support Regional Industrialisation. Approved in June 2022, the Strategic Plan prioritises Industrialisation as SACU's overarching objective to be achieved through the development of Regional Value Chains, Investment Attraction and Export Promotion. This aims to broaden the region's industrial base and capitalise on trade opportunities including those under the AfCFTA. This is particularly relevant amid the emerging global paradigm shifts in tariff and trade policy dynamics.

I am pleased to report that the region has concluded the value chain mapping exercise and convened the Sectoral Roundtables on the following five (5) priority sectors: (i) Leather and Leather Products; (ii) Fruits and Vegetables; (iii) Meat and Meat Products; (iv) Textiles and Clothing; and (v) Cosmetics and Essential Oils. At the same time, work is also ongoing to undertake a developmental approach in the Pharmaceutical Sector. In advancing work on the development of Regional Value Chains, our SACU Member States are currently working on submitting projects under the Fruit and Vegetables Sectors, which will be piloted for the development of Regional Value Chains for the SACU region.

Work is also ongoing to develop value chain mapping on Fertilizers, Agro-Chemicals and Seed Production to ensure sustainable agricultural production, improve food security, and ultimately develop strategic cross-border collaborations for SACU Member States.





Recognising the importance of the Automotive and the complementary Green Mineral Beneficiation Sector in the SACU region, the Council of Ministers agreed in December 2024, to frontload these two (2) sectors and develop Smart Specialisation Strategies.

Work is also ongoing to develop the SACU Industrialisation Strategy, to define the milestones and expected outcomes as well as a strategic framework to support cross-border value chains within SACU.

The Strategic Plan also emphasises the need for AfCFTA implementation, as it provides a significant opportunity to enhance productive capacity to supply the African market, comprising 54 countries, with an estimated 1.3 billion consumers and a GDP of more than US\$3.4 trillion. SACU's industrialisation ambitions are therefore rooted in this context, and for this reason, SACU has placed the implementation of the AfCFTA among its top priorities. I urge the SACU private sector to actively seize and capitalise on these opportunities because business participation is essential for success.

Beyond industrialisation and the AfCFTA, SACU is advancing programmes aimed at facilitating cross-border trade through the SACU Trade Facilitation and Logistics Programme, thus creating a conducive trading environment for the traders in the region. Key achievements during the period under review include: (i) increase in the AEO Programme uptake; (ii) Joint Enforcement Operations; (iii) Integrated Risk Management Strategy that is inclusive of Other Government Agencies; (iv) improvements in IT Connectivity to work towards reaching the 90 percent target; continued support for the implementation of the AfCFTA and other trade agreements; and implementation of the approved Guidelines and Proposals to Enhance Border Efficiencies.

In the Integrated Annual Report for the 2023/24 FY, we highlighted that SACU had embarked on the process of SACU re-imagination with a view to reflect on all issues and chart a new direction for the organisation. In this regard, progress has been limited during the period under review due to challenges in achieving quorum at the level of the Council. Despite efforts by the Council and the Commission to conclude this matter, we are slightly behind schedule. However, constructive deliberations occurred at the Council Retreat held on the 26<sup>th</sup> June 2025 in Windhoek, Namibia, yielding recommendations to the Summit on governance issues relating to tariff-setting, regional export strategy, financing for industrialisation, and management of the Common Revenue Pool (CRP). This has provided greater clarity on the key areas that will shape SACU's future direction.

In conclusion, I wish to convey my gratitude to the SACU Summit, for their leadership and guidance. I also express deep appreciation to the Council of Ministers, Members of the Commission and the entire staff of the Secretariat, for their support in advancing the SACU Strategic Plan. Together, we remain committed to deeper regional integration and sustainable value creation for our Member States.

Alma Andrade  
Acting Executive Secretary of SACU

# 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 (now the Republic of South Africa) and the then British High Commission Territories of Basutoland (now the Kingdom of Lesotho); Bechuanaland (now the Republic of Botswana) and Swaziland (now the Kingdom of Eswatini). Namibia (then South-West Africa, placed under South Africa through a Class C Mandate in 1920) 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, (as amended in 2013) 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:

- (a) common negotiating mechanism;
- (b) free movement of goods between the Member States;
- (c) Common External Tariff (CET) on imports from third parties;
- (d) sharing of revenue collected from customs and excise duties;
- (e) harmonised customs and excise policies; and
- (f) consensus decision making.

The SACU Agreement, 2002, 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 SACU Agreement, 2002, 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 of the SACU Agreement, 2002 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 (3) 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 Gross Domestic Product (GDP) in a specific calendar year as a percentage of total SACU GDP in the same year. The Development Component is set at 15 percent of the Excise Component.

The effect of the above-mentioned formula 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 within the Union. Furthermore, the SACU Agreement, 2002 provides for protection for infant industries in Botswana, Eswatini, Lesotho, and Namibia, under Article 26 of the SACU Agreement, 2002. Under that 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. These are: Summit, Council of Ministers, Commission, Tariff Board, Secretariat, Technical Liaison Committees, and an *ad hoc* Tribunal. The Tariff Board and the *ad hoc* Tribunal are not operational yet.



## Summit

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The Summit consists of the Heads of State or Government of the SACU Member States. Its mandate is to define the political and strategic direction, as well as the priorities of SACU.

## Council of Ministers

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The Council of Ministers consists of the Ministers of Finance, and of 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.

Among 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 on rotational basis in alphabetic order by each Member State

for a period of twelve (12) months. For the period under review, the Republic of Namibia was the Chair of SACU from the 15<sup>th</sup> July 2024 to the 14<sup>th</sup> July 2025, following the Kingdom of Lesotho whose tenure ended on the 14<sup>th</sup> July 2024.

## Commission

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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.

## Secretariat

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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 CRP as well as coordinating and assisting in the negotiation of trade agreements with third parties. It is the depository of all records of SACU.



## Tariff Board

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Article 11 of 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 SACU Agreement, 2002. As the Tariff Board is not yet operational, the Council has mandated the International Trade Administration Commission (ITAC) of South Africa to handle tariff applications on behalf of SACU as an interim measure. The Secretariat facilitates the consultative processes regarding changes to the CET and provides support to promote uniform application of the CET.

## Technical Liaison Committees

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There are five (5) Technical Liaison Committees (TLCs) which are part of the SACU Agreement, 2002, but are currently suspended. They are:

- (a) Agricultural Liaison Committee;
- (b) Customs Technical Liaison Committee;
- (c) Trade and Industry Liaison Committee;
- (d) Transport Liaison Committee; and
- (e) Finance Liaison Committee.

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

## Ad hoc Tribunal

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Article 13 of the SACU Agreement, 2002 makes provision for establishment of an *ad hoc* Tribunal, which reports directly to the Council. Though the Tribunal is not yet operational, 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 (3) 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, 2002 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.

# VISION, MISSION, VALUES AND CULTURE

## Vision

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

## Mission

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**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; and

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

## Our values and culture

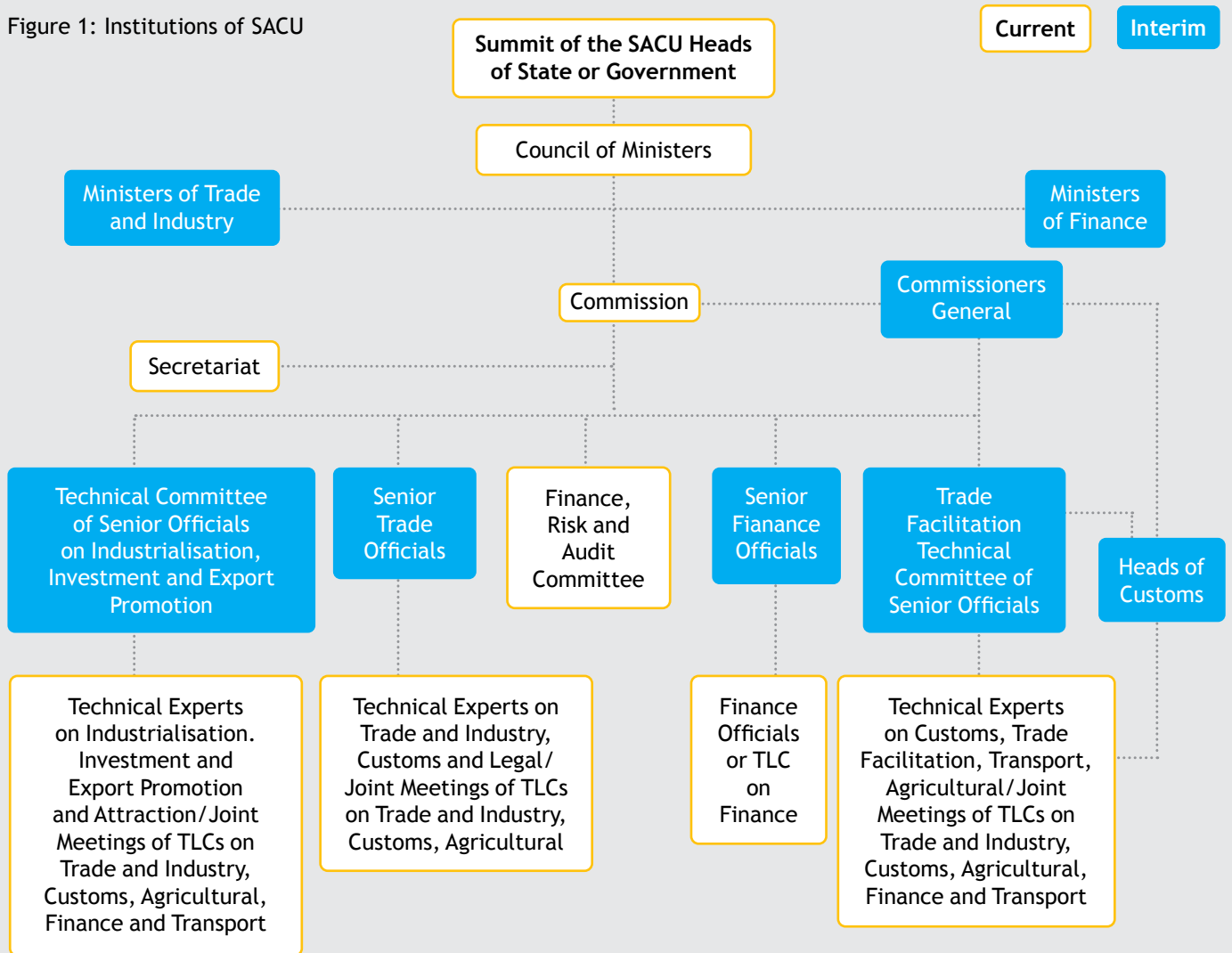
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- Vision-driven, recognising the SACU vision as an overarching guide for the region's work towards a shared future.
- Trustworthy, valuing honesty with an expectation to always treat each other with respect and mutual trust.
- Performance-driven, valuing 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. SACU Institutional structure is depicted in Figure 1 on page18.

# LEADERSHIP STRUCTURE AND GOVERNANCE ARCHITECTURE

Figure 1: Institutions of SACU



# SUMMIT OF THE SACU HEADS OF STATE OR GOVERNMENT



**His Excellency  
Advocate Duma Boko**  
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



**Her Excellency  
Dr. Netumbo Nandi - Ndaitwah**  
President of the Republic of Namibia



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

# SACU COUNCIL OF MINISTERS



**Honourable  
Ndaba Gaolathe**  
Vice-President and  
Minister of Finance  
Republic of Botswana



**Honourable  
Tiroeaone Ntsima**  
Minister: Trade and  
Entrepreneurship  
Republic of Botswana



**Honourable  
Neal Rijkenberg**  
Minister: Finance  
Kingdom of Eswatini



**Honourable  
Manqoba Khumalo**  
Minister: Commerce,  
Industry and Trade  
Kingdom of Eswatini



**Honourable  
Dr. Retšelisitsoe  
Matlanyane**  
Minister: Finance and  
Development Planning  
Kingdom of Lesotho



**Honourable  
Mokhethi Shelile**  
Minister: Trade, Industry,  
Business Development  
and Tourism  
Kingdom of Lesotho



**Honourable  
Parks Tau**  
Minister: Trade, Industry  
and Competition  
Republic of South Africa



**Honourable  
Enoch Godongwana**  
Minister: Finance  
Republic of South Africa



**Honourable  
Ericah B. Shafudah**  
Minister: Finance  
Republic of Namibia



**Honourable  
Amb. Selma Ashipala-  
Musavyi**  
Minister: International  
Relations and Trade  
Republic of Namibia

# SACU COMMISSION



**Ms. Boikanyo Mathipa**  
Deputy Secretary:  
Financial Policy  
Republic of Botswana



**Mr. Olesitse Masimega**  
Permanent Secretary:  
Ministry of Trade and  
Entrepreneurship  
Republic of Botswana



**Mr. Vusi Dlamini**  
Principal Secretary:  
Ministry of Finance  
Kingdom of Eswatini



**Ambassador Melusi Masuku**  
Principal Secretary: Ministry  
of Commerce, Industry and  
Trade, Kingdom of Eswatini



**Ms. Nthoateng Lebona**  
Principal Secretary:  
Ministry of Finance and  
Development Planning  
Kingdom of Lesotho



**Mrs. Palesa Matobako**  
Principal Secretary:  
Ministry of Trade, Industry,  
Business Development and  
Tourism, Kingdom of Lesotho



**Dr. Michael Humavindu**  
Executive Director:  
Ministry of Finance  
Republic of Namibia



**Ms. Ndiitah  
Nghipondoka-Robiati**  
Executive Director:  
Ministry of International  
Relations and Trade  
Republic of Namibia



**Ms. Boipuso Modise**  
Deputy Director-General:  
International and Regional  
Economic Policy Division,  
Department of National  
Treasury  
Republic of South Africa



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

# EXECUTIVE COMMITTEE



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



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



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



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



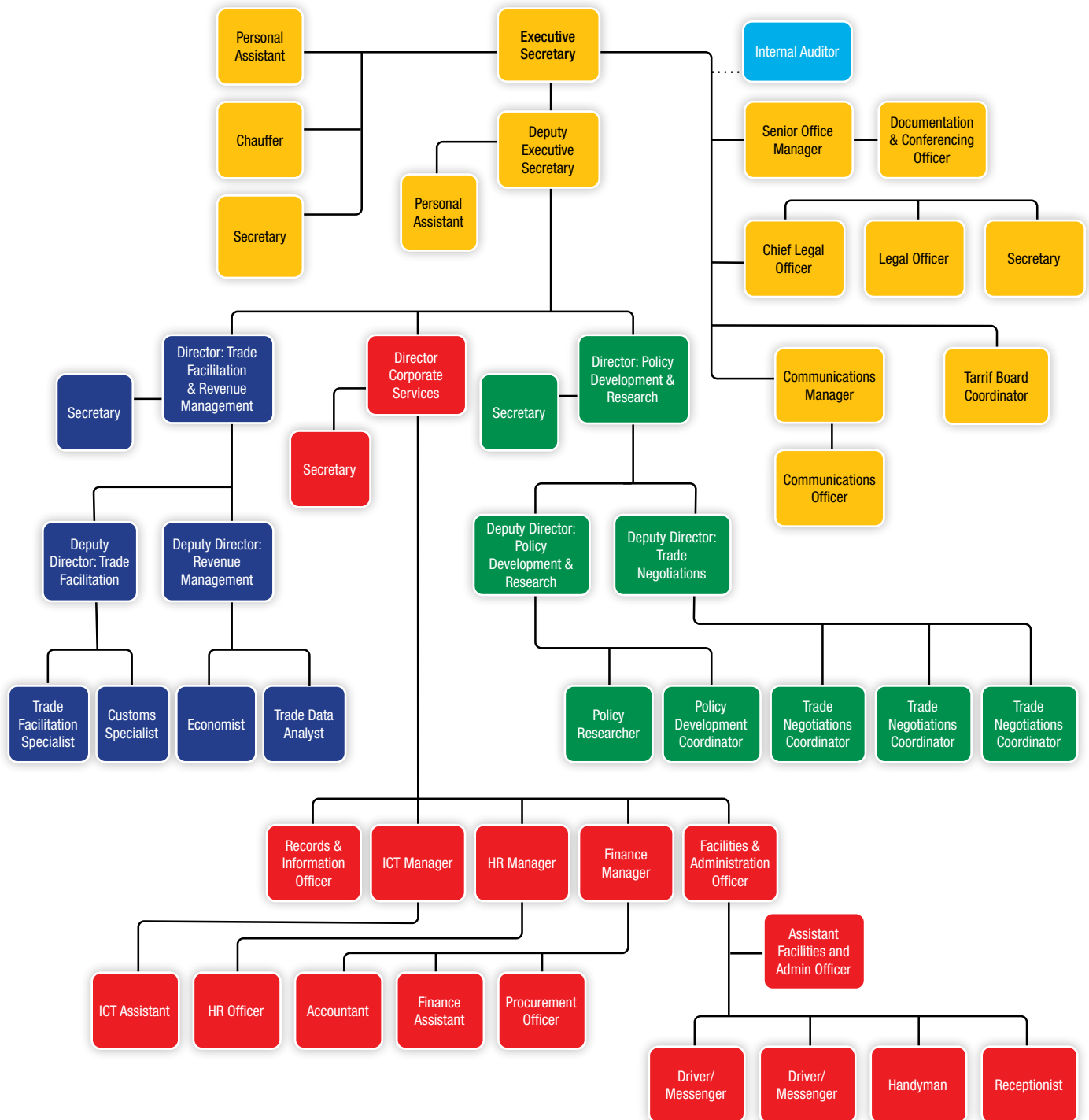
**Mr. Donald Ndwandwe**  
Acting Director: Trade Facilitation  
and Revenue Management



**Ms. Lydia Nghamwa**  
Chief Legal Officer

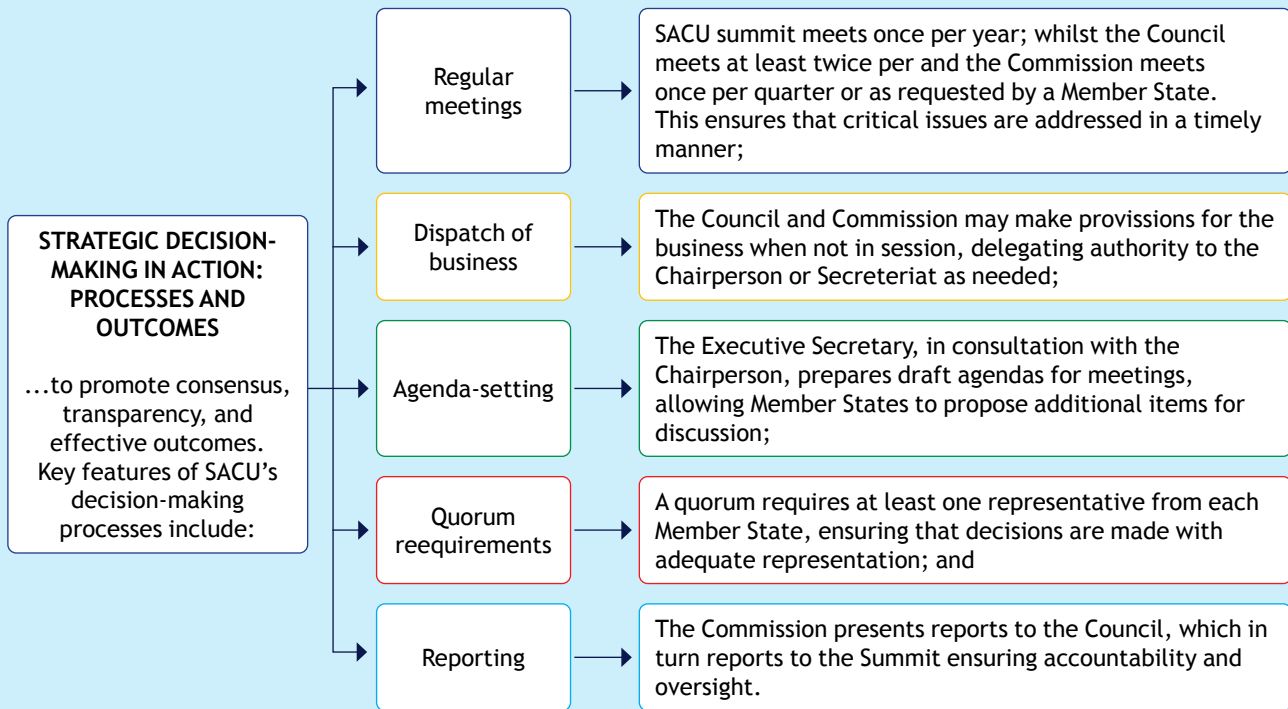
# SACU SECRETARIAT'S ORGANOGRAM

Figure 2: SACU Secretariat's Organogram

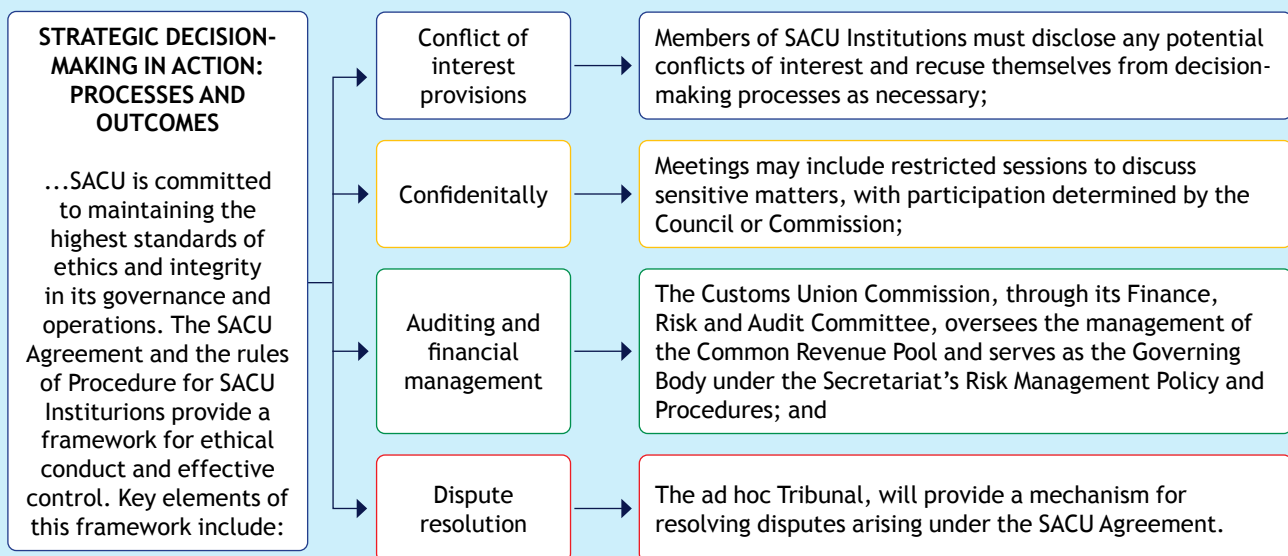


# STRATEGIC DECISION-MAKING IN ACTION: PROCESSES AND OUTCOMES

SACU's decision-making processes are designed to promote consensus, transparency, and effective outcomes. Key features of SACU's decision-making processes are outlined in below:



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:





## 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 2022-2027 adopted by the Summit in June 2022, 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 SACU Agreement, 2002, provides for the Summit of the Heads of State or Government to meet at least once annually. Regrettably, the Summit could not convene during the period under review due to the national elections that took place during the period of May to November 2024, in three (3) of the SACU Member States. It is hoped that the Summit will convene in the 2026/27 FY to consider the progress report by the Council on the implementation of the SACU Strategic Plan and on SACU re-imagination.

## Council of Ministers

In line with the extension of the Interim Institutional Arrangement, wherein the Council reduced the frequency of its quarterly meetings and those of the Commission to two (2) meetings annually; the Council was unable to convene its June 2024 Meeting, due to a lack of quorum. The Council was, however, able to convene its December 2024 Meeting on the 6<sup>th</sup> December 2024 in Johannesburg, South Africa. Its Agenda included approvals of the Annual Business Plans and accompanying revised budget for the 2024/25 FY and Proposed Budget for the Secretariat for the 2025/26 FY.



**50<sup>th</sup> Meeting of the Council of SACU Ministers:** Seated L-R: the Executive Secretary of SACU, Mr. Thabo Khasipe, Hon. Ipumbu Shiimi, the Chairperson of the SACU Council of Ministers and Minister of Finance and Public Enterprises of Namibia, H.E. Ndaba Gaolathe, Vice-President and Minister of Finance of Botswana, and Hon. Enoch Godongwana, Minister of Finance of South Africa. Standing L-R: Hon. Andrew Whitfield, Deputy Minister of Trade, Industry and Competition of South Africa, Hon. Tiroyaone Ntsima, Minister of Trade of Botswana, Hon. Neal Rijkenberg, Minister of Finance of Eswatini, Hon. Mokhetshi Shelile, Minister of Trade, Industry, Business Development and Tourism of Lesotho, and Executive Director of the Ministry of Industrialisation and Trade of Namibia, Mr. Sikongo Haihambo who represented Hon. Lucia Ipumbu.

## Commission

In line with the Interim Institutional Arrangement, the SACU Commission convened two (2) meetings during the period under review, on 9 - 10 July 2024 and on 4 December 2024 in Namibia, respectively. The Commission also convened a Retreat on the re-imagined SACU on 10 - 11 October 2024, in Namibia.



*The 74<sup>th</sup> Meeting of the SACU Commission held on 9 July 2024 in Maseru, Lesotho and chaired by the Principal Secretary in the Ministry of Finance and Development Planning of Lesotho, Ms. Nthoateng Lebona.*

# ATTENDANCE REGISTER OF THE SACU COMMISSION

Members of the SACU Commission		74 <sup>th</sup> Meeting of the SACU Commission, 9 - 10 July 2024, in Lesotho	Commission Retreat on the Re-Imagined SACU, 10 - 11 October 2024, in Namibia	75 <sup>th</sup> Meeting of the SACU Commission, 4 December 2024, in Namibia
<b>BOTSWANA</b>				
1.	<b>Ms. B. M. Mathipa</b> Deputy Secretary for Financial Policy: Ministry of Finance	Yes	Yes	Yes
2.	<b>Ms. E. Richard-Madisa</b> Permanent Secretary: Ministry of Trade and Industry	No (but was represented by <b>Mr. Phazha Butale</b> )	Yes	No (but was represented by <b>Mr. Phazha Butale</b> )
<b>ESWATINI</b>				
3.	<b>Ms. S. Dlamini</b> Principal Secretary: Ministry of Finance	No (but was represented by <b>Mr. Armstrong Dlamini</b> )	The new PS Attended: <b>Mr. Vusi Dlamini</b>	<b>Mr. Vusi Dlamini</b> attended
4.	<b>Mr. S. Nkambule</b> Principal Secretary: Ministry of Commerce, Industry and Trade	No (but was represented by <b>Ms. Lungile Mahlalela</b> )	The new PS, <b>Mr. M. Masuku</b> was represented by <b>Ms. Lungile Mahlalela</b>	The new PS, <b>Mr. M. Masuku</b> was represented by <b>Ms. Lungile Mahlalela</b>
<b>LESOTHO</b>				
5.	<b>Ms. N. Lebona</b> Principal Secretary: Ministry of Finance and Development Planning	Yes (Chaired the Meeting)	Yes	Yes
6.	<b>Ms. Palesa Matobako</b> Principal Secretary: Ministry of Trade, Industry and Business Development	Yes	Yes	Yes
<b>NAMIBIA</b>				
7.	<b>Mr. T. Ndove</b> Executive Director: Ministry of Finance and Public Enterprises	Yes	Yes (Chaired the Meeting)	Yes (Chaired the Meeting)
8.	<b>Mr. S. Haihambo</b> Executive Director: Ministry of Industrialisation and Trade	Yes	Yes	Yes
<b>SOUTH AFRICA</b>				
9.	<b>Amb. X. Mlumbi-Peter</b> Deputy Director - General: Trade Branch Department of Trade, Industry and Competition	No (but was Represented by <b>Mr. Sandile Tyini</b> )	Yes	Yes
10.	<b>Mr. M. Geswint</b> Acting Deputy Director - General: International and Regional Economic Policy Division, Department of National Treasury	Yes	Yes	No (but was represented by <b>Mr. Vusi Maupa</b> )



## CHAPTER THREE

# EXTERNAL ENVIRONMENT

# HIGHLIGHTS OF OUR SCALE, REACH, AND IMPACT

During the reporting period, the region weathered some turbulent environment due to both external and internal factors. However, SACU continued to advance its industrialisation agenda, deepening its integration, and implementing common solutions to facilitate seamless movement of goods across its borders and enhancing economic performance.

The following are the key highlights:

- **Intra-SACU trade:** Intra-SACU trade reached R271.3 billion in 2022/23 FY compared to R236.2 billion in 2021/22 FY, reflecting a 14.9 percent increase. This is reflective of the deepening of the intra-trade among the SACU Member States and points to increasing demand for goods within the region.
- **Economic and Social development:** Fiscal space of SACU was bolstered by the revenue-sharing mechanism, distributing R171.2 billion in 2024/25 FY compared



**Phase II of the SACU AEO Training Workshop:** The Secretariat, with the support from the WCO Accelerate Trade Facilitation Programme, conducted Phase II of the SACU Regional Authorised Economic Operator (AEO) Programme training workshop and the Regional training on Risk Management and Data Analytics. The training was held on 19-23 August 2024 in South Africa and brought together Customs Officers from Botswana, Eswatini, Lesotho, and Namibia to strengthen the AEO Programme's implementation. Facilitated by experts from South African Revenue Service (SARS) and the World Customs Organization - Organisation Mondiale des Douanes the training focused on enhancing officers' skills in Risk Management, Post Audit Clearance (PCA), and data analytics, essential for combating illicit trade and securing borders. This initiative supports SACU's Strategic Plan 2022-2027, aiming to advance the Regional AEO Programme and improve trade facilitation across Member States.



to R159.5 FY billion to Member States in 2023/24 FY to support development projects. Beyond this linear increase, the projected decline of revenue to R142.4 billion in the 2025/26 FY highlights ongoing volatility, in part driven by geopolitical tensions and trade disruptions that may influence future revenues. Potential tariff measures and trade policies related to these tensions could further impact revenue flows and regional economic stability.

- **Stakeholder Engagement:** Building on the successes attained in previous years, the AEO Programme continued to deepen collaboration between Customs administrations and the private sector, strengthening SACU's strategic objectives of improving compliance and securing the regional supply chain. During the reporting period, the number of accredited AEOs rose to 849, a net gain of 318 operators, reflecting growing confidence in the trusted trader framework. Efforts focused on streamlining validation processes, enhancing awareness, and training of Customs Officials on AEO. Importantly, engagements also commenced between Customs administrations and Other Government Agencies (OGAs) mandated to facilitate cross-border trade, with the purpose of sensitising OGAs on the AEO concept and motivating them to adopt it as a tool to facilitate trade. These developments not only reinforced partnerships with the trade community but also laid the groundwork for the Mutual Recognition Arrangement (MRA) to be launched in 2025/26, which will extend greater benefits to accredited traders across the region.
- **Enhancing Administrative Efficiencies:** Building on earlier efforts to digitalise trade processes, SACU advanced the Regional IT Connectivity Project amongst Customs Administrations, which underpins automation and enables the electronic exchange of import and export data. During this reporting period, the region attained a 66 percent match rate using the Unique Consignment Reference (UCR) compared with the

regional target of 90 percent. These efforts are part of the collective commitment to modernisation and also focused on strengthening data integrity, refining system controls, and aligning methodologies across Member States. These advances provide a solid base for accelerating work toward a Single Declaration which will lead to improved efficiency of customs operations.

- **Enhancing Compliance and Security of the Supply Chain:** Following the foundations laid in previous years, SACU successfully implemented its Risk Management, Compliance and Enforcement Strategy. During the period under review, significant achievements included the development of a Joint Enforcement Operation Plan in partnership with Other Government Agencies (OGAs) and the collation of quarterly regional risk registers. These initiatives have strengthened inter-agency collaboration, enhanced capacity to mitigate risks, and reinforced the integrity of the regional supply chain. Together, they mark a decisive step in combating illicit trade and improving revenue assurance.
- **Capacity Building:** Building on ongoing efforts to strengthen institutional capacity, SACU continued to invest in skills development and knowledge transfer across customs administrations. During the reporting period, training programmes were delivered on Risk Management Data Analytics, the AfCFTA, IT Connectivity (UCR), and the application of Power BI dashboards for monitoring and evaluation. Regional and national workshops on the AEO Programme and Risk Management further enhanced technical expertise and operational readiness. In addition, specialised support on HS Classification, Valuation, and Rules of Origin equipped officials to better implement trade agreements and manage compliance. These initiatives have expanded SACU's pool of experts and positioned Member States to successfully roll out upcoming initiatives, including the AEO MRA Pilot and Regional Joint Enforcement Operations.



- **Engagements with third parties:** all SACU Member States are now effectively implementing the AfCFTA Provisional Schedule for Tariff Concession (PSTC) following the publishing and gazetting of the concessions in accordance with national laws. The transposition of the SACU's PSTC from HS 2017 to HS 2022 was successfully undertaken and verified at the AfCFTA level. Progress was also achieved on the Transitional Arrangements and Built-in Agenda under the SACUM-UK EPA. Notably, the 1st Joint Council was successfully convened in January 2025, resulting in the adoption of key institutional instruments, including the Rules of Procedure. This milestone paves the way for the establishment of Rules of Procedure for the Special Committees, thereby enhancing the institutional architecture required to advance work under the Built-in Agenda and support implementation of the Transitional Arrangements under the EPA.
- The gazetting of the Guidelines for the imposition of the Agricultural Safeguard (Article 35) under the Economic Partnership Agreements (EPAs) by ITAC in August 2024. Following this development, the Directorate led the establishment of a standardised template for collecting monthly trade statistics and coordinated the systematic compilation and submission of data to ITAC and Member States from October 2024 onward. This work strengthens the mechanism for monitoring import trends and enables the timely triggering of safeguard measures for products listed in Annex IV of the EU-SADC EPA and the SACUM-UK EPA, thereby enhancing the protection of domestic agricultural sectors against potential import surges.
- **Strengthened adherence to multilateral obligations:** this was undertaken through collaboration with the World Trade Organization (WTO) in delivering a SACU Post-TPR Workshop on WTO notifications. The workshop enhanced Member States' capacity to prepare and submit required notifications under various WTO Agreements, thereby supporting improved compliance with multilateral commitments and reinforcing SACU's engagement in the rules-based trading system.
- Ensuring industrialisation of the SACU region through development of the SACU Industrialisation Strategy which aims to foster economic growth and enhance competitiveness for the SACU region with an aim to harness benefits engendered by the AfCFTA and beyond.
- Advancement of the piloting projects for development of regional value chains through identifying Fruits and Vegetables and frontloading of Automotive and Mineral Beneficiation as the two (2) critical sectors to be advanced. Automotive sector complemented by the Green Mineral Beneficiation sector has been identified at the regional and continental level as the critical sector for development and SACU has frontloaded this sector to ensure that the region is not left behind. A Task Team has been formed to develop a roadmap and Strategies for development of the Automotive and Mineral Beneficiation sector.
- An Export Potential Map for SACU was also developed. The SACU Export Potential Map identifies new export opportunities for SACU Member States and intra-regional trade potential. It further provides insights into products, markets and suppliers with untapped export potential.



# MEGATRENDS SHAPING OUR EXTERNAL ENVIRONMENT

## The Global Economic Outlook and Geo-political Risks

The global economy showed precarious-earlier signs of stabilisation following a prolonged and challenging period of unprecedented shocks for the most part of 2024, which now seem abating. Global growth had tittered around 3 percent during the last few years, with global output coming close to potential. Growth is projected to fall from an estimated 3.3 percent in 2024 to 2.8 percent in 2025 but later recover to 3 percent in 2026 - lower than the projections in the January 2025 World Economic Outlook (WEO) Update, by 0.5 percentage point for 2025 and 0.3 percentage point for 2026. Downward growth revisions were estimated for nearly all major economies including the US and China.

Global trade was forecast to slow down in 2025 to 1.7 percentage point, a downward revision of 1.5 percentage point since the forecasts. This is on the backdrop of increased tariff restrictions affecting trade flows and, somewhat, the diminishing effects of cyclical factors that have underpinned the recent rise in goods trade-coupled with narrow global current account balances. Wider current account balances experienced in 2024 reflected widening domestic imbalances and a pickup in global goods trade.

## Declining optimism, deepening geopolitical and geoeconomic tensions

The global outlook for 2025 is increasingly fractured across geopolitical, environmental, societal, economic and technological domains. The World Economic Forums illustrate that, for instance, in 2025 with the two (2) year risk outlook provided two (2) years ago, shows how far perceptions darkened when it comes to conflict. State-based armed conflict, now ranked as the number one current risk by 23 percent of respondents, now a leading risk compared to two (2) years ago. Similarly, geoeconomic fragmentation risk was lower at position 14 previously, but now stands at number nine (9) while cyber espionage and warfare have also been elevated.

## Limited Policy Space

The available policy space has already been exhausted in many ways limiting how much support policymakers can do in case of emerging shocks or a pronounced downturn. Several countries instituted large fiscal support packages, first during the COVID-19 pandemic and later amid spiking energy and food prices during the onset of Russia and Ukraine conflict. Fiscal policy was expected to lean somewhat toward consolidation. Nonetheless, on account of recent geopolitical developments, some regions are now poised to pursue fiscal expansion.



## Global imbalances owing to domestic imbalances

Rising geopolitical tensions and widening domestic imbalances, notably occurring through, weak demand in China and strong demand in the US, have sparked new fears about global imbalances. The volume of international trade as a percentage of world GDP, has been largely stable, but structural changes have been taking place, nonetheless. Overall, increasingly more trade has been occurring within countries historically aligned with each other rather than between them.

Since 2016/17, China and the US have diversified their trading partners, decoupling from each other in terms of export and import linkages. In other instances, this decoupling occurred at a microeconomic level along the supply chain through trade rerouting and production reallocation, with an increasing share of import origination for the US and as import as well as export counterparts for China. Over and above that, a distinct macroeconomic dimension of trade reallocation has emerged. Changing demand patterns have led Europe to import more from China in general, and from the US in the energy sector. On the other hand, Europe is exporting more to the US in other sectors. As a result, Europe's trade with both China and the US has increased.

## Heightening trade measures and prolonged trade policy uncertainty underpinned by rising inflation levels

Should trade wars intensify more, world GDP would be negatively affected, but with varying effects across countries. Those countries' directly targeted by new US tariffs would be most affected, notably China, including SACU. A more nuanced analysis of the effects of increased tariff by the US on SACU is projected in view of reciprocal tariffs and unlikelihood of non-renewable of AGOA. Member States could exploit the opportunity to consolidate their trade networks, reconfigure their

role and position in global/regional value chains, and, hence, meaningfully benefit from the current state of affairs, especially if traded goods embed a rising share of domestic value added.

However, negative effects could materialise over time. Their scale would depend on how fast Member States can boost domestic consumption, reroute trade flows, and increase productivity and competitiveness, as well as on the reach and intensity of the countermeasures, including non-tariff measures. The emergence of new trading clusters and new trade patterns or a re-arrangement of these is likely to fragment trade and FDI flows and weigh on capital accumulation. There is an imperative to pay attention to some key elements of SACU's Industrialisation Agenda, in particular the trade and export promotion interventions so the swaying regional and global value chains can be understood and harnessed.

Rising geopolitical tensions could still give rise to changes in the international monetary and payment systems, with far-reaching implications for global macro financial stability. Changes in global economic integration might also trigger sub-optimal relocation of production units and technological decoupling, with negative spillover effects in the longer-term emanating from resource misallocation, loss of knowledge hubs, contraction in bank credit, and financial stability risks. A trade war inadvertently fuels inflationary pressures, mainly through rising import prices.

Rising inflation remains highly possible. With more than 80 percent of trade being invoiced in US dollars, an appreciating US dollar would put additional pressure on





## Financial market volatility and correction

Besides inflation persistence in some countries, interest rates could rise, with cross-country interest rate differentials likely to trigger capital outflows, and tighter financial conditions, especially in emerging market and developing economies (EMDEs). Financial market risks may be compounded by future corporate earnings failing to meet expectations, large and unpredictable policy shifts, or renewed geopolitical risks. Should financial conditions deteriorate sharply, the US dollar would typically be expected to appreciate, and the international monetary system could experience a sudden reset, with potentially major implications for the dollar as the anchor currency. Deteriorating global financial conditions and broader disruptions to the system might precipitate balance of payments crises in small vulnerable countries with limited market access, high refinancing needs, and weak negotiation capacity and SACU remain no exception. If excessive rollback of financial regulations occur, they might result in boom-bust dynamics, with negative repercussions for household wealth, raising systemic stress and resultant adverse spillover effects throughout the global economy.

## Rising social discontent

The legacy of the cost-of-living crisis, plus reduced medium-term growth prospects, could worsen societal polarisation and unrest, hindering necessary reforms for growth. The risk of unrest, more pronounced in Africa, where conflicts and rising food and energy prices have had a severe impact on vulnerable nations with limited fiscal space. Although EMDEs have demonstrated resilience over the past four (4) years, their capacity to manage domestic challenges, especially high debt levels, in a deteriorating global environment could be tested. A resurgence in food and energy price inflation, driven by commodity market fragmentation or intensification of climate-related disasters, could worsen living conditions and heighten food security concerns, particularly in low-income countries—more prevalent in Africa.

inflation should the US dollar appreciate. This happened during the past incidents of trade uncertainty and financial market volatility. Additionally, inflation expectations currently exceed central bank targets and, in some cases, on the rise. Again, restrictions on commodities trade such as on rare earths may lead to significant price shifts, as price elasticities of critical minerals and highly traded agricultural goods are especially vulnerable to trade fragmentation given their concentrated production, level of substitution, and essential roles in manufacturing and key technologies. Inflation could likely also have negative distributional effects across and within countries further depressing living standards.

Tariffs on agricultural commodities could fuel food security concerns, especially in low-income countries. Tariffs are also likely to raise prices of tradables, on which poor households spend relatively more. Welfare losses are typically affecting the poor and pensioners, even when tariff revenues offset distortionary taxes. Beyond the risk of additional trade barriers, prolonged uncertainty regarding trade policies could negatively affect investment and growth. With lingering uncertainty, firms may delay investment projects, with a consequent reduction in global investment.

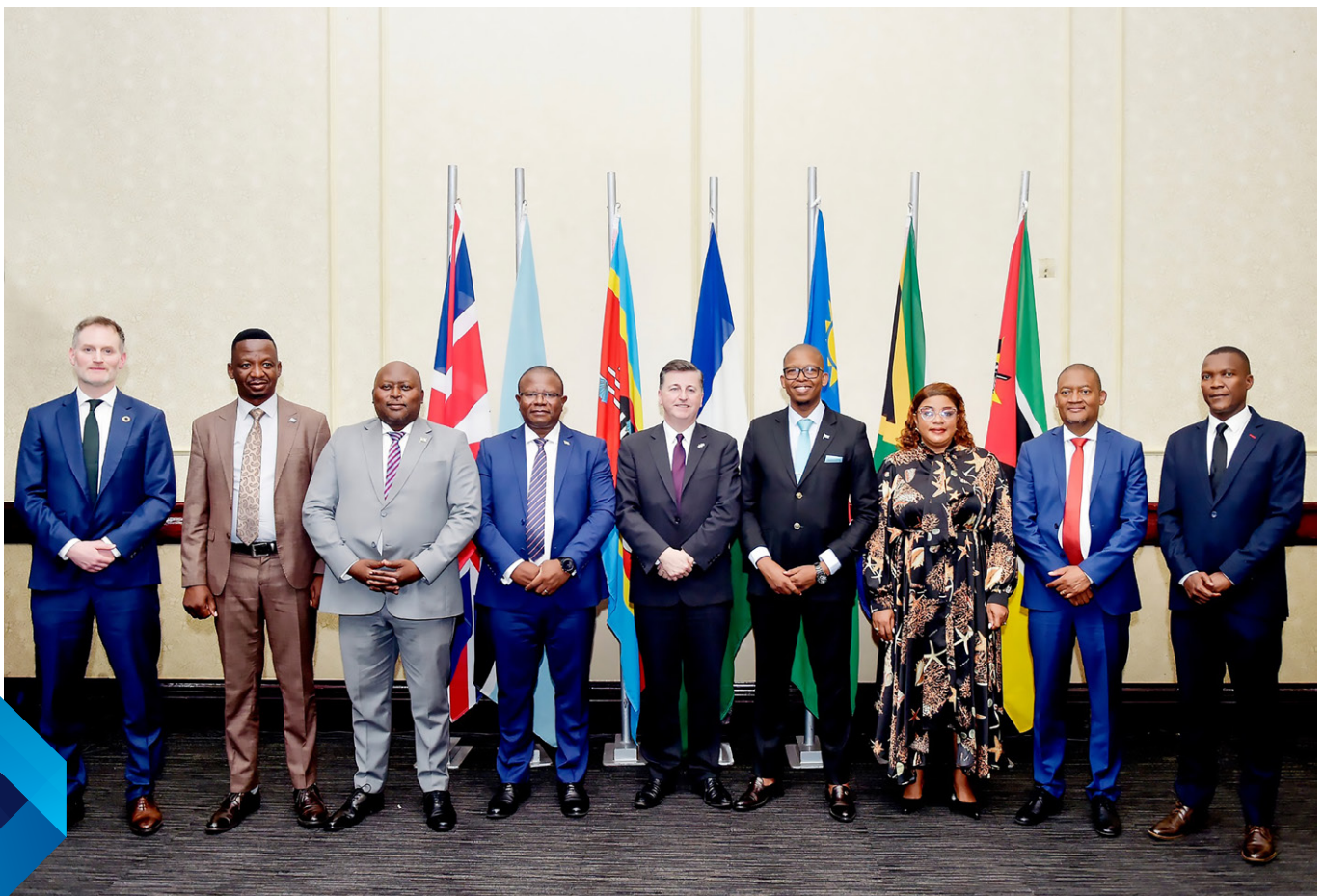
## Risk Mitigation proposals

### *Next-generation trade agreements*

Continued elevated trade policy uncertainty could be an incentive for regional, plurilateral, and multilateral agreements-possibly mitigating risks and fostering policy predictability. Fair agreements encompassing a broad set of areas, including digital and services trade and investment, could facilitate broad-based gains without new distortions. Expanding and/or deepening international cooperation and regional integration could boost investment, bolster productivity, raise potential growth, and enhance countries' resilience to external shocks, through the expansion of the reference market and diversifying trading partners. The on-going studies by SACU on utilisation of trade agreements and finding ways of enhancing the existing FTAs for a greater benefit of the region need not be overemphasised. Forward-thinking FTAs have never been more important for the region, but they can only be realised with a full understanding of evidence-based approaches to what the region really needs.

### *Approaches to ease macroeconomic trade-offs*

A few plausible alternative policy anchors are possible but largely depend on the rapidly changing trade landscape. With ongoing structural shifts, heightened uncertainty, and persistently weak growth, policies should focus on steps to restore confidence and stability, reduce imbalances, and sustainably lift growth. A reduction in uncertainty from changing policies and resolving trade tension can foster a more predictable environment, boost consumption, and promote investment. Monetary policy should still be geared towards price and financial stability. In SACU, a careful balance between introduction or escalation of some surcharges and administrative levies could be considered. Rebuilding fiscal space and sufficient fiscal buffers is urgent.



*The 1<sup>st</sup> Joint Council Meeting of the SACU-Mozambique-UK Economic Partnership Agreement that was held on 28 January 2025 in Gaborone, Botswana. The Ministers established the Institutional and Governance structures by adopting and signing decisions on the adopted Rules of procedure for the Joint Council, Trade and Development Committee as well as for Dispute Avoidance and Settlement and Code of Conducts.*



## CHAPTER FOUR

# OUR VALUE CREATION ECOSYSTEM

# 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:**

## (a) Financial Capital:

The pool of funds available to us, including Member States contributions, donor support and accumulated reserves:

- In the 2024/25 FY, SACU's financial capital inputs consisted of Member States' contributions of R85 million, which were based on the revenue sharing formula agreed upon in the SACU Agreement.
- SACU also received donor support amounting to R695,542 from international partners such as the World Customs Organisation, International Trade Centre and the World Trade Organisation. These funds were earmarked for specific trade facilitation, capacity building and regional integration projects.
- SACU's accumulated reserves, which amounted to R89.08 million at the beginning of the financial year, provided an additional source of financial capital to support our operations and investments. These reserves, which include fixed assets, working capital including cash balances amounting to R12.06 million, and accumulated surpluses from prior years have built up over the years through prudent financial management, and cost-saving measures, and serve as a buffer against potential shocks or uncertainties in the economic and trade environment.

## (b) Human Capital:

- SACU relies on its human capital of its highly qualified and experienced staff with a current complement of thirty-five (35). SACU Secretariat recruits its staff from a highly competitive pool of skilled applications in the region. At all times, the organisation seeks to motivate and retain its staff through a highly attractive remuneration package. The secretariat constantly reviews its HR policies including the ongoing review of the Pay Structure and that of the Organisational Structure in an attempt to make them more adaptive, agile and attractive.

## (c) 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 2024/25 FY were based on our extensive knowledge, experience, and expertise in the areas of industrialization, investment and export promotion, 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 development 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.

(a) Our Financial Capital inputs enable us to invest in key infrastructure, systems, and human resources that support work on industrialization, investment and export promotion, trade negotiations, as well as trade facilitation and revenue management activities:

- In the 2024/25 FY, SACU's prudent financial management and a revamped new Member States budgeting processes enabled us to allocate resources effectively towards strategic priorities and respond to evolving geopolitical challenges and risks that arose as a result. We implemented cost containment measures 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 integrity and transparency of our financial management. We received an unqualified audit opinion for the 2024/25 FY, reflecting a strong commitment to fiscal discipline and accountability.

(b) Intellectual Capital: 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 2024/25 FY, we produced at least ten (10) analytical reports and policy briefs on topics such as the impact of the emerging global developments on trade in the region, such as 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, and five (5) 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;
- Reduction of transaction costs and clearance times by simplifying and harmonising customs processes, thereby improving the competitiveness of goods traded within and beyond the region;
- 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;
- Increased competitiveness of Member States in regional and global markets;
- 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:

Financial Capital	<b>Key performance indicator</b>  Revenue distributed	2024/25 ACTUAL:  R171,165,105,663
Intellectual Capital	<b>Key performance indicator</b>  Number of analytical reports published	2024/25 ACTUAL:  Ten (10)





## Regional Partners

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### Value we created for regional partners:

- Sharing of experiences and best practices on trade facilitation, customs, 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



*The SACU WCO Accredited Trainers on Rules of Origin supported the SACU Secretariat to deliver the training of the Customs Officials on the implementation of the AfCFTA that was held on 11 - 14 February 2025 in Johannesburg, South Africa.*

## Secretariat Employees

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### Value we created for employees:

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

## International Partners

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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



*The SACU Secretariat, in collaboration with the World Trade Organization successfully concluded the Post-SACU Trade Policy Review Workshop that started on 12 - 15 November 2024 in Windhoek, Namibia.*

## Business Community

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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 Employees 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 (3) trade-offs and synergies in the allocation of our resources, we faced the following challenges and opportunities in the 2024/25 FY:

- (a) The Council of Ministers had imposed a moratorium on the recruitment of staff pending the outcome of the review of the Organisational Structure and of the Imagination process. The moratorium restricted recruitment of human capital with exception of emergency situations. It is anticipated that the reimagined SACU and the revised Organisational Structure will result in a more agile and attractive organisation.
- (b) The review of Human Resources polices as well as the Reimagination process are ongoing and this has created some level of uncertainty among staff. It is anticipated the conclusion of the two (2) processes will transform the organisation and result in a more motivated staff.



# 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.</li> <li>▪ 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>

CAPITAL	POSITIVE IMPACTS	NEGATIVE IMPACTS
<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, 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>



# CHAPTER FIVE

## DIRECTORATES VALUE CREATION

# DIRECTORATES VALUE CREATION

The Secretariat's Directorates structure is designed to support our strategic objectives and maximise our value creation potential. Each directorate plays a crucial role in advancing our mission of regional integration. 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 (6) 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 (6) 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

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, namely: Internal Audit, Tariff Board coordination, Communications, and Legal, this Directorate contributes to the enhancement of all six (6) capitals, with a focus on intellectual, social and relationship capitals.

## Key value creation activities:

- Provide strategic leadership and management oversight;
- Ensure good governance and compliance across the organisation;
- Manage stakeholder relationships and communications;
- Provide legal counsel and support on trade matters;
- Conduct 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.



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

# POLICY DEVELOPMENT AND RESEARCH: SHAPING EVIDENCE BASED STRATEGIES

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 intellectual capacity through evidence-based approach to policy making and strategy formulation.

## Key value creation activities:

- 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.

## Impact on capitals:

- 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.

## 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.



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

# TRADE FACILITATION AND REVENUE MANAGEMENT: ENHANCING REGIONAL SYNERGIES

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 cross border 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; Standards, Sanitary and Phytosanitary (SPS), Non-Tariff Barriers (NTBs), and Technical Barriers to Trade (TBT); coordinated implementation of Trade Agreements; Transport and Logistics; and Crosscutting Policy Imperatives related to trade facilitation and logistics;
- Continued implementation of the Customs Modernisation Programme and continued consultations on the work towards full implementation of the three (3) approved Projects for Trade Facilitation and Logistics Programme to streamline all the 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, reduce illicit trade by enhancing the security and safety of the supply chain, reduce entry and circulation of sub-standard goods and products, and more efficient cross-border trade;
- Private Sector: Reduced trade costs and improved predictability in cross-border procedures; and
- Citizens: Enhanced regional integration leading to greater economic opportunities.



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

# CORPORATE SERVICES: ENABLING OPERATIONAL EXCELLENCE

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 (6) 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:

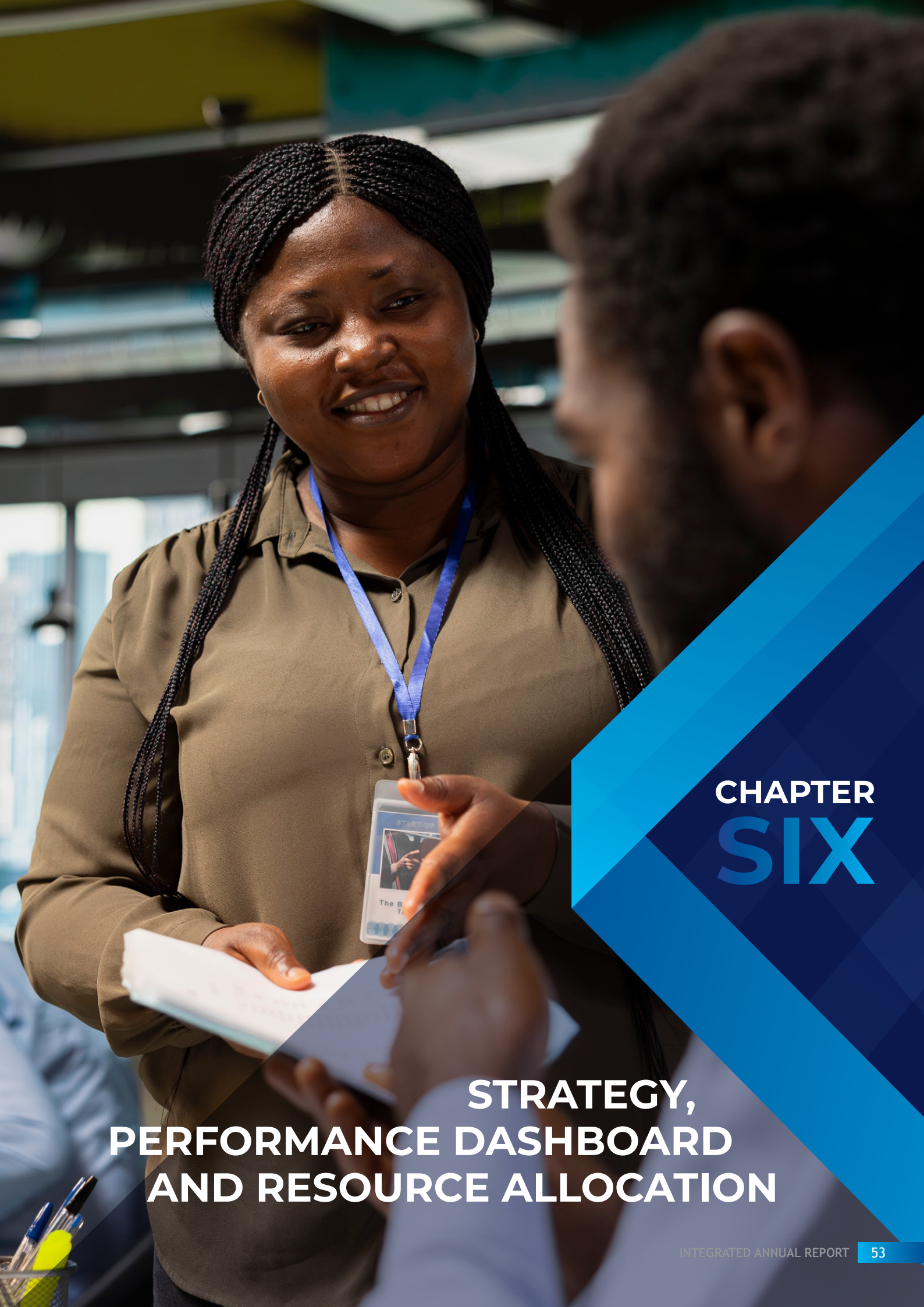
- Human Capital: Recruiting and developing a skilled and motivated workforce aligned with SACU's values and objectives;
- Financial Capital: Ensuring prudent financial management and resource allocation;
- Manufactured Capital: Maintaining and enhancing SACU's physical and digital assets; and
- Natural 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 and customer service awareness;
- Member States: Efficient and transparent management of SACU's resources; and
- Partners and Suppliers: Clear and fair procurement processes and contract management.



*Ms. Alma Andrade  
Director: Corporate Services*



**CHAPTER  
SIX**

**STRATEGY,  
PERFORMANCE DASHBOARD  
AND RESOURCE ALLOCATION**

# 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 (5) years. The Plan is underpinned by six (6) Strategic Pillars that will guide SACU's actions and interventions. The strategic framework is 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 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.

## Our Materiality Determination Process

SACU's materiality determination process is a critical aspect of our integrated thinking and reporting approach. 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.

## Re-Imagining SACU For A Resilient, Integrated And Prosperous Future

The process of re-imagining SACU that commenced in June 2023 remained ongoing. Its conclusion has been delayed due to a myriad of challenges including the inability at the level of Council to convene and deliberate on the issues due to lack of a quorum. In fact, the Council was only able to convene its Retreat on the 26th June 2025 to deliberate on the matter. To this end, Council was able to reach consensus on how to move forward on a number of issues such as tariff-setting, management of the CRP and financing for industrialisation. The specific recommendations will only be implemented once they are presented and endorsed by the SACU Summit.

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. There is a growing recognition amongst our stakeholders that a new vision is imperative for SACU to be able to position itself as the tool for deeper regional integration and inclusive development and growth. It is against this background that the Council has commissioned a study to make an assessment and provide options and recommendations on various elements of the re-imagination process. This study is expected to be completed in early 2026.

*The First SACU Commission Retreat on the Re-Imagination of SACU, was held on the 11<sup>th</sup> October 2024 in Swakopmund, Namibia, and chaired by the Executive Director in the Ministry of Finance and Public Enterprises of the Republic of Namibia, Mr. Titus Ndove.*



# STRATEGIC OBJECTIVES AND PERFORMANCE DASHBOARD FOR 2024/25 FY

## Strategic Projects as implemented under the SACU Strategic Pillars

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
<b>PILLAR 1:</b> Industrialisation, Export and Investment Promotion	<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>Frontloading of Automotive and Mineral Beneficiation.</p> <p>SACU Industrialisation Strategy.</p> <p>Pilot projects for development of regional value chains.</p> <p>SACU Export Potential Map.</p> <p>Study on Fertilizers, Agro-Chemicals and Seed Production.</p>	<p>With an aim to ensure full implementation of Pillar 1 of the SACU Strategic Plan, the following were achieved:</p> <p>Development of the SACU Industrialisation Strategy - work commenced to develop the SACU Industrialisation Strategy which aims to foster economic growth and enhance competitiveness for the SACU region with an aim to harness benefits engendered by the AfCFTA and beyond.</p> <p>Frontloading of Automotive and Mineral Beneficiation - these two (2) sectors were proposed for progression as one of the priority sectors and a task team formed to advance this work. Ultimately, the Task Team is to undertake value chain mapping and develop Smart Specialisation Strategies for these sectors.</p> <p>Pilot projects for development of regional value chains - work is continuing to come up with pilot projects for development of regional value chains particularly under the Fruits and Vegetables sector.</p> <p>The work to develop the SACU Export Potential Map commenced with ITC and is expected to complete in the 2025/26 FY.</p> <p>Study on Fertilizers, Agro-Chemicals and Seed Production - process to engage a consultant to develop the study on Fertilizers, Agro-Chemicals and Seed Production commenced. This is to include development of the value chain mapping on Fertilizers, Agro-Chemicals and Seed Production for sustainable agricultural production, improvement of food security and develop strategic cross border collaborations.</p>

# STRATEGIC OBJECTIVES AND PERFORMANCE DASHBOARD FOR 2024/25 FY cont...

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
<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; Transport and Logistics; and Cross-Cutting Imperatives inclusive of Legal Frameworks, Policy and Procedures, and Standard Operating Procedures).</p>	<p>Create seamless trade and cross-border movements.</p>	<p><b>Customs Modernisation Programme consisting of:</b></p> <ul style="list-style-type: none"> <li>(a) Regional Authorised Economic Operator (AEO) Programme;</li> <li>(b) Risk Management, Compliance and Enforcement;</li> <li>(c) IT Connectivity;</li> <li>(d) Capacity Building and Gender Mainstreaming;</li> <li>(e) HS Classification, Valuation and Rules of Origin (RoO);</li> <li>(f) Monitoring and Evaluation (M&amp;E); and</li> <li>(g) Programme Management and Coordination.</li> </ul> <p>Infrastructure Development Project aimed at strengthening collaboration to implement the soft and hard infrastructure needed to achieve digitised, seamless and streamlined SMART Borders.</p>	<p>Regional Authorised Economic Operator (AEO) Programme - Work progressed to expand the Single Government AEO framework, reinforcing collaboration between Customs administrations, and government agencies. Regional practical training on AEO validations was undertaken to ensure consistency across Member States, while sensitisation workshops with Other Government Agencies (OGAs) commenced to support their onboarding. In addition, the Mutual Recognition Arrangement (MRA) Implementation Plan was developed to prepare for the pilot phase, thereby laying the foundation for enhanced trade facilitation and secure supply chains.</p> <p>Risk Management, Compliance and Enforcement - The SACU Risk Management Strategy was advanced through regional consultations with OGAs, focusing on identification of high-risk areas and joint mitigation measures. Training in risk data analytics was delivered to enforcement experts, and preparations for the Joint Enforcement Operation targeting illicit goods was undertaken. These initiatives are designed to strengthen SACU's capacity to curb illicit trade, protect revenue, and improve supply chain integrity.</p> <p>IT Connectivity and Digital Transformation - The Regional IT Connectivity Project continued as a key enabler of automation and transparency in customs processes. During the period, training was provided for Customs officials and exporters on the correct application of the Unique Consignment Reference (UCR). Member States received technical assistance to enhance their systems, while data mapping exercises were initiated to align the unit of measure across countries. Collectively, these measures advanced progress toward higher accuracy in import and export data matching and laid the foundation for the future work towards Single Declaration.</p> <p>Capacity Building and Training - A wide range of training interventions were delivered to strengthen institutional capacity across Member States. This included training on Risk Management Data Analytics, AfCFTA implementation, IT Connectivity Unique Consignment Reference (UCR), and the use of Power BI dashboards for monitoring and evaluation. Regional and national workshops also focused on the AEO Programme and Risk Management, equipping officials and the Other Government Agencies with the skills to apply modern trade facilitation tools effectively.</p>

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
			<p>Harmonised System (HS) Classification, Valuation and Rules of Origin (RoO) - Technical support was provided to ensure consistent application of customs laws and trade agreements. This included amendments to the tariff book, as well as advisory support in HS Classification, Valuation and Rules of Origin.</p> <p>Monitoring and Evaluation (M&amp;E) - Progress was made in strengthening governance and accountability through the development of Trade Facilitation Dashboards. National coordinators and experts were trained in the use of MS Power BI. These tools are now being applied to track progress, improve reporting, and facilitate data-driven decision-making.</p>
<p><b>PILLAR 3:</b> Implementation and Leveraging of African Continental Free Trade Agreement opportunities.</p>	<p>Effectively implement the AfCFTA.</p>	<p>Ensure the Publication and the gazetting of the SACU'S Provisional Schedule of Tariff Concessions (PSTC) under the AfCFTA to protect the integrity of the Common External Tariff (CET).</p> <p>Coordinate the formulation of SACU Offer on Categories B and C.</p> <p>Advocate and sensitise the public about the AfCFTA through publication of information leaflets/ factsheets.</p>	<p>The region prioritised the implementation SACU's PSTC to ensure that the common external tariff remains harmonised. To date, all SACU Member States are now effectively implementing the PSTC following the publishing and gazetting of the concessions in accordance with national laws. The transposition of the SACU's PSTC from HS 2017 to H2022 was successfully undertaken.</p> <p>In addition to the implementation of the PSTC, the Secretariat coordinated the development of SACU's common Offer on Categories B and C. These categories include sensitive sectors, which present challenges for SACU due to different levels of development amongst the Member States. However, despite the challenges, positive progress has been noted. In this regard, the Secretariat facilitated expert meetings, and consolidated Member States' inputs into a draft SACU common offer, which will serve as the basis for bilateral negotiations with the AfCFTA partners.</p>

# STRATEGIC OBJECTIVES AND PERFORMANCE DASHBOARD FOR 2024/25 FY cont...

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
<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>Coordination of Member States' participation in meetings / negotiating rounds.</p> <p>Consolidation of existing Trade Agreements and their inbuilt reviews.</p> <p>SACU regional capacity building on notification obligations on all WTO Agreements.</p> <p>SACU regional approach on E-Commerce.</p>	<p>TFTA – a significant progress has been made on the TFTA process. This includes the entry into force of the TFTA on July 2024 thereby, enabling the implementation of concessions between the EAC and SACU. To support this, the Secretariat increased internal engagements and urged SACU Member States to finalise consultations to resolve outstanding tariff negotiations. The work undertaken during this period included facilitating the transposition of offers between SACU and EAC and consolidating Member States responses on outstanding technical issues. Thanks to the Secretariat's efforts, SACU submitted its position to the EAC on all unresolved issues since 2019. Whereas 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>SADC – The Secretariat continued to support the Member States toward the consolidation and implementation of the SADC Protocol on Trade. A significant milestone achieved was the successful negotiation of Angola's tariff offer under the SADC Protocol on Trade. After over a decade of negotiations, Angola is set to liberalise its market for SACU exports. The Secretariat played a crucial role in this achievement by facilitating internal meetings to formulate a SACU common position prior to negotiations. Unified engagement among the SACU Member States was ensured by preparing and circulating speaking points on time to guide Member States in advancing unified positions during the engagement with Angola. Additional key activities undertaken included facilitating caucus meetings during bilateral engagements with Angola to strategise as needed. The Secretariat also conducted several analyses aimed at evaluating the value proposition of the Offer for SACU following the revision by Angola. Furthermore, the Secretariat continued to coordinate and consolidate Member States' inputs and observations and facilitated the transmission thereof to Angola through the SADC Secretariat.</p>

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
			<p>SACU-MERCOSUR PTA – 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 facilitated the engagements between the parties regarding customs and Rules of Origin.</p> <p>SACUM-UK EPA - Progress was made on Built-in Agenda and Transitional Arrangements, including conclusion and adoption of the Rules of Procedures for the Joint Council and Trade and Development Committee. Notable achievements include the hosting of the 1<sup>st</sup> Joint Council and 3<sup>rd</sup> TDC on 28<sup>th</sup> and 27<sup>th</sup> January 2025, in Gaborone, Botswana respectively.</p> <p>WTO matters- the Secretariat in collaboration with the WTO Secretariat facilitated a post SACU Trade Policy Review Workshop to consider matters related to notifications for all WTO Agreements.</p> <p>SACU EFTA FTA- The Secretariat continued to support Member States toward the review process. Going forward, the Senior Officials will consider the SACU positions on the Review and provided guidance on the way forward.</p> <p>E-commerce – For the year under review, a Meeting of Experts was held to consider the outcomes of the SACU Workshop on E-Commerce held in September 2023. The Meeting prepared recommendations on the way forward for consideration by Senior Officials. As we advance, the Senior Officials will consider the recommendations and provide guidance on the way forward.</p>

# STRATEGIC OBJECTIVES AND PERFORMANCE DASHBOARD FOR 2024/25 FY cont...

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
<b>PILLAR 5:</b>  Finance and Resource Mobilisation.	Strengthen tax administration for effective revenue collection and distribution.  Effective Resource Mobilisation.	Coordination of trade data reconciliation as part of the determination of the annual revenue shares for the Member States.  Data quality strengthening measures.  Trade data compliance, distribution and innovation.	In the quest to continue enhancing the quality and integrity of trade data across the Member States and ensure that revenue shares are determined equitable, the Secretariat implemented various interventions: <ul style="list-style-type: none"> <li>▪ A Compendium of Customs Procedure codes used in the Compilation of intra-SACU Trade data was developed and approved by the Council of Ministers. The Compendium is reference document and critical in the continuous improvement of the process of producing credible and quality trade data. It will serve as a SACU reference document which harmonizes the compilation and reconciliation of trade data in SACU for Trade Data Compilers.</li> <li>▪ A dedicated session for SACU Experts was held on experiences and lessons learned in revenue forecasting, aimed at enhancing revenue projection capabilities across the Member States.</li> <li>▪ The Member States' revenue shares for 2025/26 were determined within the set timelines as outlined below:</li> <li>▪ Trade data reconciliation process was successfully completed.</li> </ul> The estimated Common Revenue Pool for the 2024/25 FY reached R171.2 billion compared to R159.5 FY billion in 2023/24 FY.
<b>PILLAR 6:</b>  Effectiveness of SACU Institutions	Strengthen relations and build partnerships to support SACU priorities.	Obtained donor support amounting to R695,542 from international partners, namely: the World Customs Organisation, International Trade Centre and the World Trade Organisation to support trade facilitation, capacity building and regional integration projects.	As in the previous years, the Secretariat continued to build and strengthen relations with development partners in support of SACU projects. To this end, various engagements were held with key stakeholders such as the WCO, ADB, ITC, UNDP, and Tralac, amongst others. This did not only result in relations building but technical support to various SACU initiatives.

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
	Operational environment and utilisation of resources.	Migration of the Extranet System to SharePoint Online. Modernisation of electronic forms using Microsoft Power Apps. Upgrade of the delegation microphone system.	<p><b>Migration of the Extranet to SharePoint Online</b></p> <p>As part of its digital transformation efforts, the Secretariat migrated its integrated Extranet System from an on-premises installation to SharePoint Online. This transition aimed to enhance system accessibility, scalability, and operational flexibility. Members of the Institutions of SACU and other key stakeholders who have been granted access to the System can now benefit from improved collaboration tools, more efficient document sharing, and a secure, cloud-based environment that supports remote access and real-time interaction. The migration ensures that the Extranet continues to serve as a reliable platform for information exchange, coordination, and engagement across the Institutions of SACU.</p> <p><b>Modernisation of Electronic Forms using Microsoft Power Apps</b></p> <p>The Secretariat modernised its electronic forms used for internal approval workflows on the intranet. These forms, originally built on InfoPath, were migrated to Microsoft Power Apps, an advanced, cloud-based platform that is fully compatible with SharePoint Online. The migration addressed the limitations of the outdated InfoPath framework, reduced operational risk, and ensured continued support and scalability. The new system delivers improved performance, minimal downtime, and greater flexibility in form design and automation, thereby enhancing the overall efficiency of internal business processes.</p> <p><b>Upgrade of the Delegation Microphone System</b></p> <p>To improve audio quality and meeting efficiency, the Secretariat replaced the legacy delegation microphone system that had been in place in the SACU Chambers Meeting Room since the establishment of the SACU Headquarters in 2014. The upgraded system now features a built-in meeting recording capability, advanced feedback suppression, and significantly improved voice clarity.</p>

# STRATEGIC OBJECTIVES AND PERFORMANCE DASHBOARD FOR 2024/25 FY cont...

STRATEGIC PILLARS	OBJECTIVES	PROJECTS/ PROGRAMMES	PROGRESS
	<p>Convene institutional meetings.</p> <p>Review of the Secretariat Organisational Structure to create a more capable, attractive and agile human capital capacity.</p> <p>Review of the Pay Structure.</p>	<p>Ensure that regular meetings of the institutions are effectively coordinated to enable discharging of their mandates.</p> <p>The Report of the Consultant on the Review of the Organisational structure was submitted to the Secretariat and has been scheduled for further review by the Sub Committee of the Commission. The recommendations of the Sub Committee of the Commission will be presented to the Commission. The Commission will make its recommendations to the Council for its approval.</p> <p>The Report of the Consultant on the review of the Secretariat Pay Structure was submitted to the Sub Committee of the Finance Risk and Audit Committee (FRAC) for further review and recommendation to the FRAC.</p>	<p>This upgrade has resolved previous issues, including poor audio output, high feedback levels, and unclear voice transmission, thereby supporting more effective communication during high-level meetings and official engagements. It also contributes to cost savings by eliminating the need to appoint external service providers for meeting recordings, as the new system includes a built-in recording feature.</p> <p>During the period under review: (a) the Summit could not convene due to the national elections that took place during the period of May to November 2024, in three (3) of the SACU Member States; (b) the Council was unable to convene its June 2024 Meeting, due to a lack of quorum. The Council was, however, able to convene its December 2024 Meeting on the 6th December 2024 in Johannesburg, South Africa; and (iii) the SACU Commission convened two (2) meetings during the period under review, on 9 - 10 July 2024 and on 4 December 2024 in Namibia, respectively. The Commission also convened a Retreat on the re-imagined SACU on 10 - 11 October 2024, in Namibia.</p> <p>The Council will consider the Report of the Commission on the Review of the Organisational Structure. Once approved, the Council will provide guidance on the implementation strategy and the financing of the process of migration.</p> <p>The process of the review of the Secretariat Pay Structure is ongoing and it involves negotiations and consultations between the Sub Committee of the FRAC and the Staff Representative Committee. Once the negotiations and consultations between the two (2) parties have been completed, there commendations will be progressed to the FRAC for consideration.</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.

## RESOURCE ALLOCATION PLANS AND STRATEGY ENABLERS

Successful implementation of the Strategic Plan requires the allocation of adequate financial and human resources. This requires SACU to allocate both internal resources effectively as well as pursuing innovative resource mobilisation strategies, including:

- Optimising the Secretariat’s operational efficiency through enhanced ICT systems; and
- Strengthening the Secretariat’s ability to withstand and recover from operational disruptions by enhancing its disaster recovery environment and utilising cloud-based solutions where applicable.

**Key strategy enablers include:**

- A robust operational environment that ensures business continuity in the face of a wide range of operational disruptions;
- For the period under review, internal resource allocation per Strategic Pillar was allocated as follows:

Internal resource allocation per strategic pillar (ZAR/mil)

**Pillar 1: Industrialisation, Export and Investment**



**Pillar 2: Trade Facilitation and Logistics**



**Pillar 3: Implementation and Leveraging of AfCFTA**



**Pillar 4: Trade Relations/Unified Engagements with**



**Pillar 5: Finance and Resource Mobilisation**



**Pillar 6: Effectiveness of SACU Institutions**



# CHAPTER SEVEN

## SACU MEMBER STATES' ECONOMIC PERFORMANCE



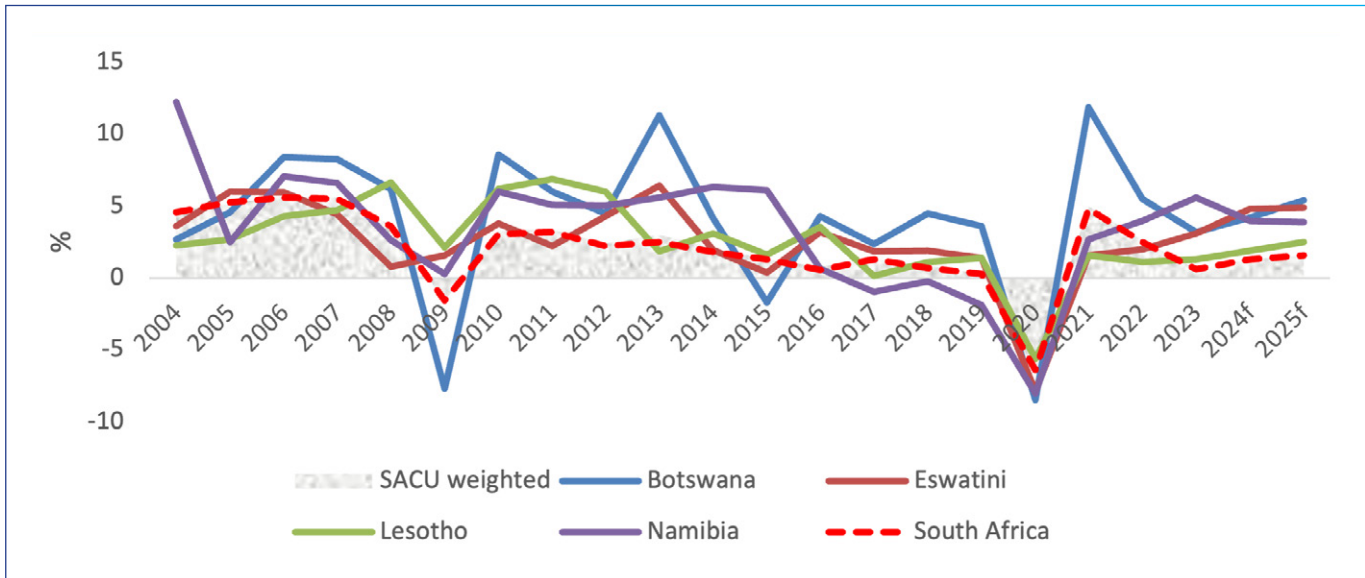
# SACU MEMBER STATES' ECONOMIC PERFORMANCE

The performance of SACU's Member States in 2024/25 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 average weighted growth in the SACU region is estimated to have contracted by 6.5 percent in 2020 down 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 (figure 3). Despite these challenges, revenue in the Member States is projected to be modest in 2024/25 FY having declined at the height of the pandemic in 2020 but recovering since 2021. Meanwhile government expenditure is estimated to have increased in all Member States resulting in budget deficits across the economies (figure 3).

Figure 3: Member States' Real GDP Growth Rates (annual % changes)



Source: Secretariat based on Member States Budgets (2024)



## BOTSWANA

Growth is estimated to have rebounded by 11.8 percent for Botswana in 2021. However, growth moderated to 5.5 percent in 2022 and declined further alongside global economic growth to 3.2 percent in 2023 amid relatively weak performance of diamond trading and mining activities throughout 2023. Growth is expected to rebound to 4.2 percent and 5.4 percent in 2024 and 2025, respectively, as the world economy recovers.

Total revenues and grants are budgeted at P93.58 billion this financial year (2024/25 FY). On the other hand, total expenditure and net lending are expected at P102.28 billion to support increased expenditure for the transitional plan. This has resulted in an overall balance and deficit projected at P8.69 billion (2.8 percent of GDP).

Government's fiscal strategy includes public expenditure reforms to improve efficiency and infrastructure governance; and the Zero-Based Budgeting and the Budget Options approach continue to be enhanced in order to improve the costing of budgetary requirements. Other measures include tax reforms (modernising the Income Tax Act and various VAT concessions). To close leakages and maximise revenue, Botswana Unified Revenue Service (BURS) is implementing Electronic Invoicing (E-Billing) for efficient VAT collection to digitally mark and track

excisable goods (track and trace) and optimise efficiency of its e-services; online tax filing systems, online customs declarations, electronic payment (electronic funds transfer).

While public debt levels remain within the statutory debt ceiling of 40 percent of GDP, public debt has slightly increased in the recent past—was 9.5 percent, while domestic debt to GDP. Thus, Government will implement a three-year Medium-Term Debt Management Strategy to align future borrowing choices with the cost and risk levels. Given the depleted Government Investment Account, efforts for the medium-term objective of rebuilding the financial buffers in the face of the declining Government Investment Account due to lower mineral receipts as diamond sales slumped during the year.



## ESWATINI

Eswatini's economic output is estimated to have contracted by 7.9 percent in 2020 amid weak external demand and lockdowns, rebound of 1.6 percent in 2021. Growth is estimated at 4.8 percent in 2023 and 4.9 percent in 2024 underpinned by fiscal policy with high revenue mobilisation with an improved fiscal space promoting public expenditure and investment.

Eswatini's revenue and grants in the 2024/25 FY is forecast to reach E26.99 billion, (28.8 percent of GDP). Of this, SACU receipts were from E13.07 billion. Meanwhile expenditure, is projected at E29.42 billion, culminating in a budget deficit of E1.84 billion (1.96 percent of GDP) for 2024/25.

Medium-term fiscal strategies include fiscal prudence and the management of government debt. Total debt

stock stood at E35.07 billion (37.4 percent of GDP). Of this stock, external debt stood at E17.43 billion (18.60 percent of GDP) whilst domestic constitute the remainder. Government will review the Medium-Term Debt Strategy to evaluate the cost and risk trade-offs associated with alternative financing strategies over the medium term and also produce a Debt Sustainability Analysis report that provides an update on the country's ability to service its debt obligations.



## LESOTHO

Lesotho's overall economic growth declined by -5.3 percent of GDP in 2020 amid the pandemic shock. In 2023, growth is estimated at 1.3 and is projected to increase to 1.9 percent in 2024 and 2.5 percent in 2025 largely attributed to the resurgence in diamond mining activities, robust expansion in the construction sector driven by the Lesotho Highlands Water Project II (LHWP II), and growth across various service sectors.

Total revenue is projected to stand at M27.71 billion including SACU revenues and grants (M11.58 billion and 27.6 percent of GDP) in 2024/25 FY. At the same time, expenditure is projected at M19.06 billion (45.6 percent of GDP). This will culminate in a fiscal deficit of approximately M1.04 billion (2.5 percent of GDP).

Medium-term fiscal strategy aims at a sustainable economic growth and increase job creation; a resilient economy; and a sustainable fiscal path through fiscal consolidation. The fiscal strategy would be implemented through a counter-cyclical fiscal policy to better control the fiscal gap and rebuilding of fiscal buffers for use

during economic downturns. It emphasises the need to maintain fiscal surpluses in good years, where there are windfalls and fiscal deficits should be below 3 percent and debt thresholds should not exceed 60 percent of GDP. Government has committed to setting-up a transparent Medium-Term Expenditure Framework (MTEF) to contain expenditure and limit wasteful spending, which will be done through identifying and reducing stalled projects, while improving execution. The fiscal strategy will also lay emphasis on diversifying revenue sources and improve the efficiency in revenue collection, whilst also trying to control debt which stood at M22.9 billion in January 2024.



## NAMIBIA

Growth in Namibia is estimated to have contracted by 7.9 percent in 2020, amid the pandemic shock. Growth in 2023 is estimated at 5.6 percent in 2023 before moderating to 4.0 percent in 2024 and 3.9 percent in 2025-anchored mainly by upbeat activities in the natural resources sector, including the residual impact of ongoing petroleum exploration on domestic economic activities and the surge in uranium production following price increases. Similarly, sentiments have also broadly improved across many other sectors of the economy such as tourism, transport and storage, financial services, and electricity generation.

Namibia's total revenue collections are estimated at N\$90.43 billion (32.8 percent of GDP) for 2024/25 FY. Meanwhile total expenditure is estimated at N\$100.1 billion culminating in budget deficit projected at N\$8.9 billion (3.2 percent of GDP) in 2024/25 FY.

With respect to Medium-term fiscal strategies, Government remains committed to maintaining fiscal sustainability without compromising the fiscal policy gains. To close the infrastructure gaps that continue to weigh against potential growth, the development budget has been increased significantly including in grant-funded and loan-funded projects to improve infrastructure through various ministries. Public debt stock is estimated at N\$165.8 billion (60.1 percent of GDP) during 2024/25 FY, a reduction from an estimated 62.5 percent of GDP from

the previous financial year. Consequently, government set aside a budget provision to meet debt servicing obligations in 2024/25 FY (14.2 percent of revenues and 4.7 percent of GDP). The debt servicing metrics, although stabilising, remain elevated over the desired benchmark of 10.0 percent of revenues.

Therefore, the fiscal framework provides for measures to curtail public debt and ensure that debt is raised in the most cost-effective manner. Government will employ a combination domestic debt instruments and funding from multilateral organisations to finance ongoing infrastructure projects. Over and above fiscal sustainability and debt stabilisation, government also seeks to maintain a primary surplus and keep the budget deficit below 4.0 percent of GDP over the MTEF.



## ▶ SOUTH AFRICA

Growth is estimated at a revised -6.4 percent for 2020 owing to weaker growth outcomes as the pandemic upended global growth. The economy is estimated to have grown by a lower-than-expected rate of 0.7 percent in 2023 (lower than the 0.8 percentage growth projected in the 2023 Medium Term Budget Policy Statement) and 1.4 percent in 2024/25 FY while growth will rise to 1.7 percent in 2025/26 FY as grid stability improves. Other factors buoying real GDP growth include inflation support to households, employment and recovery in credit extension.

For South Africa, as at Budget 2024, the consolidated fiscal revenue is now forecast at R2,036.6 billion (27.3 percent of GDP) while government expenditure is forecast at R2,369.0 billion (31.8 percent of GDP) for 2024/25 FY. This would result in a deficit of R332.4 billion (4.5 percent of GDP) down from last year's R283.7 billion (4.0 percent of GDP) and further down to 3.7 percent of GDP in 2025/26 FY. The fiscal outlook has improved somewhat over the past year due to lower-than-expected revenue collections.

Medium-term fiscal strategy is hinged on sound macroeconomic framework that fosters stable prices, lower interest rates and more predictable exchange rate movements. As such, South Africa's inflation targeting regime assists in keeping stable prices while fiscal policy seeks to stabilise finances.

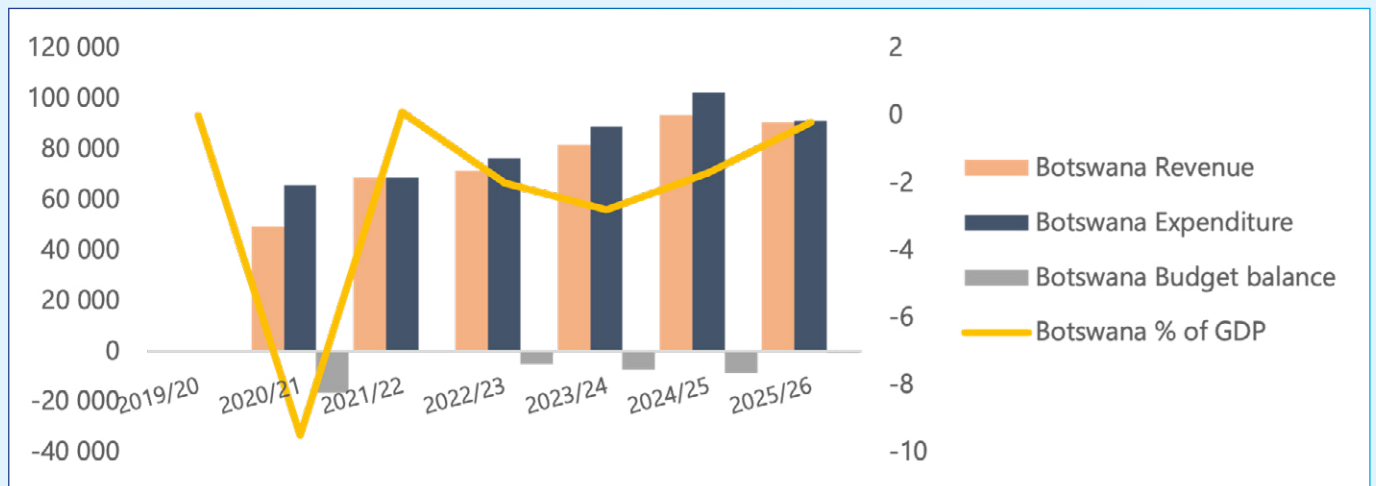
It also proactively manages the risks of macroeconomic imbalances such as high budget deficits and is resilient

to external shocks. This stability and resilience supports savings, investment decision-making and job creation. During the period under review, South Africa's sovereign credit risk premium remains elevated, with public debt as a share of GDP accelerating from 35.1 percent in 2010 to an estimated 73.9 percent in 2023. Equally elevated is government borrowing costs, hence the fiscal strategy which aims to lower the risk premium, boost investor confidence and increase the appetite for domestic assets, while also bolstering the Rand.

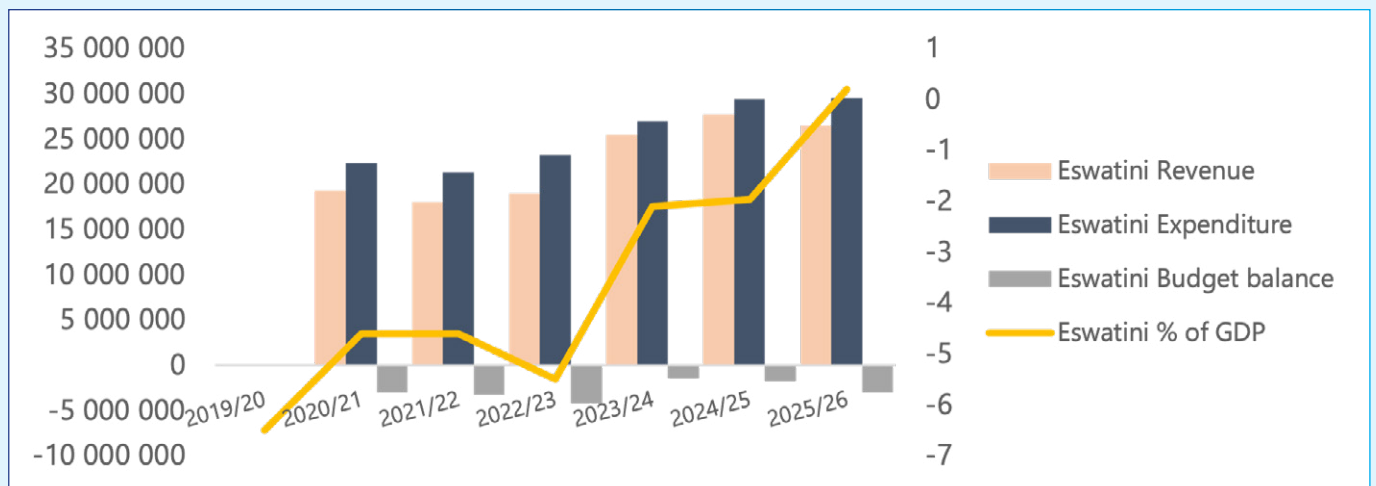
In combination, these measures should assist to reduce price pressures resulting from a weaker Rand, especially in consumption staples such as food and fuel, thereby providing relief to poor households. Budget deficits would be financed through borrowing in credit markets where government competes with the private sector for the available savings in the economy.

**Figure 4: Member States Revenue and Expenditure (in BWP millions for Botswana and ZAR millions for CMA countries) alongside Budget Deficits (% of GDP): 2019/20 to 2025/26**

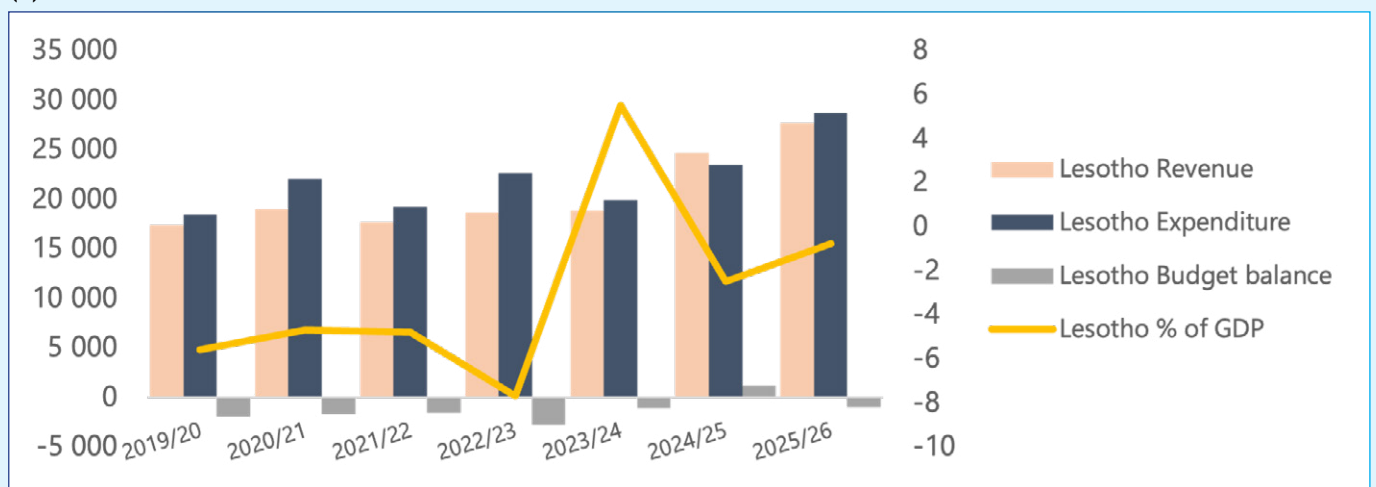
**(a) Reflections for Botswana**



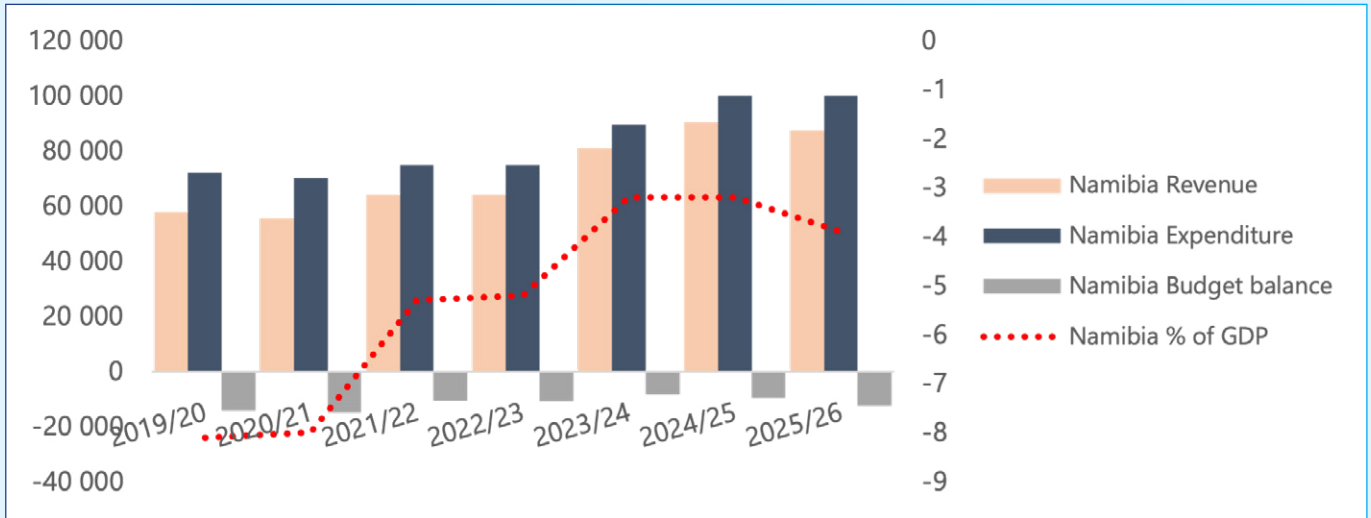
**(b) Reflections for Eswatini**



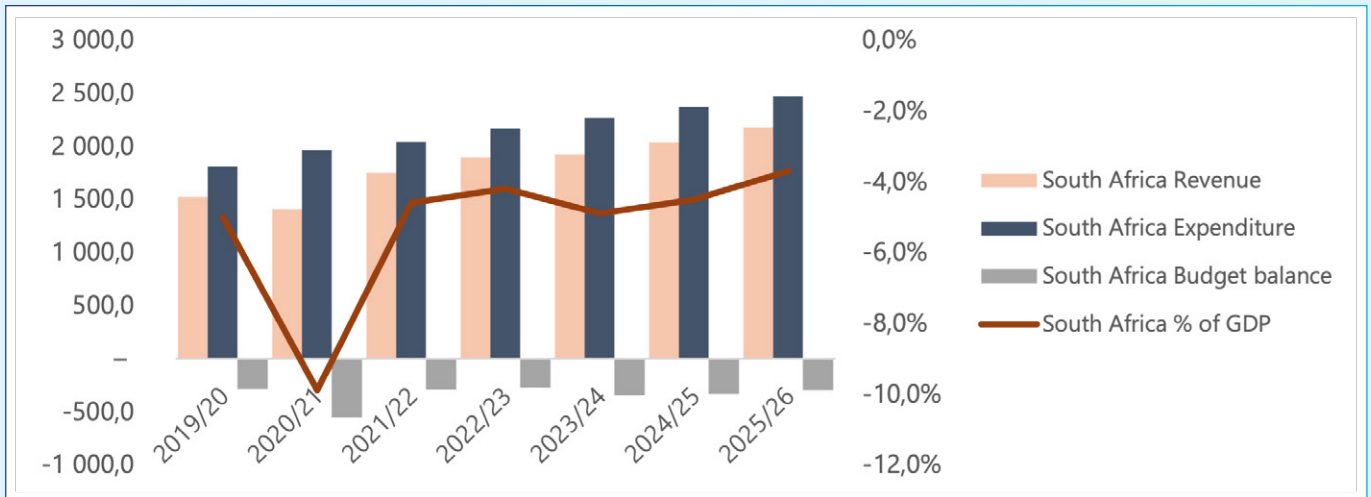
**(c) Reflections for Lesotho**



**(d) Reflections for Namibia**



**(e) Reflections for South Africa**



Source: National Accounts/Budget Speeches 2024/25



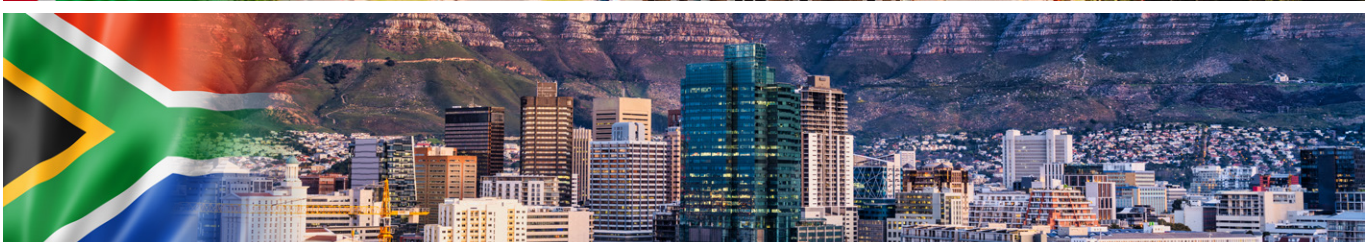
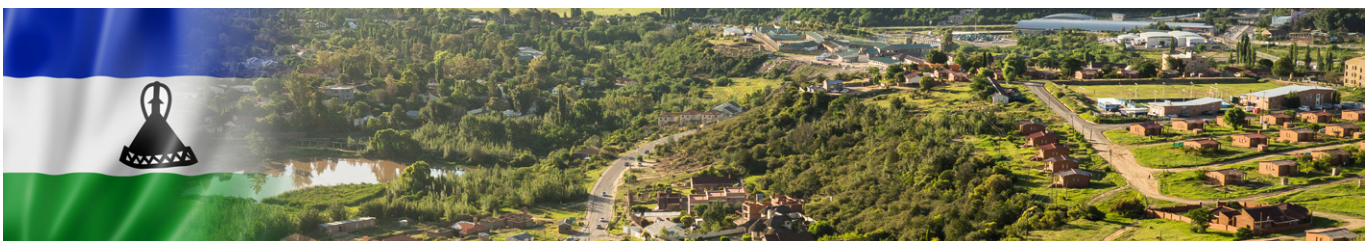
# CHAPTER EIGHT

# STAKEHOLDER RELATIONSHIPS



# STAKEHOLDER RELATIONSHIPS

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
Member States	Heads of State or Government, Council of Ministers.	Political and policy direction.
	Commissioners General/Heads of Customs & Customs Technical Experts.  Trade Facilitation Technical Committee of Senior Officials & Technical Working Groups.	Seamless movement of cross-border trade within SACU, curbing illicit trade, logistics coordination, soft and hard infrastructure development and maintenance at border posts, and collection of revenue on import and export goods.
Trade Partners on Unified engagements with Third Parties	<b>STOs; Joint Trade, Customs, Agriculture, and Legal Experts</b> <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> <b>Private sector</b> <ul style="list-style-type: none"> <li>We engage through Member States.</li> </ul> Trading Partners and their coordinators/Secretariats. <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>	Policy formulation and the development of negotiating mandates and common positions for SACU.  Defensive and offensive interest being taken into consideration while developing SACU common positions.  Negotiating in good faith. Conclusion of negotiations and full implementation of concluded agreements.
Regional Economic Communities (RECs)	Collaborate as Secretariat towards a common goal, as relates to the AfCFTA negotiations.  For SADC - Implementation of the SADC Protocol on Trade.	Bilateral tariff negotiations.  SACU's position on broad implementation of the SADC Protocol on Trade.
International Organisations, academia, non-governmental	World Trade Organization (WTO). International Trade Centre. United Nations Trade and Development. Collaborate on issues of concern to the SACU Member States, as and when necessary.	Multilateral trade issues to deal with Industrialisation, value chains and export promotion.
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.
Secretariat Employees	Regular Employees Meetings, Employees Representative Committee, Professional Employees Forum, and 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.
Media	Distribute press releases to keep the media informed about key developments and events within SACU.  Collaborate with media outlets to promote and report on SACU's initiatives.  Utilise social media platforms to provide real-time updates and engage directly with the media outlets and the public.	Media stakeholders are concerned about timely and transparent access to information regarding SACU's activities, decisions, and policies.  They are interested in understanding how SACU policies affect member countries, regional trade, and the economy.

HOW DO WE RESPOND TO THEIR CONCERNS	STATE OF OUR RELATIONSHIP WITH THIS STAKEHOLDER GROUP
Depends on issues at hand.	The structures are operating variedly and actively discharging their mandates.
Create a platform for engagement to set regional priorities for implementation per financial year. Facilitate technical support and exchange of Expertise on practical application of regional standards, tools and frameworks agreed for cooperation.	There is established relationship where all Member States strives toward common objectives. However, due to the different levels of development, it takes time, effort, human and financial resources to bring Member States to the same level on implementation of regional tools, and frameworks. The Secretariat's role is to provide the required support consistently and within the available means and resources.
<p>By organising consultative meeting and workshops geared towards common goal.</p> <p>Balancing interest of different stakeholders.</p> <p>Sensitisation regarding new market opportunities and requirements under concluded trade agreements.</p> <p>Accommodating their interest where possible and building collaboration where it is feasible.</p>	<p>There is established relationship where all Member States strives toward common objectives. However, due to varying interest between Member States, there are at time tensions and mistrust. 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>
Continuous collaboration with the RECs and transmission of communication to the SACU Member States.	<p>All Member States of SACU are parties of SADC, and AfCFTA Agreements.</p> <p>There is also a MoU signed between SADC and SACU Secretariats that facilitates the collaboration of the two (2) 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>
Continuous collaboration.	<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>
Updates were provided on engagement on the issues raised.	Member States endorsed that SACU continue to engage and further, Guidelines for engaging International Cooperating Partners are being developed.
Employees inputs to the processes of the reviews of HR policies.	These are internal Employees formations.
Maintain a proactive communication strategy, providing 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 but 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 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.

## CO-CREATING SOLUTIONS AND SHARED VALUE INITIATIVES

### Mapping SACU's Stakeholders

<p><b>SATISFY:</b> High influence, low interest</p>	<p><b>SERVE:</b> High influence, high interest</p> <div data-bbox="970 1480 1337 1563" style="border: 1px solid green; padding: 5px; margin-bottom: 10px;">           Governments/States Business Community         </div> <div data-bbox="952 1603 1356 1715" style="border: 1px solid red; padding: 5px;">           Employees Development partners Major trading partners         </div>
<p><b>MONITOR:</b> Low influence, low interest</p>	<p><b>INFORM:</b> Low influence, high interest</p> <div data-bbox="970 1859 1337 1942" style="border: 1px solid blue; padding: 5px;">           Suppliers Communities/Society         </div>



## CHAPTER NINE

# RISKS AND OPPORTUNITIES: NAVIGATING AN UNCERTAIN 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 (6) 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 is responsible for implementing the Risk Management Framework and reporting on its effectiveness to the Council.

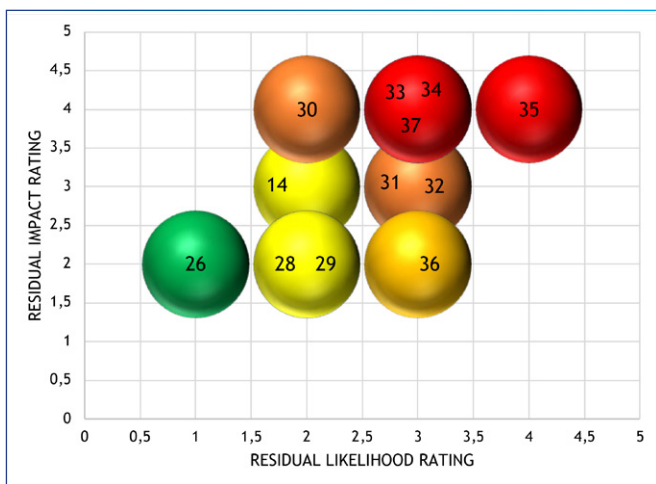
## INTEGRATED RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Key features of SACU's risk governance include:

- The Finance, Risk and Audit Committee (FRAC), comprising representatives from Member States, which oversees the implementation of the Risk Management Framework and provides regular reports to the Council;
- The Executive Committee of the Secretariat, headed by the Executive Secretary, which also acts as the Risk Committee;
- A Risk Manager who is responsible for overall coordination of the Risk Management function;
- Risk champions in the Secretariat representing different levels of Staff, who are responsible for driving the necessary cultural shift necessary for embedding Risk Management across all functions;
- An annual Risk Management Conference which enables a high-level reflection at the level of Commission and Council on the risk landscape and identifying and assessing the priority Risks to inform Business and Risk Management planning in the next business cycle;
- 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 Employees 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 risk exposure based on their likelihoods and potential impacts, and informs the prioritisation of mitigation efforts.



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. More priority is given to the risks that are rated Very High (VH) or red, and those rated High (H) or orange, which in accordance with the Organisation’s Tolerance Framework are identified as “intolerable” and “unacceptable” respectively.

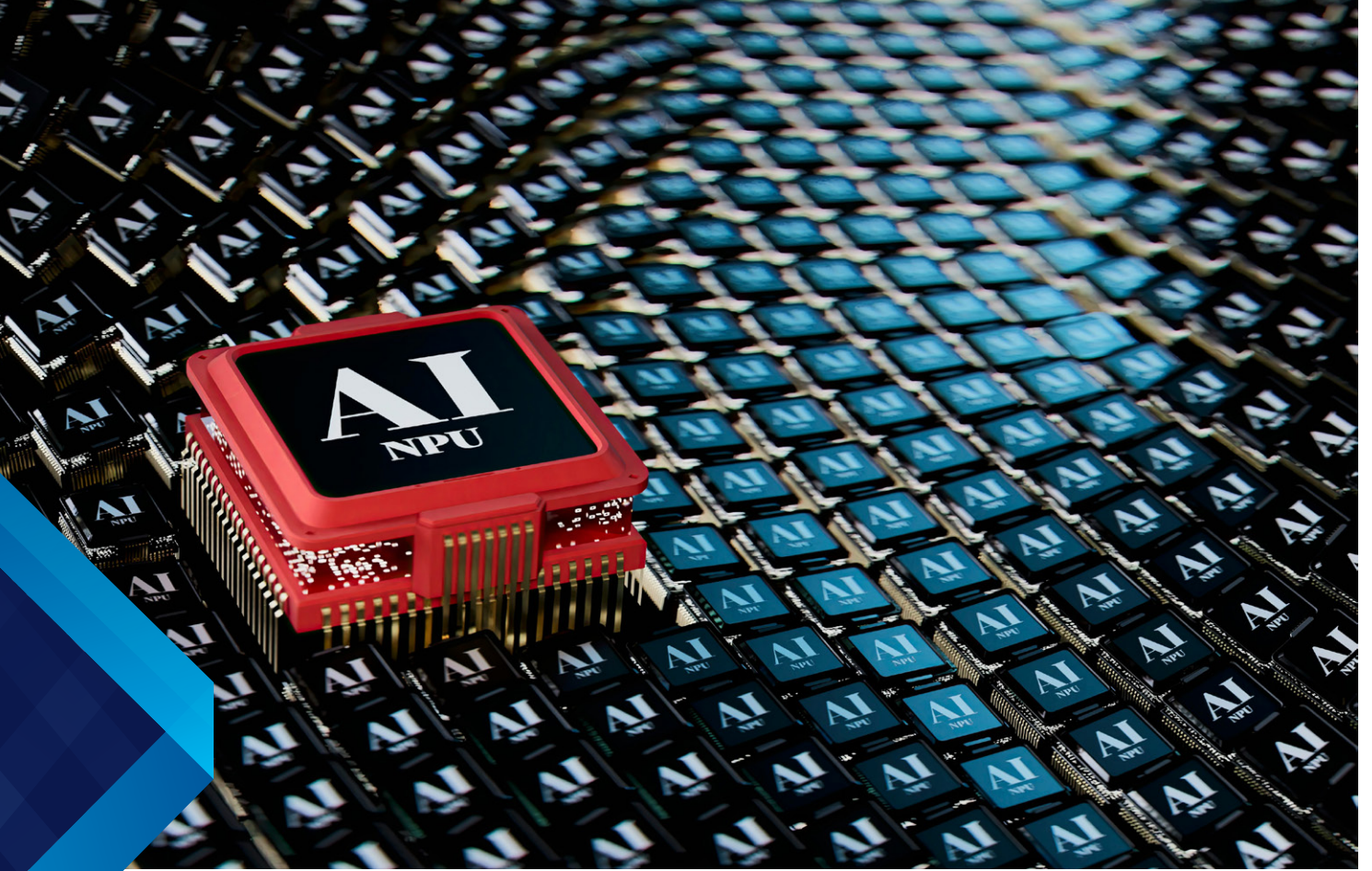
Following the decision of the 49<sup>th</sup> Meeting of the Council held on the 28<sup>th</sup> June 2023, in Ezulwini, Eswatini, the 1<sup>st</sup> Risk Management Conference (RMC) was facilitated in October 2024, under the auspices of the FRAC and attended by Members of the Commission.

The 1<sup>st</sup> RMC considered and prioritised the following emerging contributors to already existing risks as either additional root causes or consequences: (i) failure to achieve sustainable development goals; (ii) economic downturn; (iii) lack of economic opportunity; (iv) illicit financial flows; (v) illicit trade; (vi) inadequate research and development; (vii) extreme weather conditions; (viii) inflation; (ix) misinformation and disinformation; (x) reduced trade-led income convergence; (xi) review of SACU’s FTA’s; (xii) shift in global south-south cooperation and global north-north cooperation; and (xiii) societal polarisation.

The 2024/25 financial year also witnessed major trends with regard to geopolitical developments, among which was the America First Trade Policy (AFTP) which dominated the risk landscape since the return of President Trump to the United States of America (US) Administration and continues to do so. This is in addition to the political and military tensions in the Middle East. These developments brought about new risk of potential loss of preferential access to critical markets for SACU exports.

## Risk Heat Map:

14	Incidents of Fraud
26	Injuries at the workplace
28	Disasters and pandemics
29	Undesirably high turnover of SACU Secretariat Staff
30	Cyber Insecurity and technological failures
31	Lack of clarity on the value proposition of SACU
32	Inadequate resourcing in the form of finance, human capital as well as availability of Member States
33	Failure to leverage AfCFTA opportunities
34	Failure to collaborate at SACU level
35	Failure of the SACU Institutions to perform their functions
36	Diffusion of AI and other emerging technologies
37	Loss of preferential access to critical export markets



Over and above these, the increasing cyber insecurity as well as diffusion of artificial intelligence and other emerging technologies, could not go unnoticed, from the information and communication technology point of view. This calls for more vigilance and capability for early detection of cyber-attacks.

SACU therefore has had to take deliberate steps to mitigate these risks. Mitigations included addressing some of the resourcing gaps through recruitment internally as well as expanding the conversation on the re-imagining of SACU to take into account geopolitical developments. The latter would ensure that the re-imagined SACU will be agile enough to survive even under such pressures.

## 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. Some of the key strategic opportunities which remain relevant from the previous reporting period and SACU's plans to convert them into value include:

- (a) 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;
- (b) 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; and
- (c) 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.



In addition to the above, due to the new developments that dominated the risk landscape during the reporting period, SACU further identified the need to:

- (a) Commission a study on the implication of the geopolitical developments on SACU, which could provide insights to make SACU anti-fragile to geopolitical developments such as the AFTP;
- (b) Implement additional measures to improve cyber security surveillance; and

- (c) Provide training on artificial intelligence and other emerging technologies in order to enable Management and Staff to mitigate the negative effects of these technologies while exploiting their advantages for better functioning of the Organisation.

By proactively identifying and seizing these opportunities, SACU can position itself as a catalyst for sustainable and inclusive growth in the region.



# 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 (6) 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.





# CHAPTER T E N

## PEERING INTO SACU'S FUTURE

# OUTLOOK FOR OUR MARKETS AND OPERATING ENVIRONMENT

Looking ahead, the SACU region recognises that both internal and external challenges could scupper its ambition. Amid these challenges SACU will continue to maximise available opportunities 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:

## 1. Economic recovery and growth

The economic recovery and growth trajectory remain subdued due to lingering effects from the COVID-19 pandemic which includes the elevated high borrowing costs, withdrawal of fiscal support, the ongoing Russia and Ukraine war and weak growth in productivity.

The recovery path is still facing some risks that relate to the price spikes emanating from the geopolitical tensions among others. This will impact the global economy and in turn the SACU region. It is, therefore, important that as a region, SACU continue to collaboratively work together and share experiences in addressing these challenges which will ensure that the business and citizens remain resilient.

## 2. Technological disruption and digitalisation

The emergence of disruptive technologies such as artificial intelligence, automation, and data analytics is reshaping industries and government operations globally. These innovations offer new opportunities for efficiency and service delivery but also introduce risks related to cybersecurity, regulatory alignment, and workforce displacement.

SACU will need to intensify collaboration and investment to bridge the digital divide, promote innovation, and build a resilient and inclusive digital economy that can adapt to the evolving demands of the Fourth Industrial Revolution.

## 3. Geopolitical shifts and trade tensions

The SACU region and its trade continue to be affected by the multiple global developments which have brought significant changes in the global trading landscape since the beginning of 2025. This includes the unilateral measures and decision by the U.S. Administration which has generated significant interest globally and led to trade tensions among the major players.

This poses risks to the multilateral rules-based trading system and could lead to increased fragmentation and undermine the rule-based trading system. SACU will need to navigate these tensions carefully, whilst also strengthening its own regional integration and negotiating strategic trade agreements with key partners.

# OUR EVOLVING 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:

## 1. Industrialisation and regional value chains

- For the coming years, we will build on the achievements made so far and seek to accelerate the development of our regional value chains in the identified priority sectors i.e. Fruits and Vegetables and Automotive and Complementary Mineral Beneficiation. Following advancement of work in these two (2) areas, the other priority areas (Meat and Meat Products, Leather and Leather Products, Cosmetics and Essential Oils, Textiles and Clothing) will be considered. The region will further accelerate work on the Pharmaceutical sector noting the impeding gaps in the region. Efforts will also be made to advance the work on Fertilizers, Agro-Chemicals and Seed Production to address the existential challenges in these sectors.
- In addition, efforts are being made in the areas of export promotion through identifying the export products and markets. Following development of the SACU Export Potential Map, the SACU Export Promotion Strategy will be development which aims to ensure expansion of products and markets including increase in the utilisation of the existing markets.
- On the Investment Promotion front, the region seeks to work towards attraction of investors in the key sectors within the SACU region. Furthermore, work is going to commence to develop the SACU-wide Investment Promotion Strategy. Investment Roundtables in the other priority sectors are planned to bring together investors and relevant stakeholders to showcase investment opportunities in the selected priority sectors across the SACU region and further identify the development and investment potential in the priority sectors, as well as consider policy constraints and challenges faced by the industry within the SACU Region.

## 2. Trade facilitation and logistics

- In the year ahead, SACU will build on the progress achieved in previous years to advance the Trade Facilitation and Logistics Programme as a key driver of regional integration and economic competitiveness.
- Advancing Trade Digitalisation and Digital Transformation: SACU will intensify efforts under the Regional IT Connectivity Project to work towards achieving a 90 percent match of import and export data using the Unique Consignment Reference (UCR). This will be supported by harmonisation of data models, exchange of expertise, and technical assistance to Member States to improve the integrity and automation of customs systems.
- Strengthening Stakeholders Engagement: The AEO, Programme will enter a new phase with the first phase of the pilot of the Mutual Recognition Arrangement (MRA), extending tangible benefits to accredited traders and enhancing cooperation across the region, and to promote wider adoption of the AEO framework as a tool for facilitating legitimate trade and improving compliance.
- Enhancing Compliance and Supply Chain Security: A Joint Enforcement Operation will be conducted with Other Government Agencies, reinforcing inter-agency collaboration and strengthening regional capacity to secure the supply chain to detect and curb illicit trade and revenue leakages. Work will commence to draft an Integrated Risk Management Framework that incorporates Other Government Agencies.
- Capacity Building: The implementation of the 2025/26 Capacity Building Plan will be central to equipping Customs officials and experts with the skills to sustain progress in AEO, IT Connectivity, and risk management. This will include exchange of experts, training of trainers, and expanded use of Power BI dashboards to enhance monitoring, evaluation, and decision-making.



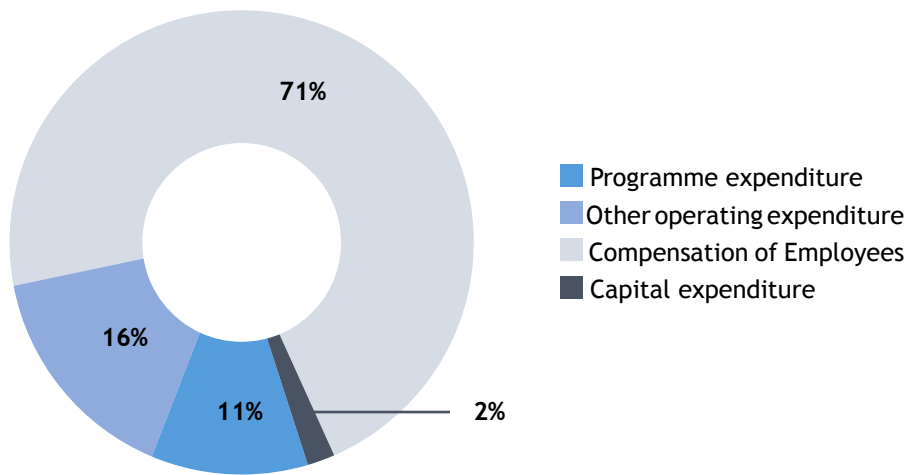
**CHAPTER  
ELEVEN**

**FINANCIAL  
PERFORMANCE**

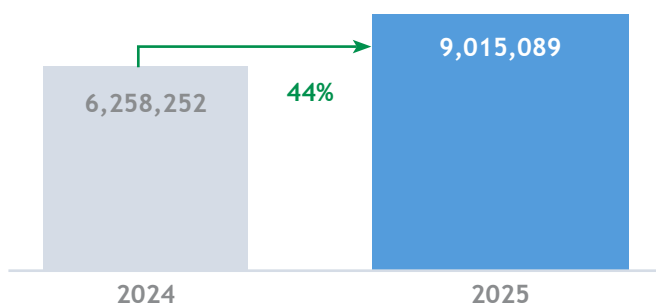


# EXPENDITURE PERFORMANCE

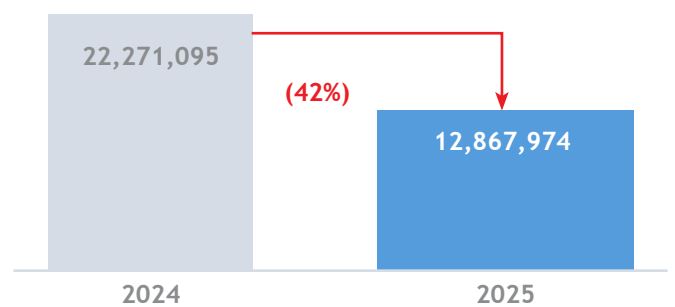
Programme expenditure increased by 44% from the 2023/24 FY to the 2024/25 FY, primarily reflecting an acceleration in the implementation of Council-approved initiatives and a shift from preparatory activities to active programme delivery. The increase was driven by intensified regional engagements, including AEO MRA pilot bilaterals, technical task team meetings, border missions, and AfCFTA capacity-building initiatives. These activities resulted in higher travel, logistical, and technical support costs. The growth in expenditure therefore corresponds to expanded operational execution and enhanced regional integration efforts, rather than structural cost escalation, and is aligned with the Secretariat's mandate and approved work programme priorities



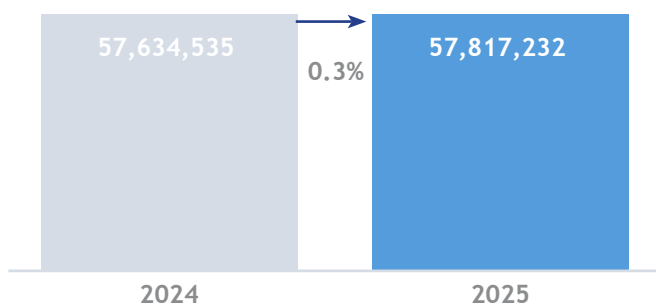
Programme expenditure



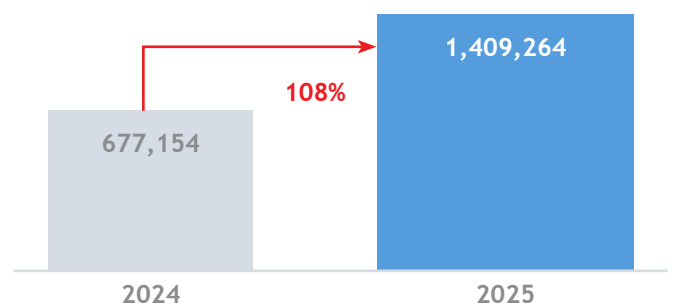
Other operating expenditure



Compensation of Employees



Programme expenditure



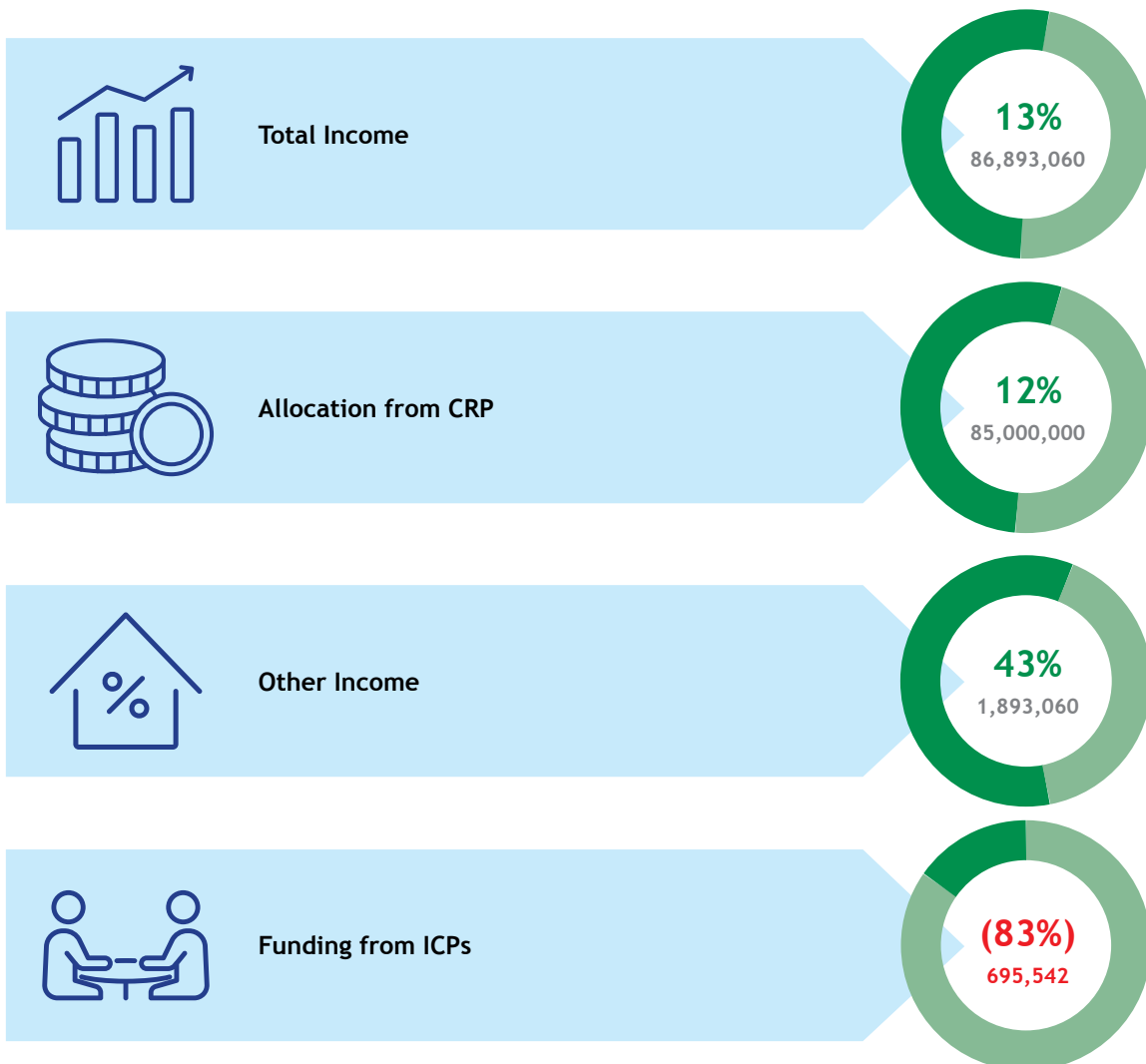
# INCOME PERFORMANCE

Total income increased by 13 percent year-on-year, from R77.21 million in the 2023/24 FY to R86.89 million in the 2024/25 FY. The total income for the year includes R695,542 received from International Cooperating Partners (ICPs).

The growth in income is primarily attributable to enhanced contributions from SACU Member States in support of the implementation of the SACU Strategy 2022-2027. As a consequence, programme budget allocations increased during the year, resulting in a 12 percent increase in funding from the CRP.

Other income increased by 43 percent compared to the prior year. This was mainly driven by rental income generated from the leasing of one of the Secretariat's residential properties during the reporting period.

Notwithstanding the overall growth in income, a reduction in funding from ICPs was recorded during the year. This reflects the continued prudent approach by Member States to align external support strictly with the objectives and priorities articulated in the SACU Strategy. A reduction in funding from ICPs was observed during the year, due to Member States cautious approach to only receive funding from partners whose goals align with the SACU Strategy.



# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

**Annual Financial Statements**  
Prepared by: Gaelekane R. Mohale  
Professional designation: FCCA (BW/UK)  
Title: Finance Manager (Acting)

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# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### General Information

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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. L Nghaamwa (Appointed 1 September 2024) Ms. RO Chinyoka (Term Ended 30 April 2024)
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)

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Council of Ministers Responsibilities and Approval

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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. These annual financial statements have been prepared in accordance with the IFRS for SMEs® Accounting Standard as issued by the International Accounting Standards Board (IASB®) and 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 financial statements set out on pages 96 to 119, and the supplementary information set out on pages 120 to 125 which have been prepared on the going concern basis, were approved by the Council of Ministers and were signed on 7<sup>th</sup> November 2025 on their behalf by:



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Alma Andrade  
Acting Executive Secretary of SACU



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Hon. Enoch Gondogwana  
Minister of Finance of the  
Republic of South Africa and Chairperson

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Council of Ministers Report

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The Council of Ministers present their report for the year ended 31 March 2025.

#### 1. Review of financial results and activities

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##### 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 surplus after tax for the year ended 31 March 2025 of R5,783,501 (2024: deficit of R9,634,340).

The organisation's revenue increased from R75,886,811 in the prior year to R85,000,000 for the year ended 31 March 2025.

The organisation cash flows from operating activities changed from an inflow of R697,221 in the prior year to an inflow of R17,700,994 for the year ended 31 March 2025.

#### 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

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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

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

#### 5. Executive Committee

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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. L Nghaamwa (Appointed 1 September 2024)

#### 6. Member States

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

**The Member States are:**  
The Republic of Botswana  
The Kingdom of Eswatini

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

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Statement of Financial Position

Figures in R	Notes	2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	93,522,541	80,283,253
Intangible assets	4	759,754	866,468
<b>Total non-current assets</b>		<b>94,282,295</b>	<b>81,149,721</b>
<b>Current assets</b>			
Trade and other receivables	5	4,091,097	1,154,722
Cash and cash equivalents	6	20,552,700	12,064,611
<b>Total current assets</b>		<b>24,643,797</b>	<b>13,219,333</b>
<b>Total assets</b>		<b>118,926,092</b>	<b>94,369,054</b>
<b>Accumulated Funds and liabilities</b>			
<b>Accumulated Funds</b>			
Surplus / (Deficit) for the year		5,783,501	(9,634,340)
Revaluation reserve	8	69,155,902	54,340,328
Accumulated surplus	8	26,743,654	44,377,988
<b>Total accumulated funds</b>		<b>101,683,057</b>	<b>89,083,976</b>
<b>Liabilities Current liabilities Provisions</b>			
Trade and other payables	10	3,997,369	1,673,188
Deferred income	11	9,229,438	-
<b>Total current liabilities</b>		<b>17,243,035</b>	<b>5,285,078</b>
<b>Total liabilities</b>		<b>17,243,035</b>	<b>5,285,078</b>
<b>Total accumulated funds and liabilities</b>		<b>118,926,092</b>	<b>94,369,054</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Statement of Comprehensive Income

Figures in R	Notes	2025	2024
Revenue	12	85,000,000	75,886,811
Other Income	13	175,000	-
<b>Gross surplus</b>		<b>85,175,000</b>	<b>75,886,811</b>
Administrative expenses	14	(1,282,132)	(1,213,701)
Other expenses	15	(79,827,427)	(85,627,335)
<b>Surplus / (deficit) from operating activities</b>		<b>4,065,441</b>	<b>(10,954,225)</b>
Finance income	17	1,642,774	1,168,584
<b>Surplus / (deficit) from continuing operations</b>		<b>5,708,215</b>	<b>(9,785,641)</b>
Surplus from disposal of non-current assets	7	75,286	151,301
<b>Surplus / (deficit) for the year</b>		<b>5,783,501</b>	<b>(9,634,340)</b>
Deficit for the year attributable to Member States arises from:			
Continuing operations		5,708,215	(9,785,641)
Disposal of non-current assets		75,286	151,301
		<b>5,783,501</b>	<b>(9,634,340)</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Statement of Changes in Equity

Figures in R	Revaluation surplus	Accumulated surplus	Surplus/(Deficit) for the year	Total
<b>Balance at 1 April 2023</b>	<b>54,340,328</b>	<b>124,709,777</b>	<b>(80,318,908)</b>	<b>98,731,197</b>
<b>Changes in accumulated funds</b>				
Deficit for the year	-	-	(9,634,340)	(9,634,340)
Total comprehensive income	-	-	(9,634,340)	(9,634,340)
Revaluations during the year	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>54,340,328</b>	<b>124,709,777</b>	<b>(89,953,248)</b>	<b>89,096,857</b>
<b>Balance at 1 April 2024</b>	<b>54,340,328</b>	<b>124,709,777</b>	<b>(89,953,248)</b>	<b>89,096,857</b>
<b>Changes in accumulated funds</b>				
Surplus for the year	-	-	5,783,501	5,783,501
Total comprehensive income	-	-	5,783,501	5,783,501
Revaluations during the year	14,815,574	-	-	14,815,574
Reclassification of Accumulated Funds to Deferred Income	-	(8,000,000)	-	(8,000,000)
<b>Balance at 31 March 2025</b>	<b>69,155,902</b>	<b>116,709,777</b>	<b>(84,169,747)</b>	<b>101,695,932</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Statement of Cash Flows

Figures in R	Notes	2025	2024
<b>Net cash flows from / (used in) operations</b>	20	<b>16,058,220</b>	<b>(471,363)</b>
Interest received		1,642,774	1,168,584
<b>Net cash flows from operating activities</b>		<b>17,700,994</b>	<b>697,221</b>
<b>Cash flows used in investing activities</b>			
Proceeds from disposal of property, plant and equipment		108,958	293,661
Purchase of property, plant and equipment		(834,082)	(364,929)
Intangible assets disposals / decapitalisation		87,400	-
Purchase of intangible assets		(575,181)	(579,440)
<b>Cash flows used in investing activities</b>		<b>(1,212,905)</b>	<b>(650,708)</b>
<b>Cash flows used in financing activities</b>			
Reclassification of Deferred Common Revenue Pool from Accumulated Surplus		(8,000,000)	-
<b>Cash flows used in financing activities</b>		<b>(8,000,000)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,488,089</b>	<b>46,513</b>
Cash and cash equivalents at beginning of the year		12,064,611	12,018,098
<b>Cash and cash equivalents at end of the year</b>	6	<b>20,552,700</b>	<b>12,064,611</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R	2025	2024
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#### 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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board (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.

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

The estimated useful lives range as follows:

Asset class	Measurement base	Useful life / depreciation rate
Land	Revaluation Model	indefinite
Buildings	Revaluation Model	40 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

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.

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

*Property, plant and equipment continued...*

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

	Land	Buildings	Motor vehicles
<b>Reconciliation for the year ended 31 March 2025</b>			
<b>Balance at 1 April 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>Movements for the year ended 31 March 2025</b>			
Additions from acquisitions	-	33,348	-
Depreciation	-	(1,420,891)	(272,061)
Revaluation increase (decrease)	105,000	14,710,574	-
Carrying Value on Disposals	-	-	-
<b>Property, plant and equipment at the end of the year</b>	<b>27,697,800</b>	<b>61,872,200</b>	<b>1,363,164</b>
<b>Closing balance at 31 March 2025</b>			
At cost	27,697,800	64,603,580	2,460,138
Accumulated depreciation	-	(2,731,380)	(1,096,974)
<b>Net book value</b>	<b>27,697,800</b>	<b>61,872,200</b>	<b>1,363,164</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>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

Office furniture and fittings	Household furniture and fittings	Office equipment	Computer equipment	Total
7,928,334	1,866,109	338,791	11,410,487	<b>116,166,891</b>
(7,120,566)	(1,574,791)	(245,499)	(10,096,806)	<b>(35,883,638)</b>
<b>807,768</b>	<b>291,318</b>	<b>93,292</b>	<b>1,313,681</b>	<b>80,283,253</b>
43,095	71,650	10,491	675,498	<b>834,082</b>
(10,678)	(54,003)	(19,961)	(599,113)	<b>(2,376,707)</b>
-	-	-	-	<b>14,815,574</b>
(4,636)	(29,025)	-	-	<b>(33,661)</b>
<b>835,549</b>	<b>279,940</b>	<b>83,822</b>	<b>1,390,066</b>	<b>93,522,541</b>
7,922,494	1,575,057	349,282	12,085,985	<b>116,694,336</b>
(7,086,945)	(1,295,117)	(265,460)	(10,695,919)	<b>(23,171,795)</b>
<b>835,549</b>	<b>279,940</b>	<b>83,822</b>	<b>1,390,066</b>	<b>93,522,541</b>
7,978,525	1,890,669	321,984	10,637,971	<b>115,872,274</b>
(7,144,834)	(1,556,940)	(270,243)	(8,378,102)	<b>(24,448,065)</b>
<b>833,691</b>	<b>333,729</b>	<b>51,741</b>	<b>2,259,869</b>	<b>91,424,209</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

***Property, plant and equipment continued...***

**Movements for the year ended 31 March 2024**

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>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

6,560	19,457	67,432	248,905	364,929
(30,791)	(57,941)	(19,574)	(1,193,031)	(11,361,461)
-	-	-	(2,062)	(2,062)
(1,692)	(3,927)	(6,307)	-	(142,362)
<b>807,768</b>	<b>291,318</b>	<b>93,292</b>	<b>1,313,681</b>	<b>80,283,253</b>
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)
<b>807,768</b>	<b>291,318</b>	<b>93,292</b>	<b>1,313,681</b>	<b>80,283,253</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 4. Intangible assets

Reconciliation of changes in intangible assets	Computer software	Total
<b>Reconciliation for the year ended 31 March 2025</b>		
<b>Balance at 1 April 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>
<b>Movements for the year ended 31 March 2025</b>		
Acquisitions through internal development	575,181	575,181
Amortisation	(594,495)	(594,495)
Carrying Value on Decapitalised assets	(87,400)	(87,400)
<b>Intangible assets at the end of the year</b>	<b>759,754</b>	<b>759,754</b>
<b>Closing balance at 31 March 2025</b>		
At cost	5,486,442	5,486,442
Accumulated amortisation	(4,726,688)	(4,726,688)
<b>Net book value</b>	<b>759,754</b>	<b>759,754</b>

During the current financial year, an amount of R87,400 that was capitalised in the prior year (2023/24 FY) was refunded by the supplier due to incomplete deliverables. The refund has been fully recognised as a decapitalisation in the current year, and no restatement of prior year comparatives has been made, as the amount is considered immaterial. As a result, the prior year's fixed assets were overstated by the net carrying amount of the refunded work (R74,290), and retained earnings were understated by the amortisation expense previously recognised on this component (R13,110).

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 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 of the receivables.

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

##### 5.2 Trade and other receivables comprise:

Sundry debtors	34,853	-
Prepaid expenses	1,604,931	422,485
Sundry employee receivables	156,324	1,987
Value added tax refundable	2,105,058	582,505
Interest receivable	189,931	147,745
<b>Total trade and other receivables</b>	<b>4,091,096</b>	<b>1,154,722</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 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:

Cash	1,349	339
Cash on hand		
Balances with banks	11,351,351	4,064,272
<b>Total cash</b>	<b>11,352,700</b>	<b>4,064,611</b>
<b>Cash equivalents</b>		
Short term investments	9,200,000	8,000,000
<b>Total cash equivalents</b>	<b>9,200,000</b>	<b>8,000,000</b>
<b>Total cash and cash equivalents included in current assets</b>	<b>20,552,700</b>	<b>12,064,611</b>
<b>Net cash and cash equivalents</b>	<b>20,552,700</b>	<b>12,064,611</b>

##### 6.3 Detail of cash and cash equivalent balances

###### Bank balances

Standard Bank Current Account	678,858	2,673,433
Standard Bank Call Account	2,164,722	1,056,898
Bank Windhoek Current Account	82,112	83,175
Bank Windhoek Call Account	8,425,659	250,766
<b>Total</b>	<b>11,351,351</b>	<b>4,064,272</b>

###### Short term investments

FNB Short term investment classified as cash	9,200,000	8,000,000
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# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 7. Disposed non-current assets

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

Gain or loss recognised on the disposal of assets	75,286	151,301
	<b>75,286</b>	<b>151,301</b>
Amount per statement of comprehensive income	<b>75,286</b>	<b>151,301</b>
Attributable to the Secretariat	75,286	151,301
	<b>75,286</b>	<b>151,301</b>

Reconciliation of disposal on non-current assets:

Net Book Value on disposals	33,663	142,360
Proceeds on disposals	(108,949)	(293,661)
<b>Net (Gain) / Loss on Disposals</b>	<b>(75,286)</b>	<b>(151,301)</b>

#### 8. Reserves

**Nature and purpose of reserves**

The Revaluation Reserve relates to the revaluation of 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.

Opening Balance	54,340,328	54,340,328
Revaluations during the year	14,815,574	-
	<b>69,155,902</b>	<b>54,340,328</b>

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

Opening Balance of Accumulated surplus	44,377,988	65,378,218
Prior year post Balance Sheet adjustments	(8,000,000)	(12,883)
Retained surplus/(deficit) for prior year	(9,634,340)	(20,987,347)
<b>Balance of Accumulated surplus including current year performance</b>	<b>26,743,654</b>	<b>44,377,988</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 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 comprise:

Provisions for leave pay	1,162,312	1,039,618
Provisions for performance bonus	2,853,916	2,572,272
<b>Total provisions</b>	<b>4,016,228</b>	<b>3,611,890</b>
Provisions for leave pay	1,162,312	1,039,618
Provisions for performance bonus	2,853,916	2,572,272
<b>Current portion</b>	<b>4,016,228</b>	<b>3,611,890</b>
<b>Total provisions</b>	<b>4,016,228</b>	<b>3,611,890</b>

##### 9.3 Provisions for employee benefits

	Leave pay provision	Total
<b>Balance at 1 April 2024</b>	<b>1,039,618</b>	<b>1,039,618</b>
Leave paid out during the year	(1,126,245)	(1,126,245)
Increase in existing provision	1,248,939	1,248,939
Total changes	122,694	122,694
<b>Balance at 31 March 2025</b>	<b>1,162,312</b>	<b>1,162,312</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 R1,162,312 (2024 - R1,039,618) 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

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### Provisions continued...

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 R554,562 (2024 - R815,195).

#### 9.5 Provisions for performance bonus

	Provision	Total
Balance at 1 April 2024	2,572,272	2,572,272
New provisions	2,277,312	2,277,312
Bonus paid out	(2,739,624)	(2,739,624)
Adjustments for under/(over) provisions	743,956	743,956
Total changes	281,644	281,644
Balance at 31 March 2025	2,853,916	2,853,916

### 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:

Trade creditors	3,966,648	1,605,859
Bank liabilities	30,729	67,329
<b>Total trade and other payables</b>	<b>3,997,377</b>	<b>1,673,188</b>

#### 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.

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

*Trade and other payables continued...*

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

Creditor	Current	30 days
<b>31 March 2025</b>		
Trade payables	2,612,764	303,408
Staff payables	650	-
Retention payable	-	-
Accruals	634,421	91,015
Credit Card Liability	30,729	-
	3,278,564	394,423
<b>31 March 2024</b>		
Trade payables	1,227,144	94,084
Staff payables	1,820	-
Retention payable	-	-
Accruals	144,803	4,042
Credit Card Liability	67,329	-
	1,441,096	98,126

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R

60 days	90 days	120 days	150+ days	Total
1,734	-	185,438	3,103,343	
-	-	-	-	650
-	-	-	99,263	99,263
27,376	-	1,035	9,545	763,392
-	-	-	-	30,729
29,110	-	1,035	294,246	3,997,377
7,596	-	-	-	1,328,824
-	11,571	-	-	13,391
-	-	-	99,263	99,263
4,005	4,005	4,005	3,520	164,380
-	-	-	-	67,329
11,601	15,576	4,005	102,783	1,673,187

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R	2025	2024
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#### 11. Deferred income

##### 11.1 Accounting policies

Common Revenue Pool (CRP) from Member States is recognised at their fair value in profit or loss where there is a reasonable assurance that the CRP will be received and the organisation has complied with all attached conditions. CRP received for contingencies capped at 10% of the Approved Budget for the year is recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. CRP received is included in 'Revenue' in profit or loss.

In the current financial year, management reclassified the Contingency Fund from Accumulated Funds to Deferred Income to better reflect its nature and purpose. The Contingency Fund, which was previously included within Accumulated Funds in the prior year, represents amounts set aside for specific future obligations and does not meet the definition of equity under the applicable financial reporting framework. As a result of this reclassification, the Contingency Fund is now presented separately as Deferred Income in the Statement of Financial Position.

There is no comparative amount shown under Deferred Income in the prior year as the balance (R8,000,000) was previously included within Accumulated Funds. Comparative figures have not been restated, as the reclassification has no impact on total net assets or prior year results.

##### 11.2 Deferred income comprise:

10% Accumulated Funds	9,229,438	-
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#### 12 Revenue

##### 12.1 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.

##### 12.2 Revenue comprises:

Common Revenue Pool	85,000,000	75,886,811
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# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 13. Other Income

**Other Income comprise of rental income as follows:**

During the financial year, the Secretariat earned rental income from the Deputy Executive Secretary's residence due to the the vacancy of the position. The leasing arrangement was short-term in nature (12 months) and did not involve any purchase options. The property is not classified as investment property, as its primary purpose is for use by staff entitled to housing benefits in line with Secretariat policies.

Rental income is recognized on a straight-line basis over the lease term in accordance with IFRS 16 - Leases, and presented under Other Income in the Statement of Comprehensive Income. The rental income recognised during the year is presented below:

Rent income	175,000	-
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#### 14. Administrative expenses

**Administrative expenses comprise:**

Auditors fees	497,079	374,233
Bank charges	73,479	69,893
Communication costs	639,223	688,504
Subscriptions and reference materials	72,351	81,071
<b>Total administrative expenses</b>	<b>1,282,132</b>	<b>1,213,701</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 15. Other expenses

**Other expenses comprise:**

Advertising	130,656	19,680
Amortisation	594,495	808,476
Depreciation	2,376,707	11,361,461
Electricity, water and refuse	858,574	907,450
Employee costs	58,561,192	58,041,507
Hospitality and staff wellness	149,053	113,588
Hosting and convening of Member States technical meetings	3,154,903	974,277
Household expenses	340,311	398,000
Insurance	247,488	263,636
IT services	1,746,225	1,567,036
Media and Public relations	337,220	528,352
Motor vehicle expense	179,772	152,853
Office Supplies	223,664	319,085
Professional fees	3,480,615	3,222,300
Recruitment costs	184,498	-
Relocation costs	95,559	710,459
Rent for disaster recovery site	186,799	535,060
Repairs and maintenance	836,778	989,906
Security	618,497	629,674
Training	423,645	44,941
Travel, accommodation and subsistence	5,100,776	4,039,594
<b>Total other expenses</b>	<b>79,827,427</b>	<b>85,627,335</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R	2025	2024
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#### 16. 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'.

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 17. Finance income

##### Finance income comprises:

Interest received	390,476	305,834
Investment income	1,252,298	862,750
<b>Total finance income</b>	<b>1,642,774</b>	<b>1,168,584</b>

#### 18. Related parties

##### Compensation paid to key management personnel

Executive Committee Benefits	16,831,448	16,263,001
<b>Total compensation paid to key management personnel</b>	<b>16,831,448</b>	<b>16,263,001</b>

#### 19. 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	Short term insurance	
<b>Insurer 1</b>		
Policy number		KP472283
Period of cover		36 months
Policy expiry date		31-Mar-26
Payment basis		Quarterly
Sum insured		213,080,904

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R	2025	2024
<b>20. Cash flows from operating activities</b>		
Surplus / (deficit) for the year	5,783,501	(9,634,340)
<b>Adjustments for:</b>		
Finance income	(1,642,774)	(1,168,584)
Depreciation and amortisation expense	2,971,202	12,169,937
(Gains) / Losses on disposal of fixed assets	(75,286)	(151,301)
<b>Change in operating assets and liabilities:</b>		
Adjustments for (increase) / decrease in trade accounts receivable	(1,617,925)	1,801,955
Adjustments for (increase) / decrease in other operating receivables	(1,318,450)	321,071
Adjustments for increase / (decrease) in trade accounts payable	2,360,786	(3,835,481)
Adjustments for (decrease) / increase in other operating payables	(36,610)	18,384
Adjustments for increase in deferred income	9,229,438	-
Adjustments for provisions	404,338	6,996
<b>Net cash flows from operations</b>	<b>16,058,220</b>	<b>(471,363)</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 21. 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:

##### Commitments for contracts beyond 31 March 2025

Cleaning services	600,886	566,874
Disaster Recovery Plan	132,246	44,340
Network support	52,500	139,992
Website Maintenance and Hosting	38,301	-
Security services	533,146	604,340
SharePoint support	108,940	79,800
Extranet technical support	30,000	180,000
Geopolitical Implications of the 2025 Tariff Measures of the Trump Administration and their Impact on SACU and its Member States	400,000	-
Develop the SACU Strategic Plan and Review of the Organisational Structure	99,263	99,263
Production of the SACU Annual Report	-	-
Insurance Services	222,422	247,488
Records Achieval Services	28,657	15,695
	2,246,361	1,977,791

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R	2025	2024
<b>Rollover</b>		
<p>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.</p>		
Development of the SACU Export Potential Model	780,000	-
SACU Industrialisation Strategy	200,000	-
Study on The Utilisation of the Concluded Agreement and Possible Future Trade Relations	750,000	-
SACU Website Revamp	-	29,038
Audit of the Business Continuity Plan	-	200,000
Printing of the SACU Annual Report and Production of Animated Jingles	13,583	76,609
Authorised Economic Operator Programme	-	117,300
	<b>1,743,583</b>	<b>422,947</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

#### 22. Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2025

Description	Revised Budget 2024/25	Actual Amount	Variance	Absorption Rate (%)
<b>Programme Activities Per Strategic Pillar</b>				
<b>Member States Funded with Emoluments</b>				
Pillar 1: Industrialisation, Export and Investment Promotion	2,043,992	754,354	1,289,638	37%
Pillar 2: Trade Facilitation and Logistics	3,954,894	3,920,386	34,508	99%
Pillar 3: Implementation and Leveraging of AfCFTA opportunities	1,420,478	845,431	575,047	60%
Pillar 4: Trade Relations/Unified Engagement with Third Parties	2,126,895	1,720,676	406,219	81%
Pillar 5: Finance and Resource Mobilisation	203,094	202,666	428	100%
Pillar 6: Effectiveness of SACU Institutions	1,597,308	1,562,778	34,530	98%
Compensation of Employees	37,564,475	37,622,751	(58,276)	100%
<b>Sub-Total: Programme Activities funded by Member States</b>	<b>48,911,136</b>	<b>46,629,042</b>	<b>2,282,094</b>	<b>95%</b>
<b>International Cooperating Partners</b>				
<b>Funded Programme Activities</b>				
Pillar 2: Trade Facilitation and Logistics	59,663	59,663	-	100%
Pillar 3: Implementation and Leveraging of AfCFTA opportunities	25,727	25,727	-	100%
Pillar 4: Trade Relations/Unified Engagement with Third Parties	610,152	610,152	-	100%
<b>Sub-Total: Programme Activities funded by International Cooperating Partners</b>	<b>695,542</b>	<b>695,542</b>	<b>-</b>	<b>100%</b>
<b>Support Activities with Emoluments Funded Member States</b>				
Capital Expenditure	1,458,161	1,409,264	48,897	97%
Compensation of Employees	22,483,804	20,938,441	1,545,363	93%
Consultancies	1,151,620	873,954	277,666	76%
Depreciation	3,262,486	2,971,202	291,284	91%
Internal and External Audit	836,865	826,875	9,990	99%
IT Communication and Services	3,546,443	3,481,073	65,370	98%
Office Administration	1,628,350	1,265,626	362,724	78%
Recruitment and Relocation	660,000	639,155	20,845	97%
Repairs and Maintenance	3,260,808	3,061,244	199,564	94%
<b>Sub-Total: Member States Funded Activities</b>	<b>38,288,537</b>	<b>35,466,834</b>	<b>2,821,703</b>	<b>93%</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Notes to the Financial Statements

Figures in R 2025 2024

*Statement of Budget and Actual Amounts (Expenditure) for the year ended 31 March 2025 continued...*

Programme Activities Per Strategic Pillar	Revised Budget 2024/25	Actual Amount	Variance	Absorption Rate (%)
Programme Activities with Emoluments Funded by Member States	48,911,136	46,629,042	2,282,094	95%
Support Activities with Emoluments Funded by Member States	36,830,376	34,057,569	2,772,807	92%
Capital Expenditure Funded by Member States	1,458,161	1,409,264	48,897	97%
<b>Sub-Total: Member States Funded Activities</b>	<b>87,199,673</b>	<b>82,095,876</b>	<b>5,103,797</b>	<b>94%</b>
<b>Sub-Total : International Cooperating Partners Funded Programme Activities</b>	<b>695,542</b>	<b>695,542</b>	<b>-</b>	<b>100%</b>
<b>Total: Activities Funded by Member States and International Cooperating Partners</b>	<b>87,895,215</b>	<b>82,791,418</b>	<b>5,103,797</b>	<b>94%</b>

The overall expenditure for the year was R82,067,275. This represents a 94% absorption rate. This total excludes activities funds from International Cooperating Partners (ICP) totalling R695,542 (2024: R4,171,791), and rolled over activities from the 2023/24 financial year totalling R422,947 (2024: R1,152,240).

Overall, excluding emoluments, the absorption rate for programme activities was impacted by the timing of implementation of the Development of the SACU Export Potential Map under Pillar 1. Although the procurement process for this initiative was concluded and the R1,200,000 contract value was fully disbursed during the 2024/25 FY, but only R420,000 was absorbed in line with the Service Level Agreement.

The balance of R780,000 has been rolledover, and will be absorbed in 2025/26 FY in line with the delivery and consumption of the service, which will occur in the 2025/26 FY. In addition, halting and deferment to 2025/26 FY, of the Study on Utilisation of the Concluded Agreements and Possible Future Trade Agreements, which had an allocated budget of R750,000.

This study was temporarily halted following directives from the SACU Senior Trade Officials, who prioritised a Comprehensive Analysis on the Implications of Geopolitical Developments on SACU and the Formulation of Options for a Possible Cooperation Framework with the United States, should the African Growth and Opportunity Act (AGOA) not be extended. The latter assignment was awarded to the same consultant originally contracted for the halted study, in response to Member States' calls for urgency on the AGOA-related work.

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Detailed Income Statement

Figures in R	Notes	2025	2024
<b>Revenue</b>	12		
Common Revenue Pool		85,000,000	75,886,811
<b>Total revenue</b>		<b>85,000,000</b>	<b>75,886,811</b>
<b>Other Income</b>	13		
Rent income		175,000	-
<b>Total other income</b>		<b>175,000</b>	<b>-</b>
<b>Gross surplus</b>		<b>85,175,000</b>	<b>75,886,811</b>
<b>Administrative expenses</b>	14		
Auditors fees		(497,079)	(374,233)
Bank charges		(73,479)	(69,893)
Communication costs		(639,223)	(688,504)
Subscriptions and reference materials		(72,351)	(81,071)
<b>Total administrative expenses</b>		<b>(1,282,132)</b>	<b>(1,213,701)</b>
<b>Other expenses</b>	15		
Advertising		(130,656)	(19,680)
Amortisation - intangible assets		(594,495)	(808,476)
Depreciation - property, plant and equipment		(2,376,707)	(11,361,461)
Electricity, water and refuse		(858,574)	(907,450)
Employee costs - salaries		(58,561,192)	(58,041,507)
Hospitality and staff wellness		(149,053)	(113,588)
Hosting and convening of Member States technical meetings		(3,154,903)	(974,277)
Household expenses		(340,311)	(398,000)
Insurance		(247,488)	(263,636)
IT services		(1,746,225)	(1,567,036)
Media and Public relations		(337,220)	(528,352)
Motor vehicle expense		(179,772)	(152,853)
Office Supplies		(223,664)	(319,085)
Professional fees		(3,480,615)	(3,222,300)
Recruitment costs		(184,498)	-
Relocation costs		(95,559)	(710,459)
Rent for disaster recovery site		(186,799)	(535,060)
Repairs and maintenance		(836,778)	(989,906)
Security		(618,497)	(629,674)
Training		(423,645)	(44,941)
Travel, accommodation and subsistence		(5,100,776)	(4,039,594)
<b>Total other expenses</b>		<b>(79,827,427)</b>	<b>(85,627,335)</b>
<b>Surplus / (deficit) from operating activities</b>		<b>4,065,441</b>	<b>(10,954,225)</b>

# SOUTHERN AFRICAN CUSTOMS UNION

## Annual Financial Statements for the year ended 31 March 2025

### Detailed Income Statement

Figures in R	Notes	2025	2024
<i>Detailed income statement continued...</i>			
<b>Finance income</b>	17		
Interest received		390,476	305,834
Investment income		1,252,298	862,750
<b>Total finance income</b>		<b>1,642,774</b>	<b>1,168,584</b>
<b>Surplus / (deficit) from continuing operations</b>		<b>5,708,215</b>	<b>(9,785,641)</b>
<b>Discontinued operations</b>			
Gain or loss recognised on the disposal		75,286	151,301
<b>Surplus from discontinued operations</b>		<b>75,286</b>	<b>151,301</b>
<b>Surplus / (deficit) for the year</b>		<b>5,783,501</b>	<b>(9,634,340)</b>



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