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## international relations & cooperation

Department:  
International Relations and Cooperation  
REPUBLIC OF SOUTH AFRICA

# AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND

## Strategic Plan 2014 – 2017

### Annual Performance Plan 2014 – 2015



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# DIRCO PRINCIPALS



**Minister Maite Nkoana-Mashabane**  
Department of International Relations and Cooperation



**Deputy Minister Ebrahim Ebrahim**  
Department of International Relations  
and Cooperation



**Deputy Minister Marius Fransman**  
Department of International Relations  
and Cooperation



**Ambassador JM Matjila**  
**Director-General**

**Department of International Relations and Cooperation**

## FOREWORD

It is a great honour for me to submit to Parliament for approval the Strategic Plan 2014 – 2017 and the Annual Performance Plan (APP) 2014 – 2015 of the African Renaissance and International Cooperation Fund (ARF).

The APP continues to be premised on the Strategic Plan 2014 – 2017, which in turn is informed by the five priority areas of government, the Medium Term Strategic Framework (MTSF) and the 12 Strategic Outcomes, to which all government departments must subscribe and act upon. Of particular importance to the fund is the Delivery Agreement for Outcome 11, which focusses on international relations and is entitled: “Creating a Better South Africa and Contributing to a Better and Safer Africa in a Better World”.

The ARF is mindful of the fact that its activities are inextricably linked to South Africa’s domestic priorities, that it cannot operate within a void and that it has to present South Africa’s interests professionally and effectively in an international environment that is increasingly characterised by growing competition and national interests taking precedence over the common good.

The Strategic Plan and the APP are fully aligned to the new format prescribed by National Treasury. They are also aligned to the fund’s strategic objectives, as outlined in the Act that created the ARF, Act 51 of 2000:

- cooperation between the Republic of South Africa and other countries, in particular African countries
- the promotion of democracy and good governance
- the prevention and resolution of conflict
- socio-economic development and integration
- humanitarian assistance and human resource development.

The strategic objectives of the ARF are carried out by a fully capacitated, efficient and professional Advisory Committee consisting of officers appointed by the Minister of International Relations and Cooperation and the Minister of Finance. The Advisory Committee is professionally assisted by a Secretariat appointed by myself as the Accounting Officer. Payments on behalf of the ARF are made by the Department of International Relations and Cooperation (DIRCO).

Through the ARF, the South African Government has, since the establishment of the fund in 2000, supported various initiatives across the continent aimed at realising the objectives as set out above. The funded projects have been and are being monitored and evaluated on a continuous basis to ensure that the objectives of the ARF are achieved and that the finances are applied in the manner for which they were intended.

Giving due recognition to the fact that the ARF conducts its affairs and operations in a global environment far removed from the local context that governs the

Public Service in general, it is intended to enhance its operational capacity in key areas in the medium term.

DIRCO intends tabling a new Bill that will repeal the ARF and establish a new fund, the Partnership Fund for Development. Simultaneously, DIRCO, in consultation with National Treasury and other role players, intends to finalise the strategic framework and policy guidelines for all outgoing development cooperation, which would facilitate the operationalisation of the South African Development Partnership Agency.

The professional functioning of the fund would not have been possible without the political leadership and guidance from Minister Maite Nkoana-Mashabane and Minister Pravin Gordhan. For this, we thank them most sincerely. Finally, as we table this Strategic Plan and APP to Parliament, we also commit ourselves to the implementation of these documents and to serve the people of South Africa to the best of our ability.

**Ambassador JM Matjila**  
**Director-General**  
**Department of International Relations and Cooperation**



### Official sign-off

**It is hereby certified that this Strategic and Annual Performance Plan:**

- were developed by the management of the Department of International Relations and Cooperation under the guidance of the Minister
- accurately reflect the performance targets which the ARF will endeavour to achieve, given the resources made available in the budget for 2014/15.

Chief Financial Officer: Deputy Director-General: Mr C Ramashau	Signature: 
Official responsible for Planning: Chief Director: Mr D Malcomson	Signature: 
Accounting Officer: Director-General: Ambassador JM Matjila	Signature: 
Approved by: Executive Authority: Minister Maite Nkoana-Mashabane	Signature: 



# PART A

## STRATEGIC OVERVIEW

## 1. Vision

The vision of the African Renaissance and International Cooperation Fund (ARF) is a democratic, non-racial, non-sexist, conflict-free, developmental African continent.

## 2. Mission

The ARF is committed to promoting South Africa's national interests and values, the African Renaissance and the creation of a better world for all.

## 3. Values

To ensure that funding through the ARF is effective, the ARF will adopt the values of the Paris and Rome declarations on aid effectiveness. The ARF will ensure that the following key values are adhered to:

- Ownership of the process: The recipient country must own the process of determining the immediate, medium and long-term actions that will address the issues contained in their project proposal.
- An understanding of the political, economic and security considerations of the recipient country must be achieved.
- A needs assessment should be conducted with direct involvement and ownership of the process by the country concerned.
- Integrated planning and coordination are critical in ensuring that South Africa's efforts are in line with the development needs of the identified country.
- Harmonisation of assistance needs to be coordinated. The ARF will position itself as a catalyst to drive the implementation of post-conflict reconstruction and development (PCRD) programmes, to become an important player in partnership with all role players to ensure that available funds are channelled to meet the identified priorities of the affected country.

- In addition to the above, the ARF will conduct its business while constantly adhering to the values of the Department of International Relations and Cooperation (DIRCO), namely:
  - Patriotism
  - Loyalty
  - Dedication
  - Ubuntu
  - Equity
  - Integrity
  - Batho Pele.

## 4. Legislative and other mandates

### 4.1 Legislative mandates

The African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000): The Act establishes the ARF to enhance cooperation between the Republic and other countries, in particular African countries, through the promotion of democracy; good governance; the prevention and resolution of conflict; socio-economic development and integration; humanitarian assistance; and human resource development.

### 4.2 Planned policy initiatives

The department intends to enhance its operational capacity in the medium term through policy development in relation to outgoing development cooperation. On 2 December 2009, the South African Cabinet approved the proposal from DIRCO for the establishment of the South African Development Partnership Agency (SADPA) as the body to manage, coordinate and facilitate all South African official outgoing development cooperation programmes and projects.

Subsequently, the department undertook a review of the current institutional and policy arrangements for outgoing development cooperation, conducted mainly under the current legislation (African Renaissance and International Cooperation Fund, Act 51 of 2000). The department intends tabling a new Bill for the repeal of the ARF and the establishment of a new fund, the Partnership Fund for Development. This will enhance the utility of the fund and also improve substantially the governance of the Partnership Fund. Furthermore, the department intends finalising the strategic framework and policy guidelines for all outgoing development cooperation administered under SADPA.

## 5. Situational analysis

Africa is at a critical juncture in its development trajectory. The global economy has, since the turn of the century, seen vast shifts in production and trade patterns, which have been accompanied by the emergence of new growth poles in the South.

Since 2000, there has been significant and sustained growth across the continent, driven in part by the prolonged commodity boom, but also by growth in retail, agriculture, services, transport and telecommunications. Political conflicts have declined, economic growth is robust and economic management, governance and political stability have improved.

All of the above have contributed to a marked shift in global perception of the continent, from pessimism to a sense of enormous potential, with both traditional and new economic powers clamouring to offer their partnership. The continent has been hailed as the next frontier for opportunity and a potential global growth pole.

This evolving order presents Africa with challenges as well as opportunities that, if met by effective interventions, could lead to substantial socio-economic and political transformation, propelling the continent forward. The key challenge for African countries today is how to design and implement effective policies to promote industrialisation and economic transformation.

Building on these gains, increased efforts are being directed towards integrating the various economies in Africa through, for example, the Common Market of Eastern and Southern Africa, East African Community and Southern African Development Community (SADC) Tripartite Agreement, as well as boosting intra-African trade. Market integration is being combined with cross-border infrastructure development and rehabilitation, and with programmes of policy coordination to develop cross-border industrial value chains.

The African Union's (AU) New Partnership for African Development (NEPAD) is the primary vehicle through which the AU is implementing its socio-economic development agenda. In this regard, the shift from a poverty-reduction paradigm to a growth-expansion paradigm is key in consolidating the African Agenda and forms a central part of the strategic framework of NEPAD. Considerable progress is being made in various AU/NEPAD programmes, such as the Programme for Infrastructure Development in Africa, the Presidential Infrastructure Championing Initiative and the Comprehensive Africa Agriculture Development Programme.

Notwithstanding the above gains, a number of challenges still remain that require and will continue to receive priority attention from the AU, its regional economic communities and national governments.

These challenges include, among others, the combatting of unconstitutional changes in government, boosting local skills and technological capabilities, addressing the challenges posed by environmental and human-induced disasters, the operationalisation of the African Peace and Security Architecture, addressing prevailing socio-economic disparities compounded by youth unemployment and the marginalisation of women in economic activities and the securing of limited resources to implement African development initiatives. In response to these challenges and in order to chart Africa's direction over the next 50 years, Agenda 2063 is being developed under the guidance of the AU Commission Chairperson.

South Africa's strategic role in the SADC, the AU and NEPAD continues to influence the policy direction and programme priorities of these institutions, aimed at achieving an African continent that is integrated, prosperous and peaceful, driven by its own citizens and representing a dynamic force in the

global arena. In this regard, the ARF is part of the instruments the South African Government has used to achieve these key strategic objectives.

### 5.1 Organisational environment

An Advisory Committee has been established to manage the fund and to make recommendations to the Minister of International Relations and Cooperation and the Minister of Finance on the disbursement of funds through loans or other financial assistance. The Advisory Committee consists of the following members:

- the Director-General (DG) or a delegate of the DG
- three officers of DIRCO appointed by the Minister
- two officers of National Treasury appointed by the Minister of Finance.

The DG is the Accounting Officer of the fund in terms of the Public Finance Management Act, 1999 (Act1 of 1999). The DG has established a Secretariat consisting of officers to assist with the disbursement of the funds and monitoring and administration of projects relating to the fund. The fund is managed by DIRCO.

## 6. Strategic outcome-oriented goals

Strategic outcome-oriented goal	Goal statement
Contribute to an integrated, democratic peaceful and prosperous continent through development assistance, capacity-building and humanitarian assistance	Contribute to continental development by means of developmental assistance in support of democracy and good governance; human resource development; social-economic development and integration; humanitarian assistance and disaster relief; and PCRD

# PART B

## STRATEGIC OBJECTIVES

## 1. STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	BASELINE (2013 – 2014)	TARGET
To promote democracy and good governance	Support the holding of democratic elections in identified countries on the continent	R95.204 million	100% of approved disbursement to support democracy and good governance processed timeously
To contribute to human resource development	Develop and provide identified training programmes	R52.392 million	100% of approved disbursement to support capacity-building processed timeously
To support socio-economic development and integration	Support the implementation of socio-economic development and integration projects	R114.355 million	100% of approved disbursement to support socio-economic development and integration processed timeously
To provide humanitarian assistance and disaster relief	Assist countries that are in need of humanitarian assistance and disaster relief	R144.479 million	100% of approved disbursement for humanitarian assistance processed timeously
To support cooperation between South Africa and other countries	Implement bilateral and trilateral cooperation agreements	R55.404 million	100% of approved disbursement for cooperation processed timeously
To contribute to Post-Conflict Reconstruction and Development (PCRD)	Support PCRD efforts on the continent	R15.000 million	100% of approved disbursement for PCRD processed timeously



**2. Resource consideration**

African Renaissance and International Cooperation Fund							
Statement of financial Performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Revenue</b>							
Tax revenue	–	–	–	–	–	–	–
Non-tax revenue	60 763	77 177	83 467	72 210	76 543	80 064	84 307
Sale of goods and services other than capital assets	–	–	–	–	–	–	–
of which:							
Administrative fees	–	–	–	–	–	–	–
Sales by market establishment	–	–	–	–	–	–	–
Other sales	–	–	–	–	–	–	–
Other non-tax revenue	60 763	77 177	83 467	72 210	76 543	80 064	84 307
Transfers received	401 072	450 370	517 982	485 442	277 560	358 350	403 678
<b>Total revenue</b>	<b>461 835</b>	<b>527 547</b>	<b>601 449</b>	<b>557 652</b>	<b>354 103</b>	<b>438 414</b>	<b>487 985</b>
<b>Expenses</b>							
Current expenses	–	147 792	1 006 211	349 834	190 483	241 852	270 024
Compensation of employees	–	–	–	–	–	–	–
Goods and services	–	147 792	1 006 211	349 834	190 483	241 852	270 024
Depreciation	–	–	–	–	–	–	–
Interest, dividends and rent on land	–	–	–	–	–	–	–
Transfers and subsidies	4 000	132 370	64 095	135 608	87 077	116 498	133 654
<b>Total expenses</b>	<b>4 000</b>	<b>280 162</b>	<b>1 070 306</b>	<b>485 442</b>	<b>277 560</b>	<b>358 350</b>	<b>403 678</b>
<b>Surplus/(Deficit)</b>	<b>457 835</b>	<b>247 385</b>	<b>(468 857)</b>	<b>72 210</b>	<b>76 543</b>	<b>80 064</b>	<b>84 307</b>

### 3. Risk management

IDENTIFIED RISKS	MITIGATION STRATEGIES
<p>Failure to implement ARF projects timeously caused by delays in the finalisation of concurrence letters, among other factors, leading to loss of credibility and trust from partner institutions or countries</p>	<p>Report outstanding concurrence letters to Advisory Committee quarterly</p> <p>Dedicated meetings between Director-General: DIRCO and Director-General: National Treasury</p> <p>Encourage frequent communication between the two relevant ministries</p>
<p>Failure to honour full commitments caused by foreign exchange fluctuation, leading to loss of credibility and trust from partner institutions and countries</p>	<p>Encourage the pledging of assistance rather than currency</p>
<p>Incurring of irregular expenditure due to lack of operational policies and procedures for the ARF, as well as lack of human capacity, leading to non-compliance with applicable laws and regulations</p>	<p>Develop and implement operational policies, guidelines and procedures, including emergency relief and humanitarian assistance policy</p> <p>Use projects checklist and dedicated, pre-approved database of the service-providers to ensure compliance</p>
<p>Funds disbursed not utilised for intended purposes caused by lack of dedicated monitoring and evaluation personnel for ARF leading to fruitless and wasteful expenditure</p>	<p>Bilateral desks and Missions provide monitoring and evaluation services</p> <p>Capacitate the ARF Secretariat by providing sufficient dedicated personnel to enhance operational capacity</p> <p>Department is in the process of establishing the South African Development Partnership Agency as the body to manage, coordinate and facilitate all South African official outgoing development cooperation programmes and projects</p>

# PART C

ANNUAL PERFORMANCE PLAN 2014 – 2015

## 1. Programme performance indicators and annual targets

Performance indicators	Actual performance			Estimated performance	Medium-term targets		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Percentage of requests responded to for the quality assurance and review of project proposals in preparation for the African Renaissance and International Cooperation Fund (ARF) Board meeting</b>	New indicator		24 project proposals reviewed and submitted to committee meetings	19 project proposals reviewed and submitted to committee meetings	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan
<b>Number of ARF structures and processes convened to identify and recommend projects</b>	Three Advisory Committee meetings held to consider projects proposal for recommendation	Eight Advisory Committee meetings held to consider projects proposal for recommendation	10 Advisory Committee meetings held to consider projects proposal for recommendation	Five Advisory Committee meetings held to consider project proposals for recommendation	Four Advisory Committee meetings to consider project proposals for recommendation	Four Advisory Committee meetings to consider project proposals for recommendation	Four Advisory Committee meetings to consider project proposals for recommendation
<b>Percentage of approved disbursement processed</b>	18 approved ARF projects disbursement processed	19 approved ARF projects disbursement processed	17 approved ARF projects disbursement processed	17 approved ARF projects disbursement processed	100% of approved disbursement processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan

## 2. Quarterly targets for 2014 – 2015

Performance indicators	Annual target	Quarterly target			
		1st	2nd	3rd	4th
<b>Percentage of requests responded to for the quality assurance and review of project proposals in preparation for the ARF Board meetings</b>	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan	100% of requests received responded to timeously as per objectives of the project plan
<b>Number of ARF structures and processes convened to identify and recommend projects in compliance with the ARF Act, 2000 and PFMA, 1999</b>	Four Advisory Committee meetings to consider project proposals for recommendation	One Committee Meeting held	One Committee Meeting held	One Committee Meeting held	One Committee Meeting held
<b>Percentage of approved disbursement processed</b>	100% of approved disbursement in the following areas processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan	100% of approved disbursement processed timeously as per objectives of the project plan

Democracy and good governance	100% of approved disbursement to support democracy and good governance processed timeously as per objectives of the project plan	100% of approved disbursement to support democracy and good governance processed timeously as per objectives of the project plan	100% of approved disbursement to support democracy and good governance processed timeously as per objectives of the project plan	100% of approved disbursement to support democracy and good governance processed timeously as per objectives of the project plan
Socio-economic development	100% of approved disbursement to support socio-economic development processed timeously as per objectives of the project plan	100% of approved disbursement to support socio-economic development processed timeously as per objectives of the project plan	100% of approved disbursement to support socio-economic development processed timeously as per objectives of the project plan	100% of approved disbursement to support socio-economic development processed timeously as per objectives of the project plan
Humanitarian assistance	100% of approved disbursement for humanitarian assistance processed timeously as per objectives of the project plan	100% of approved disbursement for humanitarian assistance processed timeously as per objectives of the project plan	100% of approved disbursement for humanitarian assistance processed timeously as per objectives of the project plan	100% of approved disbursement for humanitarian assistance processed timeously as per objectives of the project plan
Capacity-building	100% of approved disbursement to support capacity-building processed timeously as per objectives of the project plan	100% of approved disbursement to support capacity-building processed timeously as per objectives of the project plan	100% of approved disbursement to support capacity-building processed timeously as per objectives of the project plan	100% of approved disbursement to support capacity-building processed timeously as per objectives of the project plan
Cooperation with other countries and partners in various areas of development	100% of approved disbursement for cooperation with other countries and partners processed timeously as per objectives of the project plan	100% of approved disbursement for cooperation with other countries and partners processed timeously as per objectives of the project plan	100% of approved disbursement for cooperation with other countries and partners processed timeously as per objectives of the project plan	100% of approved disbursement for cooperation with other countries and partners processed timeously as per objectives of the project plan
PCRD	100% of approved disbursement for PCRD processed timeously as per objectives of the project plan	100% of approved disbursement for PCRD processed timeously as per objectives of the project plan	100% of approved disbursement for PCRD processed timeously as per objectives of the project plan	100% of approved disbursement for PCRD processed timeously as per objectives of the project plan

