

2023/24 ANNUAL REPORT

African Renaissance and International
Cooperation Fund (ARF)

VOTE 6



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International Relations and Cooperation
REPUBLIC OF SOUTH AFRICA





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A better South Africa
A better Africa
A better world



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PART A:

GENERAL INFORMATION



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UBUNTU

PRESENTE DA ÁFRICA DO SU

FUNDO AFRICANO DE RENASCIMENTO E COOPERAÇÃO INTERNACIONAL

1. DEPARTMENT GENERAL INFORMATION

REGISTERED NAME:	African Renaissance and International Cooperation Fund (ARF)
PHYSICAL ADDRESS:	460 Soutpansberg Road Rietondale 0084
POSTAL ADDRESS:	Private Bag X152 Pretoria 0001
TELEPHONE NUMBER/S:	+27 12 351 1000
FAX NUMBER:	+27 12 329 1000
EMAIL 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 Area
AGSA	Auditor-General of South Africa
ARF	African Renaissance and International Cooperation Fund
AU	African Union
DG	Director-General
CFO	Chief Financial Officer
B-BBEE	Broad-Based Black Economic Empowerment
DIRCO	Department of International Relations and Cooperation
GRAP	Generally Recognised Accounting Practice
IDPs	Internally Displaced Persons
IEC	Electoral Commission of South Africa
MTEF	Medium-Term Expenditure Framework
PCR	Post-Conflict Resolution
PFMA	Public Finance Management Act
TR	Treasury Regulation
SA	South Africa
SADC	Southern African Development Community
SCM	Supply Chain Management
SEOM	SADC Electoral Observer Mission

DEFINITIONS

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





Ronald Lamola
**Minister of International
Relations and Cooperation**

3. FOREWORD BY THE MINISTER

I am honoured to present the Annual Report of the African Renaissance and International Cooperation Fund (ARF) for the 2023/2024 financial year. The ARF has remained an important tool to enhance South Africa's relations with other countries around the globe. The fund continued to contribute towards the successful implementation of South Africa's foreign policy, which is predicted in the National Development Plan Vision 2030.

The South African foreign policy is an extension of national priorities, of which the ARF contributes to the seventh priority of “A Better Africa and World” through “enhancing cooperation between the Republic and other countries, in particular African countries, through the ARF objectives, which are the promotion of democracy, good governance, the prevention and resolution of conflict, socio-economic development and integration, and humanitarian assistance”.

This report encompasses the achievements recorded during the 2023/2024 financial year in pursuit of the objectives and targets as set out in the Revised Strategic Plan for 2020–2025.

One of the objectives of the ARF is our commitment to promote democracy and good governance, which are crucial in pursuit of economic prosperity, and social and political stability around the globe. This further enhances public participation and accountability. Furthermore, these are important elements for socio-economic development and integration, as well as achieving continental prosperity.

The holding of regular elections that are free and fair throughout the continent strengthened public participation in the administration of those countries' affairs. In this regard, the ARF continued to support the Southern African Development Community (SADC) Electoral Observer Missions (SEOMs). In this regard, the ARF has funded South Africa's participation in the following SEOMs during the reporting period in review: presidential elections in the Republic of Madagascar; harmonised elections in the Republic of Zimbabwe; presidential, legislative, provincial, urban, municipal, and local council elections in the Democratic Republic of the Congo (DRC); as well as the general elections in the Kingdom of Eswatini.

Furthermore, the ARF provided support to the implementation of the aspiration of Agenda 2063 of silencing the guns on the continent. South Africa works through institutions like SADC, the African Union (AU) collective, and upon request from bilateral partners, to assist in peacebuilding and peacemaking efforts in Africa. Consequently, South Africa stands ready to participate in post-conflict reconstruction and development through the deployment of its limited financial resources.

The current climate, which is characterised by erratic weather conditions, provides fertile ground for natural disasters and disease and poses a threat to food security. As such, through the ARF, South Africa continued to work with other countries, providing temporary relief and contributing to building the required capacity for long-term solutions.

During the 2023/2024 financial year, the ARF processed R39 million in disbursements towards socio-economic development and integration, humanitarian assistance, the

promotion of democracy and good governance, the prevention and resolution of conflict, and human resource development in Africa.

The political conflict in the Cabo Delgado province of Mozambique has displaced large numbers of people and families from their homes and has caused major distress and loss of sources of income. Effects of this include job loss, insecurity, and disruption of social and economic development. Loss of sources of income could lead to anxiety, depression and broken family structures. It resulted in the SADC Extraordinary Summit held in Lilongwe, Malawi, in 2022, which approved the framework for support to the Republic of Mozambique in addressing terrorism, as well as the implementation of the framework for economic, social and humanitarian assistance. In this regard, South Africa allocated R52.2 million from the ARF to the Agricultural Development Support Project for the internally displaced persons in Cabo Delgado, Mozambique, which is under implementation. As at 31 March 2024, a total of R33.5 million had been disbursed to the Agricultural Research Council (ARC) for the implementation of the project. A balance of R18 million remains.

The Government of Cuba continues to repay the loan instalments as per the agreed terms and a total of R30 million has been repaid from Cuba during the financial year under reporting.

The ARF has achieved an unqualified audit opinion six 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).

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 would conclude by warmly thanking the ARF Advisory Committee under the stewardship of the Chairperson for the efficient and professional manner in which it discharges 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.



Ronald Lamola

Minister of International Relations and Cooperation

31 July 2024



Zane Dangor
Accounting Authority: ARF

4. ACCOUNTING AUTHORITY'S OVERVIEW

The African Renaissance and International Cooperation Fund (ARF) continued to be an invaluable instrument in the pursuit of the National Development Plan and Vision 2030, the Medium-Term Strategic Framework, and priority seven 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 2025–2030 and Annual Performance Plan 2024–2025 to promote South Africa's National Interest and values on the continent.

I am also pleased that the fund is continuing 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 with no findings for six years in succession from the Office of the Auditor-General of South Africa.

In conclusion, I would like to thank Minister Ronald Lamola 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 appointed in terms of (2) of the ARF Act to assist with the disbursement of the funds and monitoring and administration of projects relating to the Fund for their tireless effort and ensuring the funds are administered within the prescripts of the Public Finance Management Act, 1999 (Act 1 of 1999) and other regulatory frameworks.



Zane Dangor
Accounting Authority
African Renaissance and International Cooperation Fund
31 July 2024

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 2024.

Yours faithfully



Zane Dangor
Accounting Authority
31 July 2024

6. STRATEGIC OVERVIEW

6.1 VISION

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

6.2 MISSION

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

6.3 VALUES

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

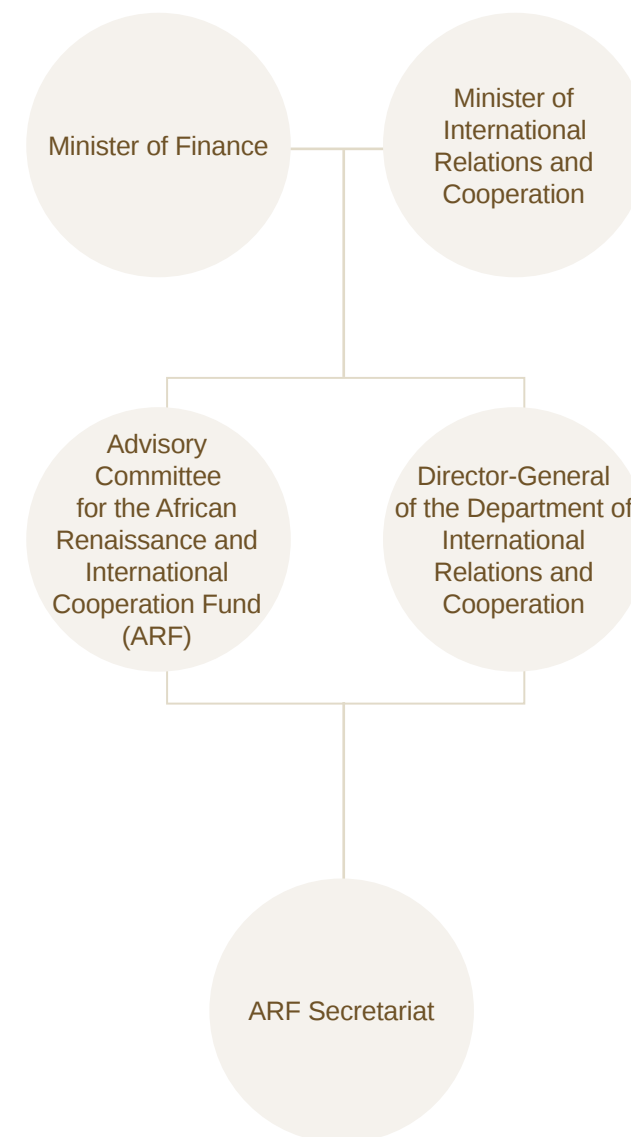
- Ownership of the process: The recipient country must own the process of determining the immediate, medium and long-term actions that will address the issues contained in its project proposal.
- An understanding of the political, economic and security considerations of the recipient country must be achieved.
- A needs assessment should be conducted with direct involvement and ownership of the process by the country concerned.
- Integrated planning and coordination are critical in ensuring that South Africa's efforts are in line with the development needs of the identified country.

- Harmonisation of assistance needs to be coordinated. The ARF will position itself as a catalyst to drive the implementation of post-conflict reconstruction and development programmes, to become an important participant in partnership with all role players to ensure that available funds are channelled to meet the identified priorities of the affected country.
- In addition to the above, the ARF will conduct its business while constantly adhering to the values of the Department of International Relations and Cooperation, namely:
 - Patriotism
 - Loyalty
 - Dedication
 - Ubuntu
 - Equity
 - Integrity
 - Batho Pele.

7. LEGISLATIVE AND OTHER MANDATES

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

8. ORGANISATIONAL STRUCTURE



PART B:

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on financial statements and performance information to provide reasonable assurance in the form of an audit conclusion. The financial statements present fairly, in all material respects, the financial position of the ARF as at 31 March 2024. The audit conclusion on the performance against the predetermined objectives is included in the report to management and they did not identify any material findings on the usefulness and reliability of the reported performance information.

Refer to page 57 of the report of the AGSA, 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 National Treasury. During the 2023/2024 financial year, the ARF received a total of nine requests for funding. All nine requests received were evaluated by the ARF Advisory Committee and 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. Of the nine requests recommended for approval, only one request is still under consideration, and the rest have been approved. It should be noted that six out of the nine requests were considered through the preapproved

budget since approval of the budget was done prior in order to enable ARF to respond swiftly to any request that might arise.

The ARF will continue to provide aid to the 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).

During the financial year under review, the ARF had a total of 11 areas of performance targeted. Of the 11 areas of performance, five were achieved as planned and six were not achieved, and thus 45.45% achievement.

The non-achievement of targets is attributed to the following challenges encountered during the period under reporting:

- The ARF experienced delays in obtaining concurrence from National Treasury. However, it should be noted that the ARF is in the process of putting controls in place to improve the turnaround time for issuing concurrence letters.
- Some of the target descriptions for the Annual Performance Plan for 2023/2024 were not covered under Technical Indicator Descriptions (TIDs); for example, projects funded through the preapproved budget. This was because the preapproved budget only commenced during the financial year to provide a speedy response to requests. In addressing this, the target descriptions for the APP for 2024/2025 will be revised to cover projects funded through the preapproved budget to account for all work done under ARF.
- Some of the ARF targets were responsive in nature, and, in some instances, there were no requests received, which resulted in non-achievement. However, a review will be done in the next planning circle to address such issues.
- There were also delays in the shipment of the humanitarian assistance consignments from South Africa to Pemba in support of the Republic of Mozambique due to unrest in the province of Cabo Delgado. To address these challenges, due diligence will be done prior to the shipment or delivery of any consignment to the receiving country. Furthermore, all donated goods will be treated as such and receive the necessary duty waivers for humanitarian assistance by the receiving country. Clearance of such goods should be done and finalised prior to the goods being moved to the country of destination.

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 of DIRCO, appointed by the Minister
- two officers of National Treasury, appointed by the Minister of Finance.

The DG is the Accounting Authority of the ARF in terms of the PFMA, 1999. The DG has established a Secretariat consisting of officers to assist with the disbursement of the funds and monitoring and administration of projects relating to the fund. The ARF is managed by DIRCO, and payments are made on behalf of the fund by the department once concurrence is received from the Minister of Finance.

The above has resulted in the opening of a control account in the accounting records of the department, and this account is reconciled with the records of the ARF. The annual financial statements of the ARF are prepared separately from the department'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 of other public entities due to its placement within DIRCO structures.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOME

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 of resolution and conflict (PRC) as well as 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. The ARF had made significant achievements with regard to the contribution towards the Medium-Term Strategic Framework and support for South Africa's foreign policy through the following programmes: the provision of humanitarian assistance; promotion of democracy and good governance; socio-economic development and integration; resolution of conflict (PRC); 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.

4. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

4.1 SUMMARY OF THE ACTIVE PROJECTS IN THE REPORTING PERIOD

During the 2023/2024 financial year, the ARF, in line with its strategic objective of promoting democracy and good governance, funded South Africa's (DIRCO officials) participation in the SADC Electoral Observation Mission (SEOM). This is crucial in the pursuit of economic prosperity and social and political stability around the globe. It further enhances public participation, accountability, as well as democracy and good governance in the SADC region.

4.1.1 SADC Electoral Observation Mission to the Presidential Election in the Republic of Madagascar

South Africa (DIRCO officials) participated in the SEOM in the First Round Presidential Election in the Republic of Madagascar, which took place on 16 November 2023. South Africa's participation was funded through the ARF with the objective to promote democracy and good governance. The SADC SEOM was led by HE Brigadier Godfrey Miyanda, the former Vice President of the Republic of Zambia, who was assisted by Alternate Head of Mission, Ambassador Lazarous Kapambwe. The Troika of the SADC Organ provides leadership of SEOMs. The Troika Member States consist of Zambia as the current Chair, Namibia as the outgoing Chair, and Tanzania as the incoming Chair.

The SADC SEOM comprised 62 delegates, which included the Organ Troika, the SADC Electoral Advisory Council (SEAC), the Mediation Reference Group (MRG), observers from member states, and support personnel from the SADC Secretariat. Of the 62 SEOM delegates, 35 observers were deployed to the six provinces of Madagascar. The observers came from eight SADC member states, namely Angola, Eswatini, Malawi, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe. The SEOM was launched on 12 November 2023.

The SADC SEOM released a preliminary statement on the conduct and outcomes of the First Round of the Presidential Elections in the Republic of Madagascar on 18 November 2023. The preliminary statement contained observations, findings, and recommendations on the electoral process. On 25 November 2023, the Independent National Electoral Commission (CENI) declared that Andry Rajoelina received the majority of the First Round Presidential votes at 58.9%, followed by Siteny

Randrianasoloniaiko at 14.4%, pending validation by the High Constitutional Court. The prospect of a Second Round Presidential Election was ruled out.

The Joint African Union (AU)-Common Market for Eastern and Southern Africa (COMESA) Mission, the European Union (EU), the Electoral Commissions Forum of Southern Africa (ECF), and the Economic and Monetary Community of Africa (CEMAC) were among the organisations that observed the elections.

On 18 November 2023, the SEOM released a preliminary statement on the conduct and outcomes of the Presidential Elections in the Republic of Madagascar, following the voting that took place on 16 November 2023. The preliminary statement contained observations, findings, and recommendations on the electoral process. The SADC SEOM Preliminary Statement commended the people of Madagascar on how they conducted themselves on the polling day. However, it should be noted that there were no recommendations made on the electoral process.

The SEOM further raised concerns on the low turnout of women participation in elections in the region, as it is not improving. Furthermore, generally, there was a low voter turnout, which was largely attributable to, among others, protests for the postponement of the elections, excessive force against peaceful protestors, which may have frightened voters away from polling stations, and the curfew imposed on the eve of the presidential election.

4.1.2 SADC Electoral Observation Mission to the Harmonised Elections in the Republic of Zimbabwe.

South Africa was part of the SADC Electoral Observer Mission to the Republic of Zimbabwe Harmonised Elections that took place from 23 to 24 August 2023 and funded through the ARF. This follows an invitation from the Zimbabwe Electoral Commission (ZEC) to the SADC Secretariat to deploy an observer mission in line with the updated SADC Principles and Guidelines Governing Democratic Elections.

On 26 August 2023, the ZEC declared that Emmerson Mnangagwa of ZANU-PF received the majority of the presidential votes at 52.6%, followed by Nelson Chamisa of the CCC party with 44% of the votes. The remaining 3.4% of the presidential votes were shared among the nine contestants.

The elections were also observed by the Joint AU-COMESA Mission, the Commonwealth, the EU, the Electoral Commissions Forum of Southern Africa (ECF), and Carter Center, among others.

The Head of the SEOM declared that the Mission observed that the pre-election and voting phases of the Harmonised Elections were peaceful and calm. However, for reasons outlined above, the Mission noted that some aspects of the Harmonised Elections fell short of the requirements of the Constitution of Zimbabwe, the Electoral Act, and the SADC Principles and Guidelines Governing Democratic Elections (2021).

The Mission commended the people of the Republic of Zimbabwe for holding peaceful elections and undertook to release its final report within 30 days as provided for in the revised SADC Principles and Guidelines Governing Democratic Elections (2021) which will be shared with the Government of Zimbabwe and the ZEC.

4.1.3 SADC Electoral Observation Mission in elections in the Democratic Republic of the Congo

South Africa participated in the SADC Electoral Observation Mission (SEOM) presidential, legislative, provincial, urban, municipal, and local council elections held on 20 December 2023 in the Democratic Republic of the Congo (DRC), funded through the ARF. The Independent National Electoral Commission (CENI) of the DRC extended an invitation to the SADC Secretariat to deploy an Observer Mission in line with the updated SADC Principles and Guidelines Governing Democratic Elections.

On 31 December 2023, CENI declared that Félix Antoine Tshisekedi Tshilombo of the Union for Democracy and Social Progress received the majority of the presidential votes at 73.6%, winning him a re-election to a second term. The elections were also observed by the AU Mission, EU experts, and the Carter Centre, the Economic Community of Central African States (ECCAS), and the International Conference on the Great Lakes Region (ICGLR), among others.

The SEOM issued its preliminary statement on 22 December 2023, in Kinshasa, on the conduct and outcomes of the elections in the DRC in line with the provisions of the revised SADC Principles and Guidelines Governing Democratic Elections (2021). The preliminary statement covered the Mission's observations of the pre-election period and voting day.

4.1.4 SADC Electoral Observation Mission (SEOM) to the General Elections in the Kingdom of Eswatini

South Africa participated in the SADC SEOM to the General Elections in the Kingdom of Eswatini held on 29 September 2023, funded through the ARF. This followed an invitation from the Electoral and Boundaries Commission (EBC) of Eswatini to the

SADC Secretariat to deploy an Observer Mission in line with the updated SADC Principles and Guidelines Governing Democratic Elections.

The SEOM was led by HE Enock Kavindele, former Vice President of the Republic of Zambia. The SADC Organ Troika provides leadership of the SEOM and comprises the Republic of Zambia, the United Republic of Tanzania, and the Republic of Namibia.

The SEOM released a preliminary statement on the conduct and outcomes of the General Elections in the Kingdom of Eswatini on 1 October 2023, following the special voting that took place on 26 and 29 September 2023, respectively. The statement contained observations, findings, and recommendations on the electoral process.

The elections were also observed by the AU, the Electoral Commission of the Forum of SADC (ECF-SADC), and diplomatic missions accredited to the Kingdom of Eswatini.

4.1.5 Agricultural development support for internally displaced persons (IDPs) at Pemba in the Cabo Delgado province of Mozambique

Socio-economic development and integration project

The political conflict in the Cabo Delgado province of Mozambique has displaced large numbers of people and families from their homes and has caused major distress and loss of sources of income. Effects of this include job loss, insecurity, and disruption of social and economic development. Loss of sources of income could lead to anxiety, depression and broken family structures.

The SADC Extraordinary Summit held in Lilongwe, Malawi, on 12 January 2022, approved the framework for support to the Republic of Mozambique in addressing terrorism, and the implementation of the framework for economic, social and humanitarian assistance. In this regard, South Africa donated R34 274 276 from the ARF towards the Agricultural Development Support project for IDPs in Cabo Delgado, Mozambique. The implementing agent, the Agricultural Research Council (ARC), was appointed to bring agriculture expertise. Through this socio-economic and integration project, South Africa is assisting the Republic of Mozambique in enhancing food and nutrition security through the utilisation of new or improved technologies, e.g., improved seeds, adapted chicken genetics, and climate-resilient farming practices.

This is a five-year project that is under implementation and is aimed at providing agricultural inputs and technical support through training and information sharing to ameliorate socio-economic challenges emanating from the current security situation in the Cabo Delgado province. The project is equipping the internally displaced

Mozambicans and their host communities with crops, livestock (i.e. chicken), and production skills to produce their own food and make income from their farm produce. Furthermore, the project is providing access to the much-needed improved seeds on priority crop commodities (e.g., maize, cowpea, groundnuts and sesame) and Boschveld chicken production stock.

Tasks completed in the first year

The first-year consignment (production kits, seeds, hand hoes, blades etc.) was delivered by seven 12-ton charter flights and received by the Mozambican Government through their local representatives in Pemba in December 2022. Soil sampling was done in January 2023 by the ARC together with the Mozambican team. The soil testing was conducted in South Africa and feedback on the test was to be used to further enhance planting techniques and production. The second consignment in the first year (harvesting bags and pesticides) was delivered in July 2023 by two charter flights and had since been distributed to the beneficiaries at the IDPs.

Tasks completed in the second year

The first consignment in the second year was delivered to Mozambique and handed over to the Province of Cabo Delgado in March 2024. The following items were handed over to the government of Mozambique in Pemba and subsequently distributed to the beneficiaries at the IDPs.

Quantity of kits	Description of donated items
1600	Maize seeds Z523 12.5kg
1600	Cowpeas Brown Mix 15kg
1600	KAN/LAN fertiliser and 3:2:1 NPK Compound
1600	Hoe heads and handles
1600	Machete 20 inch
1600	Knapsack 16L
1600	Lambda 5l
1600	Enamectin + Luferon 50%
1600	Primiphos + Pemetrina 2% in 200g x 5 x 1600 (Super Guard)
1600	Hermetic bags 50kg 15 x 1600
1600	Hermetic bags 500kg x 1600
1600	Empty plastic bottles 100ml and 500ml (for decanting)

Tasks still to be completed (work scheduled)

The following tasks are still to be completed and there have been some delays in implementing these project activities and milestones:

- training of the trainers in Mozambican National and Provincial Departments of Small Farmer Planning (MADER and SPAE) technicians and extension officers in the Mozambique Institute of Agricultural Research (IIAM)
- technical support for farmers with production issues of monitoring and evaluation
- broiler chickens as part of animal production is also still outstanding as per the project plan. The plan is to supply and train the IDPs on the beneficiaries on chicken production. Chicken Production Technology Kits should be distributed (four weeks old: one rooster and four hens per kit) to the following number of project beneficiaries:

Recovery Plan						
IDP Areas	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Metuge	525	350	-	-	-	875
Ancuabe	375	250	-	-	-	625
Montepuez	675	450	-	-	-	1 125
Chiure	375	250	-	-	-	625
Balama	450	300	-	-	-	750
Total	2 400	1 600	-	-	-	4 000

It should, however, be noted that planning and arrangements for training are underway, and once all logistical and agreements for training are completed, training will commence.

Challenges faced during project implementation

- A major challenge with the project was the timeous shipment of the consignments. Despite several engagements with relevant authorities, this problem unfortunately plagued all three consignments. There were delays during the delivery of the first and second consignments, specifically with the clearance of goods.
- The implementing agent, ARC, through its finance, supply chain management and legal departments, should be able to handle and resolve these issues. It is therefore critical that this matter be addressed, and such issues should not be experienced anymore.

- Despite the challenges highlighted above, the project is achieving its objectives and is flying the South African flag high in the SADC region. Therefore, the project is enhancing food and nutrition security in the area through supporting IDPs in the Cabo Delgado Province of Mozambique.

Lessons learned

Given the challenges and delays the team was confronted with during the delivery of the first and second consignments in Pemba, due diligence should be done prior to the shipment or delivery of any consignment to the receiving country. The following should be taken into consideration before the goods are moved to the country of destination:

- All donated goods and humanitarian assistance should be treated as such and should receive the necessary duty waivers for humanitarian assistance by the receiving country.
- Clearance of humanitarian assistance should be done and finalised prior to the delivery of goods to the country of destination.
- There should be a team or official(s) on the ground, i.e., in the receiving country, to confirm if all paperwork pertaining to the clearance of goods is complete. The team should also ensure that the goods are ready to be delivered to avoid delays in clearance and unnecessary costs.
- No consignment should be delivered to the destined country until such time that confirmation is received that all paperwork has been completed and approved, costs are paid or will be paid, or there is an agreement in place.

4.1.6 Guidelines and principles for the use of digital and social media in elections in Africa.

Background and introduction

The Independent Electoral Commission (IEC) of South Africa made a request for funding from the ARF for the project *Development of Principles and Guidelines Governing Social Media in Elections in Africa*. The project was concurred by both the Minister of DIRCO and the Minister of Finance because it was aligned to the ARF objectives of the promotion of democracy and good governance, as well as in support of South Africa's foreign policy.

The overall objective of the project was to establish minimum benchmarks on the use of digital and social media in elections.

The following were specific objectives of the project:

- to enhance existing continental and regional normative frameworks governing the conduct of elections by specifically incorporating issues of digital and social media in elections.
- to create awareness among Election Management Bodies (EMBs) and other stakeholders on the benefits and threats of digital and social media to the electoral process and integrity.
- to foster policy development on digital and social media in elections by EMBs, Regional Economic Communities (RECs), and member states.

The project is aimed at benefitting ordinary voting and non-voting citizens around the continent, who are the primary consumers of digital and social media content, EMBs, key electoral stakeholders, including political parties and independent candidates, and intergovernmental bodies observing elections around the continent. The project was also informed by the policy and intervention strategies of the following entities:

- The African Union (AU)
- RECs
- SADC Parliamentary Forum and other regional parliamentary structures
- National Parliaments
- Civil society organisations focussing on elections
- Electronic and print media houses

The following were the outcomes of the project:

- prevention of the abuse of digital and social media and harnessing its benefits to electoral democracy
- support to principles and guidelines governing social media in elections in Africa roll-out.

The IEC in partnership with the Association of African Electoral Authorities (AAEA) and the African Union Commission (AUC), organised a workshop for the validation of

the draft *Principles and Guidelines for the Use of Digital and Social Media in Elections in Africa* in September 2023 in Addis Ababa, Ethiopia. The validation workshop technically reviewed the draft principles and guidelines to ensure that they adequately considered the African continental and international normative frameworks pertaining to human rights digital and social media in elections, as well as existing research on digital and social media.

An estimated 100 participants attended the workshop, representing an array of actors, including the AUC, RECs, DIRCO, and the South African Embassy in Ethiopia, EMBs, civil society organisations (CSOs), traditional and new media, the United Nations Electoral Assistance Division (UNEAD), UN Development Programme (UNDP), UN Educational, Scientific and Cultural Organisation (UNESCO), international electoral assistance agencies, independent think tanks on elections, as well as the social media platforms, such as Google, Meta, and TikTok. All the participants attending the validation workshop welcomed the draft document as a critical development to electoral democracy and the use of digital and social media in elections in Africa. The overall feedback from the presentations and plenary discussions is classified into the following four sections:

- **Language:** The need for attention to the language used to ensure a balance between the technical aspects and easy understanding. This includes ensuring a fine-tuned translation into the AU official languages.
- **Definitions:** The need for the specificity of the definitions of key terms to minimise value addition and ensure alignment with the established definitions.
- **Structure:** The need for a revised structure and format of the document to align with commonly used formats, reduce the length, and enable easy understanding.
- **Post-adoption enforceability:** The need for a framework for implementation at the level of the EMBs and their coordinating institutions, including the African Union Commission (AUC). This will ensure that the document transcends the formal adoption stage.

The Technical Working Group (TWG), developing the principles and guidelines, consolidated the draft document in line with the issues raised during the validation workshop. The revised draft was prepared and submitted to the AAEA in readiness for the General Assembly meeting in Cotonou, Benin.

The Government of the Republic of South Africa financially supported the workshop through the DIRCO and the ARF. The validation workshop was a vital milestone

where electoral stakeholders comprehensively reviewed the technical and content aspects of developing the principles and guidelines document. The prequel to the validation workshop was a continent-wide consultative process in August 2023. This process involved EMBs on the continent of Africa, think tanks, CSOs, and electoral assistance agencies.

The workshop objectives were:

- to scrutinise the *Principles and Guidelines for the Use of Digital and Social Media in Elections in Africa* document thematically and clause-by-clause to ensure that it sufficiently addresses the pros and cons of digital and social media in the electoral sphere and spells out the role of electoral actors, including the EMBs.
- to ensure that the document adequately considers the African continental and international normative frameworks about human rights, digital and social media in elections, and existing digital and social media research.
- to ensure that the inputs from critical electoral stakeholders, including EMBs, African member states, CSOs, and experts, are considered to improve the draft document.

The workshop adopted a clustered high-level panel presentation format since almost all participating institutions had provided written submissions on areas of the draft principles document requiring revision. This methodology ensured sufficiently participatory plenary discussions and systematic feedback consolidation by the TWG members.

The workshop attendance was 98 participants from an array of actors, including the AUC, RECs, DIRCO, the South African Embassy in Ethiopia, EMBs, CSOs, traditional and new media, the UNEAD, UNESCO, international electoral assistance agencies, independent think tanks on elections, as well as the social media platforms such as Google, Meta and TikTok (see attached participant list).

Project overview

The IEC provided an overview of the development of the *Principles and Guidelines for the Use of Digital and Social Media in Elections in Africa* and gave a flashback of the Tenth AAEA General Assembly held in Maputo, Mozambique, in November 2022, which provided a mandate to the IEC to spearhead the development of these

principles and guidelines to enhance the capacities of EMBs and other electoral stakeholders to harness social media's advantages and tackle its adverse effects.

The IEC further outlined measures taken to reach the validation milestone. These include several TWG physical and virtual working sessions, a comprehensive consultative process with EMBs and key electoral stakeholders across the continent, and digital and social media platforms. The summary of EMB contributions to the draft principles and guidelines per sub-region following the distribution of the document to EMBs in almost all AU member states was also provided.

Validation feedback from stakeholders

The general feedback from the validation workshop was that the draft principles and guidelines are timely and critical to combatting the negative impact of disinformation and misinformation in electoral processes. The general feedback falls into four clusters, namely:

- **Language:** Participants requested the TWG to strike a balance to ensure that although dealing with a technical subject, the document would be user-friendly to provide easy understanding. The translation of the document into official AU languages also received the attention of the meeting, with participants calling for fine-tuning of the translation to ensure that the translated versions retain meaning.
- **Definitions:** The meeting called on the TWG to revisit the definition of terms section of the document to minimise value addition to definitions and ensure that the definitions align with the established definitions.
- **Structure:** The meeting offered several suggestions on the document's structure and length for ease of reference and reading.
- **Post-adoption enforceability:** The need for a framework for implementation at the level of the EMBs and their coordinating institutions, including the African Union Commission (AUC). This will ensure that the document transcends the formal adoption stage.

Panel of Election Management Bodies (EMBs)

EMBs affirmed the significance of the principles and guidelines and expressed hope that they will help EMBs navigate the challenges of social media in the electoral processes.

Besides editorial observations made in written submissions, some key issues arising from the EMB written suggestions and plenary inputs include:

- **Inclusivity:** EMBs requested that the TWG revisit the inclusivity provisions to take care of the continental religious, cultural and diversity sensitivities, especially on issues of sexual minorities.
- **Collaborations:** The EMBs underscored the need to collaborate with electoral stakeholders and digital and social media platforms. They requested that the principles and guidelines document should reflect the need for formal engagements with the digital and social media companies in order for EMBs to escalate their concerns wherever they arise.
- **Accountability:** The EMBs panel lamented the lack of accountability by the digital and social media companies and users on the one hand and the lack or absence of regulatory and self-regulatory mechanisms on the other hand. They called on the TWG to provide vertical and horizontal levels of accountability.

Panel of the media, CSOs and think tanks

Representatives of the media membership organisations, civil society groups, and research think tanks welcomed the development of the principles and guidelines for using digital and social media in elections in Africa. However, they noted that the principles and guidelines emerge in a context where data protection laws in over 30 African countries do not refer to elections and politics.

The panellists recommended that the TWG consider the following recommendations in revising the document:

- The definitions should distinguish between regulation and co-regulation in using digital and social media in elections.
- There is a need for a clause encouraging where there is internet infrastructure, EMBs should be online, and EMBs should ensure timely dissemination of relevant election information through digital and social media platforms to plug the existing information gaps.
- The TWG needs to craft the clauses regarding electoral integrity in a clear, specific, and uncompromising manner, as this is central to the justification for the existence of the document.

- The TWG needs to distinguish between the different media types to ensure an appropriate tone and tenor regarding the roles of each media in mitigating the potential digital and social media harms.
- The TWG needs to consider balancing the document by adding a clause that addresses the supply side of digital and social media.
- The need for the guidelines to aggregate knowledge indicates the state of social media in the next 10 to 15 years.
- There is a need for the clause on accountability by the tech companies. The AAEA should lobby for this accountability through partnerships with the AU and the European Union (EU). The panel noted that the tech companies are capable of accountability as they already do within the EU.

Panel of electoral and democracy assistance agencies

The panel of electoral and democracy assistance agencies comprised the European Centre for Electoral Support (ECES), the Electoral Institute for Sustainable Democracy in Africa (EISA) and the International Institute of Democracy and Electoral Assistance (IDEA). Some of the recommendations that the agencies made included the following:

- The technological capacity to comprehensively monitor live-streamed content or detect synthetic media does not yet exist, even within the platforms. Therefore, the document should include a clause calling for the responsibility to develop and deploy these technologies and ensure that these capabilities are suited to detection in local languages. This monitoring will ensure that digital and social media platforms are held accountable.
- The TWG should ensure that the principles document clauses on cyber-attacks are comprehensive in terms of all forms of attack.
- The document should include concrete protections for voters in their artificial intelligence (AI) exposure. Protections should inform people exposed to AI and provide clarity and redress mechanisms. For instance, a clause should require digital and social media platforms to identify AI-generated content. So far, only Google has recently undertaken to do so.
- The TWG should refine the clauses to ensure they do not give the impression that they bestow the EMBs with the powers they do not have in law.
- There has to be acknowledgement of the complex linguistic context in which the digital technologies are deployed. The TWG should include a clause urging EMBs and digital and social media companies to ensure that their interventions in specific contexts are sensitive to linguistic diversity.

Panel of digital companies

The panel of digital companies comprised Google, Meta and TikTok. All three companies welcomed the draft principles and guidelines as a positive development with the potential to establish an invaluable normative framework, which may serve as a point of reference for electoral reform, transparency and election integrity in Africa.

The companies also describe the principles and guidelines as an opportunity to provide predictability in the election environment. In addition, they affirmed their commitment to observe human rights in their business operations, product development, policies and programming. The following recommendations constitute the gist of these companies to the TWG:

- There is a need to sharpen the principles and guidelines to read as such instead of being open to interpretation as instructions to the target stakeholders.
- The TWG should consider all the existing frameworks to avoid re-inventing the wheel. Additionally, the TWG should consider reaching out to the target stakeholders and actors to fully understand the measures they already have to inform the principles and guidelines.
- The TWG should distinguish between the digital and social media companies' obligations and those of the State. For example, the TWG should include a clause highlighting the State's obligation to promote the open nature of the Internet, protect human rights, protect and promote the free flow of information, safeguard encryption to ensure protection, and commit to the multistakeholder governance model of the Internet.
- The TWG should include a clause focussing on education and literacy.
- The TWG should remove clauses requiring the companies to enter into transparent legal agreements with the EMBs. They believe the relations with EMBs should be left open and dealt with on a case-by-case basis.
- The TWG should review the expectation of digital and social media companies to monitor content as they deem it difficult to enforce.
- The TWG to remove the obligation on digital and social platforms to request the State provide a written justification on their directives to disrupt digital and social media use. This obligation should be limited to the regulators and State agencies to whom the disruption of digital and social media use applies.

Table 1: Summary of EMBs contributions to the draft principles and guidelines

Categories	Central Africa	East Africa	North Africa	Southern Africa	West Africa	Totals
EMBs contacted	5	6	6	16	14	47
EMBs which confirmed receipt	4	4	4	16	12	40
EMBs with written submissions	0	3	1	16	5	25
EMBs with email/telephone submissions	1	1	0	0	6	8
EMBs contacted but did not respond	1	2	3	0	1	7
EMBs that were yet to comment from the ones who confirmed the receipt	3	0	3	0	2	8
Exclusions due to lack of access or absence of EMBs due to military takeovers	2	2	2	0	3	9

Source: Electoral Commission of South Africa EMBs Contributions Tracking Tool 2023

4.2 CLOSING SUMMARY

At the end of the panel presentations and plenary discussions, a representative summary of critical issues emerging from the validation workshop for the participants was highlighted as follows:

- The validation workshop affirmed the principles and guidelines as a significant step. If adopted, they will transform digital spaces into positive spaces for addressing the legitimacy deficit around elections and how to involve various actors in addressing the lacunae.
- There is a need to properly introduce the document to make sure that people understand the scale of the challenge so that we can properly understand the context of the guidelines and the work that comes from that.
- There is a need to ensure clarity and the document's purpose as a persuasive instrument, not a binding national legislation, continental charter, or declaration.
- There is a need for equal content-quality translation of the languages in the final documents before the Cotonou Meeting in November 2023.
- Reviewing all definitions to ensure they are concise and in line with the existing definitions in the continental and international frameworks is necessary.
- Given Africa's religious and cultural diversity, there is a need for a measured language and contextualisation of the inclusivity question.
- Regarding the many unique national contexts, these guidelines have to balance the demand to name specific harms and point to action to be taken to address them, with the demand to remain general enough to be applicable across the different national contexts and through time.

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 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.

5.2 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 2023/2024 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, 0%. There was no project funded for promoting good governance. None-achievement of the target is attributed to the fact that this is a responsive target and there were no requests received on projects for technical assistance to support elections during the period under review.
- The target on projects for promoting good governance funded was also not achieved, 0% (zero of one). One request for promoting good governance had been received and reviewed by the ARF Advisory Committee and was still under consideration due to delays in the issuing of the concurrence letter. As a measure to prevent the re-occurrence of a similar situation, the ARF has drafted a framework that will force both National Treasury and DIRCO to adhere to improving the turnaround time for issuing concurrence letters.

1. African Ombudsman and Mediators (AORC).

- One request received was still under consideration during the time of reporting and was not yet finalised. It is anticipated that the request will be finalised in the next financial year (2024/2025) and will be funded from the redirected funds from the old, closed projects budget, subject to approval of retention of surplus by National Treasury.

Programme: Prevention and resolution of conflict

Under this programme, the plan was to fund 100% of the projects for mediation and resolution of conflict. Target was not achieved; however, two requests on projects for mediation and resolution of conflict were received and evaluated by the ARF Advisory Committee.

1. Appointment of a Special Envoy to South Sudan
2. Special Envoy to the Democratic Republic of the Congo (DRC) and the Great Lakes Region on the resolution of conflict

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.

The two requests for funding projects for mediation and conflict resolution were received during the period under review and were funded through the preapproved budget for DIRCO-led peace processes. The preapproved budget funding is not covered in the target's description for the 2023/2024 Annual Performance Plan (APP); hence, it was not recorded as performance. To avert this kind of situation, the target descriptions in the APP for 2024/2025 have been revised to cover projects funded through the preapproved budget.

Programme: Socio-economic development and integration

Under the programme: Socio-economic development and integration, there were two targets. The first target was to have 100% of projects to operationalise the AfCFTA funded. The target was not achieved, and this was attributed to the fact that there were no requests received for funding projects to operationalise the AfCFTA.

The second target was to have 100% of socio-economic development and integration projects funded and the target was achieved as planned with 100% (one of one) of socio-economic development and integration projects funded:

1. Contribution of a Mobile Modular School to the Saharawi Refugee Camp

Programme: Provision of humanitarian assistance

Under this programme the plan was to have 100% of humanitarian assistance projects funded and the target was achieved as planned, with 100% (one of one) of humanitarian assistance projects funded:

1. Assistance to the State of Palestine towards humanitarian relief.

Programme: Provision of human resource development

Under the human resource development programme, the target was to fund 100% of training development and capacity-building projects. The target was not achieved because there were no requests for projects on training development and capacity-building projects received since this is a responsive target. To improve on this performance, a review of the target will be done in the next planning circle.

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

Under this programme, there was no target set for the financial year.

Programme: Administration and project management

The purpose of this programme is effective management of resources through sound administration and good governance. This is achieved through the PFMA, 1999, 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% (nine of nine) requests evaluated by the ARF Advisory Committee
- target achieved: 100% (20 of 20) active projects monitored for compliance with concurrence received
- target achieved: 100% (four of four) quarterly project progress reports.

However, none-achievement was recorded on the target “closed projects with close-out reports” wherein “0% (zero of three) closed projects with close-out reports” was recorded.

Name of projects	Reason for non-achievement
1. Central African Republic (CAR) VIP Police Training	Non-achievement was as a result of delays in obtaining concurrence from National Treasury for the closure of the two projects.
2. Kingdom of Lesotho peace process	
3. Humanitarian assistance to the Republic of Cuba	The project was rescinded during the 2023/2024 financial year following the Court Judgment “A matter between AfriForum NPC v. Minister of International Relations and Cooperation and 10 other respondents”

The ARF is in the process of putting systems in place to govern the process between the National Treasury and DIRCO to improve the turnaround time for issuing concurrence letters.

The ARF has achieved an unqualified audit opinion six years in succession, which is a demonstration that the fund continues to comply with the prescripts of the Public Finance Management Act, 1999 (Act no. 1 of 1999). This is an indication that there is good and proper administration within the ARF. The overall improved performance under the programme: Administration and project management 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.

5.3 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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Promotion of democracy and good governance	Contribution towards promotion of democracy and good governance	Percentage of projects for technical assistance to support elections funded	Target not achieved	No target set for the financial year	100% of projects for technical assistance to support elections funded	Target not achieved 0% (zero) projects for technical assistance to support elections funded	No request for funding projects for technical assistance to support elections received	This is a responsive target and review will be done in the next planning circle	There was no revision during the 2023/2024 financial year
		Percentage of projects for promoting good governance funded	No target set in the current financial year	Target not achieved 0% (zero) projects for technical assistance to support elections funded	100% of projects for promoting good governance funded	Target not achieved, 0% (zero of one) projects for promoting good governance funded	One project for promoting good governance was received in quarter four and is still under consideration: African Ombudsman and Mediators	Quarter four Advisory Committee meeting will be scheduled early in the quarter rather than later to avoid delays in the issuing of concurrence letters. ARF is in the process of drafting a framework between National Treasury and DIRCO with regard to improving the turnaround time for issuing concurrence letters.	There was no revision during the 2023/24 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Prevention and resolution of conflict	Contribution to mediation and resolution of conflict	Percentage of projects for mediation and resolution of conflict funded	No target set for the financial year	Target not achieved 0% (zero of three) of projects for mediation and resolution of conflict funded	100% of projects for mediation and resolution of conflict funded	Target not achieved 0% (zero of two) of projects for mediation and resolution of conflict funded	*Two requests for funding projects for mediation and conflict resolution were received and funded through the preapproved budget for DIRCO-led peace processes. Preapproved budget funding is not covered in the target description for the 2023/2024 Annual Performance Plan (APP). 1. Appointment of a Special Envoy to South Sudan 2. Special Envoy to the DRC and the Great Lakes Region on the resolution of conflict	APP for 2023/2024 target description does not cover projects funded through the preapproved budget. In order to address this, the target descriptions in the 2024/2025 APP will be revised to cover projects funded through the pre-approved budget.	There was no revision during the 2023/2024 financial year

* DIRCO-led peace processes projects were funded through a ringfenced, pre-approved budget, which aims to expedite the response time at which our government assists to mediate peace processes in those countries on the continent where mediation is required. Therefore, in this instance, no further requests for concurrence are required since concurrence was obtained for the preapproved budget.

Programme: Socio-economic development and integration									
Purpose: The programme exists to support socio-economic development and integration									
Outcome	Output	Output indicator	Audited Actual Achievement 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Support to socio-economic development and integration	Socio-economic development and integration projects funded	Percentage of projects to operationalise the AfCFTA funded	Target not achieved	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	100% of projects to operationalise the AfCFTA funded	Target not achieved 0% (zero) projects to operationalise the AfCFTA funded	No requests for funding for projects to operationalise the AfCFTA were received	This is a responsive target and a review will be done in the next planning circle.	There was no revision during the 2023/2024 financial year
		Percentage of socio-economic development and integration projects funded	No target set for the financial year	Target not achieved 67% (two of three) of socioeconomic development and integration projects funded 1. Funding for agricultural project in Cabo Delgado, Mozambique 2. Additional funding for Cabo Delgado agricultural project	100% of socio-economic development and integration projects funded	Target achieved 100% (one of one) of socio-economic development and integration projects funded 1. Contribution of Mobile Modular School to the Saharawi Refugee Camp	None	Not applicable	There was no revision during the 2023/2024 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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of humanitarian assistance projects funded	Target not achieved. 66.67% (four of six) humanitarian assistance projects funded 1. Provision of vaccines to 26 African countries 2. Humanitarian assistance to the Republic of Cuba 3. Contribution to the Special Fund for COVID-19 4. Contribution towards the Africa CDC	Target not achieved 0% (zero of four) of humanitarian assistance projects funded	100% of humanitarian assistance projects funded	Target achieved 100% (one of one) of humanitarian assistance projects funded 1. Assistance to the State of Palestine towards humanitarian relief	None	Not applicable	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Provision of human resource development	Training development and capacity-building projects funded	Percentage of training development and capacity-building projects funded	Target not achieved	No target set for the financial year	100% of training development and capacity-building projects funded	Target not achieved 0% (zero) training development and capacity-building projects funded	No requests for projects on training development and capacity-building projects were received	This is a responsive target and a review will be done in the next planning circle.	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
Cooperation between the Republic and other countries, in particular African countries	Cooperation projects with other countries	Percentage of cooperation projects with other countries funded	No target set for the financial year	Target not achieved 0% (zero of one) cooperation projects on with other countries funded	No target set for the financial year	No target set for the financial year	None	None	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
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	Target not achieved: 92.31% (12 of 13) requests evaluated by the ARF Advisory Committee 1. Provision of vaccines to 26 African countries 2. Cuba humanitarian assistance 3. Strengthening local and national capacities for peace project and agenda for conflict prevention and resolution (PRC) 4. Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology	Target not achieved 87.5% (14 of 16) requests evaluated by the ARF Advisory Committee 1. A request for extension of the Lesotho Peace Process 2. Agricultural development support project, Cabo Delgado Farming Recovery Plan in Mozambique 3. Donation of mobile modular school to the Saharawi Refugee Camps, Auserd Wilaya (Province) 4. Humanitarian assistance for Ethiopia 5. Capacity building project for the South Sudan	100% of requests evaluated by the ARF Advisory Committee	Target achieved 100% (nine of nine) requests evaluated by the ARF Advisory Committee 1. Contribution of Mobile Modular School to the Sahrawi Refugee Camp 2. Assistance to the State of Palestine towards humanitarian relief 3. Appointment of a Special Envoy to South Sudan 4. Special Envoy to the DRC and the Great Lakes Region on the resolution of conflict 5. Proposal for the SADC Electoral Observation Mission (SEOM) in Zimbabwe	None	None	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
			5. Utilisation of science, technology, and innovation in developing safe and quality medicines from African indigenous plants by the Council for Scientific and Industrial Research 6. Support for women of Mozambique 7. Lesotho Peace Process extension till August 2022	6. Capacity Building Project for the Republic of Sudan 7. Preapproved budget for DIRCO led peace processes 8. Additional funding for agricultural project in Cabo Delgado, Mozambique 9. Request for assistance to the Syrian Arab Republic		6. SEOM to the Republic of Madagascar 7. SEOM in the Kingdom of Eswatini 8. SEOM for the presidential, legislative and provincial Elections in the DRC 9. African Ombudsman and Mediators Association (AOMA).			
			8. Humanitarian assistance to Madagascar 9. Strengthening local and national capacities for peace project and agenda for conflict prevention and resolution (PRC)	10. Requesting for assistance to the Republic of Türkiye 11. Integrated Cross-Border Management System: Cross-Easy					

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
			10. Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology 11. Contribution to the Special Fund for COVID-19. 12. Contribution towards the Africa CDC	12. African Footprint Project Proposal (Military Ombud) 13. Humanitarian Assistance to Malawi 14. The Development of Principles and Guidelines Governing social media in Elections in Africa (IEC)					
	ARF projects monitored for compliance with concurrence received	Percentage of projects monitored for compliance with concurrence received	100% (18 of 18) of active projects monitored for compliance with concurrence received	Target achieved 100% (11 of 11) of active projects monitored for compliance with concurrence received. 1. Agricultural Development Support for Cabo Delgado Province of Mozambique	100% of projects monitored for compliance with concurrence received	Target achieved 100% 100% (20 of 20) projects monitored for compliance with concurrence received 1. Assistance to the State of Palestine towards humanitarian relief	None	None	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
				2. Humanitarian Assistance to the Republic of Cuba 3. Provision of vaccines to 26 African countries 4. The Pledge by President Ramaphosa at EU pledging Conference 5. Humanitarian Aid to the Republic of Mozambique 6. Central African Republic (CAR) VIP Police Training 7. South African participation in the Southern Africa Development Community (SADC) election observer missions 8. International Diplomatic Training Programme (IDTP)		2. Mobile Modular School to the Saharawi Refugee Camp 3. DIRCO-led peace processes: • appointment of a Special Envoy to South Sudan • Special Envoy to the DRC and the Great Lakes Region on the resolution of conflict 4. Syria Humanitarian Assistance 5. Türkiye Humanitarian Assistance 6. Independent Electoral Commission's (IEC) development of principles and guidelines governing social media in elections in Africa			

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
				9. Drought Relief in Namibia 10. South Africa's intervention and contribution to the Kingdom of Lesotho peace process 11. The Cuba Economic Aid Package		7. Humanitarian Assistance to Malawi 8. Agricultural Development Support for Cabo Delgado Province in Mozambique 9. Provision of vaccines to 26 African countries 10. The pledge by President Ramaphosa at EU Pledging Conference 11. Humanitarian aid to Mozambique 12. Central African Republic (CAR) VIP Police Training 13. South African participation in the SEOMs 14. International Diplomatic Training Programme (IDTP)			

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
						15. South Africa's intervention and contribution to the Kingdom of Lesotho peace process			
						16. Drought relief in Namibia			
						17. The Cuban Economic Aid Package			
						18. Central African Republic (CAR) VIP Police Training			
						19. Kingdom of Lesotho peace process			
						20. Humanitarian Assistance to the Republic of Cuba			

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
	Closed ARF projects with close-out reports	Percentage of closed ARF projects with close-out reports	100% (eight of eight) of closed projects with close-out reports 1. The provision of PPE 2. In Transformation Initiative (ITI) Central African Republic (CAR) project 3. Guinea funding for rice production and technical assistance 4. Guinea: Museum Project in Kindia 5. IGM Expansion Project (Madagascar) Emergency 6. Humanitarian assistance to Saharawi refugees 7. Contribution to the Special Fund for COVID-19	Target achieved 100% (eight of eight) of closed projects with close-out reports: 1. Timbuktu manuscripts project 2. Humanitarian assistance to South Sudan 3. In Transformation Initiative (ITI) Madagascar 4. Humanitarian Aid to the Republic of Zimbabwe 5. African Women in Dialogue (AWID) Programme. Zanele Mbeki Foundation 6. Deployment of a South African Expert to Juba, South Sudan to serve on the Independent Boundaries Committee (IBC)	100% of closed projects with close-out reports	Target not achieved 0% (zero of three) of closed projects with close-out reports	*There were delays in obtaining concurrence from National Treasury for the closure of the two projects 1. Central African Republic (CAR) VIP Police Training 2. Kingdom of Lesotho peace process *Humanitarian assistance to the Republic of Cuba project was rescinded during the 2023/2024 financial year following the Court judgment of the matter between AfriForum NPC v. Minister of International Relations and Cooperation and 10 other respondents	ARF is in the process of drafting a framework between National Treasury and DIRCO with regard to improving the turnaround time for issuing concurrence letters	There was no revision during the 2023/2024 financial year

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 2021/22	Audited Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Comments on Deviations	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
			8. Contribution towards the Africa CDC	7. The presidential and legislative elections in the Central African Republic 8. Assistance for the Purchase of Livestock Anthrax Vaccines for The Kingdom of Lesotho			1. Humanitarian assistance to the Republic of Cuba		
	Quarterly project progress reports	Number 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	100% (four of four) quarterly project progress reports	Target achieved 100% (four of four) of quarterly project progress reports	None	None	There was no revision during the 2023/2024 financial year

The ARF had a total of 11 areas of performance targeted for the 2023/2024 financial year. Of the 11 areas of performance, five were achieved as planned and six were not achieved, and thus 45.45% achievement. The non-achievement of targets is attributed to the following reasons:

- Delays in the issuing of concurrence letters by the National Treasury. However, it should be noted that the ARF is in the process of drafting a framework between National Treasury and DIRCO that will improve the turnaround time for issuing concurrence letters.
- Some of the target descriptions for the Annual Performance Plan for 2023/2024 were not covered under Technical Indicator Descriptions (TIDs), e.g., projects funded through the preapproved budget. This was because the preapproved budget only commenced during the financial year as a speedy response to requests. In addressing this, the target descriptions in the APP for 2024/2025 will be revised to cover projects funded through the preapproved budget to account for all work done by the ARF.
- Some of the ARF targets were responsive in nature, and, in some instances, there were no requests received, which resulted in non-achievement. However, a review will be done in the next planning circle to address such issues.

**This is for noting: Under Programme Socio-economic development and integration, the following request/proposal was received and evaluated by the ARF Advisory Committee during the 2023/2024 financial year and was still under consideration at the time of reporting:*

Programme	Output Indicator	Projects recommended for closure	Concurrence date issued
Promotion of democracy and good governance	Percentage of projects for promoting good governance funded	Integrated Cross-Border Management System: Cross-Easy	Concurrence pending

**This is for noting: Under Programme: Administration and project management, the following projects were recommended for closure during the 2023/2024 financial year, but the process of closing the projects was finalised after the end of the financial year on 30 March 2024.*

Programme	Output Indicator	Projects recommended for closure	Concurrence date issued
Administration and project management	Percentage of closed ARF projects with close-out reports	- Central African Republic (CAR) VIP Police Training - Kingdom of Lesotho peace process	2 May 2024 2 May 2024

** This is for noting: Under Programme Administration and project management, one project was rescinded during the 2023/2024 financial year following the Court Judgment in the matter between AfriForum NPC v. Minister of International Relations and Cooperation and 10 other respondents: Gauteng Division Case No. 22/21196, which concluded that "the decision of the First, Third, Fourth and Sixth Respondents to donate R50 million is reviewed and set aside". ARF is finalising the process of closing the project internally.*

5.4 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 the target descriptions in the Annual Performance Plan for 2024/2025 are revised in order to incorporate projects funded through the preapproved budget, which will enhance performance. Furthermore, management is in the process of drafting a framework between National Treasury and DIRCO with regard to improving the turnaround time on issuing concurrence letters. Ad hoc Advisory Committee meetings will also continue to be convened in order to provide opportunities for the presentation of requests/proposals that could not be presented to the Advisory Committee during quarterly meetings.

Management will solicit a pipeline of project proposals in areas of strategic importance over the next planning cycle.

5.5 Changes to planned targets

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

5.6 Linking performance with budgets

Programme/ activity/ objective	2023/24			2022/23		
	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	49 890	139 200	(89 310)	49 699	34 274	15 425
Total	49 890	139 200	(89 310)	49 699	34 274	15 425

Reasons for variance

The variance is due to concurrence letters received from National Treasury for projects with signed agreements and a project relating to the prevention and resolution of conflict. These projects are recorded as provisions in the statement of financial position and actual funds are available from the approved retention of surplus to cover the overspending.

5.7 Revenue collection

Sources of revenue	2023/24			2022/23		
	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	64 853	(63 353)	1 500	46 561	(45 061)
Total	1 500	64 853	(63 353)	1 500	46 561	(45 061)

Revenue

The interest received of R64 million (R46 million in 2023) 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 2023/2024 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 surplus in the bank account.

PART C: GOVERNANCE



1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee on International Relations and Cooperation is briefed regularly on the African Renaissance and International Cooperation Fund (ARF). During the 2023/2024 financial year, the Portfolio Committee's meetings on International Relations and Cooperation were held through the following platforms: two meetings were physical, and five meetings were held virtually through Zoom. The portfolio committee meetings were held as follows:

- Strategic Plan for 2020–2025 and Annual Performance Plan for 2023/2024 of the African Renaissance Fund on 3 May 2023.
- ARF Quarter 4 for 2022/2023 performance report on 7 June 2023.
- ARF Quarter 1 for 2023/2024 performance report on 30 August 2023
- The ARF Bill to South African Development Partnership Agency (SADPA) 31 August 2023
- ARF Annual Report for 2022/2023 on 18 October 2023.
- ARF Quarter 2 for 2023/2024 performance report on 1 November 2023.
- ARF Quarter 3 of 2023/2024 performance report on 3 March 2024.

Issues raised by the Portfolio Committee

- Update on migration from the ARF to the South African Development Partnership Agency (SADPA) is underway. The bill has been presented to Parliament and the processes are being finalised to sign the bill into law.

- The Portfolio Committee requested an impact assessment of the ARF projects implemented over the past five-year period (2018 to 2022) in support of South Africa's Foreign Policy. A service provider has been appointed to conduct the impact assessment of the ARF projects in support of South Africa's Foreign Policy and the report will be submitted to the portfolio committee before the end of September 2024.

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 2023/2024, four quarterly reports for 2023/2024 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 in order 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 2022/2023 financial year were submitted to the Minister of International Relations and Cooperation for consideration and approval. The four quarterly performance reports were submitted as follow:

- ARF First Quarterly Report for the period 1 April to 30 June 2023: 31 July 2023
- ARF Second Quarterly Report for the period 1 July to 30 September 2023: 30 October 2023
- ARF Third Quarterly Report for the period 1 October to 31 December 2023: 1 January 2023.
- ARF Fourth Quarterly Report for the period 1 January to 31 March 2023: 30 April 2024.

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	Four	Four	Eight	Mr Z Dangor (DG) DIRCO: Chairperson
ARF Advisory Committee	Four	One	Eight	Ambassador N Losi: (DIRCO) Member: DIRCO
ARF Advisory Committee	Four	Four	Eight	Mr T Monyela (DIRCO) Member: DIRCO)
ARF Advisory Committee	Four	Three	Eight	Ms P Mazibuko (DIRCO) Member: DIRCO)
ARF Advisory Committee	Four	One	Eight	Mr R Toli (Member: National Treasury)
ARF Advisory Committee	Four	One	Eight	Mr T Zulu (Member: National Treasury)
ARF Advisory Committee	Four	One	Eight	Ms B Bhengu (Alternate Member: DIRCO)
ARF Advisory Committee	Four	Zero	Eight	Ms S Naran (Alternate Member: National Treasury)

As per the trend from the previous financial years triggered by the COVID-19 pandemic, all four of the ARF Advisory Committee meetings were held virtually through Microsoft Teams during the financial year under review, and none of the meetings were 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 a Risk Management Committee which consists of appointed management and 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.
- The entity has realised over the period the improvement in the operations. It is with this regard that the entity would 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	Number of meetings held	Number of meetings attended	External/Internal members
1.	Chairperson	Mr B Wheeler	Four meetings	Four	External members
2.	Representative from Director-General's Office	Ms L Lazouras		Three	Internal members
3.	Acting Chief Operations Officer	Ms S Baloi		None	
4.	Acting Deputy Director-General: Africa	Ambassador T Seokolo		None	
5.	Chief Financial Officer	Ms H Bhengu		Two	
6.	Chief Director: Southern African Development Community	Ms L Shongwe		None	
7.	Chief Director: West Africa	Mr N Goso		None	
8.	Acting Head of ARF Secretariat and Finance Manager	Mr T Sebola		Four	
9.	Manager ARF Performance Information	Mr P Basitere		Three	
10.	Internal Audit	Mr G Labane		One	

6.2 Risk Register: 2023/2024 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 or 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 2024.

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 2024 until 31 December 2026 (second three-year term)	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 until 31 December 2025 (second three-year term)	N/A	Seven
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 until 31 December 2025 (second three-year term)	N/A	Seven

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 2024 until 31 December 2026 (Second three-year term)	N/A	Seven
Ms G Simelane	• BCom Accounting • BCompt Honours in Accounting • CA (SA)	Member	External	N/A	1 January 2024 until 31 December 2026 (second three-year term)	N/A	Seven

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 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 enhancements 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 therefrom.

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 monthly/quarterly reports

The department has been reporting monthly and quarterly to the National Treasury as is required by the PFMA, 1999.

7.6 Evaluation of financial statements

We have reviewed the annual financial statements prepared by the department.

7.7 Audit Committee Report on the AGSA opinion

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

African Renaissance and International Cooperation Fund

31 August 2024

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 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 (ARF)
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 regards 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 Broad-Based Black Economic Empowerment	No	Not applicable

APPROVED BY:



Mr Z Dangor
Accounting Authority

African Renaissance and International Cooperation Fund

Date: 31 July 2024

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 and environmental issues
- 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 2023/24 Draft Annual Financial Statements
- Review of the 2023/24 Draft Annual Performance Information
- ARF Projects under Implementation Management
 - Review the effectiveness and efficiency of project management practices as well as assess governance, risk management and compliance processes linked to managing projects at ARF on Biovac.
- Banking and Cash Management
 - Provide assurance to the DIRCO Management and the Audit Committee regarding the design and effectiveness of the internal controls related to Cash and Banking processes that support the ARF administration processes.



PART D:

HUMAN RESOURCE MANAGEMENT

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

1. PFMA COMPLIANCE

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 2023/2024, four quarterly reports for 2023/2024 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.

2. 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 (2023: R49 million) was appropriated to the fund. The interest received of R64 million (2023: R46 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 R139 million (2023: R34 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



1. Report of the Auditor-General to parliament on the 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 66 to 80, which comprise the statement of financial position as at 31 March 2024, the statement of financial performance, the statement of the changes in net assets, and the cash flow statement and the 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Events after reporting date

7. We draw attention to note 16 in the financial statements, which deals with subsequent events and specifically the possible effects of rescinded projects on the public entity. Our opinion is not modified in respect of this matter.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 63 to 65 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the public entity determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. 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 operations or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 61, forms part of our auditor's report.

Report on the annual performance report

14. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following material performance indicators related to programme: promotion of democracy and good governance; programme: prevention and resolution of conflict; programme: socio-economic development and integration; provision of humanitarian assistance; programme: provision of human resource development; programme: cooperation between the Republic and other countries, in particular African countries; and programme: administration and project management presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Percentage of projects for technical assistance to support elections funded
 - Percentage of projects for promoting good governance funded
 - Percentage of projects for mediation and conflict resolution funded

- Percentage of projects to operationalise the AfCFTA funded
- Percentage of socio-economic development and integration projects funded
- Percentage of humanitarian assistance projects funded
- Percentage of training development and capacity-building projects funded
- Percentage of cooperation projects with other countries funded
- Percentage of requests evaluated by the ARF Advisory Committee
- Percentage of ARF projects monitored for compliance with concurrence received
- Percentage of closed ARF projects with close-out reports
- Number of quarterly project progress reports.

16. I evaluated the reported performance information for the selected material performance indicators 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.

17. 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
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those committed to in the approved initial or revised planning documents

- the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for [the reasons provided for any over- or underachievement of targets.

18. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

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

22. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 27 to 41.

Promotion of democracy and good governance

<i>Targets achieved: 0%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of projects for technical assistance to support elections funded	100% of projects for technical assistance to support elections funded	Zero projects for technical assistance to support
Percentage of projects for promoting good governance funded	100% of projects for promoting good governance funded	0%

Prevention and resolution of conflict

<i>Targets achieved: 0%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of projects for mediation and conflict resolution funded	100% of projects for mediation and conflict resolution funded	0%

Socio-economic development and integration

<i>Targets achieved: 50%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of projects to operationalise the AfCFTA funded	100% of projects to operationalise the AfCFTA funded	Zero of projects to operationalise the AfCFTA received

Provision of human resource development

<i>Targets achieved: 50%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of training development and capacity-building projects funded	100% of training development and capacity-building projects funded	Zero training development and capacity building projects funded

Administration and project management

<i>Targets achieved: 75%</i> <i>Budget spent: 0%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of closed ARF projects with close-out reports	100% of closed projects with close-out reports	0%

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for administration and project management. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

24. 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.
25. 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.
26. 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.
27. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

28. 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 material indicators in the scoped in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
29. 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.
30. 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 material indicators in the scoped in programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. 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

32. 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.
33. I did not identify any significant deficiencies in internal control.

Other reports

34. I draw attention to the following engagements conducted by external party. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
35. The South African Police Service commenced an investigation into the allegations of procurement irregularities relating to the ARF projects which covered the period 2011 to 2014. The investigation was ongoing at the time of signing this audit report.

Auditor-General

Pretoria
31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.1 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 material performance indicators 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 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.

1.2 Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A.9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2

Legislation	Sections or regulations
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
African Renaissance and International Cooperation Fund Act 51 of 2000	Section 5(3); 5(4); 7(1)

2. GENERAL INFORMATION

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

3. REPORT OF THE ACCOUNTING AUTHORITY

3.1 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 No. 51 of 2000) and subject to the direction of the Minister of the Department of International Relations and Cooperations (hereafter referred to as the “Minister of DIRCO”) under the control of the Director-General (DG) of the same department 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 African Renaissance and International Cooperation Fund is a Schedule 3A public entity in terms of Public Finance Management Act, 1999 (Act No. 1 of 1999) PFMA.

3.2 OBJECTIVES OF THE ARF

The objective of the Fund is to contribute to an integrated democratic, peaceful, and prosperous continent of Africa. 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.

3.3 THE UTILISATION OF FUND

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

- the Director-General or the delegate of the Director-General,
- three officials of the department appointed by the Minister
- two officials of the National Treasury appointed by the Minister of Finance.

3.3.2 The Advisory Committee must make recommendations to the Minister of DIRCO and the Minister of Finance on the disbursement of funds through grants or other financial assistance.

3.3.3 The funds must be made available or disbursed upon the recommendation of the Advisory Committee and approval by the Minister of DIRCO in consultation with the Minister of Finance.

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 and resolution of conflict.

3.4. RELATED PARTIES

3.4.1 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 Director-General in terms of the Public Service (Act No. 103 of 1994).

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

- facilitation of project proposals for presentation to and consideration by the Advisory Committee
- facilitating the meetings of the Advisory Committee
- preparing a record of such meetings

- facilitating the process of securing concurrence letters
- facilitating the finalisation of service level agreements and memoranda of understanding
- facilitating the process for the disbursement of funds
- monitoring the implementation of projects by means of reports, scheduled project site visits, ad hoc site visits, as well as maintaining a project database.

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

3.5. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

3.5.1 Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the Fund. During the year under review, an amount of R49 million (2023: R49 million) was appropriated to the Fund.
- The interest received of R64 million (2023: R46 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and a loan granted to Cuba.

3.5.2 Receivables

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

3.5.3 Expenditure

- During the period under review, the Fund recorded expenditure of R139 million (2023: R34 million). The increase is mainly due to more project proposals being received during the financial year than initially anticipated.

3.5.4 Irregular expenditure

- During the current financial year, the Fund has not incurred any irregular expenditure.

3.5.5 Fruitless and wasteful expenditure

- During the current financial year, the Fund has not incurred any fruitless and wasteful expenditure.

3.5.6 Unauthorised expenditure

- During the current financial year, the Fund has not incurred any unauthorised expenditure.

3.5.7 Commitments

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

3.5.8 Provisions

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

3.5.9 Annual Performance against targets

- The annual performance of the Fund against the planned targets is 45,45%. This is mainly due to the Fund having reactive targets due to the nature of its operations.

3.6. CORPORATE GOVERNANCE ARRANGEMENTS

The Fund is managed through the control of the Director-General 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 monitoring and evaluation of projects during implementation.
- The Fund has an Audit Committee and a Risk Management Committee.
- On 1 November 2023, Cabinet approved the submission of the ARF Amendment Bill to Parliament. The Amendment Bill seeks to create a fully-fledged development agency named the South African Development Partnership Agency (SADPA). It will remain a Schedule 3A public entity listed in the Public Finance Management Act (PFMA) and will substitute the Fund with SADPA in the PFMA.



Mr Z Dangor
Accounting Authority
Date: 31 July 2024

4. STATEMENT OF FINANCIAL PERFORMANCE

	Note	2023/24 R '000	2022/23 R '000
Revenue			
Revenue from non-exchange transactions			
Appropriated funds	1	49 890	49 699
Revenue from exchange transactions			
Investment income	2	64 853	46 561
Total Revenue		114 743	96 260
Expenditure			
Local and foreign aid assistance	3	(139 200)	(34 274)
Total expenditure		(139 200)	(34 274)
Surplus/(loss) for the period		(24 457)	61 986

STATEMENT OF FINANCIAL POSITION

	Note	2023/24 R '000	2022/23 R '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	777 369	674 979
Receivables from Exchange Transactions – Cuba Loan	5	29 523	31 208
Receivables from Exchange Transactions – Investment income	5	-	9
Total Current Assets		806 892	706 196
Non - Current Assets			
Receivables from Exchange Transactions – Cuba Loan	5	38 659	64 610
Total Non- Current Assets		38 659	64 610
Total assets		845 551	770 806
LIABILITIES			
Current Liabilities			
Provisions	6	351 490	252 522
Payables from non-exchange transactions	7	271	37
Total liabilities		351 761	252 559
Net assets		493 790	518 247
Accumulated surplus		493 790	518 247
Total net assets and liabilities		845 551	770 806

STATEMENT OF CHANGES IN NET ASSETS

	Note	Accumulated Surplus R'000	Total Net Assets R'000
Balance for the year ending 31 March 2022		394 681	394 681
Gain (loss) for the period		61 986	61 986
*Projects Rescinded		61 580	61 580
Balance for the year ending 31 March 2023		518 247	518 247
Gain (loss) for the period		(24 457)	(24 457)
Balance for the year ending 31 March 2024		493 790	493 790

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

CASH FLOW STATEMENT

		2023/24	2022/23
	Note	R '000	R '000
Cash flow from operating activities			
Receipts		111 482	106 718
Appropriated funds	1	49 890	49 699
Investment Income	2	61 583	42 851
Other receipts	17	-	14 168
Other receipts – Interest accrued from prior year	5	9	-
Payments		(39 999)	(177 692)
Cash disbursements	8	(39 999)	(177 692)
Net Cash flow from operating activities	9	71 483	(70 974)
Cash flow from investing activities			
Loan Repayment	5	30 907	26 620
Cash flow from financing activities			-
Net increase/(decrease) in cash and cash equivalents		102 390	(44 353)
Cash and cash equivalents at the beginning of the year		674 979	719 332
Cash and cash equivalents at the end of the year	4	777 369	674 979

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final budget	Actual amounts on a comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
Appropriated funds	49 890	-	49 890	49 890	-
Investment income	1 500	-	1 500	64 853	(63 353)*
Local and foreign aid assistance	49 890	-	49 890	(139 200)	(89 310)^

Basis of Preparation:

The budget was prepared on a cash basis and presented hereto on a comparable basis since the actual non-exchange revenue in the budget is comparable to the income statement.

Variance:

* The variance is due to the interest generated from the surplus in the bank account due to less disbursement during the financial year as well as interest generated from the loan to Cuba.

^The variance is due to more project proposals being received during the financial year than initially anticipated. These projects are recorded as provisions in the statement of financial position and actual funds are available from the approved retention of surplus to cover the overspending.

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.

The 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 that have been consistently applied, is 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 that 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 Fund has not early adopted any of these standards or amendments thereto, but has referred to them for

guidance in the development of the accounting policies of the Fund in accordance with GRAP 3:

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
GRAP 103 – Heritage Assets	Not yet effective	Not expected to have much impact but may result in additional disclosure.
GRAP 105 – Transfer of functions between entities under common control	Not yet effective	Not expected to have much impact but may result in additional disclosure
GRAP 106 – Transfer of functions between entities not under common control	Not yet effective	Not expected to have much impact but may result in additional disclosure
GRAP 107 – Mergers	Not yet effective	Not expected to have much impact but may result in additional disclosure

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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

Revenue from non-exchange transactions arises 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 the services received when they are significant to the ARF's operations and to the extent that the 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 and while these services are important for the ARF's operations, they are not significant or the value cannot be measured reliably 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 ARF has entered into an agreement with the Government Technical Advisory Centre (GTAC) for the establishment of a panel of professional service providers in various areas of expertise. The ARF will submit a request for procurement through this panel to GTAC in order to initiate the procurement process.

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 that are awaiting agreements.

For projects to be implemented through the established panels by GTAC, commitments will be recognised where concurrence letters and panel agreements are signed but are however awaiting the endorsement of the request to procure by the ARF Head of Operation to initiate the procurement process.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1.8. Financial instruments

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

Financial liabilities are classified according to the substance of the agreement or arrangement entered. 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 No. 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, and 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.

A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the 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 an estimate cannot be made in respect of all material non-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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 are 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 African Renaissance and International Cooperation Fund Act, 2000 (Act No. 51 of 2000) and there is an operational framework that governs the relationship between DIRCO, its Key Management and ARF.

The department that controls the ARF in making financial and operational decisions is regarded as a related party. We disclose outstanding balances between the two parties. Specific information regarding business with the 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 the ARF to identify any losses or irregular, fruitless, or wasteful expenditure and evaluate them against the materiality framework as and when they occur during the financial period. The actual expenditure amount for the previous financial year (2022/2023) 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. Transactions for the ARF comprise expenditure on projects in line with the strategic objectives of the ARF.

1.14. Accounting by principals and agents

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

Principal: is an entity that directs another entity, through a binding agreement, to undertake transactions with third parties on its behalf and for its own benefit. All the binding agreements for implementing projects are signed by DIRCO on behalf of the ARF with third parties. In the same context that 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 judgement applied in making this assessment
- significant terms and conditions of the arrangements and whether any changes occurred during the reporting period
- an explanation of the purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits.

NOTES TO THE FINANCIAL STATEMENTS

1. Appropriated funds

	2023/24 R'000	2022/23 R'000
Appropriation from Parliament	49 890	49 699
Total	49 890	49 699

2. Investment Income

Interest earned from SARB	61 583	42 851
Adjustment for the interest accrued due to the interest rate hike announced on 31 March 2023	-	9
Interest accrued on a loan to Cuba	3 270	3 701
Total	64 853	46 561

3. Local and foreign aid assistance

3.1 Promotion of democracy and good governance		
IEC principles and guidelines governing the impact of social media on elections	9 200	-
3.2 Socio-economic development and integration		
Mozambique humanitarian assistance	-	34 274
Mozambique Schools Project	50 000	
3.3 Prevention and resolution of conflict		
*DIRCO-led Peace Processes	50 000	-
3.4 Humanitarian assistance		
Malawi humanitarian assistance	30 000	-
Grand Total local and foreign aid assistance	139 200	34 274

The increase is mainly due to more project proposals being received during the financial year than initially anticipated. The prior year expenditure comprised one project with signed concurrence and signed agreement.

* The ARF obtained concurrence for a preapproved budget to support mediation projects on the continent. During the year under review, proposals for special envoys to South Sudan and the DRC Great Lakes region were evaluated and approved by the Advisory Committee.

4. Cash and cash equivalents

Cash and balances with South African Reserve Bank	777 369	674 979
Total	777 369	674 979

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

5. Receivables from exchange transactions – CUBA Loan

Opening Balance	95 818	77 866
Loan granted to Cuba (current year)	-	40 871
Interest on the loan	3 270	3 701
Loan Repayment	(30 906)	(26 620)
Closing Balance	68 182	95 818
Amount receivable within one year (Current)	29 523	31 208
Amount receivable within two to five years (Non-current)	38 659	64 610

Receivables from exchange transactions – Investment income

Adjustment for the interest accrued due to the interest rate hike announced on 31 March 2023:	-	9
Amount receivable within one year (Current)		

6. Provisions

Reconciliation of Provisions 2023/24

	Opening Balance R'000	Re-classification from Commitments R'000	Additions R'000	Movements during the year R'000	Total R'000
Projects	252 522	-	139 200	(40 232)	351 490

NOTES TO THE FINANCIAL STATEMENTS

6. Provisions (continued)

Reconciliation of Provisions 2022/23

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

Provisions comprise signed concurrences and signed agreements with recipient countries or 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

	2023/24 R'000	2022/23 R'000
Payables to DIRCO	271	37

This balance relates to the amount owed to DIRCO as at year end for payments made on behalf of the ARF. The increase is mainly attributable to payments made in relation to the special envoys.

8. Cash disbursements

	2023/24 R'000	2022/23 R'000
Promotion of democracy and good governance	9 197	779
Humanitarian assistance	14 546	101 053
Prevention and resolution of conflict	1 214	2 264
Socio-economic development and integration	15 042	32 725
Promote human resource development and capacity building	-	-
Cooperation between the Republic and other countries, in particular African countries	-	40 871
Total	39 999	177 692

9. Net cash generated from operations

	2023/24 R'000	2022/23 R'000
(Loss)/Surplus for the period	(24 457)	61 986
Adjustment		
(Loss) Surplus after movements	(24 457)	61 986
Changes in working capital	95 940	(132 960)
Effect on Payables	234	(474)
Effect on provisions	98 968	(87 905)
Effect on Receivables from exchange	(3 262)	(44 581)
Net cash flow from operating activities	71 483	(70 974)

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, 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 from the Cuba loan.

With regards 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.

NOTES TO THE FINANCIAL STATEMENTS

10. Financial risk management disclosure (continued)

Financial assets	2023/24 R'000	2022/23 R'000
Cash and cash equivalents	777 369	674 979
Receivables from exchange transactions	68 182	95 827
Total	845 551	770 806

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The ARF's 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.

Financial liabilities	2023/24 R'000	2022/23 R'000
Payables from non-exchange transactions	271	37
Total	271	37

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 the loan granted
- interest is not paid on liabilities as they are all project related and not legally binding.

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

Details	2023/24 R'000	2022/23 R'000
Cash and balances with the SARB	777 369	674 979

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

DIRCO and its Key Management are the related parties to the ARF.

Description	2023/24 R'000	2022/23 R'000
Payables: DIRCO	271	37

Nature of relationship

Controlling department	Department of International Relations and Cooperation
National Public Entity	Agricultural Research Council (ARC) (Refer to note 17 for transactions) Government Technical Advisory Centre (GTAC)
Members of Key Management	Director General Chief Financial Officer ARF Advisory Committee members from DIRCO and National Treasury ARF Secretariat

NOTES TO THE FINANCIAL STATEMENTS

11. Related party transactions (continued)

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:

Description	2023/24 R'000	2022/23 R'000
Compensation of employees	3 002	2 021
Goods and services	1140	1 369
Audit Committee costs	409	441
Risk Committee costs	22	34

Based on the intricacy of the relationship between the ARF and DIRCO, the ARF cannot reliably determine the fair value for all the services it has 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 the ARF officials
- members of the ARF Advisory Committee which comprises DIRCO and National Treasury officials
- internal and external audit costs for the ARF audits conducted
- salary of the Chief Financial Officer relating to the 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 No. 58 of 1962).

13. Commitments

Concurrence letter received but yet to be contracted for	2023/24 R'000	2022/23 R'000
Opening balance	118 000	110 129
Commitments re-classified to provisions	(139 200)	(34 274)
Rescinded projects	-	(10 129)
*New commitments	239 200	52 274
Commitment no longer valid (Cuba humanitarian assistance)	(50 000)	-
Closing Balance	168 000	118 000

*The new commitments of R239.2 million relate to the following concurrence letters received:

- Malawi humanitarian assistance (R30 million)
- IEC project relating to the development of principles and guidelines governing social media in elections in Africa (R9.2 million)
- Syria and Türkiye humanitarian assistance (R100 million)
- DIRCO-led peace processes (R50 million)
- Palestine humanitarian assistance (R50 million)

Excluded from 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 and set aside the decision by the South African Government to donate R50 million to Cuba and its people due to the economic situation in that country. The outcome of the court case sets aside the decision to provide humanitarian assistance to Cuba.

14. Going concern

As at 31 March 2024, 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 entity incurred a net surplus of R493 million (2023: R518 million surplus).

NOTES TO THE FINANCIAL STATEMENTS

14. Going concern (continued)

The ARF is in the process of amending the ARF Act in order to establish the South African Development Partnership Agency (SADPA).

15. Contingent liability

A request will be 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 2024 with an amount of R 312 101 000. 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

During May 2024, the signed concurrence letter relating to the request for the closure of the below projects was received from National Treasury:

- Central African Republic (CAR) VIP Police Training (R781 347.32)
- South Africa's intervention and contribution to the Kingdom of Lesotho peace process (R265 510.89)

17. Accounting by principals and agents

17.1 Agricultural Research Council (ARC): 2023/2024

The ARF is a principal to a binding agreement that was signed in November 2022 with the Agricultural Research Council (ARC) as an implementing agent on the project relating to the agricultural development support for internally displaced persons (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 2024, the agent (ARC) still had committed funds in their possession relating to the supply and delivery of farming inputs and fertiliser, which was done during February 2024, 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.

The signed memorandum of agreement between the ARF and the ARC makes provision for the terms and conditions under which both parties can terminate the agreement.

Financial Year	Total Amount Disbursed (R'000)	10% Project Management Fee (R'000)	Unspent/uncommitted funds paid back to ARF as at year end (R'000)	Amount to be paid to Service Providers by Agricultural Research Council (ARC) (R'000)
2023/24	15 042	-	-	15 042

Financial Year	Total Amount Disbursed (R'000)	10% Project Management Fee (R'000)	Unspent/uncommitted funds paid back to ARF as at year end (R'000)	Amount to be paid to Service Providers by Agricultural Research Council (ARC) (R'000)
2022/23	32 725	1 856	14 168	16 701

17.2 Government Technical Advisory Centre (GTAC): 2023/2024

The ARF is a principal to a binding agreement that was signed in December 2022 with the Government Technical Advisory Centre (GTAC) in National Treasury to provide technical support services as per its mandate. The technical support will be provided under the broad framework of this memorandum of general agreement as and when requested for several projects.

NOTES TO THE FINANCIAL STATEMENTS

Currently, the ARF has two projects that are currently being implemented through GTAC; however, as at year end, no disbursements were made in relation to these projects:

- Malawi humanitarian assistance (R30 million)
- Mozambique schools project (R50 million)

The signed memorandum of general agreement with GTAC makes provision for the terms and conditions regarding the duration of the contract.

18. Irregular, unauthorised, fruitless and wasteful expenditure

During the financial year under review, the ARF did not incur any irregular, unauthorised, or fruitless and wasteful expenditure.

