



ANNUAL REPORT 2022/23

AFRICAN RENAISSANCE AND INTERNATIONAL
COOPERATION FUND (ARF)





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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

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

2. LIST OF ABBREVIATIONS/ACRONYMS

AfCFTA	African Continental Free Trade Agreement
AGSA	Auditor-General of South Africa
ARF	African Renaissance and International Cooperation Fund
AU	African Union
AVATT	African Vaccination Acquisition Task Team
AVAT	African Vaccination Acquisition Trust
B-BBEE	Broad-Based Black Economic Empowerment
BIOVAC	Biologicals and Vaccines Institute of Southern Africa
CDC	Centres for Disease Control
CFO	Chief Financial Officer
COVID-19	Coronavirus disease 2019
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DTIC	Department of Trade, Industry and Competition
GRAP	Generally Recognised Accounting Practice
IDPs	Internally Displaced Persons
MTEF	Medium Term Expenditure Framework



PCR	Post-Conflict Resolution
PFMA	Public Finance Management Act
SA	South Africa
SADC	Southern African Development Community
SCM	Supply Chain Management
SEOMS	SADC Electoral Observation Mission
TR	Treasury Regulation

Definitions

Disbursement	Payment of money from the fund
Concurrence	Agreement between the Minister of International Relations and Cooperation and Minister of Finance on project funding
Expenditure	Project with concurrence in the financial year
Active project	A project that had a balance during the financial year





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 2022/23 financial year.

This report encompasses the achievements recorded during the 2022/23 financial year in pursuit of the objectives and targets as set out in the Revised Strategic Plan for 2020–2025.

The ARF remains an important vehicle in the pursuit of South Africa's foreign policy objectives, particularly the regeneration of the African continent and other countries.

During the 2022/23 financial year, the ARF processed R177 million in disbursements towards socio-economic development and integration, humanitarian assistance, the promotion of democracy and good governance and the prevention and resolution of conflict in Africa.

In line with the ARF's objective of socio-economic development and integration as well as humanitarian assistance, the South African Government responded to the political conflict in the Cabo Delgado province of Mozambique, which left many people displaced.

President Cyril Ramaphosa of the Republic of South Africa made a pledge at the Southern African Development Community Summit, held in Malawi during January 2022, to assist the Republic of Mozambique with the humanitarian crisis in the Cabo Delgado province. The Agricultural Research Council was appointed as an implementing agent for the agricultural development support for internally displaced persons in that province. This project is in line with the African Union's theme of the year 2022: *Strengthening Resilience in Nutrition and Food Security on the African Continent*.

South Africa is proud to extend a helping hand to the Government of Mozambique during this time of need.

The Government of Cuba continued to repay the loan instalments as per the terms and conditions of the signed loan agreement and a total of R26 million was repaid during the 2022/23 financial year.

The ARF has achieved an unqualified audit opinion for five years in succession, which is a demonstration that the fund continues to comply with the prescripts of the Public Finance Management Act, 1999 (Act 1 of 1999).



The ARF remains an important vehicle in the pursuit of South Africa's foreign policy objectives, particularly the regeneration of the African continent and other countries. ”



I would like to thank the Director-General, 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.

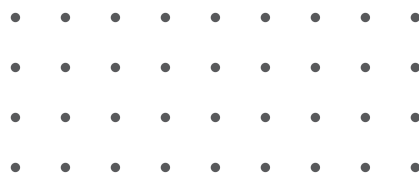
I wish to conclude by warmly thanking the ARF Advisory Committee under the stewardship of the Chairperson for the efficient and professional manner in which it discharged its duties. This committee ensured that programme and project funding operated within the confines of the ARF's strategic objectives and met the desired outcomes.

G. N. M. Pandor

DR GRACE NALEDI MANDISA PANDOR

MINISTER OF THE DEPARTMENT OF INTERNATIONAL
RELATIONS AND COOPERATION

Date: 31 July 2023





4. ACCOUNTING AUTHORITY'S OVERVIEW

The African Renaissance and International Cooperation Fund (ARF) continues to be an invaluable instrument in the pursuit of the National Development Plan and Vision 2030, the Medium Term Strategic Framework and Priority Seven of the Sixth Administration to which all government departments must subscribe and act upon. Of particular importance to the ARF was the seventh priority, which focusses on international relations and is entitled: "A Better Africa and World".

We are committed to implementing the ARF Strategic Plan 2020–2025 and the Annual Performance Plan 2023–2024 to promote South Africa's National Interest and values on the continent.

I am also pleased that the fund continued to comply 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 the ARF received an unqualified audit opinion for five years in succession from the Office of the Auditor-General of South Africa.

In conclusion, I would like to thank Minister Naledi Pandor and Minister Enoch Godongwana for their vision, astute leadership and guidance. Furthermore, I would like to express my sincere appreciation to the ARF Advisory Committee for their dedication, expertise and sterling 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. I would also like to acknowledge the ARF Secretariat for their tireless efforts and ensuring the funds are administered within the prescripts of the Public Finance Management Act, 1999 (Act 1 of 1999) and other regulatory frameworks.



Mr Zane Dangor

Accounting Authority

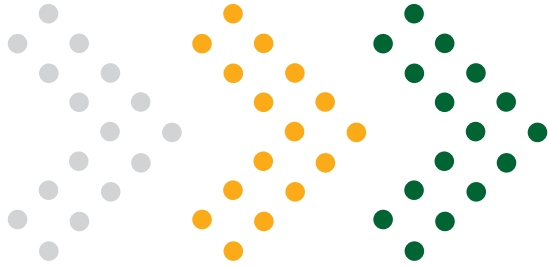
African Renaissance and International
Cooperation Fund

Date: 31 July 2023



Of particular importance to the ARF was the seventh priority, which focusses on international relations and is entitled: "A Better Africa and World".





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 (NT)
- » the annual financial statements (Part F) 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 2023.

Yours faithfully



Mr Zane Dangor

Accounting Authority

African Renaissance and International Cooperation Fund

Date: 31 July 2023



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.

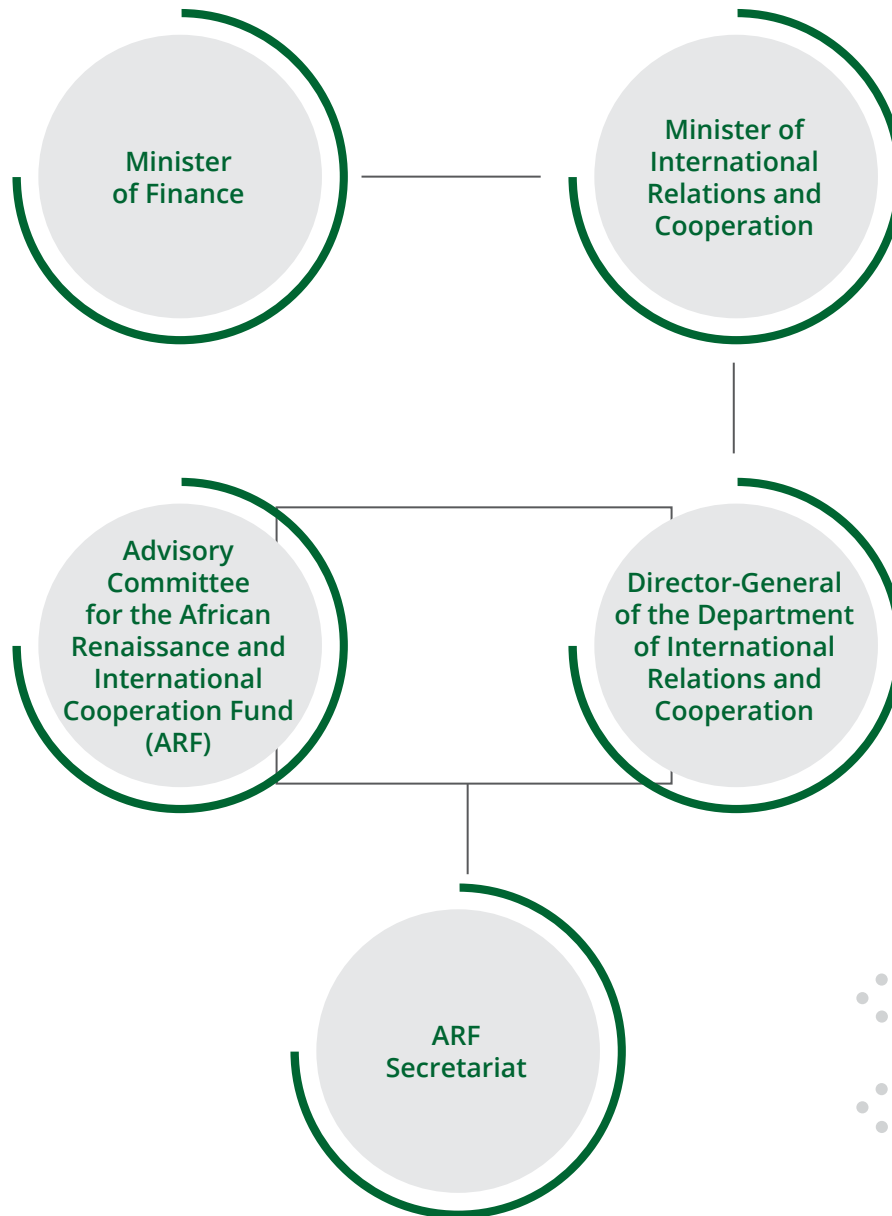
- » A needs assessment should be conducted with direct involvement and ownership of the process by the country concerned.
- » Integrated planning and coordination are critical in ensuring that South Africa's efforts are in line with the development needs of the identified country.
- » Harmonisation of 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



PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against 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 auditor's report.

Refer to paragraph 10 to 17 of the Report of the Auditors Report, published as Part F: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service-delivery environment

The ARF is a pillar of South Africa's foreign policy in the Department of International Relations and Cooperation (DIRCO). The ARF plays a crucial role in pursuing and supporting South Africa's foreign policy through promoting 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 every quarter to, among other things, assess and recommend requests for funding for approval by the Ministers of DIRCO and Finance. During the 2022/23 financial year, the ARF received 16 requests for funding. Of these, 14 were evaluated by the ARF Advisory Committee and two were recommended for approval by the Minister of DIRCO and the Minister of Finance on the disbursement of funds through loans or other financial assistance. Twelve requests are still under consideration.

The ARF will continue to assist 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 DIRCO and the Minister of Finance on the utilisation of funds through loans or other financial assistance. The Advisory Committee consists of the following members:

- » the Director-General (DG) or a delegate of the DG
- » three officers from DIRCO, appointed by the Minister of DIRCO
- » two officers from 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's 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.

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. However, it should be noted that the African Renaissance and International Cooperation Fund Act (Act 51 of 2000) will migrate to the South African Development Partnership Agency (SADPA). Cabinet has approved the draft amendment bill for public consultation. The Revised Bill will then be presented to the Cabinet to submit the Bill to the Parliament.

4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact	Outcome	Progress
Contribute to a better Africa for a better world	Contribute to continental development by means of developmental assistance in support of democracy and good governance; human resource development; socio-economic development and integration; humanitarian assistance and disaster relief; support prevention and resolution of conflict (PRC); and effective management of resources through sound administration and good governance	Continued to contribute to continental development by providing development assistance in support of democracy and good governance; human resource development; socio-economic development and integration; humanitarian assistance; and support PRC through effective management of resources i.e. sound administration and good governance

The ARF is on the right track and is making remarkable strides towards the achievement of the five-year targets in relation to the outcome indicators and with regard to its contribution toward the Medium Term Strategic Framework and support for South African's foreign policy through the following programmes:



the provision of humanitarian assistance; promotion of democracy and good governance; and provision of human resource development through funding training development and capacity-building. The effective management of resources through sound administration and good governance results in the ARF having a bigger impact with limited resources allocated.

5. SUMMARY OF THE ACTIVE PROJECTS IN THE REPORTING PERIOD

5.1. Agricultural development support for internally displaced persons (IDPs) in the Cabo Delgado province of Mozambique in the context of the SUSTENTA farmer support project.

5.1.1. Socio-Economic Development and Integration Project

President Cyril Ramaphosa made a pledge at the Southern African Development Community (SADC) Summit in Malawi in January 2022 to assist Mozambique with the humanitarian crisis in the Cabo Delgado province.

The political conflict in the Cabo Delgado province of Mozambique has displaced large numbers of people and families from their homes and caused major distress and loss of income. Effects of this include job losses, insecurity and disruption of social and economic development. This project seeks to enhance food and nutrition security through utilisation of new or improved technologies (for example, improved seeds and adapted chicken genetics) and climate-resilient farming practices.

The Department of International Relations and Cooperation (DIRCO), through the African Renaissance and International Cooperation Fund (ARF), appointed the Agricultural Research Council (ARC), a state-owned entity of the Department of Agriculture, Land Reform and Rural Development (DALRRD) as an implementing agent for this project.

The key outcomes of the project are:

- » food and nutrition security
- » sustainable livelihood and economic opportunities from improved farming methods
- » skilled public extension services.

The following were estimated outputs/results:

- » improved seeds and chickens supplied to internally displaced people (IDPs)
- » trained extension officers
- » training manuals – electronic and hardcopy – developed, and training courses presented
- » new knowledge created in crop and chicken production
- » capacity-building of IDPs
- » food and nutrition security
- » economic development.

The project is aimed at improving food and nutrition security, livelihood and economic opportunities in five districts of the Cabo Delgado province in response to the growing population of IDPs in these communities.

The ultimate benefits from the project outcomes are:

- » IDPs who are primarily farmers
- » extension services through skills development.



The following role players are involved in the project:

Agricultural Research Council

- » Provides technical support for agricultural development through training, information dissemination and technology transfer by coordinating the supply of improved seeds, including chicken production stock and agricultural inputs. The ARC leads research and development to facilitate project implementation, including conducting impact analysis.

Department of Agriculture, Land Reform and Rural Development

- » Provides support on phytosanitary requirements for the exports of seeds, chicken production stock and agricultural inputs.
- » Coordinates intergovernmental communication.
- » Provides overall strategic oversight in partnership with DIRCO.

African Renaissance and International Cooperation Fund

- » Provides project funding and facilitates overall project management, including advice on appropriate logistics protocols.
- » Provides project monitoring and evaluation on behalf of DIRCO.

South African High Commission in Mozambique

- » Provides coordination and logistical support to the project on the ground.
- » Provides advice relating to the security situation at project sites.

Department of Small Farmer Planning in Mozambique (MADER) at national level and Economic Activities Provincial Services (SPAE) provincially

- » Provides logistical support towards implementation of the project.
- » Selects beneficiaries at prioritised IDPs centres in liaison with community leaders.
- » Provides on-site technical and logistical support to IDPs.

- » Coordinates the collection of project technical and socio-economic data for impact analysis.

Mozambique Institute of Agricultural Research (IIAM)

- » Participates in training of the trainers (i.e. extension officers and IIAM technicians) and IDPs.
- » Provides information on training priorities in line with the skills requirements of IDPs.
- » Coordinates training to complement the current training initiatives in Mozambique.

The project will provide 4 000 crop production technology kits over a period of two years and monitoring of the project will continue for a further three years to ensure sustainability. This is a critical milestone in exporting South African expertise in the implementation of ARF projects.

This is in line with the African Union's (AU) theme of 2022: *Strengthening Resilience in Nutrition and Food Security on the African Continent: Strengthening Agro-food Systems, Health and Social Protection Systems for the Acceleration of Human, Social and Economic Capital Development*. This project is a flagship project for South Africa in the SADC region and has the potential to be replicated in other countries.

The following items were delivered by seven 12-ton charter flights and received by the Mozambican Government through their local representatives in Pemba:

- » 2 400 x 12.5 kg maize seeds Z523
- » 2 400 x 15 kg cowpea brown mix seeds
- » 2 400 x 1 kg sesame seeds
- » 4 800 hoe heads and handles
- » 2 400 x 20-inch machetes.



The above items were distributed to all five project districts for the January 2023 planting season.

Soil sampling was conducted between 12 to 19 January 2023 by the ARC Grain Crops technical team with the support of the Mozambique team. Three hundred soil samples were collected across all the project districts as required. The samples were tested in South Africa and results will be shared with the Government of Mozambique to further enhance planting techniques.

The project is valued at R34 million, which is being utilised for the procurement of inputs and implements and training extension officers and IDPs to support agricultural development in the Cabo Delgado province of Mozambique.

5.2. Provision of vaccines to African countries

5.2.1. Humanitarian Assistance Project

President Ramaphosa was appointed as the Champion for the COVID-19 vaccine strategy and acquisition by African Union (AU) member states during the 34th AU Summit in February 2021. This initiative saw South Africa contributing to vaccine procurement for the continent. The vaccines were produced at a pharmaceutical manufacturing plant in South Africa operated by Aspen Pharma and were made available to eight of the 26 African countries through the African Medical Supplies Platform (AMSP). The procurement of vaccines was done through the African Vaccine Acquisition Task Team (AVATT). Currently, AVATT has the following vaccines in its portfolio – Johnson and Johnson (J&J), Pfizer, Sputnik and is in discussions with Sinopharm for its vaccines.

A request for the funding of the Humanitarian Assistance Project for an amount of R288 million was submitted to the ARF. The ARF Advisory Committee made a recommendation to the Minister of International Relations and Cooperation and the Minister of Finance to the amount of R288 million for the provision of vaccines. The recommendation of the Advisory Committee was in line with Section 5 of the African Renaissance and International Cooperation Fund Act, 2000 to disburse

funds from the ARF as contemplated in subsections (2), (3) and (4). The Act requires the fund to concur in approving the recommendation of the Advisory Committee.

South Africa planned to donate over two million J&J vaccination doses to African countries through the African Vaccination Acquisition Trust (AVAT). The Government of South Africa, through the ARF, signed an agreement with AVAT to donate a total of 2 030 400 doses of the J&J COVID-19 vaccines, costing about R288 566 900, to 26 African countries. AVAT was formed, following the establishment of the AAU's COVID-19 AVATT in November 2020 by President Ramaphosa as the then Chairperson of the AU. The main purpose of the task team was to secure the necessary vaccines and financing resources for achieving Africa's COVID-19 vaccination strategy, which targets vaccinating a minimum of 60% of Africa's population.

The donation by the South African Government was produced at the giant pharmaceutical manufacturing plant in Gqeberha, South Africa, operated by Aspen Pharma. The vaccines are being made available to African countries through the AMSP, over a period of 18 months.

Commenting on the donation, President Ramaphosa said: "the only way in which we can prevent COVID-19 transmission and deaths while at the same time protecting African economies and societies, is to successfully immunise a critical mass of the African population with safe and efficacious COVID-19 vaccines."

The Minister of DIRCO, Dr Naledi Pandor, emphasised that while serving as Chair of the AU, South Africa initiated a coordinated Africa response that focussed on addressing the immediate challenges to the public health systems in Africa and measures to mitigate the economic and humanitarian crisis. This included establishing a COVID-19 Response Fund and launching an AMSP to ensure all countries have access to the necessary equipment and supplies.



The AU Special Envoy, Mr Strive Masiyiwa, welcomed “this generous donation from the people of South Africa”. He said the vaccines would be distributed directly to the lowest-income member states, as quickly as possible.

“As AVAT, we have already received and distributed over 100 million doses of donated vaccines, most of which came as a result of President Ramaphosa’s tireless efforts with the richest role players like the United States, European Union, and France. In addition, AVAT has entered into direct purchase of over 500 million doses mostly produced in South Africa. All this was made possible by President Ramaphosa,” Special Envoy Masiyiwa added.

The project saw South Africa funding the procurement of 2 030 400 doses of J&J for 26 African countries. This was a significant contribution by South Africa to the fight against COVID-9 on the continent. Of the 26 countries identified by South Africa, 19 countries signed up and met all the AVATT prerequisites, two countries signed up with AVATT but did not meet all the prerequisites, one of the countries showed interest but did not sign any documentation and four of the countries have not expressed interest.

South Africa has finalised the legal agreement with AVAT for provision and distribution of the vaccines to the various countries have commenced. The distribution started in September 2022 to the countries that have met all the requirements while discussions were held with the others to complete the documentation process with AVATT. Payments have been made for the following countries and deliveries have been done to Sudan, Liberia, Sierra Leone, Madagascar, Malawi, Democratic Republic of Congo, Guinea Bissau and The Gambia.

5.3. Humanitarian assistance pledge by President Ramaphosa at the European Union (EU) pledging conference for the development of vaccines on the African continent: A collaboration with the Department of Science and Innovation (DSI)

Humanitarian Assistance Project

The impact of the COVID-19 pandemic has been global in both scale and reach, and this necessitated coordinated international action to capacitate all countries to respond effectively. The Government of the Republic of South Africa participated in the Global COVID-19 Pledging Conference organised by the EU on 4 May 2020. The conference was organised in conjunction with the governments of a number of European countries, the Group of Twenty (G20) member states and the Global Preparedness Monitoring Board. President Ramaphosa made a pledge to the amount of US\$1.3 million (an estimated R25 million). The Pledging Conference culminated in the creation of the Access to COVID-19 Tools (ACT) Accelerator, a groundbreaking global collaboration to accelerate the development, production and equitable access to COVID-19 tests, treatments and vaccines and to guarantee fair and equitable access for every country in the world.

Subsequent to the pledge made by the President, a request for funding of the project was made to the ARF, which was recommended by the ARF Advisory Committee. A concurrence letter was sought from the relevant ministers in compliance with section 5 (3) of the ARF Act, 2000. A total of R25 million was allocated towards humanitarian assistance through the manufacturing and distribution of COVID-19 vaccines in South Africa. The funds and the disbursement must be regulated to ensure compliance with the provisions of the PFMA, 1999 and Treasury Regulations to avoid non-compliance with the PFMA, 1999 and utilisation of the funds in a manner which constitute fruitless and wasteful expenditure.

The Biovac Institute, a bio-pharmaceutical company based in Cape Town, was selected by the Coalition for Epidemic Preparedness Innovations as the only African



facility to manufacture vaccines for African use and will supply vaccines for the African market via the GAVI facility (the Vaccine Alliance), which will provide vaccines to 92 low- and middle-income countries and economies, including a number of African countries.

The long-term effects of the project will be two-fold, namely the early development of new vaccines to combat COVID-19, as well as the development of new tests to rapidly diagnose the disease. The first aspect was to develop new vaccines to protect people, prevent the disease from coming back and to allow people to return to normal life. The second aspect was to develop new tests to rapidly diagnose the disease, specifically requiring these tests to be accurate and easily accessible. Both these results must be considered within South Africa's positioning within the global arena.

The importance of developing vaccine manufacturing capacity in Africa was underlined by the Global Vaccine Action Plan resolution at the 2015 World Health Assembly where there was a call for member states to seek opportunities for national and regional vaccine production and to investigate procurement options for improved access to and supply of vaccines.

The main objectives of the African Continental Free Trade Agreement (AfCFTA) are to create a continental market for goods and services, with free movement of people and capital, paving the way for creating a customs union. By facilitating the movement of goods and services among African countries, the AfCFTA will create opportunities to accelerate intra-Africa trade, grow local businesses, create jobs and increase infrastructure development on the continent. The production capability of vaccines, in particular the COVID-19 vaccine, is intended to enable African countries to access vaccines at a reduced cost when the AfCFTA comes into effect, as well as increase in intra-Africa trade.

DIRCO, the DSI and Biovac signed a Memorandum of Agreement to provide financial assistance to upscale Biovac's manufacturing capabilities, ensuring that COVID-19 vaccines can be manufactured for African use by an African company.

Biovac is currently one of four vaccine manufacturing organisations in Africa, and the only in the Southern African Development Community. It is a member of the African Vaccine Manufacturing Initiative, which advocates for the establishment of sustainable vaccine development and manufacturing capacity in Africa, thereby striving to make Africa a key player in vaccine development and manufacturing.

South Africa was commended by the World Health Organisation (WHO) for acting swiftly and for following scientific advice to delay the spread of the virus. Guided by advice from the WHO and the Africa Centres for Disease Control and Prevention (CDC), South Africa joined other African countries in placing mass screening and testing at the centre of its response. South Africa made significant science and innovation investments to fight the COVID-19 pandemic. These interventions included the development of diagnostic tests and the enhancement of the country's ability to undertake targeted surveillance to manage the spread of the disease. Other significant actions included therapeutic trials for treatment, trials for preventive healthcare treatment interventions for health workers and highly exposed individuals, monoclonal antibody and immunoglobulin-based drug development, molecular epidemiological studies to better understand environmental and genetic risk factors associated with COVID-19 and vaccine development. In this regard, international cooperation in science and innovation, which enables the sharing of experience and expertise, data and research infrastructure, as well as joint research and development investments, forms a critical part of the global fight against COVID-19. South Africa was part of several ambitious COVID-19 international science and innovation partnerships. This includes cooperation with the EU through the European Developing Countries Clinical Trials Partnership (EDCTP).

The DSI has co-invested with the EU in the EDCTP's rapid response programme to fund research cooperation between Africa and Europe on a broad range of COVID-19 research questions, including the history of the infection, surveillance capabilities, point-of-care diagnostics, controlled trials for diagnostics and therapeutics, as well as serological tests. Furthermore, South Africa has also co-invested with several EU member states and other international partners in the EUREKA COVID-19 "Life



without a vaccine programme”, covering topics such as infection prevention and protection, sanitation technology, diagnostics and testing, therapeutics, vaccines and medicines and disease-tracking technology.

The AU has established a COVID-19 Response Fund to direct resources to bolster the continent’s response. To date, African countries have contributed a combined amount of US\$61 million to this fund and to support the work of the Africa CDC. As a continent, African countries supported each other through regional Coronavirus task forces in each of Africa’s five regions. The task forces oversaw the screening, detection and diagnosis; infection prevention and control; clinical management of infected persons; and communication and community engagement.

Project implementation framework

The funding for the project was implemented within the following two subprogrammes:

Vaccines: R20 million

This subprogramme was in response to the pledge made by President Ramaphosa within the strategic objective of the Global COVID-19 Pledging Conference of 4 May 2020, namely that new vaccines were needed to protect people, to prevent the disease from coming back, and to allow people to return to normal life. The subprogramme comprised the following (both of which investments were coordinated with the CEP):

- » To co-fund CEPI-initiated COVID-19 vaccine trials in South Africa. The findings of these trials will be translatable to the rest of Africa drawing on South African expertise, for an amount of R10 million.
- » To initiate Biovac’s expansion of its capacity for COVID-19 vaccine manufacturing to ensure reliable vaccine supply to the rest of Africa, to the amount of R10 million.

Diagnostics: R5 million

This subprogramme aimed to strengthen the capacity to develop and manufacture reagents, PCR (polymerase chain reaction) test kits, Point of Care PVC (polyvinyl chloride) tests and DNA extraction tools in South Africa. These reagents, test kits and extraction tools were made available to partner African countries. The DSI supported the National Health Laboratory Service (NHLS) with the development of reagents, test kits and DNA extraction tools. The test kits and other tools were used by the NHLS, the Council for Scientific and Industrial Research and other South African testing laboratories. The investment was coordinated with the Global Fund for diagnostics deployment related to the Coronavirus.

Biovac is mandated to establish local vaccine manufacturing capability for the provision of vaccines for national health management and security. Biovac provides approximately 80% percent of South Africa’s vaccines and has the ability to expand its current operations to produce the drug substance required to act against COVID-19. Biovac predominantly operates in the downstream part of the vaccine manufacturing value chain with primary activities geared towards formulation and filling of drug products as well as final product labelling, packaging and distribution.

In 2021, Biovac was appointed to manufacture the Pfizer-BioNTech COVID-19 vaccine for distribution within the AU, making it the first company in Africa to produce an mRNA-based vaccine. Biovac commenced technical transfer activities, which included on-site development and equipment installation activities. Biovac obtained drug substance from facilities in Europe and manufacturing of finished doses commenced in 2022. At full operational capacity, the annual COVID-19 vaccine production will exceed 100 million finished doses annually. All doses will exclusively be distributed within the AU member states. In 2021, the WHO announced its support for a South African consortium to host the first-ever COVID-19 mRNA vaccine technology transfer hub. Technology transfer hubs are training facilities where the technology is established at industrial scale and where clinical development can be carried out.

The South African Consortium consisted of Biovac, Afrigen Biologics and Vaccines, Network of Universities and the Africa CDC. Biovac took a lead in the manufacturing



of the vaccine in partnership with Afrigen Biologics. Several universities expanded its knowledge and the Africa CDC continued to provide domestic and regional support. Hosting a mRNA technological hub played a crucial role in accelerating the development and manufacturing of COVID-19 vaccines to ensure that vaccines are readily available and affordable. The funding secured from President Ramaphosa's pledge played a significant role in securing both the PfizerBioNTech COVID-19 vaccine manufacturing contract as well as securing funding for the establishment of a South African consortium to host a mRNA training hub.

Local manufacturing of vaccines in response to the global COVID-19 pandemic has taken centre stage in science and medical sectors across the globe. Various multinational companies, academic groups and other smaller players have spent the better part of 2020 investing large amounts of funds and other resources in vaccine development to manage the spread of this virus.

Biovac indicated that installation and testing of 10R change parts were purchased and tested prior to the start of the project. It was indicated that the installation of manual inspection benches, an additional boiler, additional generators and the implementation of an electronic quality management system were successfully completed. Furthermore, it was indicated that all activities were successfully completed within timelines.

Moreover, Biovac indicated that the boiler assisted with filling multidose vaccines in addition to the Pfizer vaccine, prior to 2020, all filling and management activities were done manually and could not run simultaneously. The new electronic quality management system enables Biovac to conduct management activities (training, questionnaires, etc). The generator is assisting with access to electricity on a 24-hour basis.

Engineering technical studies

Biovac outsourced an engineering firm to review the existing activities and site and to design a new manufacturing facility, including processes to run onsite. An engineering consultancy undertook a technical study to determine if a suite for the formulation of COVID-19 bulk vaccines could be incorporated into the existing manufacturing facility. The technical study was completed and showed that the installation of a formulation suite was feasible. Plans were put in place to commence installation of the formulation suite.

Expansion of drug substance manufacturing capability into cell culture technologies

The expansion of drug substance manufacturing capability into cell culture technology's objective was to conduct cell culture on site and to initiate skills development and training to ensure that the science research team is retained.

When the team was preparing to produce the viral vector in the 3-litre single use bioreactors, a fire broke out in the facility, resulting in all work in that facility being discontinued. On completion of another project in the second research facility, the cell culture work was transferred to that facility and commenced in October 2021. Activities were completed within the original timelines, however, a three-month no-cost extension was requested and approved for the analysis of the viral vector produced, which was completed by February 2022.

Financial implications

Biovac confirmed receipt of R13.9 million from DIRCO and requested a balance of R6.8 million. All Biovac invoices submitted to the fund were processed following a recommendation of the Project Steering Committee (PTC) and the approval by the Accounting Authority.

Biovac, DIRCO and DSI signed a three-way contract in February 2021, in which it was stated that humanitarian assistance would be provided to Biovac to facilitate



the manufacturing and distribution of vaccines, particularly COVID-19 vaccines, to continental research institutions, e.g., the Africa CDC and African countries. The project commenced on 1 March 2021 and has progressed as per the project plan. However, the final payment request was only recommended by the PTC after the service level agreement of the project plan had expired on 31 March 2022. In addition, quarterly projections and approval were required to be done prior to the disbursement of funds. To facilitate the completion of activities to the amount of R6.8 million, Biovac requested a no-cost extension of the project to finalise the outstanding tasks and activities which was granted by the ARF Advisory Committee.

5.4. The Republic of South Africa-Cuba Economic Assistance Agreement Package

Socio-Economic Development and Integration Project

In December 2010, the former President of the Republic of South Africa, Mr Jacob Zuma, paid a visit to Cuba. During the visit, the former President made a commitment for South Africa to provide assistance in the form of an economic package to the amount of R350 million in the aftermath of the devastation caused by the 2008 hurricanes in the Caribbean. The Agreement between the Government of the Republic of South Africa and the Government of the Republic of Cuba on Economic Assistance was concluded and entered into force on 21 November 2012. The agreement is structured into a grant valued at R140 million and a loan valued at R210 million, which are arranged according to facilities.

The Department of Trade, Industry and Competition (the dtic) is the competent authority within the Government of South Africa responsible for the implementation of the agreement. To administer the facilities under the agreement, the dtic signed a Memorandum of Understanding (MoU) with DIRCO through which the ARF was appointed as the facility agent on behalf of the South African Government.

The MoU requires the dtic as Chair of the Steering Committee to compile reports on the implementation of the agreement. In compiling the report, the dtic seeks

information from the ARF on disbursements, as well as information from exporters under the agreement on jobs retained and/or created due to the agreement, among others

The facilities offered were as follows:

- » **Facility A:** A grant of R40 million for the purchase of seeds (R5 million for the purchase of seeds in South Africa and the remaining R35 million for the purchase of seeds either in South Africa or elsewhere in the world).

Facility A status: Project implemented fully.

- » **Facility B:** A solidarity grant of R100 million for the purchase of goods in the South African market.

Facility B status: Project implemented fully

- » **Facility C:** R210 million credit line (with a first tranche of R70 million credit line available immediately on entry of the agreement into force and the R140 million second tranche available after the repayment of the initial R70 million).

Facility C status

Details	Loan Amount	Interest for Loan Term	Status Loan
Loan granted 2018, First tranche	R63 000 000	R1 366 037	Fully repaid
Loan granted, Second tranche	R125 983 028,74	R20 991 380,73	First instalment of R9 998 199,33 paid in December 2021 Second instalment paid in July 2022: R10 988 711,28



- » For the R70 million loan, only R63 million was requested for disbursement and the loan was fully repaid. Access was then granted to the second tranche of R140 million.
- » The second tranche was disbursed with the agreement that was extended until June 2020. The agreement entails that the Government of Cuba will obtain quotations for the goods required in South Africa and submitting fund reserve documents, which are used later to request the release of funds substantiated by the invoice from the suppliers whereby ARF processes the payments directly to the supplier.
- » The first tranche of the loan was charged interest at 3% and the second tranche is charged at 4% per annum compounded monthly.
- » Cuba has utilised the loan facility to acquire equipment used in the mining industry.
- » South African companies that Cuba procured goods from in the second tranche.

Reconciliation of Credit Facility		
Name of Company	Request No	Amount
Approved Budget		R140 000 000,00
Teichmann South Africa	2	R3 752 407,00
DBZ Diesel Parts	3	R18 261 538,80
SGS Bateman	4	R49 119 733,44
Teichmann South Africa	5	R11 794 083,19
DBZ Diesel Parts	7	R2 346 943,00
Teichmann South Africa	10	R166 152,00
DBZ Diesel Parts	9	R7 950 520,00
Teichmann South Africa	5	R1 310 453,63
Takraf South Africa	13	R5 820 939,00

Reconciliation of Credit Facility		
Name of Company	Request No	Amount
SGS Bateman	4	R5 641 546,32
Teichmann South Africa	8	R2 956 230,17
DBZ Diesel Parts	14	R16 862 482,18
Teichmann South Africa	8 & 11	R328 470,01
Remaining Budget		R13 688 501,26

Trade with Cuba

- » The strong political relations between South Africa and Cuba are not underpinned by robust trade and investment relations, owing to a number of factors such as the reluctance of South African companies to do business with Cuba due to the United States of America's (US) blockade on Cuba.
- » In 2021, total trade between South Africa and Cuba registered a value of R33,6 million. Noteworthy, is that South Africa's exports to Cuba increased in 2016 at R152,6 million before declining to R17,4 million in 2019. Exports rebounded to R108,6 million in 2020 and declined again in 2021. During the same period, South Africa also enjoyed a trade surplus with Cuba. This can be attributed to the extension and implementation of the Agreement between South Africa and Cuba on Economic Assistance.
- » In 2021, Cuba ranked 173rd globally as an import market for products exported by South Africa. On the other hand, Cuba ranked 124th as a supplying market for products imported by South Africa. In 2020, total trade between South Africa and Cuba registered a value of R141.9 million. Noteworthy, is that South Africa's exports to Cuba increased exponentially in 2016, 2017 and 2020, compared to the other various years between 2011 and 2015.
- » The dtic has prioritised increasing trade and investment with Cuba through initiatives such as:



- trade missions (Over the past years, South Africa has prioritised the country's companies' participation in the Havana International Fair (FIHAV). Due to resource constraints, South Africa did not participate in the 2019 FIHAV. In 2020 and 2021, South Africa had no planned Outward Selling Mission (OSM) to Cuba due to the COVID-19 pandemic. In 2022, South Africa did not participate in the FIHAV, however, the Department of Public Works and Infrastructure led a delegation of construction companies to Cuba.
 - The dtic last undertook an OSM in July 2017.
 - Encourage an Inward Buying Mission (IBM) to South Africa: The Cuban company Moa Nickel undertook an IBM to South Africa and met with various companies based in Pretoria, Durban, Cape Town and Johannesburg. The Cuban Chamber of Commerce in April 2021, had planned a multisectoral trade mission to South Africa, which was postponed until further notice.
 - Support for South African companies that Cuba is procuring products from, is based on the Agreement on Economic Assistance between the two countries.
 - Exchange of trade and investment- and related information for ease of doing business.
- » Some South African companies sell to Cuba and their trade is not recorded as bilateral trade with that country, due to them using sales and distribution companies registered in the Caribbean. This is to evade the blockade by the US, since some have US shareholders or are also doing business with US companies. Total trade estimates may be higher than recorded, as there are a few South African companies that export goods to Cuba but use third-party sales and distribution companies registered in other Caribbean countries, in an attempt to circumvent the US blockade.

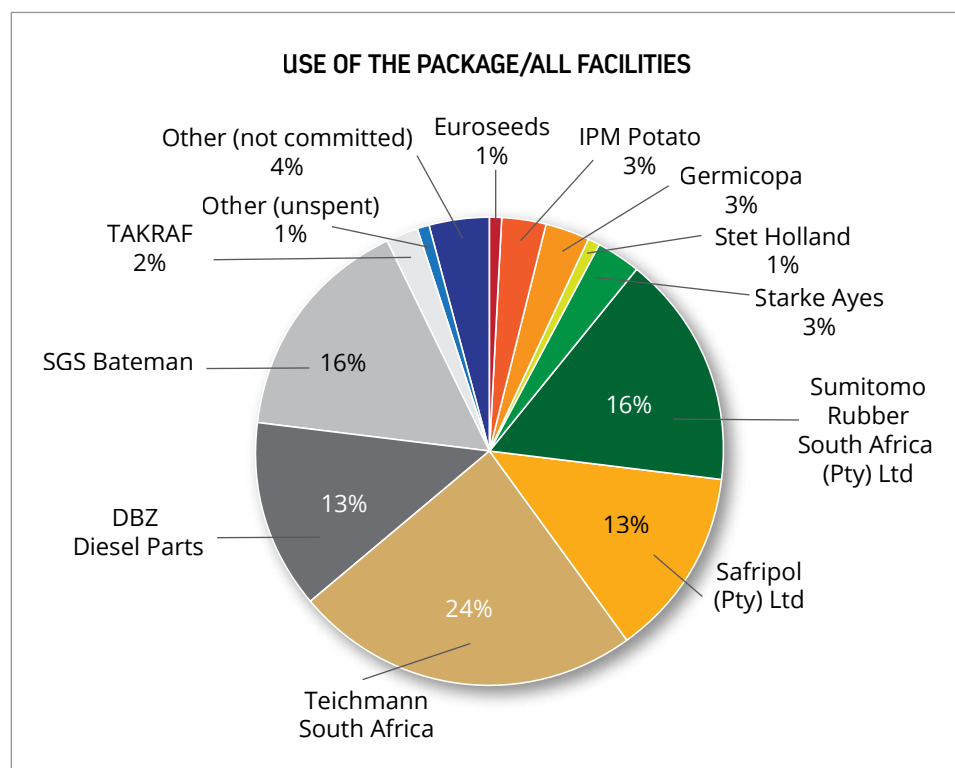
5.5. Implementation of the facilities

There are eight direct companies that benefitted from the agreement, which are based in South Africa. They are Starke Ayres, Safripol, Sumitomo, Teichmann Company/Bell Equipment, DBZ Diesel, SGS Bateman and Takraf. Starke Ayres, based in Pretoria, supplied agricultural seeds. Safripol, based in Johannesburg, supplied plastic resins. Sumitomo, based in Durban, supplied tyres. Teichmann, based in Mhlanga, supplied dump trucks to Cuba on behalf of Bell Equipment based in Richards Bay. Bell Equipment manufactured dump trucks. Teichmann is a sales and distribution company that normally acts on behalf of Bell Equipment in markets outside the Republic where Bell Equipment is not able to provide after-sales service. In addition, Teichmann supplied parts and mining-related equipment to Cuba. DBZ Diesel, based in Cape Town, supplied mining-related equipment and parts. SGS Bateman, based in Gauteng, supplied grinding machinery and related equipment. Takraf, based in Gauteng, supplied the design, manufacture, assembly and trial run of the Model D4 Apron Feeder, complete with a 45kW electromechanical drive and safety guards.

In addition, European companies participated by supplying agricultural seeds with Euroseeds from Belgium, Stet Holland from The Netherlands, IPM Potato from Ireland, and Germicopa from France supplying potato seeds.



Figure 1: Company shares in the use of the package/all facilities



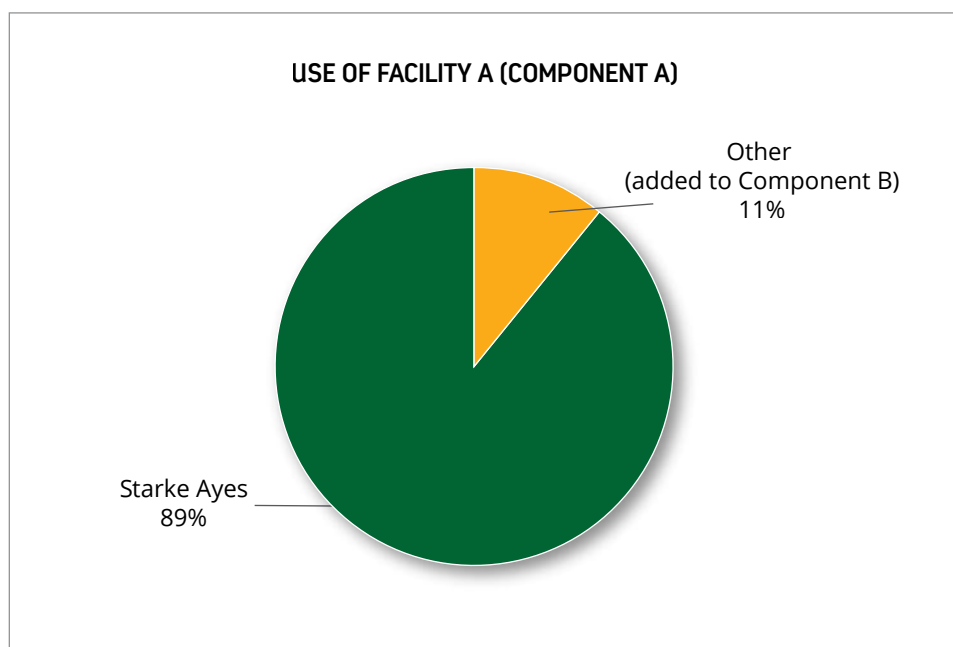
According to figure 1, on the overall use of the package, Teichmann's share is 23,9%, SGS Bateman's share is 16,1%, Sumitomo Rubber South Africa's share is 15,8%, DBZ Diesel's share is 13%, Safripol's share is 12,8%, Starke Ayres' share is 3,6%, IPM Potato's share is 2,9%, Germicopa's share is 2,6%, Takraf's share is 1,7%, Stet Holland's share is 1,3%, and Euroseeds' share is 0,9%. Noteworthy, 4,5% of the budget was not committed from all facilities and 0,9% is unspent awaiting the commissioning and certification for the contracts to be fulfilled.

5.5.1. Facility A

Facility A, a grant, had some requirements which had to be adhered to by Cuba.

- » A minimum of R5 million of the grant amount had to be used specifically to source seeds from the South African market.
- » The remaining R35 million had to be used for the purchase of seeds from any country. This amount or any portion thereof may be used to purchase any seeds from South Africa and/or anywhere else to meet the cost of associated services required for the acquisition of the seeds.
- » South African suppliers to invoice only in rands.
- » For purchases outside South Africa, any exchange shortfalls will be for Cuba.
- » The cumulative value of the contract should not have less than 50% of South African local content.
- » A supplier for Component A of Facility A must be a registered South African entity in South Africa.

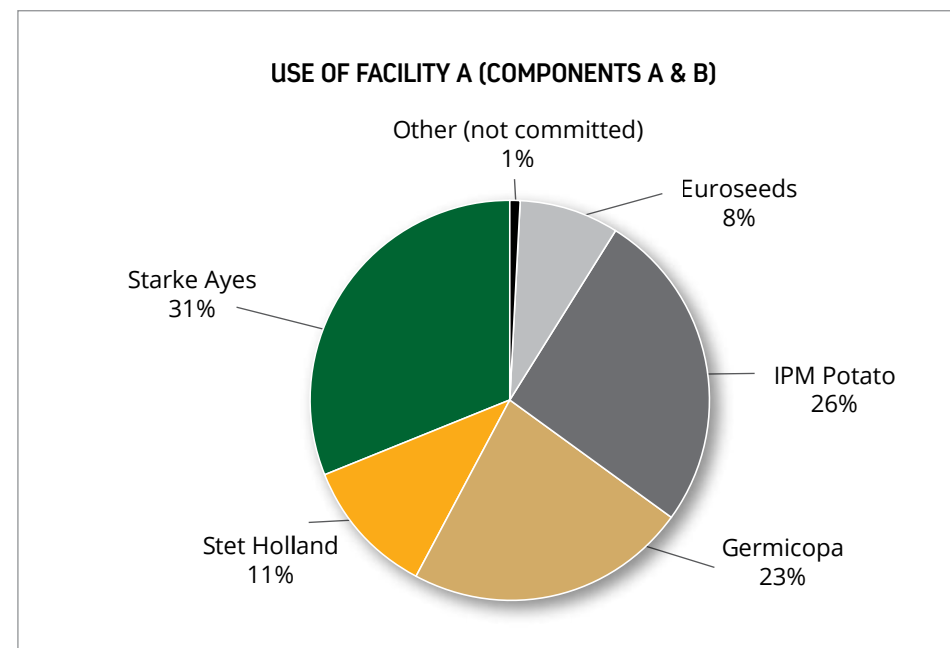
Figure 2: Company shares in the use of Facility A (Component A)



According to figure 2, Cuba purchased 88,9% from South African company Starke Ayres. The balance of 11,1% was shifted to form part of Component B of Facility A.

Starke Ayres had a South African local content of more than 90% of the cumulative contracts.

Figure 3: Company shares in the use of Facility A (Components A and B)



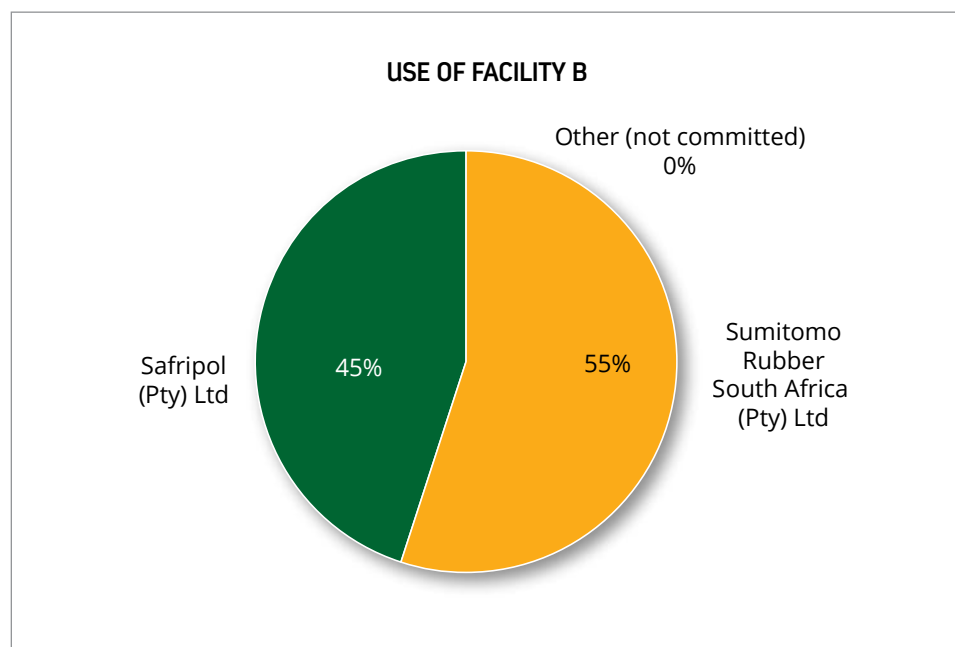
In figure 3, under Facility C, with a combined difference from Component A and the sum of Component B, Starke Ayres had a share of 31,5%, IPM had a share of 25,8%, Germicopa had a share of 22,8%, Stet Holland had a share of 11,4%, Euroseeds had a share of 7,8% and 0,7% was not committed.

5.5.2. Facility B

Facility B, a grant, had some requirements which had to be adhered to by Cuba.

- » Suppliers must be registered South African entities in South Africa.
- » South African suppliers to invoice only in rands.
- » The cumulative value of the contract should not have less than 50% of South African local content.

Figure 4: Company shares in the use of Facility B



According to figure 4, Sumitomo Rubber South Africa had a share of 55,18%, Safrapol had a share of 44,80% and 0,03% was not committed.

Sumitomo and Safrapol had an average of 71% and 89% respectively of South African local content on their cumulative contracts.

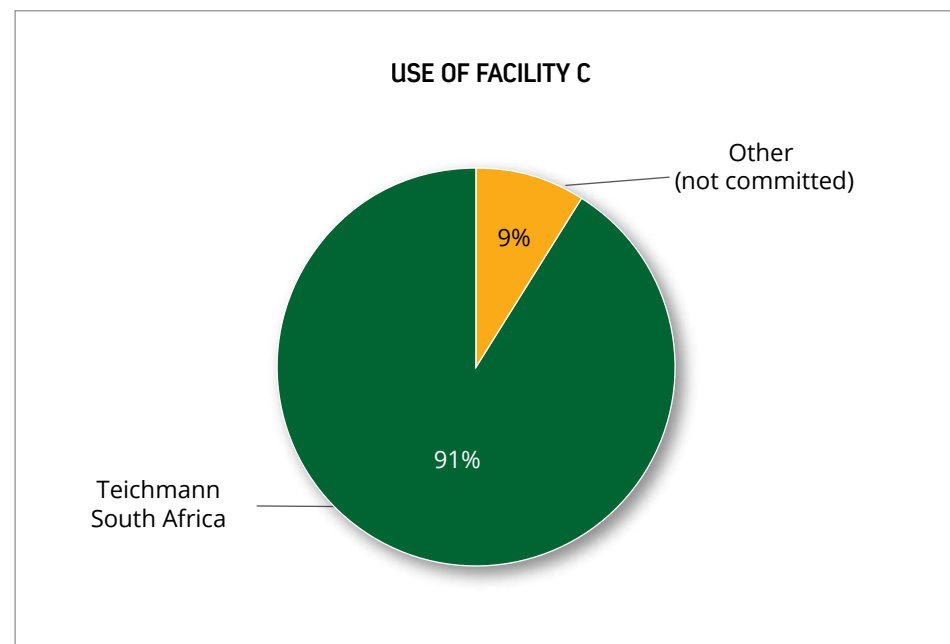
5.5.3. Facility C

Facility C, a loan, had some requirements which had to be adhered to by Cuba.

- » Facility C, a loan, was available in two tranches. Firstly, Tranche A with R70 million and secondly, Tranche B with R140 million. However, Tranche B had a condition to be made available only once Cuba had fully repaid Tranche A.
- » Suppliers must be registered South African entities in South Africa.

- » South African suppliers to invoice only in rands.
- » The cumulative value of the contract should not have less than 50% of South African local content.

Figure 5: Company shares in the use of Facility C (Tranche A)



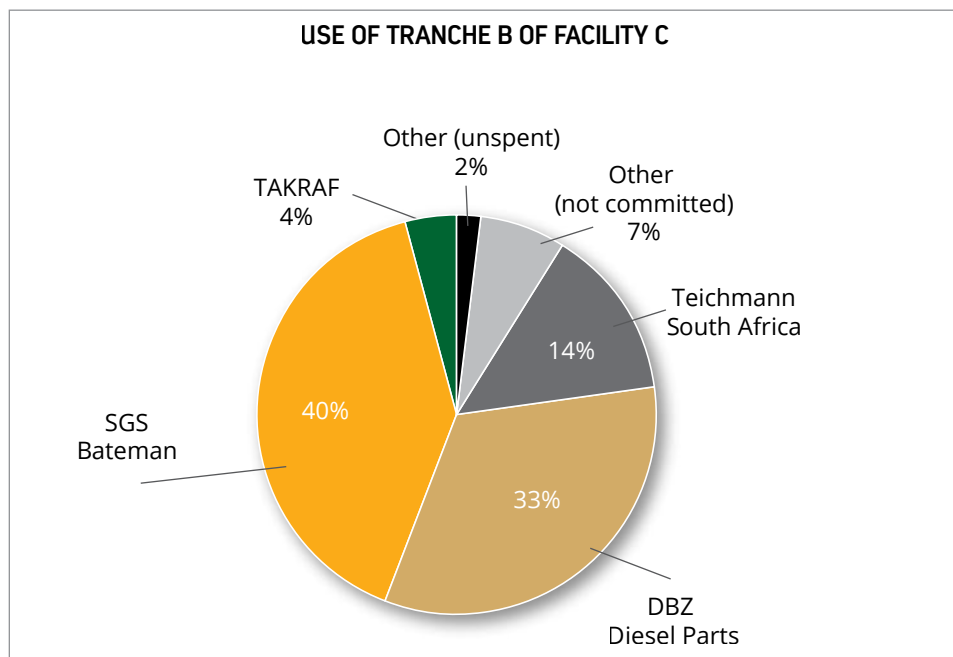
According to figure 5, Teichmann South Africa had a share of 91% and 9% was not committed. Under Tranche A of Facility C, Cuba purchased six dumping trucks with a loading capacity of 60 tons each.

Bell Equipment sold their trucks through Teichmann Company due to after-sale support required by Cuba. The role of Teichmann Company is to sell on behalf of Bell Equipment in some markets or projects as well as offer after-sales services, such as technical advice on machinery, skills development on the use of machinery, servicing of machinery, supply of spare parts, etc. Cuba has been doing business with Bell Equipment through a company called MS International SA, registered in

Barbados and operating in Panama. Hence, South African trade with Cuba was done through third-party countries.

Teichmann had an average of 58,1% of South African local content on their cumulative contract.

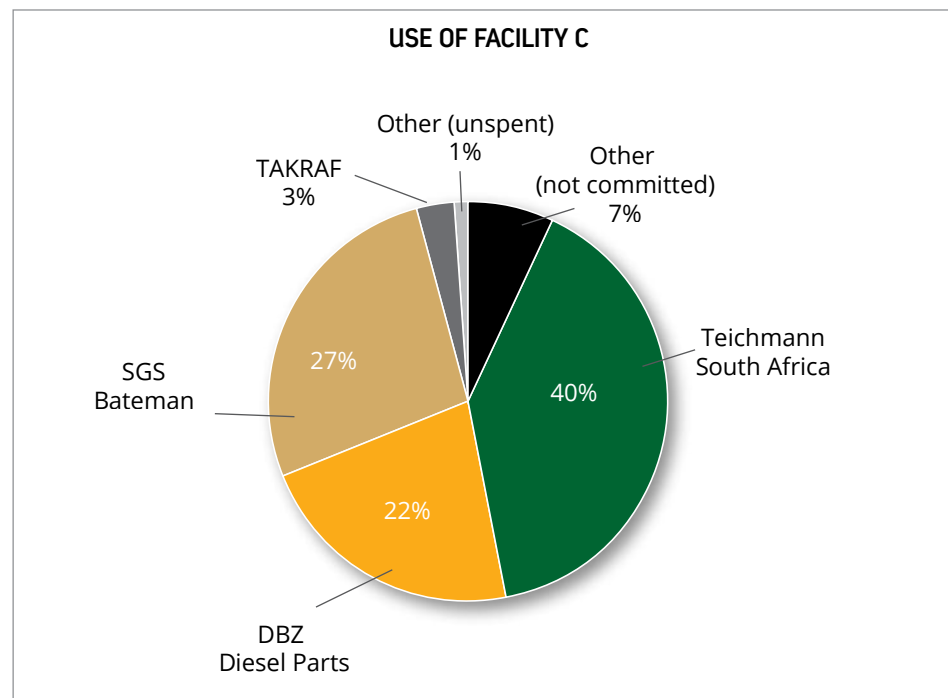
Figure 6: Company shares in the use of Facility C (Tranche B)



According to figure 6 on the use of Tranche B of Facility C, SGS Bateman had a share of 40%, DBZ Diesel a share of 33%, Teichmann a share of 14%, and Takraf a share of 4%. In addition, 7% of the funds were not committed while 2% remains unspent on the balance of invoices.

All companies complied with the minimum cumulative contract value for South African local content requirement, with SGS Bateman having an average of 90%, DBZ Diesel an average of 84%, Teichmann an average of 75% and Takraf an average of 72% compliance.

Figure 7: Company shares in the use of Facility C



According to figure 7 on the total use of loan under Facility C, Teichmann had a share of 40%, SGS Bateman a share of 27%, DBZ Diesel a share of 22%, Takraf a share of 3%, with 1% unspent and 7% not committed.

5.6. Repayment of fund under Facility C (Tranche A: R70 million and Tranche B: R140 million)

Cuba has repaid Tranche A of Facility C in full. Cuba through Moa Nickel. Payments were made on 31 December 2017, 31 March 2018 and 30 June 2018 of an amount of R32,8 million, R16,1 million, and R16 million, respectively. Noteworthy, due to bank transactional charges there was an outstanding balance of R657,88. Cuba settled it by depositing R1 000.70 in order to avoid future shortfalls in the payment so that the account can be closed with a zero balance. Tranche A of Facility C was

fully repaid on 20 July 2018. As such, Tranche B of Facility C with R140 million became available for utilisation by Cuba.

Cuba started repayment of Tranche B of Facility C on 31 December 2021 with R9 998 199,33. Again, Cuba made another payment on 5 July 2022 with R10 988 711,28. Cuba is expected to repay twice annually (30 June and 31 December) with the last instalment on repayment due on 30 June 2026 for Tranche B of Facility C.

The interest rate on Tranche A was 3% per annum and it is 4% per annum on Tranche B.

5.7. Challenges in the implementation of the package

The US embargo is making it impossible for Cuba to have a variety of companies to procure from, as some of the companies they approach are multinational companies with US ties. When approached, the companies simply do not provide a quotation once they become aware that they are dealing with Cuba. This is out of fear of the US embargo or compliance as some are registered on the US stock markets and or have business association with US companies.

Most multinational companies have ring-fenced markets to be supplied by certain regions. For example, Sumitomo South Africa had to seek special and differential treatment from Sumitomo Japan to be able to export to Cuba. This resulted in Cuba being reclassified as a source market for tyres res to be supplied by the South Africa branch.

5.8. Benefits accrued on the implementation of the package by South Africa

The following South African companies have benefitted from the implementation of the package:

5.8.1. Starke Ayres

Due to its business with Cuba, Starke Ayres reinvested in its plant by adding a laboratory so that products they were initially testing in The Netherlands could be tested in South Africa. In addition, Starke Ayres managed to employ skilled employees for the laboratory and sustained jobs for unskilled employees.

5.8.2. Sumitomo

Due to the demand for truck and bus tyres by Cuba, Sumitomo reinvested in the expansion of their manufacturing facilities. Furthermore, because of the expansion in the facility, Sumitomo also added a testing centre for their tyres and will no longer send tyres to Japan to check market suitability. In addition, Sumitomo managed to employ skilled and unskilled employees for the laboratory and sustained jobs for unskilled employees.

Sumitomo senior officials visited Cuba in October 2016 and the Chief Executive Officer (CEO) visited that country in July 2017. As part of the visit, the CEO unveiled a one-year sponsorship for the Annual Havana Nelson Mandela Marathon 2017.

5.8.3. Teichmann

Cuba has been doing business with Bell Equipment through a company called MS International SA, registered in Barbados and operating in Panama. The package opened a direct trade link between South Africa and Cuba on mining equipment and related services. Bell Equipment sold two additional 60-ton dump trucks to Cuba, outside of the agreement. The transaction was conducted via MS International SA. Teichmann managed to sustain jobs for both skilled and unskilled employees as



well as subsidised their operations in Africa. Furthermore, Teichmann reported that it had forged a long-term relationship with the Cuban company.

5.9. Trade flows

South Africa and Cuba bilateral trade is not at the same level as their political relations. The economic package has boosted bilateral trade between the two countries to higher levels. The significance of the volume of trade directly corresponding to the use of the economic package is evident. It may not be easy to attain the benefits derived from this increase over the value chain in exporting, but it is understood to be enormous.

5.10. Financial flows

The economic package has increased revenue and higher margins for the South African companies. In addition, the economic package has allowed suppliers to obtain higher volume of production orders from their sources and benefit from economies of scale.

5.11. Employment opportunities

All companies have reported that they have been able to retain jobs and avoid retrenchments. Furthermore, other companies have reported that due to the volume of work, they had to hire additional temporary employees. In addition, companies like Safripol, Sumitomo and Starke Ayres reported that they hired new permanent skilled and semi-skilled personnel.

5.12. Risk mitigation on payments

South African companies have been sceptical in doing business with Cuba and sighting the US embargo on the transfer of payments when Cuba must settle its debts. Some companies indicated that the US reach to third parties had been a discouraging factor in doing business with Cuba. Noteworthy, the arrangement of the funds by South Africa has eased fears on the risk of non-payment by Cuba. This,

not necessarily due to the lack of commitment by Cuba, but through extraterritorial reach of the US embargo.

Cuba, as part of its governance system, has a 365-day period for payment, unlike South Africa, which has a 30-day period. This is a scary thought for South African companies as sometimes it may go beyond the financial period of a company, thereby affecting the financial flows in an unhealthy way.

5.13. Access to markets

South African companies have enjoyed market access in Cuba to an extent that they have been able to create a reputation for their excellent and reasonable competitive pricing compared to the Cuban-established suppliers in Europe, North America, South America and Asia.

Furthermore, South African goods do not experience market-access barriers. The most common barriers to market access are customs duties, quantitative restrictions, technical requirements, lack of transparency of national trade regulation, unfair application of customs formalities and procedures.

5.14. Cuba benefits

Cuba had reported that due to the economic system of the country, unlike South Africa, the benefits for the economic package could not be reduced to a singular. As such, a population of 11 million people has been privileged by the economic package, socially and economically.

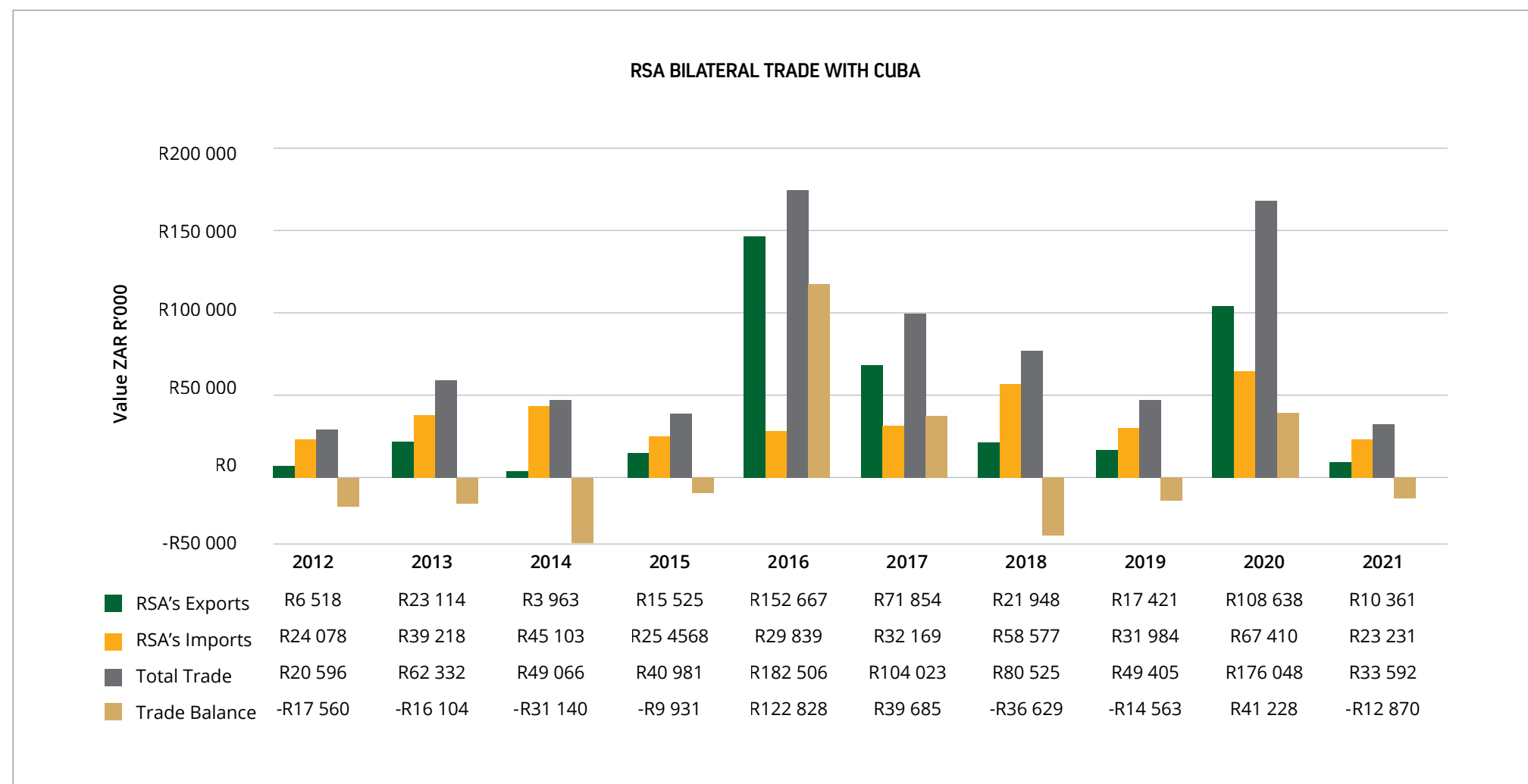
5.15. Lessons learnt

The implementation of the economic package has had a positive impact on the South African companies. Most South African companies that supplied under the economic package have been enquiring about the next roll-out of the package to Cuba.



The economic package, even though the first of its kind in South Africa, has strengthened stakeholder relations among various departments.

Figure 8: South Africa bilateral trade with Cuba



Source: the DTIC, accessed 18 May 2022

Table 1: Company shares in the use of the package/all facilities

Name of the Company	Total Spent	Percentage Share
Euroseeds	R3 133 891,90	0,9
IPM Potato	R10 316 962,57	2,9
Germicopa	R9 117 883,46	2,6
Stet Holland	R4 551 177,53	1,3
Starke Ayes	R12 602 544,63	3,6
Sumitomo Rubber South Africa (PTY) LTD	R55 175 114,50	15,8
Safripol (PTY) LTD	R44 797 687,50	12,8
Teichmann South Africa	R83 608 143,98	23,9
DBZ Diesel Parts	R45 557 478,80	13,0
SGS Bateman	R56 382 038,06	16,1
Takraf	R5 820 939,00	1,7
Other (unspent)	R3 174 417,16	0,9
Other (not committed)	R15 761 720,91	4,5
Total amount offered	R350 000 000,00	

Table 2: Company shares in the use of Facility A (Component A)

Name of the Company	Total Spent	Percentage Share
Starke Ayes	R4 444 764,63	88,90
Other (added to Component B)	R555 235,37	11,10
Total amount offered	R5 000 000,00	

Table 3: Company shares in the use of Facility A (Components A and B)

Name of the Company	Total Spent	Percentage Share
Euroseeds	R3 133 891,90	7,8
IPM Potato	R10 316 962,57	25,8
Germicopa	R9 117 883,46	22,8
Stet Holland	R4 551 177,53	11,4
Starke Ayres	R12 602 544,63	31,5
Other (none committed)	R277 539,91	0,7
Total amount offered	R40 000 000,00	

Table 4: Company shares in the use of Facility B

Name of the Company	Total Spent	Percentage Share
Sumitomo Rubber South Africa (PTY) LTD	R55 175 114,50	55,18
Safripol (PTY) LTD	R44 797 687,50	44,80
Other (none committed)	R27 198,00	0,03
Total amount offered	R100 000 000,00	

Table 5: Company shares in the use of Facility C (Tranche A)

Name of the Company	Total Spent	Percentage Share
Teichmann South Africa	R63 628 818,00	90,9
Other (none committed)	R6 371 182,00	9,1
Total amount offered	R70 000 000,00	



Table 6: Company shares in the use of Facility C (Tranche B)

Name of the Company	Total Spent	Percentage Share
Teichmann South Africa	R19 979 325,98	14,3
DBZ Diesel Parts	R45 557 478,80	32,5
SGS Bateman	R56 382 038,06	40,3
TAKRAF	R5 820 939,00	4,2
Other (unspent)	R3 174 417,16	2,3
Other (not committed)	R9 085 801,00	6,5
Total spent	R127 739 781,84	
Total amount offered	R140 000 000,00	

Table 8: Company shares in the use of Facility C

Name of the Company	Total Spent	Percentage Share
Teichmann South Africa	R83 608 143,98	39,8
DBZ Diesel Parts	R45 557 478,80	21,7
SGS Bateman	R56 382 038,06	26,8
Takraf	R5 820 939,00	2,8
Other (unspent)	R3 174 417,16	1,5
Other (Not Committed)	R15 456 983,00	7,4
Total spent	R191 368 599,84	
Total amount offered	R210 000 000,00	

6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

6.1. Description of each programme

The ARF has the following programmes:

- » Promotion of democracy and good governance
- » Prevention and resolution of conflict
- » Socio-economic development and integration
- » Provision of humanitarian of assistance
- » Provision of human resource development
- » Cooperation between the Republic and other countries, in particular African countries
- » Administration and project management.

6.2. Narrative

This section provides narrative highlights of the significant achievements of targets by the ARF for the outputs and output indicators for each programme for the 2022/23 financial year. None-achievements of the targets and what led to none-achievement will also be highlighted. The narrative also covers a summary on how the achievement of targets has contributed towards achieving the entity's outcomes, which invariably impact on the strategic priorities of government and the National Development Plan. South Africa's continental and international obligations, from peacekeeping to humanitarian, social, economic and security, are intricately linked to its foreign-policy imperatives.

Programme: Promotion of democracy and good governance

Under the programme: Promotion of democracy and good governance, there were two targets set for the financial year under reporting.

- » The target on projects for technical assistance to support elections was not achieved, thus 0%, on project for technical assistance to support elections was funded. None-achievement of the target is attributed to the fact that there was no request received on projects for technical assistance to support elections since this is a responsive target.
- » The target on projects for promoting good governance funded was also not achieved, 0% (zero of two) projects for promoting good governance funded. Two requests for promoting good governance were received and reviewed by the ARF Advisory Committee:
 - a request for extension of the Lesotho Peace Process
 - the development of principles and guidelines governing social media in elections in Africa (Independent Electoral Commission)
- » The two requests were still under consideration during the time of reporting and were not yet finalised. It is anticipated that the two requests will be finalised in the next financial year (2023/24) and will be funded from the redirected funds from the old, closed projects' budget subject to approval.

Programme: Prevention and resolution of conflict

Under this programme, there was one target planned to have one project for mediation and resolution of conflict funded. The target was not achieved, however, three requests on projects for mediation and resolution of conflict were received and evaluated by the ARF Advisory Committee:

- » pre-approved budget for DIRCO-led peace processes
- » the sharing of South Africa's Truth and Reconciliation Commission (TRC) experience with the Republic of South Sudan

- » capacity-building project for the Republic of Sudan.

The requests were still under consideration during the time of reporting and it is anticipated that these requests will be funded from the redirected funds from the old, closed projects' budget subject to approval.

Programme: Socio-economic development and integration

Under the programme: Socio-economic development and integration, there was no target set on both output indicators for the financial year under reporting. However, despite not having a target set for the financial year, a few requests were received under this programme:

- » One request for a project to operationalise the AfCFTA was received and is still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to the approval. Thus, target not achieved, 0% (zero of one) project funded to operationalise the AfCFTA. The reason attributed to none-achievement of the target was due to the potential project for the AfCFTA, which was still on a preliminary consultation phase by the time of reporting:
 - Integrated Cross-Border Management System – CrossEasy.
- » Despite not having a target set for the financial year, two requests for socio-economic development and integration projects were funded, thus 67% (two of three) of socio-economic development and integration projects funded:
 - funding for an agricultural project in the Cabo Delgado province, Mozambique
 - additional funding for the Cabo Delgado agricultural project.
- » However, the target was not achieved since one request was re-submitted and is still under consideration:
 - donation of mobile modular school to the Sahrawi Refugee Camps.



Programme: Provision of humanitarian assistance

Under this programme, the target was 100% (one of one) of humanitarian assistance project to be funded. However, the target was not achieved, 0% (zero of four) of humanitarian assistance projects funded. Despite having one planned target for the financial year, four humanitarian assistance requests were received and reviewed by the ARF Advisory Committee:

- » humanitarian assistance for Federal Democratic Republic of Ethiopia
- » assistance to the Syrian Arab Republic
- » assistance to the Republic of Türkiye
- » humanitarian assistance to Malawi.

All four humanitarian assistance requests received are still under consideration and it is anticipated that these requests will be funded in the next financial year (2023/24) from the redirected funds from the old, closed projects' budget subject to approval.

Programme: Cooperation between the Republic and other countries, in particular African countries

- » Under this programme, there was no target set for the financial year. However, some works were done but the target was not achieved – 0% (zero of one) cooperation projects with other countries funded. One request for cooperation projects with other countries was received:

- 1) African Footprint Project Proposal (Military Ombud).

Despite not having set a target for the financial year, one request for cooperation projects with other countries was received and evaluated by the ARF Advisory Committee but not supported by the committee due to budget constraints and projects prioritisation.

Programme: Administration and project management

The purpose of this programme is the effective management of resources through sound administration and good governance. This is achieved through the PFMA, 1999 and through the regulation of financial management by ensuring that public funds are managed efficiently, effectively and economically. Proper and accountable financial management, regular monitoring and evaluation of projects as well as good project management are key to good governance. This was evident as strides were made in this programme as most of the targets were achieved as planned in the financial year under reporting.

The following targets were achieved under the programme:

- » target achieved: 100% (11 of 11) active projects monitored for compliance with concurrence received
- » target achieved: 100% (11 of 11) project oversight reports for active projects
- » target achieved: 100% (eight of eight) closed projects with close-out reports
- » target achieved: 100% (four of four) quarterly project progress reports.

However, it should be noted that strides have been made on the target “requests evaluated by the ARF Advisory Committee” where partial achievement of 87.5%: (14 of 16) was recorded. Good financial management is an indicator for good governance, hence the ARF is maintaining unqualified audit opinions. This is an indication that there is good and proper administration within the ARF. The overall improved performance under this programme shows that there is effective management of resources, sound administration and good governance in the ARF. It further demonstrates accountability and transparency in the financial management of the ARF. The act, policies and procedures are implemented to the core to ensure that there is clean administration.



6.3. Outcomes, outputs, output indicators, targets and actual achievements

PROGRAMME: PROMOTION OF DEMOCRACY AND GOOD GOVERNANCE								
Purpose: The programme exists to promote democracy and good governance								
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Promotion of democracy and good governance	Contribution towards promotion of democracy and good governance	Percentage of SADC election observers for DIRCO funded	Target not achieved	Target not achieved	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable
		Percentage of projects for technical assistance to support elections funded	Target achieved 100% (one of one) project for technical assistance to support elections funded » The Presidential and legislative elections in the Central African Republic	No target set for the financial year	100% (one of one) project for technical assistance to support elections funded	Target not achieved 0% (zero) projects for technical assistance to support elections funded	0% (zero) projects for technical assistance to support elections funded as no request for funding was received	This is a responsive target



PROGRAMME: PROMOTION OF DEMOCRACY AND GOOD GOVERNANCE
Purpose: The programme exists to promote democracy and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
		Percentage of projects for promoting good governance funded	No target set for the financial year	Target achieved 100% (one of one) of projects for promoting good governance funded » Extension of the Lesotho Peace Process facilitation through a concurrence letter until August 2022, utilising the available funds	100% (one of one) of projects for promoting good governance funded	Target not achieved, 0% (zero of two) projects for promoting good governance funded	Two requests for promoting good governance received and reviewed by the ARF Advisory Committee » A request for extension of the Lesotho Peace Process » The development of principles and guidelines governing social media in elections in Africa (IEC)	The requests are still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to approval

PROGRAMME: PREVENTION AND RESOLUTION OF CONFLICT

Purpose: The programme exists to support the prevention and resolution of conflict

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Prevention and resolution of conflict	Contribution to mediation and resolution of conflict	Percentage of projects for mediation and resolution of conflict funded	Target not achieved	No target set for the financial year	100% (one of one) of project for mediation and resolution of conflict funded	Target not achieved 0% (zero of three) of projects for mediation and resolution of conflict funded	Despite having one planned target for the year, three requests were received and evaluated by the ARF Advisory Committee of projects for mediation and resolution of conflict: » Pre-approved budget for DIRCO-led peace processes » The sharing of South Africa's Truth and Reconciliation Committee experience with the Republic of South Sudan » Capacity-building project for the Republic of Sudan	Three requests received for projects for mediation and resolution of conflict are still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to approval



PROGRAMME: SOCIO-ECONOMIC DEVELOPMENT AND INTEGRATION
Purpose: The programme exists to support socio-economic development and integration

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Support to socio-economic development and integration	Socio-economic development and integration projects funded	Percentage of projects funded to operationalise the AfCFTA	Target not achieved	Target not achieved	No target set for the financial year	Target not achieved 0% (zero of one) project funded despite not having target set for the financial year, one request for projects to operationalise the AfCFTA was received	One request for projects to operationalise the AfCFTA was received and reviewed by the ARF Advisory Committee » Integrated Cross-Border Management System – CrossEasy	The request is still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to the approval



PROGRAMME: SOCIO-ECONOMIC DEVELOPMENT AND INTEGRATION

Purpose: The programme exists to support socio-economic development and integration

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
		Percentage of socio-economic development and integration projects funded	Target not achieved	No target set for the financial year	No target set for the financial year	Target not achieved 67% (two of three) of socio-economic development and integration projects funded » Funding for Agricultural project in Cabo Delgado, Mozambique » Additional funding for Cabo Delgado agricultural project	One request for socio-economic development and integration was resubmitted: » Contribution of mobile modular school in the Sahrawi Refugee Camps	Despite not having target set for the financial year, two requests for socio-economic development and integration projects were funded » One request has been resubmitted and still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to approval in the next financial year



PROGRAMME: PROVISION OF HUMANITARIAN ASSISTANCE

Purpose: The programme exists to provide humanitarian assistance to countries affected by disasters

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of humanitarian assistance projects funded	Target achieved 100% (five of five) of humanitarian assistance projects funded » Pledge made by President Ramaphosa to combat COVID-19 in Africa: Contribution to the Special Fund for COVID-19 » Pledge made by President Ramaphosa to combat COVID-19 in Africa: Contribution towards the Africa CDC	Target not achieved. 66.67% (four of six) humanitarian assistance projects funded » Provision of vaccines to 26 African countries » Humanitarian assistance to the Republic of Cuba » Contribution to the Special Fund for COVID-19 » Contribution towards the Africa CDC	100% (one of one) of humanitarian assistance projects funded	Target not achieved » 0% (zero of four) of humanitarian assistance projects funded	Despite having one planned target for the financial year, four humanitarian assistance requests were received and reviewed by the ARF Advisory Committee: » Humanitarian assistance for Ethiopia » Request for assistance to the Syrian Arab Republic » Request for assistance to the Republic of Türkiye » Humanitarian Assistance to Malawi	All four humanitarian assistance requests received are still under consideration and will be funded from the redirected funds from the old, closed projects' budget subject to approval



PROGRAMME: PROVISION OF HUMANITARIAN ASSISTANCE

Purpose: The programme exists to provide humanitarian assistance to countries affected by disasters

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
			» South Africa's contribution to the fight against COVID-19 in Africa: Provision of personal protective equipment (PPE) » Pledge by President Ramaphosa at the EU Pledging Conference » Humanitarian assistance to the Sahel region					



PROGRAMME: PROVISION OF HUMAN RESOURCE DEVELOPMENT

Purpose: The programme exists to provide capacity-building and human resource development

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Provision of human resource development	Training development and capacity-building projects funded	Percentage of training development and capacity-building projects funded	Target achieved 100% (one of one) of capacity-building project for human resource development funded » AU Women Empowerment Project	Target not achieved	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable



PROGRAMME: COOPERATION BETWEEN THE REPUBLIC AND OTHER COUNTRIES, IN PARTICULAR AFRICAN COUNTRIES

Purpose: The programme exists to enhance cooperation between the Republic and other countries, in particular African countries

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Cooperation between the Republic and other countries, in particular African countries	Cooperation projects with other countries	Percentage of cooperation projects with other countries funded	New indicator	No target set for the financial year	No target set for the financial year	Target not achieved » 0% (zero of one) cooperation projects with other countries funded	One request for cooperation projects with other countries was received: » African Footprint Project Proposal (Military Ombud)	Despite not having set a target for the financial year, one request for cooperation projects with other countries was received and evaluated by the ARF Advisory Committee but not supported by the committee due to budget constraints and projects prioritisation



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
Effective management of resources through sound administration and good governance	Requests evaluated by the ARF Advisory Committee	Percentage of requests evaluated by the ARF Advisory Committee	82,35% (14 of 17) requests reviewed	Target not achieved: 92,3% (12 of 13) of requests evaluated by the ARF Advisory Committee » Provision of vaccines to 26 African countries » Cuba humanitarian assistance » Strengthening local and national capacities for peace project; and agenda for conflict prevention and resolution (PRC) » Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology	100% of requests evaluated by the ARF Advisory Committee	Target not achieved 87.5% (14 of 16) requests evaluated by the ARF Advisory Committee » A request for extension of the Lesotho Peace Process » Agricultural development support project, Cabo Delgado Farming Recovery Plan in Mozambique » Donation of mobile modular school to the Saharawi Refugee Camps, Auserd Wilaya (Province) » Humanitarian assistance for Ethiopia » The sharing of South Africa's Truth and Reconciliation (TRC) experience with the Republic of South Sudan	Two requests were not evaluated by the ARF Advisory Committee » Inaugural Nelson Mandela Youth Dialogue and Ethical Leadership Programme » Contribution of mobile modular school to the Sahrawi Refugee Camp	The applicant failed to deliver the presentation to the ARF Advisory Committee, and the proposal will be reconsidered when resubmitted » The request/ proposal was received late, and the committee felt that they did not have ample time to review the document. It was deferred to the next meeting and the committee agreed to convene an ad hoc committee meeting to consider the proposal



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
				» Utilisation of science, technology, and innovation in developing safe and quality medicines from African indigenous plants by the Council for Scientific and Industrial Research » Support for the women of Mozambique » Lesotho Peace Process extension till August 2022 » Humanitarian assistance to Madagascar » Strengthening local and national capacities for peace project; and agenda for conflict prevention and resolution (PRC)		» Capacity-building Project for the Republic of Sudan » Pre-approved budget for DIRCO-led peace processes » Additional funding for the agricultural project in Cabo Delgado, Mozambique » Request for assistance to the Syrian Arab Republic » Requesting for assistance to the Republic of Türkiye » Integrated Cross-Border Management System – CrossEasy » African Footprint Project Proposal (Military Ombud)		



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
				» Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology » Contribution to the Special Fund for COVID-19 » Contribution towards the Africa CDC		» Humanitarian assistance to Malawi » The development of principles and guidelines governing social media in elections in Africa (IEC)		

PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
	ARF projects monitored for compliance with concurrence received	Percentage of projects monitored for compliance with concurrence received	Target achieved: 100% (32 of 32) active projects monitored for compliance with concurrence received	100% (18 of 18) of active projects monitored for compliance with concurrence received	100% of projects monitored for compliance with concurrence received	Target achieved 100% (11 of 11) of projects monitored for compliance with concurrence received. » Agricultural development support for Cabo Delgado province of Mozambique » Humanitarian assistance to the Republic of Cuba » Provision of vaccines to 26 African countries » Humanitarian assistance pledge by President Ramaphosa at EU Pledging Conference for the development of vaccines in Africa in collaboration with DSI	None	Not applicable



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
						» Humanitarian aid to the Republic of Mozambique » Central African Republic VIP police training » South African participation in the SEOMS » International Diplomatic Training Programme » Drought relief in Namibia » South Africa's intervention and contribution to the Kingdom of Lesotho peace process » The Cuba Economic Aid Package		

PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
	Project oversight reports for ARF projects	Percentage of project oversight reports for ARF projects	Target achieved: 100% (32 of 32) project oversight reports for ARF projects	100% (18 of 18) of project oversight reports for active projects	100% of project oversight reports for ARF projects	Target achieved 100% (11 of 11) of project oversight reports for ARF projects » Agricultural development support for Cabo Delgado province of Mozambique » Humanitarian assistance to the Republic of Cuba » Provision of vaccines to 26 African countries » Humanitarian assistance pledge by President Ramaphosa at EU Pledging Conference for the development of vaccines in Africa in collaboration with DSI » Humanitarian aid to the Republic of Mozambique	None	Not applicable



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
						» Central African Republic VIP police training » South African participation in the SEOMS » International Diplomatic Training Programme » Drought relief in Namibia » South Africa's intervention and contribution to the Kingdom of Lesotho peace process » The Cuba Economic Aid Package		



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
	Closed ARF projects with close-out reports	Percentage of closed ARF projects with close-out reports	New indicator	100% (eight of eight) of closed projects with close-out reports » The provision of PPE » In Transformation Initiative (ITI) Central African Republic project » Guinea: funding for rice production and technical assistance » Guinea: Museum Project in Kindia » <i>Institute de Gemmologie Madagascar</i> (IGM) Expansion Project (Madagascar) Emergency » Humanitarian assistance to Saharawi refugees » Contribution to the Special Fund for COVID-19 » Contribution towards the Africa CDC	100% of closed ARF projects with close-out reports	Target achieved 100% (eight of eight) of closed projects with close-out reports: » Timbuktu manuscripts project » Humanitarian assistance to South Sudan » ITI Madagascar » Humanitarian aid to the Republic of Zimbabwe » African Women in Dialogue Programme, Zanele Mbeki Foundation » Deployment of a South African Expert to Juba, South Sudan, to serve on the Independent Boundaries Committee	None	Not applicable



PROGRAMME: ADMINISTRATION AND PROJECT MANAGEMENT

Purpose: The programme exists for the effective management of resources through sound administration and good governance

Outcome	Output	Output Indicator	Audited Actual Achievement 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comments on Deviations
						» The presidential and legislative elections in the Central African Republic » Assistance for the purchase of livestock anthrax vaccines for The Kingdom of Lesotho		
	Quarterly project progress reports	Percentage of quarterly project progress reports	New indicator	100% (four of four) of quarterly project progress reports	100% (four of four) of quarterly project progress reports	Target achieved 100% (four of four) of quarterly project progress reports	None	Not applicable

The following requests/proposals were received and evaluated by the ARF Advisory Committee during the 2022/23 financial year and were still under consideration during the time of reporting:

Programme	Requests/Proposals Received and Evaluated	Status	Concurrence Date
Promotion of democracy and good governance	» The development of principles and guidelines governing social media in elections in Africa (IEC)	Concurrence letter issued	30/6/2023
Prevention and resolution of conflict	» Pre-approved budget for DIRCO-led peace processes	Under consideration	31/8/2023
	» The sharing of South Africa's Truth and Reconciliation (TRC) experience with the Republic of South Sudan	Under consideration	Not issued yet
	» Capacity-building project of the Republic of Sudan	Under consideration	Not issued yet
Support to socio-economic development and integration	» Integrated Cross-Border Management System – CrossEasy	Under consideration	Not issued yet
	» Contribution of mobile modular school to the Sahrawi Refugee Camp	Under consideration	Not issued yet
Provision of humanitarian assistance	» Humanitarian assistance for Ethiopia	Under consideration	Not issued yet
	» Request for assistance to the Syrian Arab Republic	Under consideration	8/8/2023
	» Requesting for assistance to the Republic of Türkiye	Under consideration	8/8/2023
	» Humanitarian assistance to Malawi	Concurrence letter issued	8/6/2023
Human resource development	» Inaugural Nelson Mandela Youth Dialogue and Ethical Leadership Programme	Under consideration	Not issued yet



6.4. Strategy to overcome areas of underperformance

Management will review the Strategic Plan and target-setting in the next planning circle (2026 – 2030) to be more proactive with regard to project planning. Management will also ensure that requests/proposals are scrutinised and inputs and guidance provided prior to a final submission received. Furthermore, management will ensure that requests/proposals are submitted timeously for evaluation by the ARF Advisory Committee and also require confirmation in writing from the presenters to ensure that they are available and will be able to present their proposals during the ARF Advisory Committee meeting. Ad hoc Advisory Committee meetings will also be convened to give opportunity for presentation of requests/proposals that could not be presented to the committee during quarterly meetings.

Management will solicit a pipeline of project proposals in areas of strategic importance.

6.5. Changes to planned targets

There were no changes to the planned targets during the financial year under review.

6.6. Linking performance with budgets

Programme/Activity/Objective	2022/23			2021/22		
	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	49 699	(34 274)	15 425	48 546	(296 977)	(248 431)
Total	49 699	(34 274)	15 425	48 546	(296 977)	(248 431)

Reasons for variance

The variance is due to savings as a result of the responses to requests for concurrence and agreements with recipient countries not being finalised prior to year-end. The expenditure was within the allocated budget and has resulted in a surplus for the financial year, which will form part of the accumulated surplus.



7. REVENUE COLLECTION

Sources of Revenue	2022/23			2021/22		
	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
Interest income	1 500	46 562	(45 062)	7 000	32 074	(25 074)
Total	1 500	46 562	(45 062)	7 000	32 074	(25 074)

Revenue

The interest received of R46 million (2022: R32 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank (SARB) and interest accrued on the loan to Cuba. The 2022/23 year's interest is high compared to the previous financial year due to the increase in the interest accrued on the SARB account as a result of the increase in the interest rate, which is influenced by the balance in the bank account.







PART C:

GOVERNANCE



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). As per the norm from the previous financial year (2021/22) due to the COVID-19 pandemic, the Portfolio Committee's meetings were held virtually through Zoom. The portfolio committee meetings were held as follow:

- » Strategic Plan for 2020 – 2025 and Annual Performance Plan for 2022/23 of the African Renaissance and International Cooperation Fund (ARF) on 4 May 2022
- » ARF Quarter 4 2021/22 Performance Report on 31 August 2022

- » ARF Annual Report for 2021/22 on 12 October 2022
- » ARF quarters 1 and 2 2022/23 Performance Report on 15 February 2023
- » ARF quarter 3 2022/23 Performance Report on 22 February 2023
- » ARF completed projects since 2019 to date on 12 March 2023.

Issues raised by the Portfolio Committee

- » Update on migration from the ARF to the South African Development Partnership Agency (SADPA).
- » The Portfolio Committee requested an impact assessment of the ARF projects implemented over the past five years period (2018 to 2022) in support of South African's foreign policy.

3. EXECUTIVE AUTHORITY

In terms of the PFMA, 1999 and in compliance with National Treasury Regulations, for the period under review, the ARF has submitted to the Executive Authority the Strategic Plan 2020 – 2025, the Annual Performance Plan 2022/23, four quarterly reports for 2022/23 and the Annual Report and financial statements.

As prescribed by Treasury Regulations 29.3.1, the Accounting Authority must establish procedures for quarterly reporting to the Executive Authority to facilitate effective performance monitoring.



4. ACCOUNTING AUTHORITY

The Director-General is the accounting officer of the Fund in terms of the African Renaissance Fund (ARF) Act 51 of 2000.

Four quarterly reports for the 2022/23 financial year were submitted to the Minister of International Relations and Cooperation for consideration and approval. The four quarterly reports were submitted as follow:

- » ARF First Quarterly Report for the period 1 April to 30 June 2022: 27 July 2022
- » ARF Second Quarterly Report for the period 1 July to 30 September 2022: 1 November 2022
- » ARF Third Quarterly Report for the period 1 October to 31 December 2022: 1 January 2023
- » ARF Fourth Quarterly Report for the period 1 January to 31 March 2023: 8 May 2023.

5. ARF ADVISORY COMMITTEE

5.1. Composition of the ARF Advisory Committee

Committee	No of Meetings Held	No of Meetings Attended	No. of Members	Names of Members
ARF Advisory Committee	Five	Five	Nine	Mr Z Dangor (DG) DIRCO: Chairperson
ARF Advisory Committee	Five	Three	Nine	Ambassador NN Losi (Member: DIRCO)
ARF Advisory Committee	Five	One	Nine	Mr TC Monyela (Member: DIRCO)
ARF Advisory Committee	Five	Zero	Nine	Ms P Mazibuko (Member: DIRCO)
ARF Advisory Committee	Five	One	Nine	Ms T Nkuna-Shiluvana (Member: National Treasury)
ARF Advisory Committee	Five	Five	Nine	Mr R Toli (Member: National Treasury)
ARF Advisory Committee	Five	One	Nine	Mr T Zulu (Member: National Treasury)
ARF Advisory Committee	Five	Five	Nine	Ms B Bhengu (Alternate Member: DIRCO)
ARF Advisory Committee	Five	One	Nine	Ms S Naran (Alternate Member: National Treasury)

As per the trend from the previous 2022/23 financial year due to the COVID-19 pandemic, four of the five of the ARF Advisory Committee meetings were held virtually through Microsoft Teams during the financial year under review and one meeting was held physically.



6. RISK MANAGEMENT

- » The entity has an approved Risk Management Policy and Risk Management Strategy which serve as guidance to the entity on implementing risk management activities.
- » The risk assessments are conducted on an annual basis at a strategic and operational level to identify and analyse risks that have the potential to hamper the achievement of the entity's strategic and operational objectives. Risk mitigating strategies/plans are developed to manage and keep risks at an acceptable level. New and emerging risks are identified, monitored regularly and reported to the Risk Management Committee and Audit Committee.
- » The entity has established the Risk Management Committee, which consists of appointed management and is chaired by an independent external member. The committee meets quarterly and on an ad-hoc basis when the need arises, to monitor the risks of the entity.
- » The Audit Committee plays an oversight role and provides advice to the Accounting Authority on the adequacy and effectiveness of the entity's systems and processes of enterprise-wide risk management.
- » Over the reporting period, the entity achieved improvement on its operations. The ARF will continue with efforts to keep the entity's risks adequately managed and within an acceptable level.

6.1. List of ARF risk management committee members

No	Designation	Names of Members	No of Meetings held
1.	Chairperson	Mr BR Wheeler	Four
2	Acting Chief Operations Officer	Ms S Baloi	
3	Acting Deputy Director-General: Africa	Ms T Mokuena	
4	Chief Financial Officer	Ms H Bhengu	
5	Chief Director: Southern African Development Community	Ms LV Shongwe	
6	Chief Director: West Africa	Mr N Goso	
7	Chief Director: North and Central	Mr F Nacerodien	
8	Head of ARF Secretariat	Ms D Mathlako	
9	Manager ARF Performance Information	Mr P Basitere	
10	ARF Finance Manager	Mr B Sebola	
11	Internal Audit	Mr G Labane	



6.2. Risk Register: 2022/23 financial year

Identified Risks	Mitigation Strategies
Inability to: » promote democracy and good governance » contribute to human resource development » provide humanitarian assistance » support cooperation between South Africa and other countries » support post-conflict resolution initiatives	Reprioritisation of projects
Non-adherence to the approved budget plan by the project implementers	» Regular review of expenditure analysis » Project Steering Committee meetings » Regular engagements with service providers
Delays in the conclusion of projects' over-runs	» Regular review of expenditure analysis » Project Steering Committee meetings » Regular engagements with service providers » Monitoring of projects through regular site visits
Loss/damage to infrastructure/goods procured for the projects	» Capacity-building through diplomatic channels » Deepening democratic principles with South Africa and other countries » Mediation support
Depleting financial resources for assistance	Diversity assistance provided by increasing loans and decreasing grants

7. INTERNAL AUDIT AND AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2023.

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	Position	Internal or External	If internal, position in the Department	Appointment Date	Date Resigned/ Contract Ended	No of Meetings Attended
Ms APZ Mafuleka	» BCom Accounting » BCompt Honours in Accounting » CA (SA)	Chairperson	External	N/A	1 January 2021-31 December 2023	N/A	Six
Mr BR Wheeler	» National Diploma in State Accounts and Finance » BCom Degree » Advance Diploma in Public Administration	Deputy Chairperson	External	N/A	1 January 2023-31 December 2025 (Second term)	N/A	Six
Dr CF Von Eck	» Bachelor of Arts (Psychology) » Business Management Diploma » Master of Business Leadership » Doctor of Philosophy in Leadership and Change » Certified Director (SA)	Member	External	N/A	1 January 2023-31 December 2025 (Second term)	N/A	Six

Name	Qualifications	Position	Internal or External	If internal, position in the Department	Appointment Date	Date Resigned/ Contract Ended	No of Meetings Attended
Dr P Dala	» PhD (Information Technology) » Masters (Information Technology) » BSc Hons (Computer Science) » Bachelor of Information Technology » Certified Information Systems Auditor (CISA) » Certified Information Security Manager (CISM) » Certified Information Systems Security Professional (CISSP) » Lead Auditor ISO 27001 (LA ISO 27001) » Certified in the Governance of Enterprise Information Technology (CGEIT) » Certified in Risk and Information Systems Control (CRISC) » Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI)	Member	External	N/A	1 January 2021-31 December 2023	N/A	Six
Ms G Simelane	» BCom Accounting » BCompt Honours in Accounting » CA (SA)	Member	External	N/A	1 January 2021-31 December 2023	N/A	Six



7.3. Internal Audit

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

We have met with the internal auditors during the year to ensure that the function is executed effectively and objectively (independent 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, governance and risk management employed by the entity is adequate and effective.

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, governance and risk management processes are adequate and effective. This is achieved by means of reviews and testing of the adequacy and effectiveness of internal controls, as well as the identification of corrective actions and suggested enhancement to the internal controls, governance and risk management processes.

From the various reports of the internal auditors as well as the Audit Report from the Auditor-General South Africa, it was noted that there were no 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 and performance 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 the audited annual financial statements, to be included in the report, with the Auditor-General and the Accounting Authority
- » 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, and we are satisfied that the matters have been adequately resolved and the entity has maintained its unqualified audit opinion, with no material findings ("clean audit").

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.



Ms APZ Mafuleka CA (SA)

Chairperson of the Audit Committee

31 August 2023

8. REPORTING COMPLIANCE TO THE B-BBEE COMMISSION

Reporting by organs of state and public entities in terms of section 13(G)(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) as amended by Act 46 of 2013

Name of Sphere of Government/Public Entity/Organ of State		African Renaissance and International Cooperation Fund
Registration Number (If applicable)	BE12486-281022	
Physical Address	460 Soutpansberg Road Rietondale Pretoria 0084	
Type of Sphere of Government/Public Entity/Organ of State	National Public Entity	
Organisation Industry/Sector	Fund	

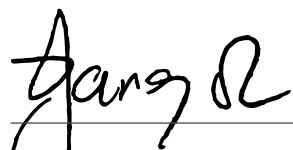


The following has been completed in accordance with the compliance to the requirements of the B-BBEE Act, 2013 (Act 46 of 2013) and as determined by the Department of Trade, Industry and Competition.

Has the sphere of Government/Public Entity/Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:

Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	Yes	The entity obtained a B-BBEE Compliance Certificate from an accredited verification agency
Developing and implementing a preferential procurement policy	Yes	The Supply Chain Management Policy required that preference must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the 90/10 rule stipulated
Determining qualification criteria for the sale of state-owned enterprises	No	Not applicable
Developing criteria for entering into partnerships with the private sector	No	The entity entered into a partnership with another public entity for the implementation of some of the projects
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	No	Not applicable

APPROVED BY:


Mr Zane Dangor

Accounting Authority

African Renaissance and International Cooperation Fund

Date 31 July 2023



9. COMPLIANCE WITH LAWS AND REGULATIONS

The African Renaissance and International Cooperation Fund (ARF) has been established and operates within the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000). The Act establishes the ARF to assist 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).

The entity has ensured compliance with the ARF Act No. 51 of 2000 in relation to the disbursement of funds and monitoring as well as the administration of projects.

The entity has complied with the standard operating procedure of financial management which manages the disbursement of funds towards projects as well as revenue management in line with the Public Finance Management Act and National Treasury regulations.

The following are not applicable to the ARF since they are covered by the Department of International Relations and Cooperation:

- » Internal control unit
- » conflict of interest; ,
- » health safety & environmental issues and
- » social responsibility

10. FRAUD AND CORRUPTION

The entity had developed an Anti-fraud and Corruption Policy and Strategy to set its zero-tolerance level on activities relating to fraud and corruption. The fraud and anti-corruption awareness activities are taking place throughout the entity. The governance structures had also been strengthened to monitor and take timeous decisions on matters relating to fraud and corruption. The Anti-fraud and Corruption Policy goes hand in hand with the Whistle-blowing Policy. The Whistle-

blowing Policy provides clear guidance on the reporting processes of indications of fraud and corruption. It also indicates how the reported allegations are to be handled to their conclusion.

The Whistle-blowing Policy provides the reporting lines, starting with the immediate supervisor or confidentially through Internal Audit or Labour Relations. Officials are also encouraged to anonymously report any allegations of fraud or corruption to the National Anti-fraud Hotline managed by the Public Service Commission. The allegations received are duly investigated and if the results of investigations warrant a disciplinary process to take place, the Labour Relations function manages the disciplinary process accordingly.

11. 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, monitoring and administration of projects relating to the ARF. Furthermore, the fund 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.



12. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit.

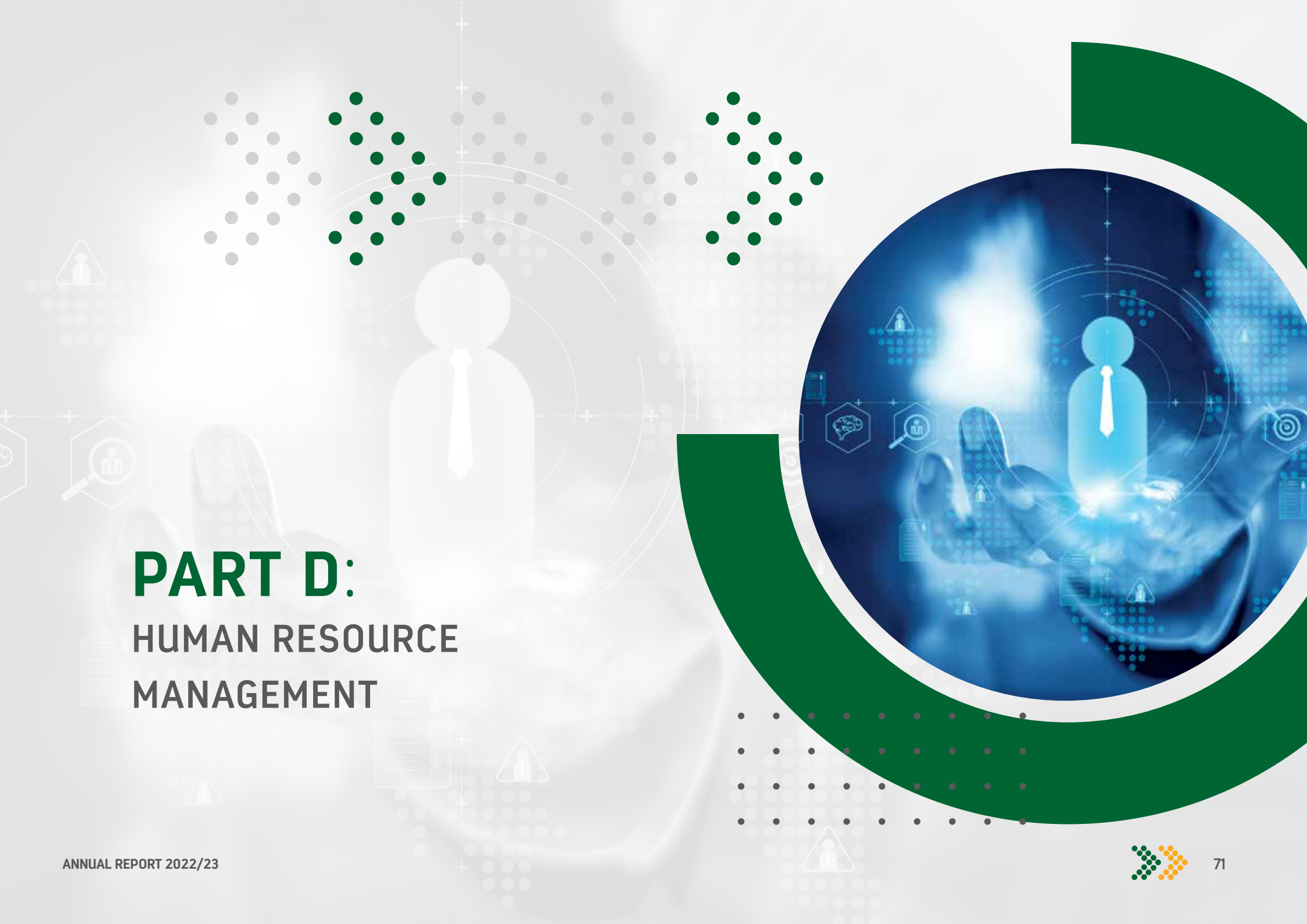
Its objectives are mainly as follows:

- » To determine whether the ARF's objectives will be achieved economically, efficiently and effectively by evaluating and assessing operations, processes, procedures and activities.
- » Assessing, evaluating and offering recommendations for improvement on the ARF's system of internal controls and governance.
- » Assessing and evaluating the ARF's Performance Information.

Summary of work done

During the year under review, the internal audit completed the following planned activities:

- » Review of the 2021/22 Draft Annual Financial Statements
- » Review of the 2021/22 Draft Annual Performance Information



PART D:

HUMAN RESOURCE MANAGEMENT



PART D: HUMAN RESOURCE MANAGEMENT

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



PART E:

PFMA COMPLIANCE REPORT



PART E: PFMA COMPLIANCE REPORT

In terms of the PFMA, 1999 and in compliance with National Treasury Regulations, for the period under review, the ARF has submitted to the Executive Authority the Strategic Plan 2020 – 2025, the Annual Performance Plan 2022/23, four quarterly reports for 2022/23 and the Annual Report and financial statements.

As prescribed by Treasury Regulations 29.3.1, the Accounting Authority must establish procedures for quarterly reporting to the Executive Authority to facilitate effective performance monitoring.

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 the department in the disbursement of funds.

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

Revenue

In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the ARF. During the year under review, an amount of R49 million (2022: R48 million) was appropriated to the fund. The interest received of R46 million (2022: R32 million) from investments, relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and loan granted to Cuba.

Expenditure

During the period under review, the ARF recorded expenditure of R34 million (2022: R296 million).

Irregular expenditure

During the current financial year, the ARF did not incur any irregular expenditure.

Fruitless and wasteful expenditure

During the current financial year, the ARF did not incur any fruitless and wasteful expenditure.



PART F:

FINANCIAL INFORMATION



PART F: FINANCIAL INFORMATION



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REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

**1. 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 (ARF) set out on pages 89 to 110, which comprise the statement of financial position as at 31 March 2023, 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 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 ARF as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for*

professional accountants (including International Independence Standards) (IESBA code) as well as other 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 code.

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 and 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 public 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 public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general 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



AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2023

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

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Promotion of democracy and good governance	37-38	The programme exists to promote democracy and good governance
Prevention and resolution of conflict	39	The programme exists to support the prevention and resolution of conflict
Socio-economic development and integration	40-41	The programme exists to support socio-economic development and integration
Provision of humanitarian assistance	42-43	The programme exists to provide humanitarian assistance to countries affected by disasters
Provision of human resource development	44	The programme exists to provide capacity-building and human resource development
Cooperation between the Republic and other countries, in particular African countries	45	The programme exists to enhance cooperation between the Republic and other countries, in particular African countries
Administration and project management	46-54	The programme exists to effectively manage resources through sound administration and good governance

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.



REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

13. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
15. I did not identify any material findings on the reported performance information.

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of programme: Socio-economic development and integration. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.



21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. 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

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

Auditor-General

Pretoria

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit**Professional judgement and professional scepticism**

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 programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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 public entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 public entity 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 a public 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or Regulations
Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury Regulation 33.1.1; 33.1.3
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1 Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

Legislation	Sections or Regulations
Prevention and Combatting of Corrupt Activities Act (PRECCA), 2004 (Act 12 of 2004)	Section 34(1)
Construction Industry Development Board (CIDB) Act (Act 38 of 2000) (CIDB)	Section 18(1)
Construction Industry Development Board (CIDB) Act 38 of 2000 (CIDB) Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Policy Act (PP PFA), 2000 (Act 5 of 2000)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulation (PPR) 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulation (PPR) 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Public Finance Management Act (PFMA), 1999 Supply Chain Management (SCM) Instruction No 9 of 2022/23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction (NTI) No1 of 2015/16	Paragraph 3.1; 4.1; 4.2



ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

Legislation	Sections or Regulations
National Treasury Supply Chain Management (NT SCM) Instruction Note 3 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4; 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
National Treasury Instruction (NTI) No1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury Supply Chain Management (NT SCM) Instruction Note 3 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
National Treasury Supply Chain Management (NT SCM) Instruction 4A of 2016/17	Paragraph 6
National Treasury Supply Chain Management (NT SCM) Instruction Note 3 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
National Treasury Supply Chain Management (NT SCM) Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
National Treasury Supply Chain Management (NT SCM) Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
Public Finance Management Act (PFMA), 1999 SCM Instruction Note 4 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
Public Finance Management Act (PFMA), 1999 SCM Instruction Note 8 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act, 1998 (Act 89 of 1998)	Section 4(1)(b)(ii)
National Treasury Instruction (NTI) Note 4 of 2015/16	Paragraph 3.4
Second amendment of National Treasury Instruction (NTI) 5 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

Legislation	Sections or Regulations
Erratum National Treasury Instruction (NTI) Note 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction (NTI) Note 5 of 202/21	Paragraph 2
Practice Note 7 of 2009/10	Par paragraph 4.1.2
Practice Note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
National Treasury Instruction (NTI) Note 1 of 2021/22	Paragraph 4.1
African Renaissance and International Cooperation Act, 2000 (Act 51 of 2000) (ARF Act)	Section 5(3); 5(4); 7(1)



ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

1. REPORT OF THE ACCOUNTING AUTHORITY**1.1. 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).

1.2. Objectives of the ARF

1.2.1. The objective of the fund is to contribute to an integrated democratic, peaceful and prosperous continent. Therefore, the fund enables the South African Government to identify and fund projects or provide loans. The objectives of the ARF are as follows:

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

1.3. The utilisation of the fund

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

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

1.3.2. 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.

1.3.3. 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.

1.3.4. Grants or other financial assistance must be provided or rendered in accordance with an agreement entered between the relevant parties, excluding assistance for the promotion of democracy and good governance or the prevention or resolution of conflict.

1.4. Related parties

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

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

1.4.2. 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 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, adhoc site visits, as well as maintaining a project database.

1.4.3. 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 the department in the disbursement of funds.

1.5. General review of the state of financial affairs

1.5.1. Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the ARF. During the year under review, an amount of R49 million (2022: R48 million) was appropriated to the fund.
- The interest received of R46 million (2022: R32 million) from investments, relates to the amount deposited with the Corporation for

Public Deposits in the South African Reserve Bank and loan granted to Cuba.

1.5.2. Receivables

- Receivables represent a loan that was granted to Cuba with the interest accrued.

1.5.3. Expenditure

- During the period under review, the ARF recorded expenditure of R34 million (2022: R296 million).

1.5.4. Irregular expenditure

- During the current financial year, the ARF did not incur any irregular expenditure.

1.5.5. Fruitless and wasteful expenditure

- During the current financial year, the ARF did not incur any fruitless and wasteful expenditure.

1.5.6. Commitments

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

1.5.7. Provisions

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



ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

1.5.8. Corporate governance arrangements

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

- » The relationship between the fund and the department is 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 the monitoring and evaluation of projects during implementation.
- » The ARF has an Audit Committee and a Risk Management Committee.
- » On 21 June 2023, Cabinet approved the publication of the ARF Amendment Bill for public comment. The purpose of the Bill is to amend the ARF Act, 2000 (Act 51 of 2000). The amendments will also mean that the ARF will then be called the South African Development Partnership Agency (SADPA). The agency will serve as a tool to manage, support and facilitate South Africa's outgoing development cooperation and assistance.



Mr Zane Dangor

Accounting Authority

African Renaissance and International Cooperation

Date 31 July 2023



STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
REVENUE			
Revenue from non-exchange transactions			
Appropriated funds	1	49 699	48 546
Revenue from exchange transactions			
Investment income	2	46 561	32 074
Total revenue		96 260	80 620
EXPENDITURE			
Local and foreign aid assistance	3	(34 274)	(296 977)
Total expenditure		(34 274)	(296 977)
Surplus/(loss) for the period		61 986	(216 357)



STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
ASSETS			
Current assets			
Cash and cash equivalent	4	674 979	719 332
Receivables from exchange transactions – Cuba loan	5	31 208	20 106
Receivables from exchange transactions – Investment income	5	9	-
Total current assets		706 196	739 438
Non-current assets			
Receivables from exchange transactions	5	64 610	57 760
Total non-current assets		64 610	57 760
Total assets		770 806	797 198
LIABILITIES			
Current liabilities			
Provisions	6	252 522	402 006
Payables from non-exchange transactions	7	37	511
Total liabilities		252 559	402 517
Net assets			
Accumulated surplus		518 247	394 681
Total net assets and liabilities		770 806	797 198

AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2023

		Accumulated Surplus	Total Net Assets
	Note	R'000	R'000
Balance as at 31 March 2021		557 060	557 060
Loss for the year		(216 357)	(216 357)
Projects rescinded		53 967	53 967
Prior period interest on receivables		11	11
Balance for the year ending 31 March 2022		394 681	394 681
Gain (loss) for the period		61 986	61 986
Prior period interest on receivables		-	-
*Projects rescinded		61 580	61 580
Balance for the year ending 31 March 2023		518 247	518 247

**Projects rescinded are projects closed with available funds which are reallocated to the accumulated surplus account.*



CASH FLOW STATEMENT

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
Cash flow from operating activities			
Receipts		106 718	78 466
Appropriated funds	1	49 699	48 546
Investment income	2	42 851	29 920
Other receipts	18	14 168	-
Payments		(177 692)	(189 918)
Cash disbursements	8	(177 692)	(189 918)
Net cash flow from operating activities	9	(70 974)	(111 452)
Cash flow from investing activities			
Loan repayment	5	26 620	9 998
Cash flow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(44 353)	(101 454)
Cash and cash equivalents at the beginning of the year		719 332	820 786
Cash and cash equivalents at the end of the year	4	674 979	719 332

AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2023

	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

Statement of Financial Performance

Revenue

Revenue from non-exchange transactions

Appropriated funds	49 699	-	49 699	34 274	15 425
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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 variance is due to budget saving as result of the responses to requests for concurrence and agreements with recipient countries not being finalised prior to year-end. The expenditure was within the allocated budget and has resulted in a surplus for the financial year, which will form part of the accumulated surplus.



ACCOUNTING POLICIES

for the year ended 31 March 2023

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.

Impairment on receivables

The entity estimates the impairment amount on trade receivables on an ongoing basis, based on historical experience, as well as other specific relevant factors.

1.2. GRAP standards and interpretations 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 opted for early adoption of 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:

Standard	Effective date	Expected impact
GRAP 01 Presentation of Financial Statements	Not yet effective	This standard might impact on the presentation of financial statements
GRAP 104 Financial Instruments	Not yet effective	This standard might impact on the disclosure of financial instruments

1.3. Going concern

The financial statements have been prepared based on 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.

ACCOUNTING POLICIES

for the year ended 31 March 2023

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).

The ARF recognises services received in kind in the statement of financial performance at the fair value of these services received, when they are significant to the ARF's operations and to the extent that fair value can be determined reliably. Where the services are not significant and/or the fair value cannot be determined reliably the nature and type of services received are disclosed. Services received in kind include shared services with DIRCO in the Public Service. While these services

are important for the ARF's operations, they are not significant and therefore not recognised.

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.

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 concurrence letters and agreements are signed

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

All projects expensed with the end date on the concurrence letters and signed agreements remain in the trial balance until a concurrence letter to rescind the projects is obtained from National Treasury.

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 value of approved projects which are awaiting agreements.



ACCOUNTING POLICIES

for the year ended 31 March 2023

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 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 ARF's principal financial assets are cash and cash equivalents and receivables; the financial liabilities are trade payables.

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).

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.

FINANCIAL ASSETS**1.8.1. 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.

1.8.2. Receivables from exchange

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortised cost less impairment losses. Gains and losses are recognised in the statement of financial performance when the loans and receivables are derecognised or impaired, as well through the amortisation process.

The portion of the loan that is repayable within 12 months after the financial year end is disclosed under current assets and portions repayable for periods longer than 12 months are disclosed as non-current assets.

ACCOUNTING POLICIES

for the year ended 31 March 2023

A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amount due according to the original terms of the receivables agreement.

FINANCIAL LIABILITIES**1.8.3. Payables from non-exchange**

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.

1.9. Events after reporting date

Events after 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, 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.

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.

The ARF is under the control of the Director-General in terms of the ARF Act, 2000 (Act 51 of 2000) and there is an operational framework that governs the relationship between DIRCO, its Key Management and the ARF.



ACCOUNTING POLICIES

for the year ended 31 March 2023

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

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

1.13. Materiality

The materiality framework enables 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. The actual expenditure amount for previous year (2021/22 financial year) has been used as a base for calculating materiality for ARF at 0.5%. The materiality amount was set to be R50 000 based on the nature of transactions for ARF and some of the risks.

1.14. 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 ARF with third parties. In the same context that the expenditure on these agreements is recognised in the ARF financial records, the ARF becomes the principal.

The entity will disclose:

- » a description of the arrangement, including transactions undertaken
- » whether the entity is the principal or agent and any significant judgment applied in making this assessment
- » 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.

AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

	2022/23	2021/22
Note	R'000	R'000
1. APPROPRIATED FUNDS		
Appropriation from Parliament	49 699	48 546
Total	49 699	48 546
2. INVESTMENT INCOME		
Interest earned from SARB	42 851	29 920
Adjustment for the interest accrued due to the interest rate hike announced on 31 March 2023	9	-
Interest accrued on a loan to Cuba	3 701	2 154
Total	46 561	32 074 074
3. LOCAL AND FOREIGN AID ASSISTANCE		
3.1. Humanitarian assistance		
Provision of vaccines to African countries	-	288 567
Special COVID-19 contribution	-	1 435
Africa Centre for Disease Control	-	718
Subtotal	-	290 720



AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
3.2. Socio-economic development and integration			
Mozambique humanitarian assistance		34 274	-
3.3. Prevention and resolution of conflict			
Lesotho Peace Process		-	6 257
Grand total local and foreign aid assistance		34 274	296 977
4. CASH AND CASH EQUIVALENTS			
Cash and balances with South African Reserve Bank		674 979	719 332
Total		674 979	719 332

The ARF holds only one account with the South African Reserve Bank and does not have petty cash.



AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

	2022/23	2021/22
Note	R'000	R'000
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS – CUBA LOAN		
Opening Balance	77 866	22 272
Loan granted to Cuba (current year)	40 871	63 427
Interest on the loan	3 701	2 154
Prior period interest on receivables	-	11
Loan repayment	(26 620)	(9 998)
Closing Balance	95 818	77 866
Amount receivable within one year (current)	31 208	20 106
Amount receivable within two to five years (non-current)	64 610	57 760
Receivables from exchange transactions – Investment income		
Adjustment for the interest accrued due to the interest rate hike announced on 31 March 2023:		
Amount receivable within one year (current)	9	-



6. PROVISIONS

RECONCILIATION OF PROVISIONS 2022/23

	Opening Balance	Re-classification from Commitments	Additions	Movements during the Year	Total
	R'000	R'000	R'000	R'000	R'000
Projects	402 006	-	34 274	(183 758)	252 522

RECONCILIATION OF PROVISIONS 2021/22

	Opening Balance	Re-classification from Commitments	Additions	Movements during the Year	Total
	R'000	R'000	R'000	R'000	R'000
Projects	285 777	-	296 977	(180 748)	402 006

Provisions comprise signed concurrences and signed agreements with recipient countries/implementing agents. The signed agreement represents a present obligation for the entity.

The expected outflow of economic benefits (approved funds as per concurrence letters) as well as the amount required is dependent on the milestones as per the project plan and the readiness for the implementation of the project by the recipient countries.

7. PAYABLES FROM NON-EXCHANGE

	Note	2022/23	2021/22
		R'000	R'000
Payables to DIRCO		37	511

AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
8. CASH DISBURSEMENTS			
Promotion of democracy and good governance		779	6 005
Humanitarian assistance		101 053	113 714
Prevention and resolution of conflict		2 264	6 759
Socio-economic development and integration		32 725	-
Promote human resource development and capacity-building		-	13
Cooperation between the Republic and other countries, in particular African countries		40 871	63 427
Total		177 692	189 918
9. NET CASH GENERATED FROM OPERATIONS			
(Loss)/surplus for the period		61 986	(216 357)
Adjustment			
Forex (gain)/loss		-	-
(Loss) Surplus after movements		61 986	(216 357)
Changes in working capital		(132 960)	104 905
Effect on payables		(474)	289
Effect on provisions		(87 905)	170 196
Effect on receivables from exchange		(44 581)	(65 580)
Net cash flow from operating activities		(70 974)	(111 452)



10. FINANCIAL RISK MANAGEMENT DISCLOSURE

The ARF's financial instruments consist primarily of receivables, cash and cash equivalents and payables. The ARF deposits all its cash in a CPD account with the South African Reserve Bank (SARB) where the funds earn a daily interest calculated using the REPO rate.

Credit risk

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

Credit risk represents the potential loss to the ARF because of unexpected defaults or unexpected deterioration in the credit worthiness of counterparties. The ARF's credit risk is primarily attributable to its receivables.

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 SARB and the credit risk is thus minimal.

	2022/23	2021/22
Note	R'000	R'000
Financial assets		
Cash and cash equivalents	674 979	719 332
Receivables from exchange transactions	95 827	77 866
Total	770 806	797 198

AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 based on the expected cash flow. The entity has sufficient cash resources to fund commitments.

	2022/23	2021/22
Note	R'000	R'000
Financial liabilities		
Payables from non-exchange transactions	37	511
Total	37	511

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.

Based on the activities of the ARF, the only area affected by interest rate is the cash held at the SARB.

	2022/23	2021/22
Note	R'000	R'000
Details		
Cash and balances with the SARB	674 979	719 332



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.

Other risk

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.

11. RELATED PARTY TRANSACTIONS

The Department of International Relations and Cooperation (DIRCO) and its Key Management are the related parties to the ARF.

	Note	2022/23	2021/22
		R'000	R'000
Description			
Payables: DIRCO		37	511

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Services in kind

The administrative and operating costs of the ARF are financed by DIRCO. These expenses are recorded in the annual financial statements of DIRCO. These costs include, among others:

	2022/23	2021/22
Note	R'000	R'000
Description		
Compensation of employees	2 021	3 197
Goods and services	1 369	1 559
Audit Committee costs	441	443
Risk Committee costs	34	25

Based on the intricacy of the relationship between the ARF and DIRCO, the ARF cannot reliably determine the fair value for all the service it received in kind. Accordingly, no amount is recognised in the Statement of Financial Performance for the value of all these services received. These costs include the following, among others:

- » processing of transactions by DIRCO Finance officials
- » procurement of goods and services through the DIRCO SCM
- » office space occupied by ARF officials
- » members of the ARF Advisory Committee which comprises DIRCO and National Treasury officials
- » internal audit costs for the ARF audits conducted
- » salary of the Chief Financial Officer relating to ARF activities
- » salary of the Director-General relating to ARF activities.



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).

13. COMMITMENTS

	2022/23	2021/22
Note	R'000	R'000
Concurrence letter received but yet to be contracted for		
Opening balance	110 129	367 795
Commitments re-classified to provisions	(34 274)	-
Rescinded projects	(10 129)	(307 666)
*New commitments	52 274	50 000
Closing balance	118 000	110 129

The new commitments of R52 million relate to the concurrences received for the agricultural development support for internally displaced persons (IDPs) in Cabo Delgado, Mozambique. This amount is made up of the initial concurrence received for R34 million as well as another concurrence for an additional amount of R18 million.

Included under the commitments is an amount of R50 million relating to humanitarian assistance for Cuba. A concurrence letter was obtained from the Minister of Finance in August 2021 after which Afriforum submitted an application to the High Court to review/set aside the decision for South Africa to donate R50 million to Cuba and its people due to the economic situation in that country. As a result, the disbursement of the funds on this project will be confirmed by the outcome of the court case.

14. GOING CONCERN

As at 31 March 2023, the entity's total assets exceeded its liabilities, which indicates that the entity is solvent and can meet its obligations as they become due.

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

15. CONTINGENT LIABILITY

A request has been made to National Treasury as per section 53(3) of the PFMA, 1999 to retain the surplus for the current financial year ending 31 March 2023 with an amount of R386 558 000. Should approval not be granted, the ARF will be required to surrender the funds to the National Revenue Fund through DIRCO. The cash balance of the ARF is sufficient to pay over the surplus.

16. EVENTS AFTER REPORTING DATE

The ARF has received concurrence from the Minister of Finance for the following projects:

- » Humanitarian assistance for the Republic of Malawi (R30 million),
- » Independent Electoral Commission for the development of principles and guidelines governing social media in elections in Africa (R9,2 million),
- » DIRCO-led Peace processed (R50 million)
- » Humanitarian Assistance for the Arab Republic of Syria (R50 million)

- » Humanitarian Assistance for the Republic of Turkey (R50 million).

South African Development Agency:

On 21 June 2023, Cabinet approved the publication of the ARF Amendment Bill for public comment. The purpose of the Bill is to amend the ARF Act, 2000 (Act 51 of 2000). The amendments will also mean that the ARF will then be called the South African Development Partnership Agency (SADPA). The agency will serve as a tool to manage, support and facilitate South Africa's outgoing development cooperation and assistance.

Humanitarian assistance to the Republic of Cuba Court case:

Heads of arguments were filed by both parties to the Gauteng North High Court and a hearing on the merits took place on 15 May 2023. Judgment on this matter has been reserved.

17. ACCOUNTING BY PRINCIPALS AND AGENTS

17.1. Rand Water:

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.



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The ARF provides oversight to the project implementation in line with the project plan while Rand Water ensures project implementation in line with the plan and overall approved scope. 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 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 are terminated, the project implementation will be discontinued.

The project has an outstanding balance of R27 million and this balance is included in the provisions in Note 6.

Financial Year	Total Invoice Amount	5% Implementation Fee to Rand Water	Amount to be Paid to Service Providers by Rand Water
	R'000	R'000	R'000
2022/23	-	-	-
	-	-	-
2021/22	293 133,77	13 958,77	-
	314 702,50	-	314 702,50

17.2. Agricultural Research Council (ARC):

The ARF is a principal to a binding agreement that was signed in November 2022 with the ARC as an implementing agent on the project relating to the agricultural development support for IDPs in Cabo Delgado, Mozambique.

The project will provide 4 000 crop production technology kits over a period of two years and monitoring of the project will continue for a further three years to ensure sustainability.

The ARF provides oversight to the project implementation in line with the project plan while the ARC ensures project implementation in line with the plan and overall approved scope.

As at 31 March 2023, the agent (ARC) still had committed funds in their possession relating to the supply and delivery of pesticides and harvesting bags as well as funds for the provision of training. These funds are expected to be remitted to the appointed supplier once confirmation for the delivery has been confirmed by the recipient country.

The signed Memorandum of Agreement between the ARF and ARC provides for the terms and conditions under which both parties can terminate the agreement.

Financial Year	Total Amount Disbursed	10% Project Management Fee	Unspent/ Uncommitted Funds Paid Back to ARF as at Year-End	Amount to be Paid to Service Providers by Agricultural Research Council (ARC)
	R'000	R'000	R'000	R'000
2022/23	32 725	1 856	14 168	16 701

The unspent funds paid back by the ARC relate to some of the deliverables on the project that could not be completed as per the project plan due to logistical challenges during the planting season and therefore the funds had to be returned to the ARF.



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