



## international relations & cooperation

Department:  
International Relations and Cooperation  
**REPUBLIC OF SOUTH AFRICA**

# AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND

## Strategic Plan 2015 – 2018

### Annual Performance Plan 2015 – 2016

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Director-General, Department of International  
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# DIRCO PRINCIPALS



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



**Deputy Minister Nomaindiya Mfeketo**  
Department of International Relations and Cooperation



**Deputy Minister Luwellyn Landers**  
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 2015 – 2018 and the Annual Performance Plan (APP) 2015 – 2016 of the African Renaissance and International Cooperation Fund (ARF).

The APP continues to be premised on the Strategic Plan 2015 – 2018, which in turn is informed by the National Development Plan (NDP), the 2014 – 2019 Medium Term Strategic Framework (MTSF) and the 14 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 focuses 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 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 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.

South Africa is committed to contributing towards addressing the needs of the continent and efforts are underway to finalise the operationalization of the South African Development Partnership Agency (SADPA), following the President's Proclamation which was gazetted in 2013.



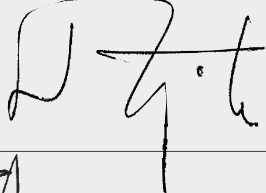

The professional functioning of the fund would not have been possible without the political leadership and guidance from Minister Maite Nkoana-Mashabane and Minister Nhlanhla Nene and his predecessor, Pravin Gordhan. For this, we thank them most sincerely. Finally, as we table this Strategic Plan and 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**

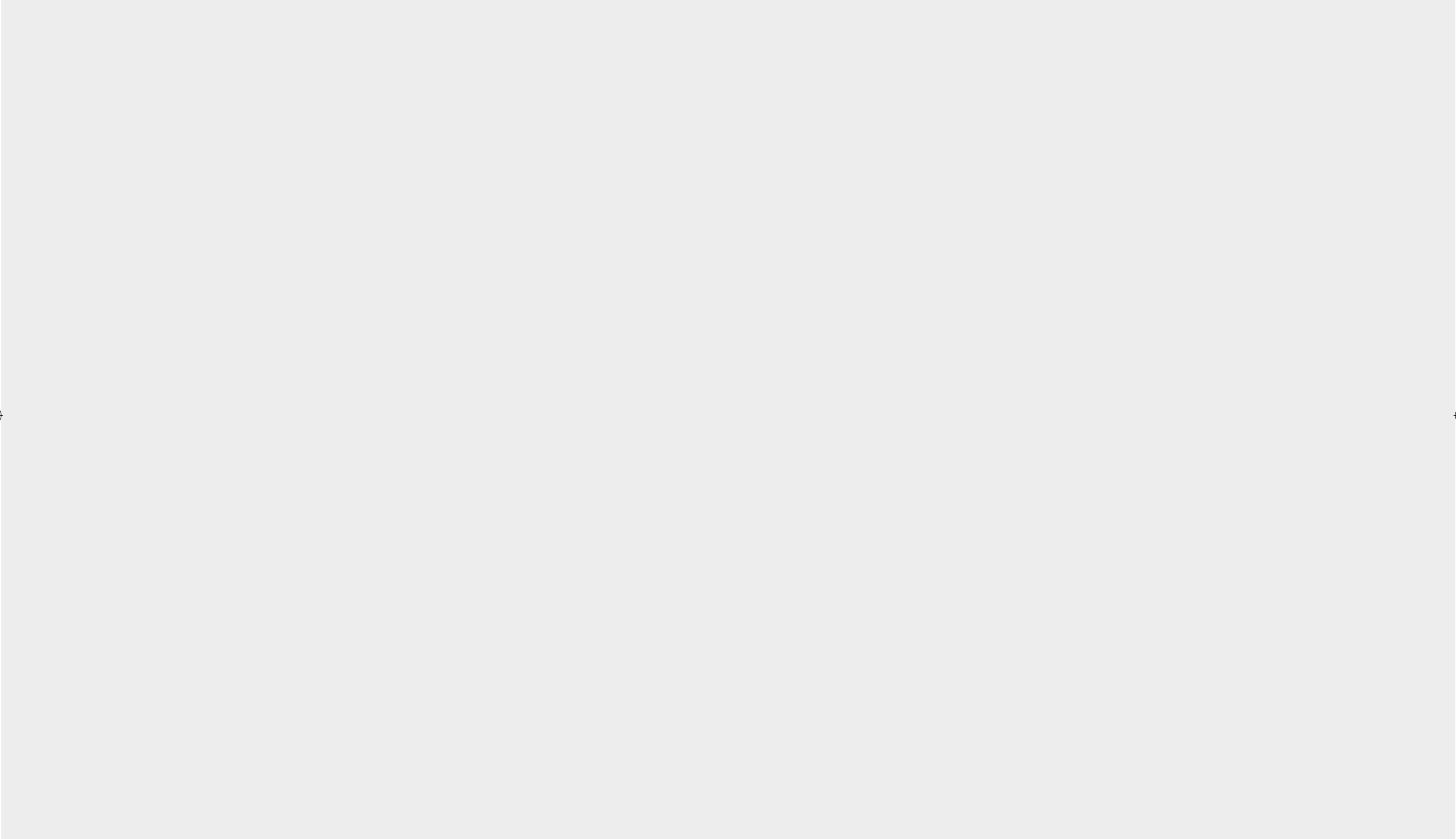
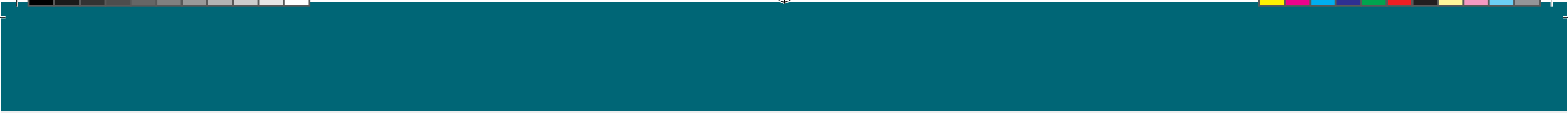
**Official sign-off**

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

were developed by the management of DIRCO 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 2015/16.

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

## Vision

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

## 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.

## Values

In order 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 its 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.

## Legislative and other mandates

### 4.1 Legislative mandates

The African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000): The Act establishes an 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.

### 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, 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, efforts are underway to finalise the operationalization of the South African Development Partnership Agency (SADPA) following the President's Proclamation which was gazetted in 2013.

### 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 combating 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 this regard, South Africa has contributed to the drafting of the African Union's Agenda 2063 through, among other, convening of the national consultative fora.

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 of the South African Government used to achieve these key strategic objectives.

#### 5.1 Organisational environment

An Advisory Committee has been established to manage the fund and 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 the 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 (Act 1 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

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	<p>100% of approved disbursements distributed during this reporting period.</p> <p>Processed payment for the South African delegation's participation in the SADC Election Observer Mission (SEOM) to Swaziland on 13 September 2013</p> <p>Processed payment for the South African delegation's participation in the SEOM to Zimbabwe on 9 July 2013</p> <p>Processed payment for the South African Election Observer Mission to observe the Mali elections on 17 July 2013</p> <p>Processed payment to fund South Africa electoral assistance to Madagascar on 27 October 2013</p> <p>Processed payment for the South African delegation's participation in the SEOM to Madagascar Presidential elections (1st round) on 10 October 2013. The elections were held on 25 October 2013</p> <p>Processed payment for the South African delegation's participation in the SEOM to Madagascar Presidential (2nd round) and Legislative elections on 28 November 2013. The elections were held on 20 December 2013;</p> <p>Processed payment of the remaining 50% of the €1 million (i.e. €500,000.00) to the United Nations Development Programme for Electoral Support to Guinea-Bissau on 19 February 2014 for the general elections held on 16 March 2014.</p>	100% of approved disbursement to support democracy and good governance processed timeously

To contribute to human resource development	Develop and provide identified training programmes	<p>100% of approved disbursements distributed during this reporting period</p> <p>Processed payment to the Department of Public Service and Administration (DPSA) for the Democratic Republic of Congo (DRC) Public Census Project on 16 April 2013</p> <p>Processed payment for the implementation of the International Diplomatic Training Programme Project on 6 June 2013</p> <p>Processed payment to the Cuban Medical Brigade in Sierra Leone Project on 5 July 2013</p> <p>Processed payment to the DPSA DRC Public Census Project on 19 August 2013</p> <p>Processed several payments for the Rice and Vegetable Production Project in the Republic of Guinea in October 2013</p> <p>Processed several payments totalling R923,443.08 for the Rice and Vegetable Production Project in the Republic of Guinea for the payment of three months' salaries of the local technical experts for the period January to March 2014</p>	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	100% of approved disbursements distributed during this reporting period	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	<p>100% of approved disbursements distributed during this reporting period.</p> <p>Processed payment for the Seychelles Budget Support Project following the tropical depression on 16 May 2013</p> <p>Processed payment on the Food Security and Nutrition Project in Niger on 2 July 2013</p> <p>Processed payment for the humanitarian assistance to the Republic of Chad (South Africa's intervention in the Sahel Region project) on 27 October 2013</p>	100% of approved disbursement for humanitarian assistance processed timeously



To support cooperation between South Africa and other countries	Implement bilateral and trilateral cooperation agreements	100% of approved disbursements distributed during this reporting period  Processed payment for the financial assistance project to Malawi on 19 August 2013  Processed payment of R137,092,970.97 as financial assistance to the Government of the Republic of Malawi for the purchase of fuel on 27 February 2014	100% of approved disbursement for cooperation processed timeously
To contribute to PCRD	Support PCRD efforts on the continent	100% of approved disbursements distributed during this reporting period  Processed payment for the implementation of the Post-Conflict and Reconstruction Training Programme run by the International Diplomatic Training Programme on 5 August 2013  Processed payment for the implementation of the Mediation Workshop organised by the International Diplomatic Training Programme on 10 October 2013	100% of approved disbursement for PCRD processed timeously
Percentage of requests responded to for the quality assurance and review of project proposals in preparation for the ARF Board meeting	Quality assurance and review of project proposals	100% of requests responded to for the quality assurance and review of project proposals in preparation for the ARF Board meeting have been achieved  Twenty-three project proposals have been reviewed and submitted to Committee meetings	100% of requests received responded to timeously as per objectives of the project plan
Number of ARF structures and processes convened to identify and recommend projects	Identify and recommend projects	Six Advisory Committee meetings held to consider project proposals for recommendation	Four Advisory Committee meetings to consider project proposals for recommendation

**Resource consideration**

African Renaissance and International Cooperation Fund							
R million	Audited outcome			Revised approved budget estimate	Medium-term estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Revenue</b>							
Entity revenue	77.2	83.5	93.6	98.2	103.2	108.3	113.7
Entity revenue other than sales	77.2	73.5	93.6	98.2	103.2	108.3	113.7
Interest earned – external investments	77.2	73.5	93.6	98.2	103.2	108.3	113.7
Unclassified revenue	-	10.0	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Transfers received	450.4	518.0	485.4	277.6	145.6	88.0	422.2
Other government units	450.4	518.0	485.4	277.6	145.6	88.0	422.2
National government	450.4	445.0	485.4	277.6	145.6	88.0	422.2
Other government units	-	73.0	73.0	-	-	-	-
<b>Total revenue</b>	<b>527.6</b>	<b>601.5</b>	<b>579.0</b>	<b>375.8</b>	<b>248.8</b>	<b>196.3</b>	<b>535.9</b>
<b>Expenses</b>							
Current payments	9.5	-	-	-	-	-	-
Other	9.5	-	-	-	-	-	-
Transfers and subsidies	270.6	1 070.3	41.3	277.6	145.7	88.0	422.2
Departmental agencies and accounts	270.6	1 070.3	41.3	277.6	145.7	88.0	422.2
<b>Total expenses</b>	<b>280.2</b>	<b>1 070.3</b>	<b>41.3</b>	<b>277.6</b>	<b>145.7</b>	<b>88.0</b>	<b>422.2</b>
<b>Surplus</b>	<b>247.4</b>	<b>(468.8)</b>	<b>537.7</b>	<b>98.2</b>	<b>103.1</b>	<b>108.3</b>	<b>113.7</b>
<b>Statement of financial position</b>							
Receivables and prepayments	66.9	125.4	195.1	70.6	74.1	77.9	81.7
Cash and cash equivalents	1 727.6	1 515.0	1 864.9	2 787.3	2 056.0	2 158.8	2 266.8
<b>Total assets</b>	<b>1 794.5</b>	<b>1 640.4</b>	<b>2 060.0</b>	<b>2 857.9</b>	<b>2 130.1</b>	<b>2 236.7</b>	<b>2 348.5</b>
Accumulated surplus / (deficit)	1 384.6	933.0	1 470.7	2 083.9	1 317.3	1 383.2	1 452.4
Trade and other payables	409.9	707.4	589.3	774.0	812.8	853.5	896.1
<b>Total equity and liabilities</b>	<b>1 794.5</b>	<b>1 640.4</b>	<b>2 060.0</b>	<b>2 857.9</b>	<b>2 130.1</b>	<b>2 236.7</b>	<b>2 348.5</b>

## Risk management

IDENTIFIED RISKS	MITIGATION STRATEGIES
<p>Failure to implement African Renaissance and International Cooperation Fund (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                      Dedicated meetings between Director-General: DIRCO and Director-General: National Treasury                      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 partners institutions and countries</p>	<p>Encourage the pledging of assistance rather than currency</p>
<p>Incurring 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                      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                      Capacitate the ARF Secretariat by providing sufficient dedicated personnel to enhance operational capacity                      Department is in the process of establishing 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</p>

# PART C

## ANNUAL PERFORMANCE PLAN 2015 – 2016

### Programme performance indicators and annual targets

Performance indicators	Actual performance			Estimated performance	Medium-term targets		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
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	New indicator		Twenty-three project proposals have been 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	100% of requests received responded to timeously as per objectives of the project plan
Number of ARF structures and processes convened to identify and recommend projects	Eight Advisory Committee meetings held to consider project proposal for recommendation	Ten Advisory Committee meetings held to consider project proposals for recommendation	Six 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	Four Advisory Committee meetings to consider project proposals for recommendation
Percentage of approved disbursement processed	Nineteen approved ARF projects disbursement processed	Seventeen approved ARF projects disbursement processed	Twenty 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	100% of approved disbursement processed timeously as per objectives of the project plan

**Quarterly targets for 2015 – 2016**

Performance indicators	Annual target	Quarterly target			
		1st	2nd	3rd	4th
Percentage of requests responded to for the quality assurance and review of project proposals in preparation for the ARF Board 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	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
Number of ARF structures and processes convened to identify and recommend projects in compliance with the ARF Act, 2000 and Public Finance Management Act, 1999	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
Percentage of approved disbursement processed	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
	Post-Conflict Reconstruction and Development (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

