

# ANNUAL REPORT 2019/20

- ▶ Department of International Relations and Cooperation
- ▶ African Renaissance and International Cooperation Fund





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# PART A

## General Information







## ▶ 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>Registered name:</b>	African Renaissance and International Cooperation Fund (ARF)
<b>Physical address:</b>	460 Soutpansberg Road, Rietondale, Pretoria, 0084
<b>Postal address:</b>	Private Bag X152, Pretoria, 0001
<b>Telephone number/s:</b>	+ 27 12 351 1000
<b>Fax number:</b>	+ 27 12 329 1000
<b>E-mail address:</b>	info@dirco.gov.za
<b>Website address:</b>	www.dirco.gov.za
<b>External auditor:</b>	Auditor-General of South Africa
<b>Banker:</b>	South African Reserve Bank

## ▶ 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
ARF	African Renaissance and International Cooperation Fund
AU	African Union
CFO	Chief Financial Officer
DG	Director-General
DIRCO	Department of International Relations and Cooperation
MTEF	Medium Term Expenditure Framework
NEPAD	New Partnership for Africa's Development
OVC	Orphans and Vulnerable Children
PCRD	Post-Conflict Reconstruction and Development
PFMA	Public Finance Management Act
TR	Treasury Regulation
SADC	Southern African Development Community
SCM	Supply Chain Management

### **Definitions**

<b>Disbursement</b>	Payment of money from the ARF
<b>Concurrence</b>	Agreement between the Minister of International Relations Cooperation and Minister of Finance on project funding
<b>Expenditure</b>	Project with concurrence in the financial year
<b>Active project</b>	A project to which funds have been disbursed during the reporting period

### 3. FOREWORD BY THE MINISTER



It is my pleasure to present the *Annual Report* of the African Renaissance and International Cooperation Fund (ARF) for the 2019/20 financial year.

Like other parts of the world, the African continent continues to experience an increase in the occurrence of natural disasters. Intermittent weather patterns, which are largely as a result of climate change, have brought untold suffering to citizens in affected countries and highlighted the dire need for swift responses. Through the ARF, South Africa has played a role in restoring human dignity and bringing relief to people in countries affected by natural disasters.

The holding of regular democratic elections will strengthen democracy and good governance on our continent. Accordingly, we continue, through the ARF, to support electoral observer missions, electoral training, and the building and strengthening of democratic institutions. Five election observer missions were supported in the financial year in Malawi, Mozambique, Botswana, Mauritius and Namibia.

South Africa's support to the peace process in South Sudan, through the work of the Independent Boundaries Commission, was considered an essential demonstration of the country's commitment to the African Union's (AU) conflict-prevention and peacebuilding agenda. Moreover, it constitutes a core component of the AU's Master Roadmap on "Silencing the Guns by the Year 2020".

The annual African Woman Dialogue was held from 4 to 8 November 2019 in South Africa. This was an unprecedented occasion, attended by no less than 1 000 women from all 55 African countries. The theme chosen for the 2019 Dialogue was: "Women's Voice and Power as Agents of Change". Giving women a voice at a continental dialogue level goes a long way in helping women realise that they are not alone in their struggle.

During the 2019/20 financial year, the ARF processed R63.4 million in disbursements towards humanitarian assistance, the promotion of democracy and good governance, prevention and resolution of conflict and human resource development in Africa.

The ARF has achieved a consecutive unqualified audit opinion without findings, which is an indication that the fund continues to ensure accountability. The audit report is an accurate reflection of the extensive number of actions undertaken and achieved during the reporting period.

My thanks to the Director-General, the ARF Advisory Committee, the staff in my office and officials of the ARF Secretariat for ensuring that we get closer to realising our objective of a better Africa in a better world.

A handwritten signature in black ink that reads "G. N. M. Pandor". The signature is written in a cursive style.

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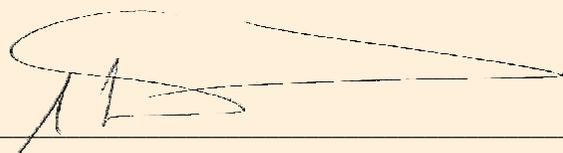
**Dr Naledi Pandor**  
Minister of International Relations and Cooperation  
30 September 2020

## 4. ACCOUNTING AUTHORITY'S OVERVIEW

The African Renaissance and International Cooperation Fund (ARF) continued to be an invaluable instrument in the pursuit of the National Development Plan and Vision 2030, the Medium Term Strategic Framework and the 14 Strategic Outcomes to which all government departments must subscribe and act upon. Of particular importance to the ARF was 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".

I am also pleased that the fund complies with the laws and regulatory prescriptions which govern the management of public funds in South Africa. We have therefore continued to adhere to the established framework for disbursing funds and ensuring compliance with accounting and monitoring mechanisms. It is on this basis that we received an unqualified audit opinion without findings from the Office of the Auditor-General of South Africa.

In conclusion, I would like to thank Minister Naledi Pandor and Minister Tito Mboweni for their vision, astute leadership and guidance. Furthermore, I would like to express my sincere appreciation to the ARF Advisory Committee and ARF Secretariat for their dedication and commendable work, as well as the ARF Audit Committee and ARF Risk Management Committee for the direction and stewardship they provided with respect to matters related to the ARF.

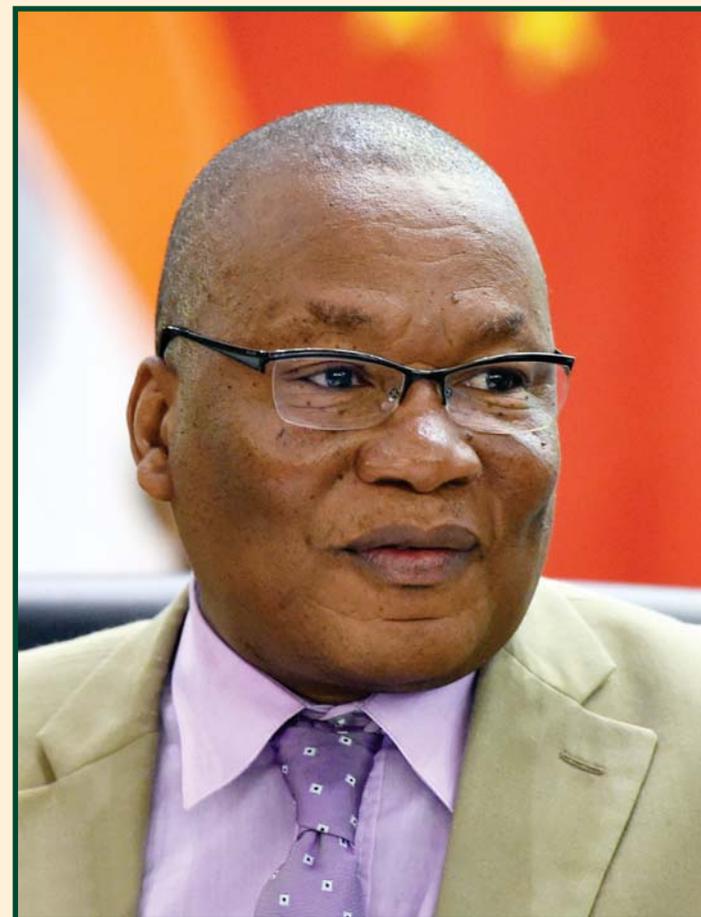


**Mr KE Mahoai**

**Accounting Authority**

**African Renaissance and International Cooperation Fund**

**30 September 2020**



## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the *Annual Report* are consistent with the annual financial statements audited by the Auditor-General.

The *Annual Report* is complete, accurate and free from any omissions.

The *Annual Report* has been prepared in accordance with the *Guidelines on the Annual Report* as issued by National Treasury.

The annual financial statements (Part E) have been prepared in accordance with the standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

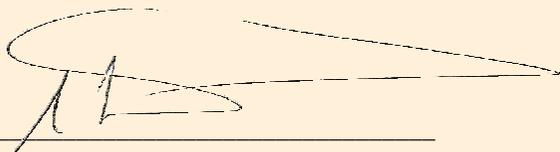
The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the *Annual Report* fairly reflects the operations, performance information, human resource information and the financial affairs of the public entity for the financial year ended 31 March 2020.

It was on this basis that we got an unqualified audit opinion without findings.

Yours faithfully



**Mr K.E Mahoai**

**Accounting Authority**

**30 September 2020**

## 6. STRATEGIC OVERVIEW

### 6.1 Vision

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

### 6.2 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.

### 6.3 Values

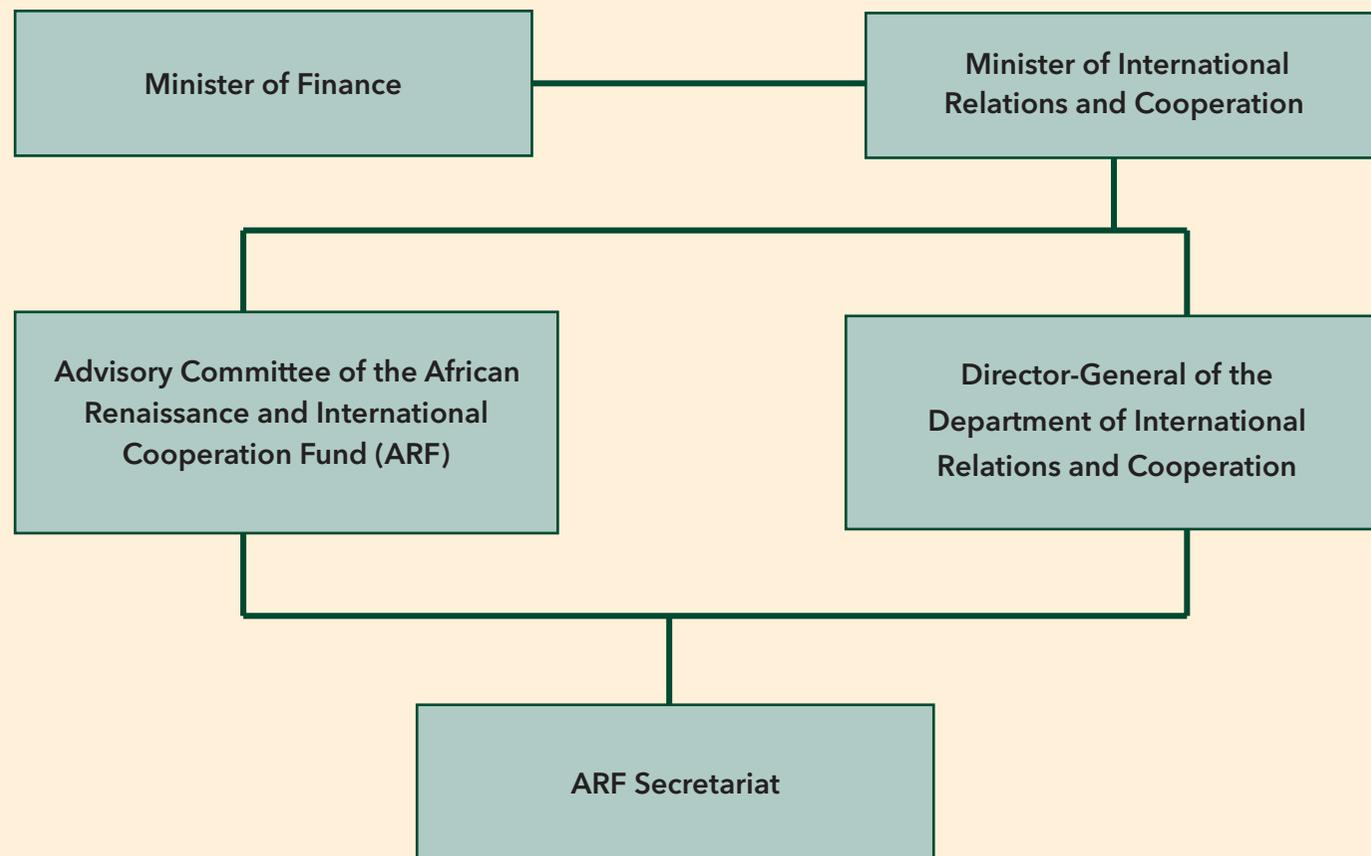
In order to ensure that funding through the ARF is effective, the ARF will adopt the values of the Paris and Rome Declarations on aid effectiveness. The ARF will ensure that the following key values are adhered to:

- **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 programmes, to become an important participant 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, namely:
  - Patriotism
  - Loyalty
  - Dedication
  - Ubuntu
  - Equity
  - Integrity
  - Batho Pele.

## 7. LEGISLATIVE AND OTHER MANDATES

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

## 8. ORGANISATIONAL STRUCTURE



# PART B

## Performance Information



# 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures for the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against the predetermined objectives is included in the report to management with material findings being reported under the "Predetermined Objectives" heading in the report on other legal and regulatory requirements section of the audit's report.

Refer to page 60 of the report of the AGSA, published as "Part E: Financial Information".

## 2. SITUATIONAL ANALYSIS

### 2.1. SERVICE-DELIVERY ENVIRONMENT

The African Renaissance and International Cooperation Fund (ARF) plays a critical role in perusing South African foreign policy in the Department of International Relations and Cooperation (DIRCO). South Africa's foreign policy promotes the need to cooperate with all peace-loving people across the globe in pursuit of shared prosperity and a just, equitable and rules-based international order. Hence, the objectives of the ARF are 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.

The ARF Advisory Committee convenes once a quarter to, among others things, assess and recommend requests for funding for approval by the Ministers of DIRCO and National Treasury. During the 2019/20 financial year, the ARF received a total of 17 requests for funding. Of the 17 requests, 10 were recommended by the ARF Advisory Committee for the approval by the Minister of International Relations and Cooperation and the Minister of Finance on the disbursement of funds through loans or other financial assistance. Only one request is still under consideration.

Subsequent to that, two more projects were recommended by the ARF Advisory Committee for approval. Two requests for COVID-19 urgent intervention were received on 31 March 2020 and reviewed in the 2020/21 financial year. To this end, the ARF has received a letter of concurrence from the Minister of Finance on 9 April 2020 for an amount of R106 800 000.00

The ARF will continue to provide assistance to countries in need in line with its objectives in an efficient manner and within the ambit of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).



## 2.2. ORGANISATIONAL ENVIRONMENT

The Advisory Committee makes recommendations to the Minister of International Relations and Cooperation and the Minister of Finance on the utilisation of funds through loans or other financial assistance. The Advisory Committee consists of the following members:

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

The DG is the Accounting Authority of the ARF in terms of the PFMA, 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 ARF is managed by DIRCO and payments are made on behalf of the fund by the department once concurrence is received from the Minister of Finance.

The above has resulted in the opening of a control account in the accounting records of the department and this account is reconciled with the records of the ARF. The annual financial statements of the ARF are prepared separately from the department as the fund is registered as a Schedule 3A public entity in terms of the PFMA, 1999. All the transactions and information arising from the work of the ARF are audited by the Auditor-General of South Africa on an annual basis.

The ARF is set up as a public entity. However, it does not yet have all the features like other public entities due to its placement within DIRCO structures.

## 2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There are no changes to policies or legislation that may have affected the public entity's operations during the period under review or future financial periods.

## 2.4. STRATEGIC OUTCOME-ORIENTED GOALS

Strategic goal	Goal statement	Progress
Contribute to an integrated, democratic, peaceful and prosperous continent through development 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 support prevention and resolution of conflict (PRC)	Continued to contribute to continental development by providing development assistance in support of democracy and good governance; human resource development; social-economic development and integration; humanitarian assistance; and support PRC

## 3. SUMMARY OF ACTIVE PROJECTS

### 3.1. LESOTHO PEACE PROCESS

#### Project background

A request was made to the ARF for assistance in the appointment of a Special Envoy/Representative to the Kingdom of Lesotho to act as liaison and representative of the Southern African Development Community (SADC) Facilitator to the Kingdom of Lesotho, then Deputy President Cyril Ramaphosa, and a constitutional resource person to serve the reform process in Lesotho.

The mandate of the Special Envoy/Representative includes, among others:

- coordinate the Mission of the SADC Facilitator in the Kingdom of Lesotho
- oversee the political and security situation and alert the SADC Facilitator as and when a need arises
- oversee the implementation of SADC decisions and the Lesotho Roadmap on Reform
- work with all Basotho stakeholders in the reform process
- interact with SADC experts who would render assistance to the Government of Lesotho's reform committees
- function as a liaison officer between the Government of Lesotho and the SADC Facilitator.

To this end, the President appointed Retired Deputy Chief Justice Dikgang Moseneke as the Leader of the Facilitation Team to the Kingdom of Lesotho.

The 39th Ordinary SADC Summit from 17 to 18 August 2019 in Dar es Salaam, United Republic of Tanzania, decided that the facilitation in the Kingdom of Lesotho should continue.

#### Mandate of the Facilitation Team

The mandate of the Facilitation Team to the Kingdom of Lesotho includes the following:

- provide constitutional expert advice to the Lesotho Constitution-Making Body
- work with all Basotho stakeholders in the constitutional reform process
- interact with SADC experts who would render assistance in the different areas of reform
- oversee progress of the constitutional reform process; and alert the SADC Facilitator as and when the need arises.



## Project deliverable

The desired outcome of the facilitation process is for the Basotho to find a lasting solution that will lead to political and security stability in the Kingdom of Lesotho. The outcomes of this project also serve South Africa's national interests due to its proximity to the Kingdom of Lesotho.

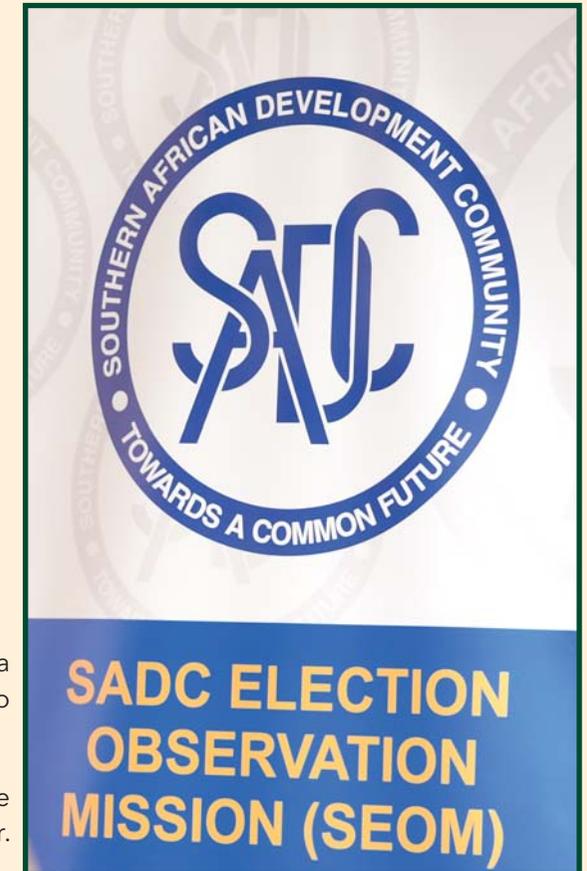
## 3.2. SOUTH AFRICA PARTICIPATED IN ELECTION OBSERVER MISSIONS IN THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (MOZAMBIQUE, BOTSWANA, NAMIBIA, MAURITIUS AND MALAWI)

The following SADC member states held elections during the 2019/20 financial year:

Name of the country	Election date
Republic of Malawi	21 May 2019
Republic of Mozambique	15 October 2019
Republic of Botswana	23 October 2019
Republic of Mauritius	7 November 2019
Republic of Namibia	27 November 2019

Once a member state holding elections has confirmed the date, an invitation is extended to the SADC Secretariat to send a mission (SEOM) to observe the elections. The Secretariat then extends invitations to member states to contribute observers to form part of the SEOM.

The SADC Organ Troika provides leadership during SEOMs. The current membership of the Organ Troika comprises the Republic of Zimbabwe (Current Chair), Republic of Botswana (Incoming Chair) and Republic of Zambia as Outgoing Chair. SEOMs are constituted on the basis of the revised *SADC Principles and Guidelines Governing Democratic Elections*.



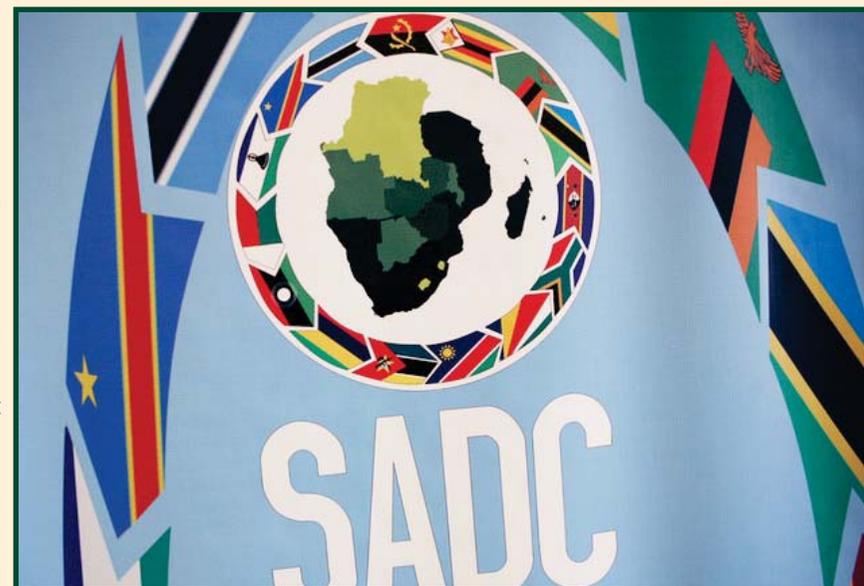
A SEOM is usually required to deploy at least two weeks before the scheduled election date and remains in the country until voting has been concluded. Upon conclusion of the elections, a preliminary statement is issued within three days of the elections. A full report is submitted 30 days after the election.

### 3.2.1. MALAWI ELECTIONS

The Tripartite (Presidential, Parliamentary, Local) elections were held in the Republic of Malawi on 21 May 2019.

Seven Presidential candidates participated in the Presidential Election, with 1 329 candidates (295 women and 1 034 men) for Parliamentary and 2 709 nominees were confirmed (645 women and 2 064 men) for local government. The Malawi election process is based on simple plurality; there is no provision for a runoff election. The President of Malawi is elected using the first-past-the-post system; meaning the candidate that gathers larger number of votes wins the elections.

Honourable Dr Kalombo Mwasa, former Minister of Foreign Affairs of the Republic of Zambia and Head of the SEOM, issued a SADC SEOM Preliminary Statement on 23 May 2019. The SEOM concluded that the 2019 tripartite elections were conducted in a peaceful, orderly and professional manner and within the requirements of the legal framework of the electoral law of the Republic of Malawi.



### 3.2.2. MOZAMBIQUE ELECTIONS

Three parties participated in the presidential election while the Legislative elections were contested by 26 parties and the Provincial Governor elections by four parties.

Honourable Oppah CZ Muchinguri-Kashiri, Minister of Defence and War Veterans Affairs and Head of the SEOM on behalf of the Zimbabwean President Emerson Munangagwa, issued a SADC SEOM Preliminary Statement on 17 October 2019. The SEOM concluded that the 2019 elections in Mozambique were held in line with the revised *SADC Guidelines and Principles Governing Democratic Elections* (2015). The Presidential, Legislative and Provincial elections were generally peaceful and conducted in an orderly manner, professionally and within the requirements of the legal framework of the electoral law of the Republic of Mozambique.



### 3.2.3. BOTSWANA ELECTIONS

The Independent Electoral Commission (IEC) of Botswana registered 1 273 880 voters out of a total of 1 592 350 eligible voters of the country's 2.2 million people. It established 2 296 polling stations and these included 36 polling stations outside Botswana, to cater for the Diaspora vote in 20 countries in Africa, Europe, Americas and Australia where registered Botswana voters are resident and on 19 October 2019, special voting for specific public officials was conducted.

Four parties participated in the general elections, including a few independent candidates. On 25 October 2019, even though counting was not yet concluded, the Chief Justice declared the Botswana Democratic Party, led by the Incumbent President, Dr Mokgweetsi Eric Keabetswe Masisi, as the winner with 31 seats while their strong opposition, the Umbrella for Democratic Change, was at 12 seats followed by the two smaller parties vying for the remaining seats in Parliament, the Botswana Patriotic Front and the Alliance for Progressive.

The SEOM, in its Preliminary Statement, observed that the pre-election and voting phases of the 2019 general elections in the Republic of Botswana were well organised and were conducted in a peaceful and free atmosphere and the environment enabled the voters to express themselves in a transparent manner.

### 3.2.4. NAMIBIA ELECTIONS

The SEOM observed that the political landscape of the country during this election was impacted by an economic downturn coupled with the unprecedented rise of an independent Presidential candidate, who also belongs to the ruling South West Africa People's Organisation (SWAPO) party. Eleven candidates contested for the Presidential elections and 14 political parties participated in the National Assembly elections.

The Mission observed that the pre-election and voting phases were generally peaceful, well organised and conducted in a professional manner. The SEOM issued its Preliminary Statement on the elections on 29 November 2019. On 30 November 2019, the Electoral Commission of Namibia issued an official announcement of the final election results for 2019 Presidential and National Assembly elections in that country. President Hage Geingob won the Presidential elections with a majority of 56.3% and SWAPO won the National Assembly elections with a majority of 65.5% (63 seats in Parliament).



### 3.4.5. MAURITIUS ELECTIONS

The Mission observed the National Assembly elections in 20 of the 21 constituencies. Only the remote Rodrigues Island was not covered in the observation process. The number of registered voters was 941 719. There were 70 contested parliamentary seats with 817 candidates registered to contest the elections. Out of the 70 seats, eight are filled by unsuccessful candidates under the Best Loser System. The latter system is meant to ensure that the minorities are represented in Parliament. As per the Mauritian Constitution, there are four communities in Mauritius: the Hindu, Muslim, Sino-Mauritian and the general population. The Hindu community is considered the majority.

The Mission noted low representation of women as candidates but was pleased that women formed 70% of presiding officers and 73% of political party agents.

Overall, the political and security environment before, during and immediately after polling day was generally peaceful and the elections were orderly and professionally organised. On polling day, the Mission observed voting in 124 polling stations, which represented 37% of the total voting stations. At the time of the SEOM's departure, the election results were in favour of the incumbent Prime Minister of the Militant Socialist Movement political party.



### 3.3. NAMIBIA DROUGHT-RELIEF PROJECT

#### Background of the project

Following the declaration of drought by HE Hifikepunye Pohamba in 2013, the Republic of South Africa pledged a donation of R100 000.00 during the State Visit of former President Jacob Zuma to Namibia in November 2013.





## Progress summary of the project

### Kavango East and West (31 boreholes)

The scope of work for Kavango regions still remains to equip 31 already drilled boreholes. The scope provides for solar (27) and diesel (four) powered mono pumps, 10 000ℓ tanks, tank stands, water trough and communal tap. These have been inspected and tested for certification. The project is 100% completed in this region.

Activities	Percentage complete	Comments
Foundation works	100%	31 of 31 borehole foundations completed
Borehole equipping	100%	31 of 31 boreholes equipped
Borehole hand-over	100%	31 of 31 boreholes handed over
Commissioning	100%	31 of 31 boreholes commissioned

### Kunene region (21 boreholes)

The scope of work for Kunene region is limited to the equipping of 21 already drilled boreholes with 15 solar-powered pumps and six diesel-powered mono pumps, 10 000ℓ tanks, tank stands, water trough and communal tap. These have been inspected and tested for certification. The project is 100% completed in this region.

Activities	Percentage complete	Comments
Foundation works	100%	21 of 21 borehole foundations completed
Borehole equipping	100%	21 of 21 boreholes equipped
Borehole hand-over	100%	21 of 21 boreholes handed over
Commissioning	100%	21 of 21 boreholes commissioned

## Omaheke region (11 boreholes)

The scope of work for Omaheke region is limited to equipping 11 already drilled boreholes with diesel-powered electrical pumps, 10 000 ℓ tanks, tank stands, water through and communal tap. These have been inspected and tested for certification. The project is 100% complete in this region.

Activities	Percentage complete	Comments
Foundation works	100%	11 of 11 borehole foundations completed
Borehole equipping	100%	11 of 11 boreholes equipped
Hand-over	100%	11 of 11 boreholes handed over
Commissioning	100%	11 of 11 boreholes commissioned

## 3.4. HUMANITARIAN ASSISTANCE FOR SOUTH SUDAN

### Background of the project

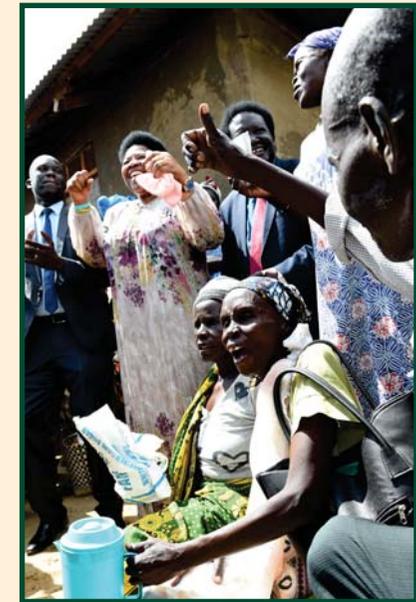
Famine was declared in parts of South Sudan, where United Nations (UN) agencies warned that war and a collapsing economy left 100 000 people facing starvation in February 2017.

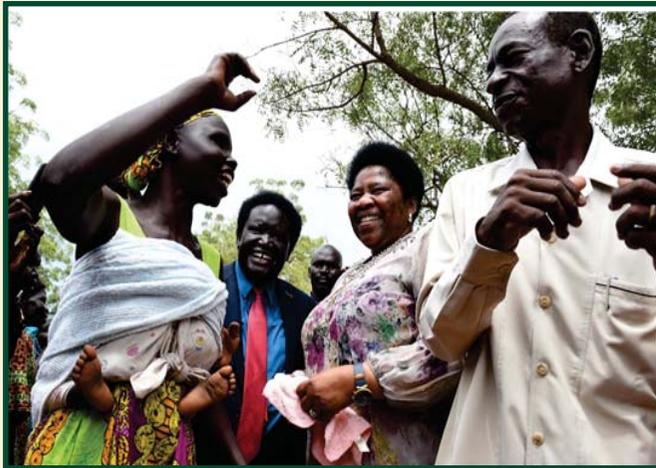
A further one million people were classified as being on the brink of famine, according to the World Food Programme (WFP) and other UN bodies. Unimpeded humanitarian access was urgently needed reverse “an escalating catastrophe”, they added.

DIRCO facilitated the provision of humanitarian assistance on behalf of South Africa to counter the effects of famine in South Sudan. The goods are being delivered as follows:

- 1 625 metric tonnes of non-GMO sweet sorghum (12,5kg packaging)
- 130 metric tonnes of iodated salt (1kg packaging)
- 1 300 metric tonnes of non-GMO red beans (10kg packaging)
- 185 metric tonnes of pure sunflower cooking oil (5 litre packaging)

Thirty per cent of the project has been delivered to date.





## 3.5. THE INDEPENDENT BOUNDARIES COMMITTEE (IBC) FOR SOUTH SUDAN

President Ramaphosa on 6 February 2019 appointed former Deputy Minister and Ambassador, Ms T Majola, as South Africa's nominee to serve on the IBC.

The IBC was fully constituted and commenced with its work in earnest in March 2019, following the conclusion of the inaugural session of the IBC held in Juba, South Sudan, on 18 and 19 March 2019, where the commission adopted its Terms of Reference and Programme of Work for the proceeding period of 90 days.

The project objective was to provide tangible support to the Intergovernmental Authority on Development-led peace process in South Sudan within the broader framework of the African Union (AU)-mandated High-level Ad Hoc Committee on South Sudan, through the capacitating of key transitional mechanisms established under the Revitalised Agreement on the Resolution of Conflict in the Republic of South Sudan (R-ARCSS), in support of the full and effective implementation of the R-ARCSS.

The outcomes from the work of the IBC served as the primary measure of the political will by the relevant South Sudanese stakeholders forming part of the Transitional Government to ensure the full and effective implementation of the R-ARCSS over the transitional period of 36 months.

South Africa has a long history of involvement in South Sudan as part of collective and sustained AU and international community efforts aimed at finding durable and sustainable peace in one of Africa's longest-standing and most intractable conflicts that had caused terrible harm and brought untold suffering to millions of vulnerable people in South Sudan and the broader region.

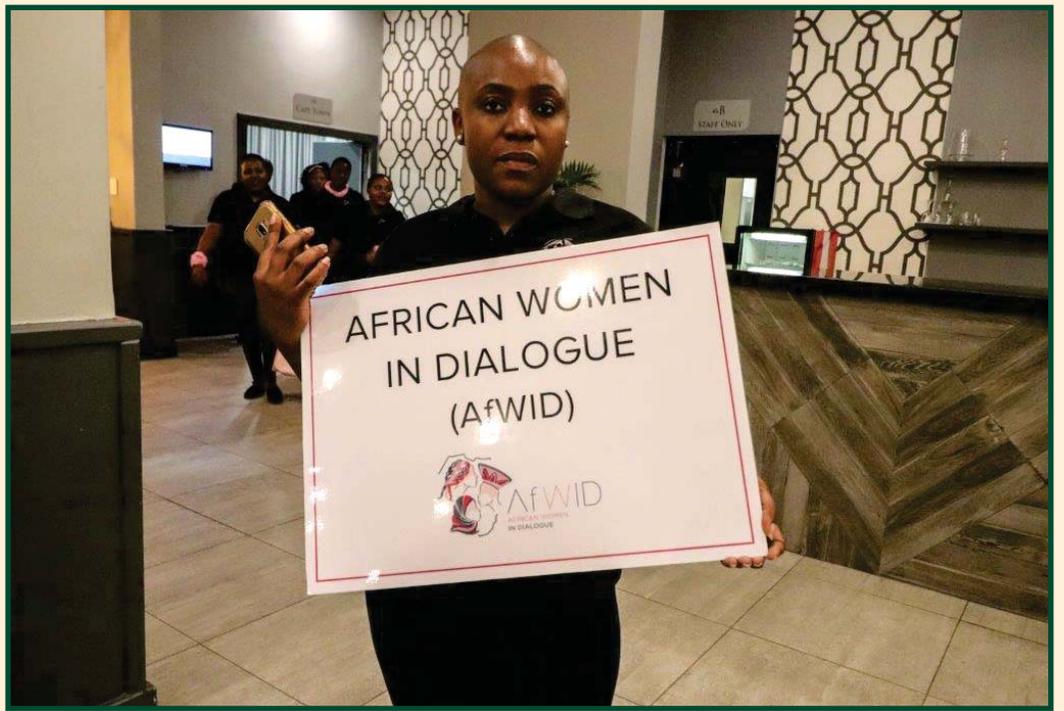
South Africa's support to the peace process in South Sudan, through the work of the IBC, was considered an essential demonstration of the country's commitment to the AU's conflict-prevention and peacebuilding agenda. Moreover, it constitutes a core component of the AU's Master Roadmap on "Silencing the Guns by the Year 2020".

## 3.6. ANNUAL AFRICAN WOMAN DIALOGUE (AWID)

### Background of the project

Peace and security, abject poverty and inequalities are among the top challenges that continue to prevent the progress of the African continent and its peoples (AU Agenda 2063 and Africa's Development Dynamics, 2018). In Africa, the face of poverty is a woman's face, as more than 80% of people living in absolute poverty are women. Women are also the main victims of wars and violent conflicts. While these women of Africa share common experiences, there is no platform for them to share these experiences and help support their healing, development and upliftment.

Giving women a voice at a continental dialogue level goes a long way in helping women realise that they are not alone in their struggle. This is what AWID facilitates through dialogue in order to help women:



- elevate common issues that have not yet made it onto the agenda of national governments and multilateral institutions such as women and technology, travel restrictions for women, etc.
- promote gender equality in countries across Africa
- combat the divisive politics of nationalism, ethnicity, tribe, faith, sexual orientation and origins by promoting understanding
- create relationships and networks of women across every country in Africa
- empower women to use the platforms for collective advocacy on common issues of relevance to them.

## The 2019 African Women in Dialogue

The 2019 African Women in Dialogue Week took place from 4 to 8 November 2019 at Birchwood Conference Centre and Hotel, Ekurhuleni, Johannesburg. This was an unprecedented occasion, attended by no less than 1 000 women from all 55 African countries.

In total, 1 261 attended the Dialogue Week summarised below:

Category of guests	Number of guests
Total original guest list	1 319
Attended guests	1 058
Walk-in guests	204
Total attended guests	1 262
No shows - Guests who accepted the invitation but didn't attend	261

All five regions were represented, except for the São Tomé island whose team couldn't get a flight to mainland even though all their travel plans were in place. Due to instability in Eritrea, few women attended - largely coming from the Diaspora. Similarly, Rwandan women were reluctant to travel to South Africa but encouraged those outside Rwanda to do so. It was pleasing to see the other "islands" present with Comoros arriving just a day after the Dialogue started, still determined to join women of the continent to build a better continent for all. Western Saharan women felt appreciated and acknowledged as they come from a history of exclusion in continental activities - it was a victory for them to be part of the dialogue.

The theme chosen for the 2019 Dialogue was: "Women's Voice and Power as Agents of Change". The carefully curated programme began with a healing and barrier breaking session, where in small groups, participants were given an opportunity to meet each other on an intimate level and share expectations for the dialogue. This session was crucial in laying the foundation for the rest of the week, which included diverse speakers and panellists whose contributions were followed by robust and in-depth plenary discussions. Participants also attended workshops and side events hosted in partnership with various sister organisations from around the continent.

## **3.7. THE IN TRANSFORMATION INITIATIVE (ITI) OF THE CENTRAL AFRICAN REPUBLIC (CAR)**

### **Background of the project**

The goal of the project is strengthening peace prospects in CAR through support for national reconciliation, transitional justice processes and security sector reform. This first year of the project saw inroads being made in supporting all the three pillars that constitute the anchors of the Khartoum Peace Agreement that was signed by the Government and 14 armed groups. With various activities having been carried out, notably advisory and capacity development support, the project is currently well on its way towards achieving the anticipated outcomes.

The experiences of South Africa that have been shared with the various ministerial functions in CAR have been recognised and regarded as valuable and instructive to the experiences and aspirations of CAR. Though there is still quite a lot of work required in CAR, given the still fragile peace agreement, there is hope that the various efforts being played by the various stakeholders, including the ITI, will over time start to realise more and more positive results. The fragility of the peace agreement still remains a cause for concern as this poses a threat to the full implementation of the peace agreement. While the Government can for the most part be applauded for trying their best to meet their end of the bargain, the same cannot be said for some of the armed groups. In the following year of the project, the ITI anticipates to step up its efforts. Recognition is, however, given that the multitude and complexity of challenges in the CAR will require a longer-term engagement and more funding.

## **3.8. THE AFRICAN OMBUDSMAN RESEARCH CENTRE (AORC)**

### **Background of the project**

The Public Protector of South Africa is a constitutional body that remedies administrative wrongs and promotes good governance in state affairs. One of its strategic goals is to play a meaningful role in strengthening fellow administrative oversight institutions and synergies between them in the country and beyond, as part of strengthening democracy through promoting good governance.

The Public Protector is the Chairperson of the Board of the AORC, located at the Howard College Campus of the School of Law at the University of KwaZulu-Natal. AORC is a research, information, capacity-building and advocacy arm of the African Ombudsman and Mediators Association (AOMA). AOMA is an Africa Union-accredited association of ombudsmen and mediators representing at least 44 ombudsman institutions throughout the African continent (of which 39 are national ombudsmen).

The AORC project aims generally to promote Ombudsmanship in Africa, developing capacity and professionalism within the ombudsman institution and generating quality knowledge and information in the furtherance of good governance, the rule of law and human rights in Africa. This will be achieved through the Research, Information, Capacitate and Advocacy (RICA) model. AOMA's strategic priorities that require AORC's support include:

- research, capacity-building and networking
- annual training in each of the five AOMA regions
- support for the initiatives of members that add value in terms of capacity-building and networking
- a stronger relationship with the AU through implementation of the Memorandum of Understanding and Support for implementation of Agenda 2063.



## 3.9. HUMANITARIAN ASSISTANCE TO THE KINGDOM OF ESWATINI PROJECT: EMERGENCY FOOD ASSISTANCE

### Background of the project

The project is intended to assist the orphans and vulnerable children (OVC) in different neighbourhood care points (NPCs). The beneficiaries are between the ages of 0 and 5 years. The project is targeted to reach 52 000 beneficiaries. The project is estimated to be implemented over a period of months.

The southern Africa region was hit by drought caused by El Niño in 2015 as a result of low rain falls. The Kingdom of eSwatini was one of the countries affected by the disastrous and dreadful famine. The drought impacted negatively on food security and threatened the lives of ordinary people, in particular in the Lubombo Region. The Government officially declared a state of emergency in February 2016. Subsequently, the South African Government received a formal request from the Kingdom to assist with emergency food assistance to alleviate the food security situation to benefit the OVC.

### Project implementation and budget

Through the South African contribution, the WFP procured over 3 400 metric tons of cereals, pulses and vegetable oil for distributions to OVCs. Part of the donation was to cover capacity-building activities extended to smallholder farmers, and potentially small mills. The project cycle experienced disruptions in food distributions in May and June 2018 as a result of operational constraints but were, however, resumed in July 2018. The total volumes of commodities procured for the operation are reflected in the table below.

Total commodities procured through DIRCO contribution to eSwatini OVC project	
Commodity	Quantity (MT)
Beans	640.1
Maize Meal	2 337.8
Maize Grain	312
Vegetable Oil	113.3
Total	3 403.2

Seventy per cent of the maize grain and beans were procured from smallholder farmers.

## Capacity-building and strengthening

The WFP, in collaboration with UN Women, conducted training-of-trainers exercises to women smallholder farmers in Limpopo province. The training was led by UN Women with some modules carried out by the WFP. The WFP and UN Women provided funding for the training, with the WFP portion being sourced from South Africa's contribution for the eSwatini OVC Project.

# 4. PERFORMANCE INFORMATION BY STRATEGIC OBJECTIVE

## 4.1 STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

### Strategic objectives

- To promote democracy and good governance
- To contribute to human resource development
- To support socio-economic development and integration
- To provide humanitarian assistance
- To support cooperation between South Africa and other countries
- To contribute to prevention and resolution of conflict (PRC).

Programme/activity/objective:					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
To promote democracy and good governance	<p>100% of approved disbursement to support democracy and good governance processed per objectives of the project</p> <p>Processed payment of R4 145 387.34 for South African Intervention and Contribution to the Kingdom of Lesotho Peace Process as per objectives of the project</p> <p>Processed payment of R371 239. 87 for South African participation in the 2018/19 AU Election Observer Mission as per objectives of the project</p> <p>The following transactions were misstated in the previous quarters and adjusted in quarter 4:</p>	100% approved disbursement processed to support democracy and good governance	<p>100% of approved disbursement to support democracy and good governance processed per objectives of the project</p> <p>Processed payments totalling R443 078.44 for South African participation in the AU Election Observer Mission as per objectives of the project</p> <p>Processed payments totalling R7 355 696.46 for South African Intervention and Contribution to the Kingdom of Lesotho Peace Process as per objectives of the project</p> <p>Processed payment of R61 124.00 for technical assistance to the Liberian Presidential elections</p>	None	None

Programme/activity/objective:					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
	<p>Back pay not previously reported on R23 703,75 in quarter 2</p> <p>Transaction overstated with R14 242.99 in quarter three</p> <p>Processed payment of R6500 000.00 to support Presidential elections in Madagascar as per the objective of the project</p>				
To contribute to human resource development	<p>100% of approved disbursement to support capacity-building processed as per objectives of the project</p> <p>Processed payment of R1744 328.55 to support capacity-building processed Human Resources Development for AORC as per objectives of the project</p>	100% approved disbursement processed to support capacity-building	<p>100% of approved disbursement to support capacity-building processed</p> <p>Processed a payment of R1 744 328.50 to support capacity-building processed for AORC</p>	None	None

Programme/activity/objective:					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
			Processed payments totalling R12 130 000.00 to support capacity-building for the Annual Woman in Dialogue		
To support socio-economic development and integration	100% of approved disbursement to support socio-economic development and integration processed as per objectives of the project  Processed payments totalling R26 109.66 for the Rice and Vegetable Production Project in Guinea (Conakry) as per objectives of the project	100% approved disbursement processed to support socio-economic development	No disbursements	Not applicable	Not applicable
To provide humanitarian assistance	100% of approved disbursement for humanitarian assistance disaster relief processed as per objectives of the project  Processed payments totalling R8 312 092.52 for	100% approved disbursement processed to support humanitarian assistance	100% of approved disbursement to support democracy and good governance processed  Processed payments totalling R3 423 033.45 for the Namibia drought relief project	None	None

Programme/activity/objective:					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
	<p>Namibia drought relief as per objectives of the project</p> <p>Processed payment of R9 396 213.70 for the Emergency Humanitarian Assistance for Saharawi Refugees as per objectives of the project</p> <p>Processed payment of R14206 210.37 for Emergency Food Assistance to the Government of the Kingdom of Swaziland as per objectives of the project</p>		<p>Processed payments totalling R23 534 178.29 for humanitarian assistance to South Sudan</p> <p>Included in this amount is a payment of R186 520.41, which was not reported in the quarterly report due to the timing of reporting and system closure</p> <p>Processed a payment of R9 760 322.80 for the Humanitarian Assistance Project in the Kingdom of eSwatini</p>		
To support cooperation between South Africa and other countries	No disbursement processed	100% approved disbursement processed to support cooperation with other countries and partners in various areas of development	<p>100% of approved disbursement processed to support cooperation with other countries and partners in various areas of development</p> <p>Processed payments totalling R576 925, 62 for South African Intervention and Contribution to the Independent Boundaries Committee (IBC) for South Sudan</p>	None	None

Programme/activity/objective:					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
			Included in this amount is a payment of R38 142.40, which was not reported in the quarterly reports due to the timing of reporting and system closure		
To contribute to prevention and resolution of conflict (PRC)	No disbursement processed during the reporting period	100% approved disbursement processed to contribute to PRC	100% of approved disbursement processed to contribute to PRC  Processed payments totalling R4 243 768.00 for South African Intervention and Contribution to the In Transformation Initiative to the Central African Republic	None	None

## 4.2. KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Number of Advisory Committee meetings held	A total of four committee meetings were held to consider projects proposal for recommendation	Four Advisory Committee meetings to consider project proposals for recommendation	Five Advisory Committee meetings held	Four Advisory Committee meetings held	Four Advisory Committee meetings held	None	None
Percentage of requests reviewed	100% of requests reviewed responded to for the quality assurance and review of project proposals in preparation for the ARF Advisory Committee meetings have been achieved  Six project proposals reviewed and submitted to committee meetings	100% of requests reviewed responded to for the quality assurance and review of project proposals in preparation for the ARF Advisory Committee Meeting  Thirteen project proposals reviewed and responded to as objectives of the ARF	42.8% (six of 14) of requests recommended for funding	100% of requests reviewed	82,35% (14 of 17) requests reviewed	Three requests not reviewed	One request for the Competition Commission was not reviewed because presenters did not attend the meeting to make the presentation  Two requests for COVID-19 urgent intervention received on 31 March 2020  Reviewed in the 2020/21 financial year

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Percentage of approved disbursement processed	100% of disbursements distributed during this reporting period  Fifteen approved ARF projects disbursement processed	100% of approved disbursement processed as per objectives of the project plan  Thirteen approved ARF projects disbursement processed	100% (14 of 14) of approved disbursement processed as per objectives of the project	100% of approved disbursement processed	100% (140 of 140) approved disbursement processed	None	None
Percentage of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with concurrence received and approved plan	100% of active projects monitored for compliance with the concurrence received  <ul style="list-style-type: none"> <li>• South African participation in the AU election observer missions (Lesotho and Angola)</li> <li>• United Nations Relief and Works Agency UNRWA (Palestine) Project</li> </ul>	100% (24 of 24) of active projects monitored for compliance with concurrence received	100% of quarterly project progress reports	100% (26 of 26) of active projects monitored for compliance with concurrence received	None	None

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
		<ul style="list-style-type: none"> <li>Namibia Drought Relief Project</li> <li>Rice and Vegetable Production Project in Guinea (Conakry) Project</li> <li>Swaziland Emergency Food Assistance</li> <li>Cuba Economic Package Project</li> <li>The Presidential and Legislative Elections in Liberia Project</li> <li>IDTP Project (Burundi Diplomatic Training)</li> </ul>					
Percentage of project oversight reports for active projects	77,5% of Project Oversight Committee meetings reports for active projects	87,5% of project oversight reports for active projects <ul style="list-style-type: none"> <li>Election observer missions (Lesotho and Angola)</li> <li>Namibia Drought Relief Project</li> </ul>	100% (24 of 24) of project oversight reports for active projects		100% (26 of 26) of project oversight reports for active projects		

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
		<ul style="list-style-type: none"> <li>• Rice and Vegetable Production Project in Guinea (Conakry) Project</li> <li>• Swaziland Emergency Food Assistance</li> <li>• Cuba Economic Package Project</li> <li>• The Presidential and Legislative elections in Liberia Project</li> <li>• IDTP Project (Burundi Diplomatic Training)</li> </ul>					
Percentage of closed project with closeout reports	100% of closed projects with closed-out reports  Rice and Vegetables Production Projects in Guinea, Conakry closed	100% of closed projects with closed-out reports  <ul style="list-style-type: none"> <li>• IDTP Project (Burundi Diplomatic Training)</li> <li>• Presidential and Legislative Elections in Liberia Project</li> </ul>	100% (2 of 2 ) of closed projects with closed-out reports  100% (4 of 4) of quarterly project progress reports		100% (2 of 2) of closed projects with closed-out reports  100% (4 of 4) of quarterly project progress reports		

### 4.3. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Management will require a confirmation in writing from the presenters to ensure that they are available and will be able to present their proposal during the ARF Advisory Committee meeting.

### 4.4. CHANGES TO PLANNED TARGETS

No changes to planned targets.

### 4.5. LINKING PERFORMANCE WITH BUDGETS

Programme/activity/ objective	2019/20			2018/19		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Appropriation	46 272	( 45 021)	1 251	38 692	(136 839)	(98 147)
<b>Total</b>	<b>46 272</b>	<b>( 45 021)</b>	<b>1 251</b>	<b>38 692</b>	<b>(136 839)</b>	<b>(98 147)</b>

### Reasons for variance

#### 2019/20

The expenditure incurred contributed to achieving the objectives of the ARF. The remaining balance of the allocation will be allocated projects that were approved after year end, however, prior to reporting date.

#### 2018/19

Variance is as a result of expenditure incurred in the current financial year that exceeded the allocated budget and actual funds are available from the accumulated surplus to cover the over spending

## 5. REVENUE COLLECTION

Sources of revenue	2019/20			2018/19		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Interest income</b>	<b>7 000</b>	<b>63 553</b>	<b>( 56 553 )</b>	<b>7 000</b>	<b>75 283</b>	<b>(68 283)</b>
Total	7 000	63 553	( 56 553 )	7 000	75 283	(68 283)

### Revenue

The interest received of R63 million (2019: R75 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and interest from the African Centre for Constructive Resolution of Disputes (Accord). The current year's interest is low compared to the previous financial year due to the decrease in the interest accrued on the South African Reserve Bank account, which is influenced by the balance in the bank account.

# PART C

## Governance



# 1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, 2008 (Act 71 of 2008), corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) and run in tandem with the principles contained in the *King Report on Corporate Governance*.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

# 2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee on International Relations and Cooperation is briefed regularly on the African Renaissance and International Cooperation Fund (ARF).

# 3. EXECUTIVE AUTHORITY

In terms of the PFMA, 1999 and in compliance with National Treasury Regulations, for the period under review, the ARF submitted to the Executive Authority the *Strategic Plan 2015 - 2020*, the *Annual Performance Plan 2019/20*, four quarterly reports for 2019/20 and the *Annual Report* and financial statements.

As prescribed by Treasury Regulations 29.3.1, that the Accounting Authority must establish procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring, four quarterly reports for the 2019/20 financial year were submitted to the Minister of International Relations and Cooperation for consideration and approval. The four quarterly reports were submitted as follows:

- *ARF First Quarterly Report* for the period 1 April to 30 June 2019: 31 July 2019
- *ARF Second Quarterly Report* for the period 1 July to 30 September 2019: 31 October 2019
- *ARF Third Quarterly Report* for the period 1 October to 31 December 2019: 6 February 2020
- *ARF Fourth Quarterly Report* for the period 1 January to 31 March 2020: 2 June 2020.

## 4. REPORT OF THE ACCOUNTING AUTHORITY

### 4.1. INTRODUCTION

The African Renaissance and International Cooperation Fund (hereafter referred to as the “Fund” and or “ARF”) was established in terms of Section 2(1) of the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000) and subject to direction of the Minister under the control of the Director-General (DG) who must keep proper records and accounts of all payments into and out of the Fund and must prepare a statement of income and expenditure and a balance sheet, annually as at 31 March, for auditing by the Auditor-General. The ARF is a Schedule 3A public entity in terms of Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).

### 4.2. OBJECTIVES OF THE FUND

4.2.1. The objectives of the ARF are to contribute to an integrated democratic, peaceful and prosperous continent.

4.2.1.1. cooperation between the Republic of South Africa and other countries, in particular African countries

4.2.1.2. promotion of democracy and good governance

4.2.1.3. prevention and resolution of conflict

4.2.1.4. socio-economic development and integration

4.2.1.5. humanitarian assistance

4.2.1.6. human resource development.

### 4.3. THE UTILISATION OF THE FUND

4.3.1. The Minister must, in consultation with the Minister of Finance, establish an Advisory Committee consisting of the following members:

- the DG or a delegate of the DG
- three officers of the department appointed by the Minister
- two officers of National Treasury appointed by the Minister of Finance.

4.3.2. The Advisory Committee must make recommendations to the Minister of International Relations and Cooperation and the Minister of Finance on the disbursement of funds through grants or other financial assistance.

4.3.3. The funds must be made available or disbursed upon the recommendation of the Advisory Committee and approval by the Minister in consultation with the Minister of Finance. Grants or other financial assistance must be provided or rendered in accordance with an agreement entered into between the relevant parties, excluding assistance for the promotion of democracy and good governance or the prevention or resolution of conflict.

## 4.4. RELATED PARTIES

4.4.1. The related party is the Department of International Relations and Cooperation ([DIRCO], which is referred here to as the department) and the ARF is under the control of the DG in terms of the Public Service Act, 1994 (Act 103 of 1994).

4.4.2. The ARF Secretariat provides secretariat services to the Advisory Committee for consideration of projects and is specifically responsible for:

- facilitating project proposals for presentation to and consideration by the Advisory Committee
- facilitating the meetings of the Advisory Committee
- preparing a record of such meetings
- facilitating the process of securing concurrence letters
- facilitating the finalisation of service level agreements/memoranda of understanding
- facilitating the process for the disbursement of funds
- monitoring the implementation of projects by means of reports, scheduled project site visits, ad-hoc site visits as well as maintaining a project database.

4.4.3. The department acts as an implementing agent in the disbursement of funds to projects using a Control Account. The ARF utilises the established policies and procedures of DIRCO in the disbursement of funds

## 4.5. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

4.5.1. Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the Fund. During the year under review, an amount of R46 million (2019: R38 million) was appropriated to the ARF.
- The interest received of R63 million (2019: R75 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank.

4.5.2. Expenditure

- During the period under review, the ARF recorded an expenditure of R45 million (2019: R136 million).

4.5.3. Irregular expenditure

- During the current financial year, the Fund did not incur any irregular expenditure: R0 (2019: R0)

#### 4.5.4. Receivables

- Receivables represent monies withdrawn from the ARF for local and foreign aid but which were not fully disbursed by the department on behalf of the Fund and also grants refunded by the recipients.

#### 4.5.5. Commitments

- Commitments are projects with concurrence and awaiting the signed agreements.

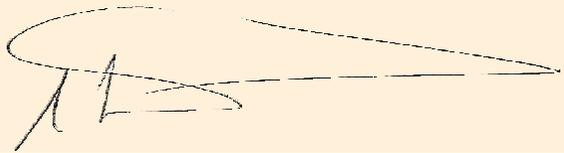
#### 4.5.6. Provisions

- Provisions are made up of projects with signed concurrence and signed agreements and the timing to disburse the funds is uncertain.

## 4.6. CORPORATE GOVERNANCE ARRANGEMENTS

The Fund is managed through the control of the DG of DIRCO and the following governance mechanisms are in place:

- the relationship between the ARF and DIRCO governed by the ARF Operational Framework
- the role of the Secretariat is to ensure that all applicable laws and legislations are adhered to when projects are approved and funds are disbursed
- the Secretariat is also responsible for monitoring and evaluation of projects during implementation
- the Fund has an Audit Committee and a Risk Management Committee.



**Mr KE Mahoi**

**Accounting Authority**

**30 September 2020**

## 5. ARF ADVISORY COMMITTEE

### *Composition of the ARF Advisory Committee*

No of meetings held	No of meetings attended	Name of members
Four	Four	Mr KE Mahoai (Chairperson: DIRCO)
Four	One	Mr C Ramashau (Member: DIRCO)
Four	Three	Mr R Toli (Member: National Treasury)
Four	Two	Ambassador M Joyini (Member: DIRCO)
Four	Two	Ms B Bhengu (Alternate Member: DIRCO)
Four	Four	Ms Thembi Nkuna-Shiluvana (Alternate Member: National Treasury)
Four	One	Ms S Naran (Alternate Member: National Treasury)
Four	Four	Mr D Malcomson (Alternate Member: DIRCO)

## 6. RISK MANAGEMENT

- The entity has the Risk Management Policy to guide its risk management efforts. It also developed the Risk Management Strategy to implement the policy.
- Strategic and operational risk assessments are conducted on a regular basis to identify and analyse risks that have the potential to hamper the achievement of the entity's strategic objectives. Risk-mitigating strategies/plans are developed to manage and keep risks at an acceptable level. New and emerging risks are regularly identified and monitored through appropriate reporting channels.
- The entity has established the Risk Management Committee, consisting of internal and external members. The internal members of the committee are from DIRCO's senior management structure and the external member is an independent Chairperson. The committee was established to provide advice to the Accounting Authority on the adequacy and effectiveness of systems of enterprise-wide risk management.
- The committee meets on a quarterly basis to monitor the risks of the entity and whether they are managed at an acceptable level.

### Risk management for the 2019/20 APP

Identified risks	Mitigation strategies
Inability to execute or implement projects on time	Diversity assistance provided by increasing loans and decreasing grants
Political instability	Deepening democratic principles with the countries South Africa cooperates with
Social unrest	Capacity-building through diplomatic channels

**AFRICAN RENAISSANCE FUND RISK MANAGEMENT COMMITTEE MEMBER**

<b>Names of members</b>	<b>Date appointed</b>	<b>Qualifications</b>	<b>Internal/ External member</b>	<b>Contact details</b>	<b>Status</b>	<b>Number of meetings attended in 2019/20</b>
<b>1. Dr MCAM Sehlapelo</b>	1 April 2018	<ul style="list-style-type: none"> <li>• Doctor of Philosophy</li> <li>• Master's in Information Studies</li> <li>• Postgraduate Diploma in Information Management</li> <li>• Postgraduate Diploma in Defence Studies</li> <li>• Postgraduate Company Secretarial and Governance Practice</li> <li>• Honours in Presidential Strategic Leadership</li> <li>• Certificate in Senior Management Programme</li> </ul>	External	064 885 0283	Active	Three

There are also DIRCO officials who are members of the committee appointed by the Accounting Officer

<b>Name of the Member</b>	<b>Role</b>	<b>Period of appointment</b>
Amb EX Makhaya	Risk owner : Member	Linked to the period of employment at DIRCO
Mr C Ramashau	Risk owner : Member	Linked to the period of employment at DIRCO
Mr SE Schalk	Risk Champion: Member	Linked to the period of employment at DIRCO
Amb GM Tsengiwe	Risk Champion: Member	Linked to the period of employment at DIRCO
Ms S RamoKgopa	Risk Champion: Member	Linked to the period of employment at DIRCO
Mr M Lembede	Risk Champion: Member	Linked to the period of employment at DIRCO
Ms D Mathlako	Risk Champion: Member	Linked to the period of employment at DIRCO

## 7. INTERNAL AUDIT AND AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2020.

### 7.1. AUDIT COMMITTEE RESPONSIBILITY

- The Audit Committee reports that it has complied with its responsibilities arising from Section 76(4) (d) of the PFMA, 1999 and Treasury Regulations 27.1.
- The Audit Committee also reports that it has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### 7.2. AUDIT COMMITTEE MEMBERS

The table below discloses relevant information on the audit committee members.

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	Number of meetings attended
Ms KG Mbonambi (Chairperson)	B Com Accounting B Com (Hons) Certificate in Enterprise Risk Management	External	N/A	1 January 2019 until 30 September 2019 <b>(Contract expired)</b>	N/A	Three
Ms HN Masedi	B Rationis B Compt (Hons) Higher Diploma in Computer Auditing M Com Computer Auditing MBA	External	N/A	1 January 2019 until 30 September 2019 <b>(Contract expired)</b>	N/A	Three
Mr ZL Fihlani	B Com Accounting B Compt (Hons) Higher Diploma in Tax Law Higher Diploma in International Law M Com (Tax) CA (SA)	External	N/A	13 November 2017 <b>(Three-year term)</b>	N/A	Five
Dr MCAM Sehlapelo (Deputy Chairperson)	DLitt et Phil (Information Science) Master's of Information Studies PGDip in Information Management PGDip in Defence Studies PGDip in Futures Studies ACIS	External	N/A	13 November 2017 <b>(Three-year term)</b>	N/A	Four

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	Number of meetings attended
	CD (SA) Senior Management Programme PG Certificate in Risk, Compliance, and Governance Certificate in Accounting Information Systems					
Ms PM Mvulane <b>(Chairperson^)</b>	B Com Accounting B Com (Hons) Specialist Diploma Auditing CA (SA)	External	N/A	13 November 2017 <b>(Three-year term)</b>	N/A	Three
Dr CF von Eck	Bachelor of Arts Business Management Diploma Master of Business Leadership DPhil	External	N/A	2 January 2020 until 31 December 2022 <b>(Three-year term)</b>	N/A	One
Mr BR Wheeler	National Diploma in State Accounts and Finance B Com Degree Advance Diploma in Public Administration	External	N/A	2 January 2020 until 31 December 2022 <b>(Three-year term)</b>	N/A	One

^Effective from 1 October 2019

### 7.3. INTERNAL AUDIT

We are satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audits.

We have met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management).

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors of the entity during the year under review.

### 7.4. THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent.

In line with the PFMA, 1999 and the recommendations from the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors, the Audit Report on the annual financial statements and the management letter of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from.

Accordingly, we can report that the system of internal control over the financial reporting period under review was efficient and effective.

### 7.5. THE QUALITY OF IN-YEAR MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA, 1999

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon.

We had no concerns regarding the content and quality of reports prepared and submitted by management.

## 7.6. EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed with the Auditor-General and the Accounting Authority the audited annual financial statements to be included in the report
- reviewed the Auditor-General's management letters and management's responses
- reviewed the accounting policies and practices
- reviewed significant adjustments resulting from the audit.

## 7.7. EXTERNAL AUDITOR'S REPORT

We have reviewed the entity's implementation plan for audit issues raised in the prior year, except for the area of performance information reporting, we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



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Ms PM Mvulane

Chairperson of the Audit Committee

30 September 2020

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

The African Renaissance and International Cooperation Fund (ARF) has been established and operates within the ARF Act, Act, 2000 (Act 51 of 2000). The Act establishes an ARF to provide assistance to needy countries in line with its objectives in an efficient manner and within the ambit of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) and Treasury Regulations (TRs).

## 9. FRAUD AND CORRUPTION

The ARF applies the DIRCO Fraud and Corruption Prevention Policy. The policy outlines the fraud-reporting procedures in detail, with the allowance of reporting anonymously to the National Anti-Corruption Hotline. The suspected indications of fraud or corruption are either reported internally through appropriate channels (supervisors and/or Forensic Auditing Unit).

The entity has developed the Fraud and Corruption Prevention Policy and Strategy as part of its commitment to managing fraud and corruption risks. There is also a Whistle-Blowing Policy developed in line with the Fraud and Corruption Prevention Policy through the National Anti-Corruption Hotline. Either way, the reported cases are attended to by the Forensic Auditing Unit within 30 days of the reporting. It should be noted, however, there was no case reported during the period under review.

## 10. ARF SECRETARIAT

According to Section 6 (2) of the ARF Act, 2000, “the Director-General must establish a secretariat and appoint members consisting of officers to assist with the disbursement of the funds and monitoring and administration of projects relating to the Fund”.

In line with the above, the Director-General has appointed four officers to assist with office administration, disbursement of funds, and monitoring and administration of projects relating to the ARF. Furthermore, the ARF is managed by DIRCO and payments are made on behalf of the fund by the department once concurrence has been received from the Minister of Finance.

The image shows a large, modern building interior. A prominent feature is a spiral staircase with a red and gold color scheme, illuminated from within. The building has a high ceiling with a grid of structural beams. In the background, there is a reception area with a counter and a seating area with several chairs. The overall atmosphere is professional and contemporary.

# PART D

## Human Resource Management

Not applicable to the ARF since it is covered by the Department of International Relations and Cooperation.



# PART E

## Financial Information

# Report of the Auditor-General to Parliament on African Renaissance and International Cooperation Fund

## *Report on the audit of the financial statements*

### Opinion

1. I have audited the financial statements of the African Renaissance and International Cooperation Fund set out on pages 66 to 85, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the African Renaissance and International Cooperation as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### ***Report on the audit of the annual performance report***

#### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the entity for the year ended 31 March 2020:

Objectives	Pages in the annual performance report
Objective 1 - to promote democracy and good governance	33 - 34
Objective 2 - to contribute to human resource development	34 - 35
Objective 3 - to support socio-economic development and integration	35 - 35
Objective 4 - to provide humanitarian assistance	35 - 36
Objective 5 - to support cooperation between South Africa and other countries	36 - 37
Objective 6 - to contribute to prevention and resolution of conflict (PRC)	37 - 37

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for these objectives:
- Objective 1 – to promote democracy and good governance
  - Objective 2 – to contribute to human resource development
  - Objective 3 – to support socio-economic development and integration
  - Objective 4 – to provide humanitarian assistance
  - Objective 5 – to support cooperation between South Africa and other countries
  - Objective 6 – to contribute to prevention and resolution of conflict (PRC)

#### Other matters

15. I draw attention to the matters below.

#### **Achievement of planned targets**

16. Refer to the annual performance report on pages 38 to 41 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of targets.

### Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of objective 1: to promote democracy and good governance; objective 2: to contribute to human resource development; objective 3: to support socio-economic development and integration; objective 4: to provide humanitarian assistance; objective 5: to support cooperation between South Africa and other countries and objective 6: to contribute to prevention and resolution of conflict (PRC). As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### *Report on the audit of compliance with legislation*

#### Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### *Other information*

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting authority overview, report of the accounting authority, situational analysis and the audit committee report required by the PFMA. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report
21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

23. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### *Internal control deficiencies*

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

### *Other reports*

25. I draw attention to the following engagement conducted by the National Treasury which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

### *Investigation*

26. The National Treasury is investigating possible irregularities in the state of affairs of the African Renaissance and International Cooperation Fund at the request of the former Minister of the Department of International Relations and Cooperation. The investigation covers the 2012-13 to 2017-18 financial years. The investigation was still in progress at the date of this auditor's report

*Auditor-General*

Pretoria

30 September 2020



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the entity's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the African Renaissance and International Cooperation Fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# 1. ANNUAL FINANCIAL STATEMENTS

## General information

<b>Name of entity</b>	The African Renaissance and International Cooperation Fund
<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form</b>	Schedule 3A public entity in terms of Public Finance Management Act, 1999 (Act No. 1 of 1999) PFMA.
<b>Business address</b>	460 Soutpansberg Road Rietondale Pretoria 0084
<b>Postal address</b>	Private Bag x152 Pretoria 0001
<b>Bankers</b>	South African Reserve Bank
<b>Auditors</b>	Auditor-General of South Africa

# STATEMENT OF FINANCIAL PERFORMANCE

	Note	2019/20 R '000	2018/19 R '000
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Appropriated funds	1	46 272	38 692
<b>Revenue from exchange transactions</b>			
Investment income	2	63 553	75 283
<b>Total revenue</b>		<b>109 825</b>	<b>113 975</b>
<b>Expenditure</b>			
Local and foreign aid assistance	3	( 45 021 )	(136 839)
<b>Total expenditure</b>		<b>( 45 021 )</b>	<b>(136 839)</b>
Forex (loss)/gain	4	( 44 684)	( 34 512)
<b>Surplus /(loss) for the period</b>		<b>20 120</b>	<b>( 57 376)</b>

# STATEMENT OF FINANCIAL POSITION

	Note	2019/20 R '000	2018/19 R '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent	5	918 029	862 439
<b>Total assets</b>		<b>918 029</b>	<b>862 439</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Provisions	6	448 763	422 545
Payables from non-exchange transactions	7	1 332	58
<b>Total liabilities</b>		<b>450 095</b>	<b>422 603</b>
<b>Net assets</b>			
Accumulated surplus		467 934	439 836
<b>Total net assets and liabilities</b>		<b>918 029</b>	<b>862 439</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Notes	Accumulated surplus R'000	Total net assets R'000
<b>Restated balance as at 31 March 2017</b>		<b>653 116</b>	<b>653 116</b>
Surplus for the year		143 984	143 984
<b>Balance as at 31 March 2018</b>		<b>797 100</b>	<b>797 100</b>
Amount surrendered to National Revenue Fund		(300 000)	( 300 000)
Refund from DPSA		112	112
loss to date		( 57 376)	(57 376)
<b>Balance as at 31 March 2019</b>		<b>439 836</b>	<b>439 836</b>
Funds returned by ACCORD		7 978	7 978
Surplus of the year		20 120	20 120
Balance as at 31 March 2020		<b>467 934</b>	<b>467 934</b>

# CASH FLOW STATEMENT

	Note	2019/20 R '000	2018/19 R '000
<b>Cash flow from operating activities</b>			
<b>Receipts</b>		<b>118 892</b>	<b>146 642</b>
Appropriated funds	1	46 272	38 692
Investment Income	2	63 553	75 164
Receivables: DIRCO		-	616
Receivables: CUBA		-	32 170
Receipts from DIRCO		1 089	-
Funds refund by ACCORD		7 978	-
<b>Payments</b>		<b>( 63 303 )</b>	<b>( 343 367 )</b>
Cash disbursements	8	( 63 303 )	( 343 367 )
<b>Net cash flow from operating activities</b>	9	<b>55 589</b>	<b>( 196 725 )</b>
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	-
Net increase/(decrease) in cash and cash equivalents		55 589	( 196 725 )
Cash and cash equivalents at the beginning of the year		862 439	1 059 164
<b>Cash and cash equivalents at the end of the year</b>	5	<b>918 029</b>	<b>862 439</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final budget	Actual amounts on a comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from non-exchange transactions</b>					
Appropriated funds	46 272	-	46 272	45 021	1 251
	<b>46 272</b>	<b>-</b>	<b>46 272</b>	<b>45 021</b>	<b>1 251</b>

## Basis of preparation:

The budget was prepared on the cash basis and presented hereto on a comparable basis since the actual non-exchange revenue in the budget is comparable to the income statement. Hence, there is no reconciliation performed as per requirement of GRAP 24 paragraph 46.

## Variance:

The remaining balance of the allocation will be allocated to projects that were approved after year end, but prior to the reporting date.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below. These accounting policies are consistent with the previous period.

### 1.1. Judgments, estimates and assumptions

In applying accounting, policies management is required to make various judgments, apart from those involving estimations, which may affect the amounts of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events, which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from estimates which may be material to the financial statements. Details of any significant judgments and estimates are explained in the relevant policy where the impact on the financial statements may be material.

### 1.2. GRAP standards not yet effective

The standards of GRAP below and/or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The ARF has not early adopted any of these standards or amendments thereto, but has referred to them for guidance in the development of the accounting policies of the Fund in accordance with GRAP 3:

#### Not yet effective

Standard / Interpretation	Effective date	Expected impact
GRAP 104 Financial Instruments	No effective date	This standard might impact on the disclosure of financial instruments
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors	No effective date	This standard might impact the disclosure of Accounting policies
IGRAP 20 Accounting for Adjustments to Revenue	No effective date	This standard might impact the disclosure of Revenue

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## Newly adopted standards

Standard	Effective date	Expected impact
GRAP 109 Accounting by Principals and Agents	1 April 2019	This standard might impact on the disclosure of financial instruments

## 1.3. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that resources 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.

## 1.4. Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Revenue comprises mainly government grants/transfer payments and investment income.

### Revenue from non-exchange transactions

The ARF recognises revenue from appropriation funds when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

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

Revenue from non-exchange transactions arise when the ARF either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions, including revenue from government grants, is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount (i.e. where all conditions have been met).

### Revenue from exchange transactions

### Interest income

Investment income comprises interest income on funds invested and interest received/accrued on loans granted. Interest income for financial assets not classified at fair value through surplus or loss is recognised on a time-proportion basis using the effective interest method.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## 1.5. Expenses

Expenditure comprises approved projects where there is a signed concurrence letter and agreements between the parties are concluded. Expenditure is recognised when the concurrence letter and agreements are signed.

The disbursement thereof is the South African Rand equivalent of the approved amount as per the concurrence letter.

## 1.6. Commitments

Commitments are not recognised in the statement of financial position as liabilities but are included in the notes to the annual financial statements. The entity discloses the amount of approved projects which are awaiting agreements.

## 1.7. Provisions and contingencies

A provision is a liability of uncertain timing or amount. Provisions were raised in the financial statements for approved projects where agreements between the parties are concluded and the timing of the payment is uncertain.

A provision shall be recognised when an entity has a present obligation (constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Contingent liabilities

Contingent liabilities are included in the notes to the annual financial statements. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation.

## 1.8. Financial instruments

The Fund's principal financial assets are cash and cash equivalents.

Financial liabilities are classified according to the substance of the agreement or arrangement entered into. The principal financial liabilities of the Fund are amounts due to outside parties in respect of projects approved in terms of the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000)

The Fund is also exposed to forex fluctuations that arise on projects that were concurred in a foreign currency. A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## Initial recognition and measurement

Financial instruments are initially recognised when the entity becomes a party to the contract. The entity determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial instruments are initially measured at fair value plus transaction costs, except that transaction costs in respect of financial instruments classified at fair value through surplus or loss are expensed immediately.

## Subsequent measurement

Financial assets and liabilities are measured at amortised cost after initial recognition.

Forex losses arising projects concurred in the foreign currency for the period or in previous financial statements shall be recognised in surplus or loss in the period in which they arise at fair value.

## 1.9. Cash and cash equivalent

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

## 1.10. Rounding off figures

Unless otherwise stated, all amounts in the financial statements have been rounded to the nearest one thousand rand (R'000).

## 1.11. Comparatives

The comparatives shown in these financial statements are limited to comparatives shown in the previous year's audited financial statements.

## 1.12. Related parties

The ARF operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government that influenced the ARF or vice versa will be considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The ARF regards all individuals from the level of Executive Management up to the Accounting Authority as key management per the definition.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

The Fund is under the control of the Director-General in terms of the African Renaissance and International Cooperation Fund Act, 2000 and there is an operational framework that governs the relationship between DIRCO, its key management and ARF.

The department controls the Fund in making financial and operational decisions is regarded to be a related party. We disclose outstanding balances between the two parties. Specific information with regard to business with department is included in the disclosure notes.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity.

## 1.13. Payables

Payables are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Payables will be recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## 1.14. Materiality

The materiality framework enables the ARF to identify any losses or irregular, fruitless or wasteful expenditure and evaluate them against the materiality framework as and when they occur during the financial period. Actual expenditure for the previous year (2018/19 financial year) has been used as a base for calculating materiality for the ARF. We have set the materiality amount at being 0.5% of revenue, expenditure and assets.

## 1.15. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue and two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## 1.16. Accounting by principals and agents

A principal-agent arrangement results from a binding arrangement in which one entity (agent), undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

**Principal:** is an entity that directs another entity through a binding agreement, to undertake transactions with third parties on its behalf and for its own benefit. All the binding agreements for implementing projects are signed by DIRCO on behalf of the ARF with third parties. In the same context that expenditure on these agreements is recognised in the ARF financial records and then the ARF becomes the principal.

The entity will disclose:

- (a) a description of the arrangement, including transactions undertaken
- (b) whether the entity is the principal or agent and any significant judgment applied in making this assessment
- (c) significant terms and conditions of the arrangements and whether any changes occurred during the reporting period
- (d) an explanation of the purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits

# NOTES TO THE FINANCIAL STATEMENTS

2019/20  
R'000

2018/19  
R'000

## 1. Appropriated funds

Appropriation from Parliament	46 272	38 692
<b>Total</b>	<b>46 272</b>	<b>38 692</b>

## 2. Investment Income

Interest earned from SARB	63 208	75 164
Interest received/accrued on loan granted to Cuba	-	119
Interest earned from funds returned	345	
<b>Total</b>	<b>63 553</b>	<b>75 283</b>

# NOTES TO THE FINANCIAL STATEMENTS

	2019/20 R'000	2018/19 R'000
<b>3. Local and foreign aid assistance</b>		
<b>3.1. Humanitarian assistance</b>		
Humanitarian assistance South Sudan	-	100 000
Meningitis support to Niger	3 522	-
<b>Total</b>	<b>3 522</b>	<b>100 000</b>
<b>3.2. Promotion of democracy and good governance</b>		
Presidential elections Madagascar	-	6 500
Lesotho Peace Process	-	14 274
<b>Total</b>	<b>-</b>	<b>20 774</b>
<b>3.3 Promote human resource development and capacity building</b>		
African Ombudsman Research Centre	-	3 488
Central African Republic (VIP Protection)	1 766	-
Annual Women Dialogue	37 609	-
<b>Total</b>	<b>39 375</b>	<b>3 488</b>
<b>3.5. Prevention and resolution of conflict</b>		
Transformation Initiative Central African Republic		
Transformation Initiative Madagascar		
	1 026	-
<b>Total</b>	<b>1 026</b>	<b>12 576</b>
<b>3.5. Socio-economic development</b>		
Lesotho Anthrax Vaccines	1 098	-
<b>Total local and foreign aid assistance</b>	<b>45 021</b>	<b>136 839</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Forex (Loss)/gain

2019/20  
R'000

2018/19  
R'000

Forex loss	( 44 684)	( 34 512)
<b>Total (loss)/gain</b>	<b>( 44 684)</b>	<b>( 34 512)</b>

\*Forex loss is attributable to concurrence letters approved in foreign currency denominated amounts.

## 5. Cash and cash equivalents

Cash and balances with South African Reserve Bank	918 029	862 439
<b>Total</b>	<b>918 029</b>	<b>862 439</b>

## 6. Provisions

### Reconciliation of provisions 2019/20

	Opening balance R'000	Re-classification from commitments R'000	Additions R'000	Movements during the year R'000	Total R'000
<b>Projects</b>	422 545	5 288	39 733	( 18 803 )	448 763

### Reconciliation of provisions 2018/19

	Opening balance R'000	Re-classification from commitments R'000	Additions R'000	Movements during the year R'000	Total R'000
<b>Projects</b>	295 893	100 000	36 839	(10 188)	422 545

Provisions consist of projects with signed concurrence letters and agreements.

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Payables from non-exchange

	2019/20 R'000	2018/19 R'000
Payables to DIRCO	1 332	58

## 6. Cash disbursements

Promotion of democracy and good governance	( 489)	( 10 845 )
Socio-economic development and integration	-	( 26 )
Humanitarian assistance	( 36 347)	( 30 751 )
Prevention and resolution of conflict	( 12 592)	-
Promote human resource development and capacity-building	( 13 875)	( 1 744)
National Revenue Fund	-	( 300 000)
<b>Total</b>	<b>( 63 303)</b>	<b>(343 366)</b>

## 9. Net cash generated from operations

	2019/20 R'000	2018/19 R'000
Surplus/(Loss) for the period	20 120	( 57 376)
<b>Adjustment</b>		
Forex (gain)/loss	44 684	34 512
<b>Surplus/(loss) after movements</b>	<b>64 804</b>	<b>(22 864)</b>
<b>Changes in working capital</b>	<b>( 9 215)</b>	<b>( 173 861 )</b>
Effect on payables	( 9 215 )	(207 691)
Effect on receivables from non-exchange	-	33 829
<b>Net cash flow from operating activities</b>	<b>55 589</b>	<b>( 196 725)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 10. Financial risk management disclosure

The ARF's financial instruments consist primarily of cash and cash equivalents and other payables. The ARF deposits all its cash with a reputable financial institution.

### Credit risk

Credit risk consists mainly of cash and cash equivalents and trade receivables

Credit risk represents the potential loss to the ARF as a result of unexpected defaults or unexpected deterioration in the credit worthiness of counterparties.

With regard to the credit risk arising from other financial assets which comprise cash and cash equivalents, the ARF's exposure arises from a potential default of the counterparty where the credit rating is constantly monitored with a minimum exposure to the carrying amount of these instruments. The funds of the entity are kept with the South African Reserve Bank and the credit risk is thus minimal.

Financial assets	2019/20 R'000	2018/19 R'000
Cash and cash equivalents	918 029	862 439
<b>Total</b>	<b>918 029</b>	<b>862 439</b>

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. ARF source of funding is received from Parliament. Management monitors forecasts of the ARF's cash and cash equivalents on the basis of the expected cash flow. The entity has sufficient cash resources to fund commitments.

Financial liabilities	2019/20 R'000	2018/19 R'000
Payables from non-exchange transactions	1 332	58
<b>Total</b>	<b>1 332</b>	<b>58</b>

### Interest rate risk

The ARF's interest rate arises from cash and cash equivalents and receivables. The ARF's exposure to interest rate risk is minimal due to the following factors:

- interest is accrued on loan granted
- interest is not paid on liabilities as they are all project-related, which are not legally binding.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. Financial risk management disclosure (continued)

Based on the activities of the ARF, the only area affected by interest rate is the cash held at the South African Reserve Bank.

Details	2019/20 R'000	2018/19 R'000
Cash and balances with the South African Reserve Bank	918 029	862 439

### Currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The entity enters into agreements in foreign currency on a minimal basis and there is therefore minimal risk involved.

Details	2019/20 R'000	2018/19 R'000
Forex losses	( 44 684)	( 34 512)

### Other risks

Due to the nature and extent of the ARF's financial instruments, the entity is not unduly exposed to price risks or other market risks. The ARF does not have any foreign accounts receivable or derivative market instruments. The foreign accounts payable are denominated in the South African Rand.

## 11. Related party transactions

DIRCO and its key management are the related parties to the ARF.

Description	2019/20 R'000	2018/19 R'000
Payables: DIRCO	1 332	58

## 12. Taxation

No provision has been made for taxation as public entities are exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

# NOTES TO THE FINANCIAL STATEMENTS

## 13. Commitments

<b>Concurrence letter received but yet to be contracted for</b>	<b>2019/20 R'000</b>	<b>2018/19 R'000</b>
Opening balance	75 716	173 951
Commitments re-classified to provisions	( 5 288 )	( 100 000)
New commitments 2019/20	100 000	1 765
<b>Closing balance</b>	<b>170 428</b>	<b>75 716</b>

The commitments comprise projects approved, which are awaiting agreements. The disclosure of the breakdown of total commitments is not done due to sensitivity of the information

## 14. Events after the reporting date

The Accounting Authority is aware of the matters below, which arose after the reporting date and will not require adjustment to the financial statements.

The following concurrence letters were received from the Minister of Finance after the 31 March 2020 financial year end date, but before the reporting date of 31 July 2020:

- (a) South Africa's assistance to combat COVID-19 in Africa for R106 800 000.
- (b) South Africa's contribution to provide Personal Protective Equipment for R288 566 900. This project will be funded by rescinding old non-moving projects to the same value.
- (c) South Africa's pledges at the European Union conference as a commitment to the African Union for R52 735 000.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. Accounting by Principals and Agents

The ARF is a principal to a binding agreement that was signed in April 2017 with Rand Water as an implementing agent on the humanitarian aid in the form of drought relief to Namibia by increasing access to water supplies through scaling up the installation of boreholes drilled in the drought affected areas.

The ARF provides oversight to the project implementation in line with the project plan while Rand Water ensures project implementation of the project in line with the plan and overall approved scope of the project. The ARF has identified the risk of paying for boreholes that are not fully functional in the beginning of the project and this risk is addressed by visiting all the project sites in Namibia and signing off each and every borehole prior to processing payments. Rand Water appointed South African service providers to do the actual work at the sites in Namibia on the project. An implementation fee of 5% of the total invoice amount is paid to Rand Water. No significant changes to the terms and conditions of the arrangement occurred during the reporting period. In a case where the principal arrangements is terminated, the project implementation will be discontinued.

The project has an outstanding balance of R30 million disclosed as provisions.

### 2019/20 transactions that occurred between Rand Water

Total invoice amount	5% implementation fee to Rand Water	Amount to be paid to service providers by Rand Water
R1 661 882,5	R 87 467,52	R1 574 418
R322 135,78	R15 339,80	R306 795,93
R227 257,70	-	R227 257,70
R740 857,5	R38 992,5	R701 865
R470 900	-	R470 900





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