

African Renaissance and International Cooperation Fund Annual Report

2024/2025 FINANCIAL YEAR



international relations
& cooperation

Department:
International Relations and Cooperation
REPUBLIC OF SOUTH AFRICA



G20 SOUTH
AFRICA
2025





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PART A: GENERAL INFORMATION



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	African Renaissance and International Cooperation Fund (ARF)
PHYSICAL ADDRESS:	460 Soutpansberg Road Rietondale 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 AUDITORS:	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001
BANKERS:	South African Reserve Bank 370 Helen Joseph Street Pretoria 0001

2. LIST OF ABBREVIATIONS/ACRONYMS

AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AU	African Union
ARF	African Renaissance Fund
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DIRCO	Department of International Relations and Cooperation
DG	Director-General
GRAP	Generally Recognised Accounting Practice
IEC	Electoral Commission of South Africa
PCR	Post-Conflict Resolution
PFMA	Public Finance Management Act, Act 1 of 1999
TR	Treasury Regulations
SA	South Africa
SADC	Southern African Development Community
SEOM	SADC Electoral Observer Mission



Ronald Lamola
Minister of International
Relations and Cooperation

3. FOREWORD BY THE MINISTER

I am pleased to present the 2024–2025 Annual Report for the African Renaissance and International Cooperation Fund (ARF). This report encompasses the achievements recorded during the 2024/25 financial year in pursuit of the objectives and targets as set out in the Revised Strategic Plan for 2020–2025. This annual report provides detailed performance of the ARF over the financial year.

The ARF remained an important vehicle in the pursuit of South Africa's foreign policy objectives, particularly the regeneration of the African continent. Through the ARF, we continued with our commitment for the promotion of democracy and good governance with a view to enhance public participation and accountability. During the reporting period, the entity has demonstrated its significance and impact through interventions aligned with the African Union's Agenda 2063, particularly focusing on humanitarian aid and the promotion of democracy and good governance.

We have ensured that adequate governance and oversight mechanisms are in place, which ensured that all projects were implemented in a transparent manner. This has further improved the operational efficiency of the fund in project management practices. Great strides have been made in democracy and good governance initiatives where South Africa played a significant role in supporting these democratic processes through supporting election observation missions in Namibia, Botswana, Mozambique, Madagascar and Mauritius, which were held during the period under review in line with the Southern African Development Community (SADC) election observer principles.

A provision of humanitarian assistance to the people of the Saharawi Arab Democratic Republic (SADR) was approved in the 2024/25 financial year. The project serves as South Africa's flagship in its solidarity with the people of Western Sahara, especially through the provision of food items at the Saharawi Refugee Camps in Tindouf. The project further demonstrates South Africa's political and diplomatic

solidarity with the SADR and the promotion of South Africa's humanitarian and development assistance capacity.

The Government of Cuba continues to repay the loan instalments as per the agreed terms and conditions, which was utilised to procure goods from the South African market and positively contributed to trade aspects between the two countries. This is a clear demonstration of a successful implementation of the Economic Assistance Package.

The ARF has achieved an unqualified audit opinion with no findings for the seventh year 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, who worked tirelessly to ensure that we get closer to realising our objective of a better Africa in a better world.

I would like to conclude by acknowledging the ARF Advisory Committee for the role they continued to play and the stewardship of the Chairperson for the efficient and professional manner in which it discharges its duties. The committee ensured that programme and project funding operated in accordance with the ARF's strategic objectives, taking into consideration the Public Finance Management Act to meet the desired outcomes.



Ronald Lamola
Minister of International Relations and Cooperation
Executive Authority
31 August 2025



Zane Dangor
Accounting Authority

4. ACCOUNTING AUTHORITY'S OVERVIEW

The African Renaissance Fund is a Schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999 founded in 2000 under the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000).

During the 2024/25 financial year the entity achieved 62.5% of its targets. The non-achievement of other targets is attributed to the fund's reactive nature to funding requests that are submitted. Projects approved for funding and ready for disbursement amounted to R97 661 million in supporting socio-economic development and integration, humanitarian aid, the promotion of democracy and good governance, conflict prevention and resolution, and human resource development in Africa. We are in discussions with the National Treasury to obtain approval to retain surplus for 2024/25, which, if approved, will allow the fund to commit to additional projects and increase its impact.

Despite financial constraints caused by a low appropriated budget, the 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 priority seven, focused on international relations, entitled "A Better Africa and World".

I am pleased that the fund continues to comply with the laws and regulatory prescriptions governing the management of public funds in South Africa. We have maintained adherence 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 seven years in succession from the Office of the Auditor-General of South Africa (AGSA). It is worth noting that during this financial year under review, the Fund made significant progress, as no findings were raised by the AGSA on either the financial statements or performance information.

Finalising the ARF Amendment Bill remains a priority, as it will guide the transition of the ARF into a fully-fledged entity responsible for all development cooperation matters for South Africa. In the 2025/26 financial year we will recommence the process of resubmitting the bill to Cabinet in consultation with the National Treasury.

In conclusion, I would like to thank Minister Ronald Lamola and Minister Enoch Godongwana for their vision, astute leadership and guidance over the fund. Furthermore, I extend my sincere appreciation to the ARF Advisory Committee for their dedication, expertise and commendable work, as well as the ARF Audit Committee and the ARF Risk Management Committee for their guidance and oversight. I would also like to acknowledge the ARF Secretariat for their meticulous skill and dedication with the disbursement of the funds, monitoring and administration of projects relating to the Fund 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
Director-General
31 August 2025

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

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP 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, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources 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, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2025.

Yours faithfully,



Zane Dangor
Accounting Authority
Director-General

Date: 31 August 2025

6. STRATEGIC OVERVIEW

6.1 Vision

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

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

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.

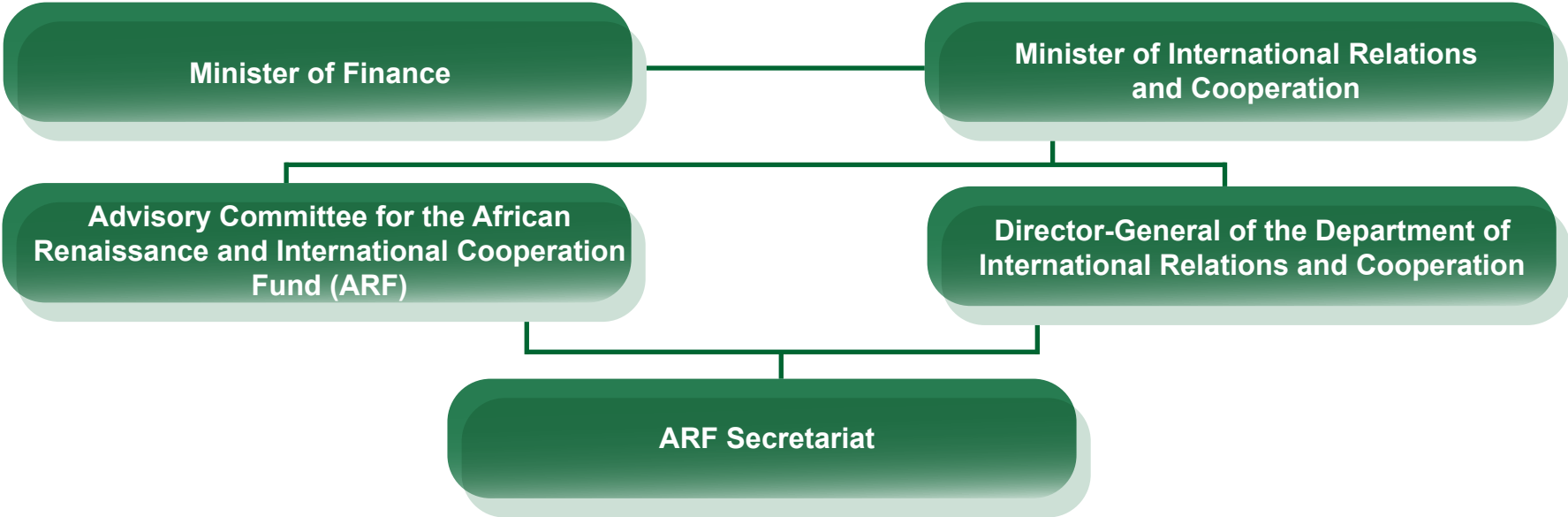
To ensure that funding through the ARF is effective, the ARF will adopt the values of the Paris and Rome declarations on aid effectiveness and the Accra Agenda for Action. The Paris Declaration (2005) is a practical, action-orientated roadmap to improve the quality of aid and its impact on development. It gives a series of specific implementation measures and establishes a monitoring system to assess progress and ensure that donors and recipients hold each other accountable for their commitments.

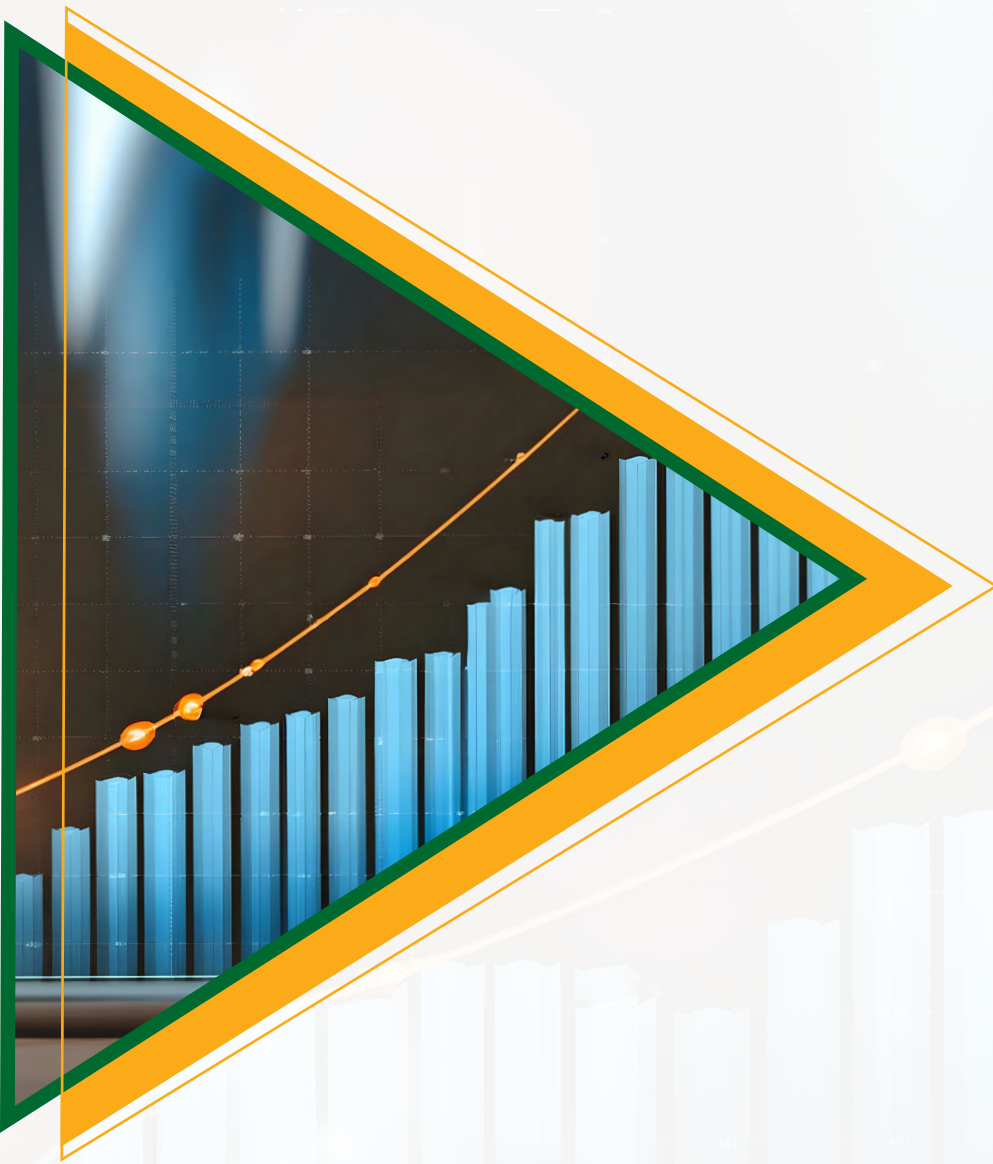
7. LEGISLATIVE AND OTHER MANDATES

The African Renaissance and International Cooperation Fund (ARF) is a Schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999, founded in 2000 under the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000).

Its mandate is to enhance cooperation between the Republic and other countries, in particular African countries, through the promotion of democracy and good governance, the prevention and resolution of conflict, socio-economic development and integration, humanitarian assistance and human resource development.

8. ORGANISATIONAL STRUCTURE





PART B: PERFORMANCE INFORMATION



PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 53 of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The African Renaissance and International Cooperation Fund (ARF) remained an important vehicle in the pursuit of South Africa's foreign policy objectives, particularly the regeneration of the African continent. The objectives of the ARF are to enhance cooperation between the Republic and other countries, particularly 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 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 16 areas of performance targeted. Of the 16 areas of performance, 10 were achieved as planned, and six were not achieved, and thus there was 62.5% achievement.

The non-achievement of targets was attributed to:

- The responsive nature of the ARF, whereby funding is granted based on the request received.
- The comprehensive process for obtaining concurrence due to internal processes and the ARF Act.
- Capacity constraints within the ARF secretariat to ensure that all roles and responsibilities are executed timely.

2.2. Organisational Environment

The Advisory Committee makes recommendations to the Minister of International Relations and Cooperation (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 of DIRCO
- two officers of National Treasury, appointed by the Minister of Finance.

The Director-General (DG) of DIRCO 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 payments are made on behalf of the fund by the department once concurrence is received from the Minister of Finance. This 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 period.

2.4. Progress towards achievement of institutional Impacts and Outcomes

The following key achievements were recorded between 2020 and 2024:

IMPACT STATEMENT	OUTCOME	PROGRESS
Contribute to a better Africa for a better world	Promotion of democracy and good governance	The ARF provided technical and financial support towards the presidential and legislative elections in the Central African Republic
	Prevention and resolution of conflict	Funding was provided for the DIRCO peace-led project in the Democratic Republic of the Congo (DRC) and South Sudan
	Support to socio-economic development and integration	• Funding for the Cabo Delgado agricultural project in Mozambique • Project and approval to fund the Mobile Modular School to the Saharawi Refugee Camp
	Provision of humanitarian assistance	The following humanitarian assistance requests were approved: • Pledge made by President Ramaphosa to combat COVID-19 in Africa and contribution to the Special Fund for COVID-19 • Provision of vaccines to 26 African countries • Pledge made by President Ramaphosa to combat COVID-19 in Africa and contribution towards the Africa Centres for Disease Control (CDC) • Humanitarian Assistance to Malawi • Assistance to the State of Palestine towards humanitarian relief
	Provision of human resource development	Funding request approved for the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) for promoting transparency and accountability in the public sector by capacitating supreme audit institutions in Africa

IMPACT STATEMENT	OUTCOME	PROGRESS
Contribute to a better Africa for a better world	Cooperation between the Republic and other countries, in particular African countries	Financial support to the South Centre on the Group of 20 (G20) initiatives was approved
	Effective management of resources through sound administration and good governance	The ARF has effective management of funds and compliance with sound financial processes; this was supported by the AGSA audit outcomes

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. PROGRAMME 1: PROMOTION OF DEMOCRACY AND GOOD GOVERNANCE

Purpose: The programme exists to promote democracy and good governance

Institutional outcomes: The programme contributes towards the promotion of democracy and good governance on the continent

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

i. SADC Electoral Observation Mission

South Africa's DIRCO officials participated in the Southern African Development Community (SADC) Electoral Observation Mission (SEOM) in the First Round Presidential Elections 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 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 SEOM released a preliminary statement on the conduct and outcomes of the First Round 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 for a Second Round Presidential Elections was ruled out.

The SEOM further raised concerns on the low turnout of women voters 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.

ii. SADC Electoral Observation Mission in elections in the Republic of Mozambique's Presidential, Legislative and Provincial Elections

The Republic of Mozambique's presidential, legislative and provincial elections were held on 9 October 2024. South Africa, as a SADC Member State, was invited by the SADC Secretariat to form part of the SEOM to the Republic of Mozambique. The deployment of an Observer Mission was in line with the updated SADC Principles and Guidelines Governing Democratic Elections. About 17,169,239 people, including 333,839 Mozambicans in the diaspora, registered to cast their votes on 9 October 2024, with 8,892,848 representing women (51.79%) and 8,276,391 representing men (48.2%). According to the National Electoral Commission—"Comissão Nacional de Eleições"

(CNE)—the number of registered potential voters exceeded their expectation, despite the perception of voter fatigue.

South Africa was part of the SEOM to the Republic of Mozambique to observe the pre-election and election day voting procedures. The South African delegation to the SEOM consisted of the Department of International Relations and Cooperation, the Department of Defence and Military Veterans, the State Security Agency, and the Independent Electoral Commission.

Following the compilation of the reports from the field observation of the pre-election and election day, the Head of Mission released the SEOM's preliminary statement on 11 October 2024. The preliminary statement contained observations, findings, and recommendations on the electoral process. The final report of SEOM shall be made available to the Republic of Mozambique once approved by the Chair of the SADC Organ. The observation of the elections was limited to the voting day and the counting thereof, which excluded the vote tallying stage.

On 24 October 2024, the CNE of Mozambique announced its preliminary results, showing the candidate from the Mozambique Liberation Front (FRELIMO), Daniel Chapothe, as the winner of the presidential vote by 70.60%. The results were subjected to validation by the Constitutional Council of Mozambique. The elections in Mozambique coincided with the celebration of the 1992 Peace Agreement between FRELIMO and the Mozambican National Resistance (RENAMO). During the conduct of the refresher training, most of the presenters were from the SADC Secretariat, and independence, fairness and credibility of final results should be achieved. The late amendment of certain clauses of the electoral law was a cause for consternation to the SADC Electoral Advisory Council (SEAC), the opposition, and the Commonwealth Observer Mission.

iii. SADC Electoral Observation Mission to the 2024 Presidential and National Assembly of the Republic of Namibia

South Africa was part of the SEOM to the Republic of Namibia Presidential and National Assembly elections, which took place on 27 November 2024. This followed an invitation from the Electoral Commission of Namibia (ECN) to the SADC Secretariat to deploy an Observer Mission in line with the updated SADC Principles and Guidelines Governing Democratic Elections.

The SEOM to the Presidential and National Assembly Elections in the Republic of Namibia comprised 65 observers from eight SADC Member States, namely the Kingdom of Eswatini, and the Republics of Botswana, Malawi, Mozambique, South Africa, Zambia, and Zimbabwe and the United Republic of Tanzania. The SEOM also included one member of the SEAC.

The SEOM was launched on 20 November 2024 by Honourable Anne Makinda. The SEOM also held engagements with various stakeholders representing different sectors of society as part of the pre-election observation. The issues raised by stakeholders included, among others, voter and civic education, political party funding, registration of political parties, management of special voting which took place on 13 November 2024, controversy surrounding the printing of ballot papers in South Africa, shortage of vehicles to transport sensitive voting materials and ballot papers, and the conduct of security personnel. During the stakeholder engagements, some political parties requested separate meetings with the leadership of the SEOM to raise their own individual concerns.

The SEOM released a preliminary statement on the conduct of the General Elections in the Republic of Namibia on 29 November 2024. The statement contained observations, findings, and recommendations on the electoral process. Notably, at midnight of the date of the elections, 27 November 2024, the ECN issued a directive for polling stations to remain open until further notice due to a shortage of ballot papers. Subsequently, polling was extended until 30 November 2024.

The elections were also observed by the African Union (AU) Election Observation Mission (AUEOM), the Electoral Commissions of Forum SADC (ECF-SADC) of Southern Africa and the African Centre for Governance Election Mission, with whom the SEOM shared a platform during the delivery of the preliminary statements.

iv. SADC Electoral Observation Mission to the National Assembly Elections of the Republic of Mauritius

In line with the Southern African Development Community (SADC) Principles and Guidelines Governing Democratic Elections revised in 2021, South Africa, along with other SADC Member States, was invited to form part of the SADC Electoral Observer Mission (SEOM) for National Assembly Elections in Mauritius.

The SEOM was deployed from 28 October to 14 November 2024 and was led by Mohammed Chande Othman, former Chief Justice of the United Republic of Tanzania, and Head of Mission, on behalf of President Samia Suluhu Hassan and Chairperson of the SADC Organ. The Head of Mission was supported by Troika members of the SADC Organ (Malawi and Zambia) and the SADC Secretariat. The deployment of the SEOM included 35 observers from Botswana, Eswatini, Malawi, Mozambique, Namibia, South Africa, the United Republic of Tanzania, Zambia, and Zimbabwe. The observers were deployed in the 10 administrative districts of Mauritius and its 21 constituencies and covered 180 polling centres.

The preliminary statement was issued on 12 November 2024. Out of a population of 1.2 million, 1,002,857 people were registered, amounting to 79.5% of the population, to elect 62 members of the National Assembly to serve a five-year term. The 20 constituencies each have three seats in each district, and one constituency representing the island of Rodrigues with two seats. In all but the last district, electors were given three votes out of the 41 candidates. To ensure ethnic diversity, the electoral commission awards seats to the unsuccessful candidates who received the highest number of votes, through the best loser system. Furthermore, eight additional seats were allocated to non-elected party candidates in order to ensure a fair and adequate representation of each community and party in the National Assembly.

The SEOM commended the people of Mauritius for their political maturity, spirit of tolerance, and calmness that generally prevailed during the electoral period. The SEOM observed that the pre-election and voting phases were professionally organised and were conducted in an orderly and peaceful manner, enabling the voters to express their democratic will.

v. SADC Electoral Observation Mission to the General Elections held in the Republic of Botswana.

South Africa was invited by the SADC Secretariat to form part of the SEOM to the General Elections in the Republic of Botswana, held on 30 October 2024. South Africa contributed five observers comprising officials from the Department of International Relations and Cooperation (DIRCO), the State Security Agency (SSA), the South African Police Service (SAPS), and the Independent Electoral Commission (IEC).

During the launch of the SEOM, various concerns were raised by stakeholders regarding the impact of the influence of the local chiefs on politics, considering that they command support in their tribal communities. The reintroduction of the use of indelible ink during voting was a positive development regarding the amended Electoral Act; however, some stakeholders have challenged the use of this marker. The stakeholders also raised concerns about the biased coverage by the state-owned media. They argued that only privately owned media is regulated by the Botswana Communication Regulatory Authority (BOCRA), whereas the state-owned media is not.

According to the preliminary statement, the mission concluded that the pre-election and voting phases of the 2024 General Elections in the Republic of Botswana were conducted in a peaceful and orderly manner where the Botswana people exercised their democratic right to vote. The SEOM, however, made several recommendations on various areas, including the issuances of both electronic and hard copies of the electoral roll and the independence of the IEC.

Table 2.4.4.2

Programme/Subprogramme: Promotion of democracy and good governance								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Promotion of democracy and good governance	Contribution towards promotion of democracy and good governance	Number of South African Development Community (SADC) elections observer missions in which South Africa participates	New Indicator	New Indicator	Five SADC elections observer missions in which South Africa participates	Target achieved: Five SADC election observer missions in which South Africa participated in: 1. Namibia 2. Botswana 3. Mozambique 4. Madagascar 5. Mauritius	None	Not Applicable
		Percentage of requests recommended for projects for technical assistance to support elections funded	No target set for the financial year	Target not achieved. 0% (zero) projects for technical assistance to support elections funded	100% of requests recommended for projects for technical assistance to support elections funded	Target not achieved. No requests recommended for projects for technical assistance to support elections funded	Zero % achievement	No request for funding projects for technical assistance to support elections received
		Percentage of requests recommended for projects for promoting good governance funded	Target not achieved. 0% (zero of two) of requests recommended for projects for promoting good governance funded	Target not achieved. 0% (zero of one) projects for promoting good governance funded	100% of requests recommended for projects for promoting good governance funded	Target not achieved. No requests recommended for projects for promoting good governance funded	Zero % achievement	No request received for projects for promoting good governance

3.2. Programme 2: Prevention and resolution of conflict

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

Institutional outcomes: The programme contributes towards the prevention and resolution of conflict through supporting projects recommended for mediation and conflict resolution. The ARF provides funding for negotiations and conflict resolution as a way for South Africa's intervention in conflict resolution.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

i. DIRCO peace-led process

President Cyril Ramaphosa appointed former Minister Jeff Radebe as his Special Envoy to the Democratic Republic of the Congo (DRC) and the Great Lakes Region in 2023. The Special Envoy will represent South Africa in conflict prevention and management initiatives, as well as peacebuilding efforts that are currently underway in the eastern part of the DRC. In particular, the Special Envoy is expected to engage key actors in the DRC and decision-makers in member states of both the Southern African Development Community (SADC) and the Great Lakes regions.

The countries in the Great Lakes Region, which are currently faced with insecurity, include the DRC, Burundi, Uganda, and Rwanda. Much of this instability converges in eastern DRC, which has become the focal point for armed groups—some originating from or supported by neighbouring governments, while others operate in alliance with them—carrying out atrocities and taking innocent lives. The conflict has severely disrupted citizens' livelihoods, undermined government authority, and allowed armed groups to take control, engaging in illegal taxation and other exploitative practices. This initiative will benefit the people of DRC, especially women, children, and the elderly who are often victims of violence and forced displacements.

Programme/Subprogramme: Prevention and resolution of conflict								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Prevention and resolution of conflict	Contribution to mediation and resolution of conflict	Number of requests recommended for projects for mediation and conflict resolution supported	Target not achieved. 0% (zero of three) of projects for mediation and resolution of conflict funded	Two requests recommended for projects for mediation and conflict resolution supported	Two requests recommended for projects for mediation and conflict resolution supported	Target not achieved: One request for a project for mediation and conflict resolution supported for DIRCO peace-led process for the DRC was recommended and supported	Only one request was received to support projects for mediation and conflict resolution supported	Only one request was received for mediation and conflict resolution to be considered for funding

3.3. Programme 3: Socio-economic development and integration

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

Institutional outcomes: The programme contributes towards the support of socio-economic development and integration through the following:

- (i) Funding projects recommended for projects funded to operationalise the African Continental Free Trade Area (AfCFTA) South Africa provides support through ARF funding of projects to implement the AfCFTA Agreement.
- (ii) Funding projects recommended for socio-economic development and integration

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Programme/Subprogramme: Socio-economic development and integration								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Support to socio-economic development and integration	Socio-economic development and integration projects funded	Percentage of requests recommended for projects funded to operationalise the AfCFTA	Target not achieved. 0% (zero of one) project funded despite not having a target set for the financial year. One request for projects to operationalise the AfCFTA was received	Target not achieved. 0% (zero) projects to operationalise the AfCFTA funded	100% of requests recommended for projects funded to operationalise the AfCFTA	Target not achieved. No requests recommended for projects funded to operationalise the AfCFTA	Zero % achievement	No request for funding for projects to operationalise the AfCFTA received
Support to socio-economic development and integration	Socio-economic development and integration projects funded	Percentage of requests recommended for socio-economic development and integration projects funded	Target not achieved 67% (two of three) of requests recommended for socio-economic development and integration projects funded	Target achieved 100% (one of one) of socio-economic development and integration projects funded	100% of requests recommended for socio-economic development and integration projects funded	Target not achieved. No requests recommended for socio-economic development and integration projects funded	Zero % achievement	No request for socio-economic development and integration projects received

3.4. Programme 4: Provision of humanitarian assistance

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

Institutional outcomes: The programme contributes towards the provision of humanitarian assistance through funding projects recommended for humanitarian assistance. South Africa provides support through ARF for assistance or aid in material or logistical assistance, food, etc. provided for humanitarian purposes, typically in response to humanitarian relief efforts, including natural disasters and man-made disasters, with the main aim to save lives, alleviate suffering and maintain human dignity

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Through the provision of humanitarian assistance, South Africa has continued to contribute to the saving of lives, alleviating suffering and maintaining human dignity following natural disasters. Humanitarian assistance remains one of the key objectives of the ARF, and the entity continues to implement mechanisms to ensure timely responses to natural disasters across the world. During the period under review, the ARF had one project approved for funding towards the Republic of Western Sahara in the Saharawi refugee camps in Algeria, city of Tindouf, and one request for humanitarian assistance to the Republic of Cuba was still under consideration at the time of reporting, and it is anticipated that it will be finalised during the second quarter of the 2025/26 financial year.

A request to support the Government of Cuba following the hurricanes that took place in September 2024 is under consideration by both the Minister of DIRCO and the Minister of Finance in line with the ARF Act. This support will ensure provision of urgent relief to vulnerable Cuban communities affected through the supply of dry (canned) food, wheat flour, bottled water, mattresses, and linens.

Humanitarian assistance for Saharawi refugees was approved for funding. The project provided emergency food supplies to 538 families affected by the devastating floods in the Tindouf camps on 25 September 2024, for a period of three months. In parallel, consultations were held with the Saharawi government on potential food security initiatives to be implemented as a second phase, aimed at enhancing sustainability. This project will serve as South Africa's flagship initiative in demonstrating solidarity with the people of Western Sahara, particularly through the provision of food aid at the Saharawi Refugee Camps in Tindouf. Furthermore, it highlights South Africa's political and diplomatic support for the Saharawi Arab Democratic Republic (SADR) and underscores the country's capacity to deliver humanitarian and development assistance.

Programme/Subprogramme: Provision of humanitarian assistance								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of requests recommended for humanitarian assistance projects funded	Target not achieved 0% (zero of four) 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	100% of requests recommended for humanitarian assistance projects funded	Target not achieved 50% of requests received for humanitarian assistance projects recommended were funded	One request is still under consideration 1. Humanitarian Assistance to the Republic of Cuba	The request was supported in March. The submission requesting concurrence from the Minister of Finance was delayed and therefore not approved before the year-end.

3.5. Programme 5: Provision of human resource development

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

Institutional outcomes: The programme contributes towards the funding of projects recommended for training development and capacity-building. South Africa provides support through ARF funding to assist with the development, training and strengthening of skills of individuals nominated to be trained through the ARF and DIRCO funding process from the African continent to improve the situation in their countries.

The ARF supported the African Organisation of English-Speaking Supreme Audit Institutions (AFROSAI-E) with funding to enable the organisation to capacitate 13 Supreme Audit Institutions in Africa with effective governance and organisational environment and quality and value-adding audits. This will be implemented in the form of training workshops, in-country workshops, on-the-job training and remote support. This capacity-building support to our member supreme audit institutions (SAIs) to enhance their institutional capacity to successfully fulfil their audit mandates, thus promoting transparency and accountability in the public sector.

AFROSAI-E will also conduct research and develop technical material across the respective areas of support and create platforms for SAIs and partners in the region and internationally to collaborate, learn from their peers and exchange knowledge and ideas.

The main objectives of this project are:

- Monitoring and evaluation capacity building to improve governance and transparency through SAI's own reporting.
- AFROSAI-E SAI Enhancement Audit Tool (A-SEAT) for system improvement and implementation to assist the region with automation.
- Enable information systems (IS) auditors to better support and work with financial and other auditors in the SAI to enhance the audit of Integrated Financial Management
- Information Systems (IFMIS) and other financial systems.

Programme/Subprogramme: Provision of human resource development								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Provision of human resource development	Training development and capacity-building projects funded	Percentage of requests recommended for training development and capacity-building projects funded	No target set for the financial year	Target not achieved 0% (zero) training development and capacity-building projects funded	100% of requests recommended for training development and capacity-building projects funded	Target Achieved 100% (one of one) requests recommended for training development and capacity-building projects funded: - AFROSAI-E Proposal for promoting transparency and accountability in the public sector	None	Not Applicable

3.6. Programme 6: Enhance 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

Institutional outcomes: The programme contributes towards the funding of projects for cooperation between the Republic and other countries, in particular African countries, through the funding of projects recommended for cooperation with other countries.

A project to fund the South Centre was approved during the financial year. The South Centre is also an important knowledge partner for South Africa's Group of 20 (G20) presidency, particularly in the context of the Sustainable Development Agenda and financing for development, and priorities for South Africa's presidency. One of the key objectives of South Africa's presidency of the G20 is to elevate the development priorities of Africa and all lower middle-income countries and strengthen international cooperation, which will enhance cooperation between South Africa and other countries.

The South Centre is uniquely positioned to carry out this work, as it has membership and perspectives of developing countries across regions, especially Africa. It also has extensive networks with civil society and academic institutions from the Global South. The project also responds to the recent call by the Group of 77 and China (G-77) for the Centre to "support more effectively developing countries in negotiations with the view to enhance the capacity of the South in addressing current and emerging challenges".

In particular, the South Centre will participate in the different meetings and consultations organised by the South African G20 presidency and provide substantive support to the working groups under the Finance Track, especially the International Financial Architecture Working Group, and the Sherpa Track, especially the Development Working Group. The South Centre will also be in a position and available to support the work of the Cost of Capital Commission and of Task Force 1 on Inclusive Economic Growth, Industrialisation, Employment and Reduced Inequality, as well as the G20 Compact with Africa.

The 55 Member States of the South Centre comprise countries from Africa, Asia, Latin America and the Caribbean. The broader African continent and developing South will also benefit from the South Centre's active support in South Africa's G20 presidency. South Africa is a member of the South Centre.

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

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Cooperation between the Republic and other countries, in particular African countries	Cooperation projects with other countries	Percentage of requests recommended for cooperation projects with other countries funded	Target not achieved 0% (zero of one) of requests recommended for cooperation projects with other countries funded	No target set for the financial year	100% of requests recommended for cooperation projects with other countries funded	Target achieved 100% requests recommended for cooperation projects with other countries funded: 1. The South Centre (SC)- Financial support to the South Centre on G20 initiatives	None	Not Applicable

3.7. Programme 7: Administration and project management

Purpose: The programme exists to effectively manage resources through sound administration and good governance

Institutional outcomes: The programme contributes towards the effective management of resources through sound administration and good governance.

The following achievements were noted during the 2024/25 financial year:

The ARF Advisory Committee has evaluated all nine project proposals for funding received and provided oversight to the ministers on the management of ARF in line with the ARF Act, 2000 (Act 51 of 2000), for recommendation for funding to the DIRCO Minister, who seeks concurrence from the Minister of Finance.

All 17 projects were monitored for compliance in concurrence with the ARF Secretariat, who ensured that the projects were paid within the approved budget of the concurrence received to avoid spending beyond the approved budget. Only one project was closed, which was implemented by the Independent Electoral Commission of South Africa for the development of principles and guidelines governing social media in elections in Africa. Quarterly project progress reports, which depict the status of the projects and financial implications, were prepared and reviewed. These reports incorporated the recommendation of the project by the Advisory Committee when concurrence was obtained, progress made on the project, and expenditure. Six project site visits were conducted which monitored project implementation against the set objectives, and this further ensured compliance with legislation.

Reports were produced by the relevant political desk, business unit, or mission to inform the Minister about the outcomes of the SADC elections where there was SEOM participation in the running of the elections. The participant report detailed how the elections were conducted and ascertained whether the elections were free, fair, peaceful, and held in an environment free of intimidation and violence, with respect for the outcomes of elections by all political parties. For the 2024/25 financial year, the reports on the SEOMS for Madagascar, Namibia, Botswana, Mozambique, and Mauritius were prepared and approved by the Minister of DIRCO.

One of the significant milestones for the year was to finalise the ARF impact assessment on projects approved and funded from 2018 to 2022 and report on the outcomes to the Portfolio Committee. The assessment involved evaluating ARF projects against the ARF Act, foreign policy, and set project deliverables. The report concluded that the majority of ARF projects have medium-high impacts on major issues in Africa and were strongly aligned to South Africa's foreign policy objectives.

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Effective management of resources through sound administration and good governance	Requests evaluated for funding by the ARF Advisory Committee	Percentage of requests for funding evaluated by the ARF Advisory Committee	Target not achieved 87.5% (14 of 16) requests evaluated by the ARF Advisory Committee	Target achieved 100% (nine of nine) requests evaluated by the ARF Advisory Committee	100% of requests for funding evaluated by the ARF Advisory Committee	Target achieved 100% (9 of 9) of requests evaluated by the ARF Advisory Committee: • SEOM to the Parliamentary Election in the Republic of Madagascar • Proposal on improving evidence-based	None	Not Applicable

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
						policymaking across Africa • AFROSAI-E Proposal for promoting transparency and accountability in the public sector • DTRD proposal for African Diplomatic training • SEOMs were evaluated; one project proposal incorporated the following countries: - Mozambique - Botswana - Namibia - Mauritius • Humanitarian assistance to the Republic of Cuba • Project proposal for financial support to the South Centre on G20 initiatives • Humanitarian assistance to Saharawi Refugees • DIRCO-led peace process for the DRC		

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
	ARF projects monitored for compliance with concurrence received	Percentage of ARF projects monitored for compliance with concurrence received	Target achieved 100% (11 of 11) of active projects monitored for compliance with concurrence received	Target achieved 100% (20 of 20) projects monitored for compliance with concurrence received	100% of ARF projects monitored for compliance with concurrence received	100% (17 of 17) projects monitored for compliance with concurrence received: 1. The financial support of the South Centre to participate in G20 initiatives 2. AFROSAI-E Proposal for promoting transparency and accountability in the public sector 3. Humanitarian assistance to Saharawi refugees 4. Assistance to the State of Palestine towards its humanitarian relief 5. Syria Humanitarian Assistance 6. Türkiye Humanitarian Assistance	None	Not Applicable

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
						7. Mobile Modular School to the Saharawi Refugee Camp 8. 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 9. Humanitarian assistance to Malawi. 10. Agricultural Development Support for the Cabo Delgado Province of Mozambique 11. Provision of vaccines to 26 African countries 12. The pledge by President Ramaphosa at		

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
						the EU Pledging Conference 13. Humanitarian aid to the Republic of Mozambique 14. South African participation in the SEOMs 15. International Diplomatic Training Programme (IDTP) 16. Drought relief in Namibia 17. The Cuba Economic Aid Package		
	Closed ARF projects with close-out reports	Percentage of closed ARF projects with close-out reports	Target achieved 100% (eight of eight) of closed projects with close-out reports	Target not achieved 0% (zero of three) of closed projects with close-out reports	100% of closed ARF projects with close-out reports	100% (one of one) of closed projects with close-out reports: Independent Electoral Commission's (IEC) development of principles and guidelines governing social media in elections in Africa	None	Not Applicable

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
	Quarterly project progress reports	Number of quarterly project progress reports	Target achieved 100% (four of four) of quarterly project progress reports	Target achieved 100% (four of four) of quarterly project progress reports	Four quarterly project progress reports	Four quarterly project progress reports for quarter 1, quarter 2, quarter 3 and quarter 4	None	Not Applicable
	Project site visit conducted	Number of project site visit reports	New Indicator	New Indicator	Five project site visit reports	Six project site visit reports: 1. The pledge by President Ramaphosa at the EU Pledging Conference for the development of vaccines in South Africa by BIOVAC in Cape Town. 2. Report on the Special Envoy to South Sudan, August 2024 3. Report on the Special Envoy on South Sudan, September 2024 4. Oversight visit and monitoring of the SEOM for the 27th Presidential and National Assembly Elections of the Republic of Namibia	One additional project visit report on a visit to BIOVAC	Verification of equipment procured and project status

Programme/Subprogramme: Administration and project management								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	**Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
						5. Oversight visit to the BIOVAC facility in Cape Town to conduct verification and confirmation of asset (machinery) purchased using the budget funded by the ARF. 6. Oversight visit to Mozambique on Agricultural Development Support for Cabo Delgado project		
	South African SADC election observer mission reports	Number of South African SADC election observer mission reports	New Indicator	New Indicator	Five South African SADC election observer mission reports	Five South African SADC election observer mission reports for: 1. Madagascar 2. Namibia 3. Botswana 4. Mozambique 5. Mauritius	None	Not Applicable
	ARF impact assessment conducted	Number of ARF impact assessment reports	New Indicator	New Indicator	One ARF impact assessment report	One ARF impact assessment report: Impact assessment on South Africa's foreign policy objectives of projects implemented by the ARF Fund over five years (2018–2022)	None	Not Applicable

The ARF had a total of 16 areas of performance targeted for the 2024/25 financial year. Of the 16 areas of performance, 10 were achieved as planned, and thus 62.5% achievement

Linking performance with budgets

	2024/2025			2023/2024		
Programme/activity/objective	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	52 131	97 661	(45 530)	49 890	139 200	(89 310)
Total	52 131	97 661	(45 530)	49 890	139 200	(89 310)

The entity spent 90% of its budget on humanitarian assistance, which was directed to supporting Palestine and Western Sahara, and 7% was directed to capacity building, where support towards the Supreme Audit Institutions was achieved across 13 countries, while 3% is earmarked for cooperation between South Africa and other countries by supporting policy and research initiatives during South Africa's presidency of the G20, where the outcome will be utilised for the development of member states.

The ARF will explore the possibility of partnerships with the private sector, which will increase available funding for projects, and the entity has provision to apply to National Treasury to retain its surpluses to augment budgets for subsequent years.

Strategy to overcome areas of underperformance

Management has reviewed the Strategic Plan for the next planning circle (2025–2030) and the Annual Performance Plan for the 2025/26 financial year to measure efficiency and have indicators which are within its control. Furthermore, proper planning processes are to be implemented in the 2025/26 financial year to adequately align the targets against planned and target settings to be more proactive to improve performance. Management has further ensured that the target descriptions in the Annual Performance Plan for 2025/26 are revised to cover projects funded through the preapproved budget, which will enhance performance.

4. REVENUE COLLECTION

	2024/2025			2023/2024		
Sources of revenue	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	71 645	(70 145)	1 500	64 853	(63 353)
Total	1 500	71 645	(70 145)	1 500	64 853	(63 353)

Revenue

The interest received of R71 million (2024: R64 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and interest accrued on the loan to Cuba. The interest generated during the 2024/25 financial year increased compared to the previous financial year due to the surplus funds in the bank account.

The ARF only generates revenue from the interest earned from the surplus funds in the South African Reserve Bank account and the interest accrued on the loan to Cuba. It does not generate any revenue in relation to service delivery.

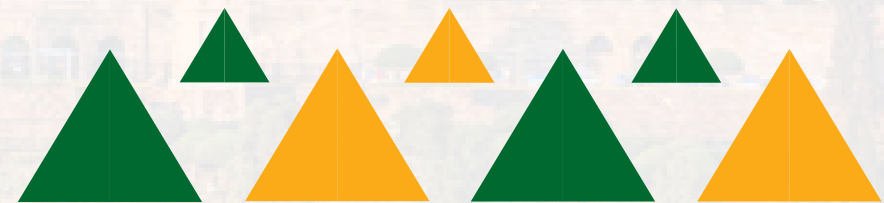
5. CAPITAL INVESTMENT

The ARF does not have capital investments.





PART C: GOVERNANCE



PART C: GOVERNANCE

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee on International Relations and Cooperation is briefed regularly on the African Renaissance and International Cooperation Fund (ARF). During the 2024/25 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 follow:

- Strategic Plan for 2020–2025 and Annual Performance Plan for 2024/2025 of the ARF on 29 August 2024.
- Project areas where ARF-funded projects are ongoing on 15 September 2024.
- ARF Quarter 1 for the 2023/2024 performance report on 11 September 2024.
- AGSA on the Audit Outcome of the ARF for the 2023/24 financial year on 8 October 2024.
- Risk and Audit Committees of the ARF for the 2023/24 financial year on 8 October 2024.
- Presentation by the ARF on their audit outcome for the 2023/24 financial year on 8 October 2024.
- Briefing by the AGSA on the audit outcome of the ARF on 8 October 2024.
- ARF Secretariat on its Impact Assessment Report on 27 November 2024.
- ARF Quarter 2 for the 2023/2024 performance report on 29 January 2025

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 2024/2025, four quarterly reports for 2024/2025, 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 2024/2025 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 2024
- ARF Second Quarterly Report for the period 1 July to 30 September 2024
- ARF Third Quarterly Report for the period 1 October to 31 December 2024
- ARF Fourth Quarterly Report for the period 1 January to 31 March 2025

The ARF Advisory Committee

Introduction

The importance and purpose of the ARF Advisory Committee is to provide strategic guidance and oversight of the entity towards the realisation of its objectives. The committee also advises the Minister of International Relations and Cooperation (DIRCO) and the Minister of Finance pertaining to the management of the entity on the projects to be funded by the ARF.

Roles of the ARF Advisory Committee

Subject to the provision of the ARF Act, 2000 (Act 51 of 2000), and other applicable legislation, the ARF Advisory Committee provides strategic direction and oversight of the entity by ensuring that the entity is aligned to the policy prescripts of government. Furthermore, the committee also addresses key issues on strategic activities in line with the ARF Act aligned to South African foreign policy. It also oversees overall programmes of the entity through monitoring and implementation of projects.

The committee also provides guidance on the development of the Strategic Plan and the Annual Performance Plan of the entity. The committee convenes once every quarter to assess and recommend requests for funding for approval by the Minister of DIRCO and Minister of Finance. The committee further plays an oversight role on the performance of the entity. The committee reviews reports and requests for funding to make recommendations to the ministers of DIRCO and Finance on project proposals considered in line with South Africa's foreign policy objectives.

Terms of Reference for the ARF Advisory Committee

The ARF Advisory Committee has been established in terms of Section 5 to make recommendations to the Minister of International Relations and Cooperation and the Minister of Finance on the disbursement of funds through loans or other financial assistance. The Director-General (DG) or the delegate of the DG chairs the committee meetings. The Advisory Committee comprises the following members:

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

The appointment to the committee is linked to the members' appointments as senior officials for both DIRCO and National Treasury. In cases where members are posted abroad, their membership is technically terminated in line with their new job responsibilities abroad. There is no remuneration payable to the members for their advisory role on the ARF Advisory Committee.

Composition of the ARF Advisory Committee

Name	Designation (in terms of the committee structure)	Date appointed	Qualifications	Areas of Expertise	Board Directorship (list entities)	Other Committees or Task Teams (e.g.: Audit Committee Ministerial Task Team)	No. of Meetings Attended
Mr Z Dangor	DG of DIRCO: Chairperson	1/4/2022	Master of Law (LLB) Masters in Management (MM)	International Law Management Development	Interim Representative to the African Union and Economic Commission for Africa (2017) International Human Rights Law Group (Washington, DC) Managing partner (Sonke Consulting)	DIRCO Risk Committee Director-General's Forum Ministers Management Meeting	Four
Ambassador N Losi	Member: DIRCO	15/11/2020	Bachelor's Degree in Political Science and Development Studies	State Protocol Management Finance and Diplomacy	None	DIRCO Audit Committee Risk Committee Director- General's Forum Minister's Management Meeting	One
Mr T Monyela	Member: DIRCO	12/01/2023	MBA	Corporate Governance	Brand South Africa DSG Governing Board	Audit Committee. Director-General's Forum	Four

Name	Designation (in terms of the committee structure)	Date appointed	Qualifications	Areas of Expertise	Board Directorship (list entities)	Other Committees or Task Teams (e.g.: Audit Committee Ministerial Task Team)	No. of Meetings Attended
				Project Management Marketing Public Relations and Communications	Zambezi Country Estate Board and ARF Advisory Committee	Minister's Management Meeting	
Ms P Mazibuko	Alternate Member: DIRCO	12/01/2023	Member non-active for the 2024/25 financial year				
Mr R Toli	Member: National Treasury	17/10/2014	MA (UKZN) MDevFin (USB)	Development Finance and Infrastructure	none	none	Three
Mr T Zulu	Member: National Treasury	12/12/2019	BCom Honours in Economics	Policy Analysis Macroeconomic Analysis and Governance	none	none	Three
Ms B Bhengu	Alternate Member: DIRCO	20/06/2013	MPublicAdmin (USB) ACMA CGMA (CIMA)	Financial Management	none	DIRCO Audit Committee, Risk Committee Director- General's Forum Minister's Management Meeting	Three
Ms S Naran	Alternate Member: National Treasury	12/07/2015	Member non-active for the 2024/25 financial year as an alternate member. The main member was able to attend to ARF matters				

5. RISK MANAGEMENT

The fund has an approved Risk Management Policy and Strategy, which communicates the fund's risk management philosophy and approach in the context of how risk management is expected to support the fund in achieving its objectives and mandate. There has been a continuous improvement in embedding a risk management culture across the management of ARF. The entity has conducted strategic risk assessments, operational risk assessments and fraud risk assessments throughout the project funding processes with the goal of enhancing the funds' performance and identifying emerging risks. There is an appointed Risk Committee appointed internally with an externally appointed chairperson. During the financial year, the Risk Management Committee (RMC) convened oversight meetings in all four quarters and addressed known and emerging risks through reports presented. These reports served the purpose of monitoring, advising, and bolstering the efficacy of risk management practices within the department. Noteworthy progress has been observed in risk management, which is reflected in the enhanced performance of the fund. The RMC has reported activities to the ARF Audit Committee in all quarters.

The table below discloses relevant information on the RMC members and meeting attendance:

Committee	Number of meetings attended	Number of members	Name of member	Role in the meeting	External/Internal
ARF	Four	10 including chairperson	Mr B Wheeler	Chairperson	External
	Three		Ambassador T Seokolo	Member	Internal
	Two		Ms H Bhengu	Member	
	One		Ms S Baloi	Member	
	Four		Mr G Labane	Member	
	Two		Ms L Lazouras	Member	
	One		Ms L Shongwe	Member	
	Four		Ms L Sempo	Member	
	Three		Mr P Basitere	Member	
	Three		Mr T Sebola	Member	

6. INTERNAL CONTROL UNIT

The Internal Control Unit is not applicable to the ARF since it is covered by the Department of International Relations and Cooperation.

7. INTERNAL AUDIT

We are pleased to present our report for the financial year ended 31 March 2025.

7.1 Internal Audit

Internal Audit objectives are:

- To determine whether the department'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 department's system of internal controls and governance.
- Assessing and evaluating the departmental performance information.

Assessing and evaluating:

- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
 - The systems established to ensure compliance with those policies, plans, procedures, laws, and other prescripts relevant to the department.
 - The means of safeguarding assets and, where appropriate, the verification of the existence of such assets.
 - The value creation processes within the department, including the conduct of the operations, and whether all six capitals are being utilised effectively, efficiently, and economically.
 - Operations and/or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned.
-
- To furnish management with competent, dependable, relevant, and useful information and analyses on the operations and activities of the Department.
 - To provide recommendations for improvements, where required or necessary, that will assist in the achieving of departmental objectives or improving operations.
 - To conduct special investigations and assignments as may be requested by senior management or identified by the internal audit function and approved by the Accounting Officer and to report thereon.
 - To render the necessary consulting services to management of the department.

7.2 Summary of audit work done

Internal Audit has undertaken the following activities in the 2024/25 financial year:

- Reviewed the draft annual financial statements, to be submitted to the Auditor-General for audit.
- Reviewed the draft annual performance information, to be submitted to the Auditor-General for audit.
- The expenditure management, ARF risk management, and project under implementation projects were revoked with motives outlined in the internal quarterly reports to the Audit Committee.

7.3 Objectives of the Audit Committee

The Audit Committee, in its oversight role, shall review, challenge and make recommendations with the objective to assist:

- The department in implementing and maintaining effective risk management, control, and governance processes.
- The department in employing efficiency and economy in the utilisation and application of resources.
- Management in implementing systems and mechanisms for the effective achievement of departmental objectives as planned.
- The department in maintaining an effective internal audit function that reports at least quarterly to the Audit Committee in writing and submits a suitable progress report and summary of audit reports.
- The department in conducting an annual assessment of all risks relevant to the department and appropriately responding to risks identified.
- Management in the implementation of mechanisms and systems for the prevention, detection of and response to fraud, theft, and other irregularities, as well as material errors and wasteful practices relevant to the department.
- In ensuring that the independence of the internal auditors is maintained.
- In ensuring that a structured reporting line for internal audit is provided and facilitating the maintenance of the objectivity of the internal auditors.

7.4 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 in the current FY
Ms A Mafuleka	• BCom Accounting • BCompt Honours in Accounting • CA (SA)	Chairperson	External	N/A	1 January 2021	31 December 2026	Seven
Mr B Wheeler	• National Diploma in State Accounts and Finance • BCom Degree • Advance Diploma in Public Administration	Deputy Chairperson	External	N/A	1 January 2020	31 December 2025	Seven

Name	Qualifications	Position	Internal or external	If internal, position in the department	Appointment date	Date Resigned/Contract Ended	No. of Meetings attended in the current FY
Dr C 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 2020	31 December 2025	Seven
Dr P Dala	• PhD (Information Technology) • Masters (Information Technology) • BSc Hons (Computer Science) • Bachelor of Information Technology • Certified Information Systems Auditor (CISA), • Certified Information Security Manager (CISM) • Certified Information Systems Security Professional (CISSP) • Lead Auditor ISO 27001 (LA ISO 27001), • Certified in the Governance of Enterprise Information Technology (CGEIT) • Certified in Risk and Information Systems Control (CRISC) • Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI)	Member	External	N/A	1 January 2021	31 December 2026	Seven
Ms G Simelane	• BCom Accounting • BCompt Honours in Accounting • CA (SA)	Member	External	N/A	1 January 2021	31 December 2026	Seven

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

9. FRAUD AND CORRUPTION

The department has a well-established Ethics Management Strategy that is implemented by different units with the primary objective of enhancing good governance. The Ethics Management Strategy is in accordance with the National Anti-Corruption Strategy, the Public Service Integrity Management Framework and the Ethics Management Policy. Existing procedures include the use of the Directive from the Department of Public Service and Administration to report unethical behaviour such as fraud and corruption, as well as other government channels such as the National Anti-Corruption Hotline. The ARF benefits from established internal processes in the department to address alleged instances of fraud and corruption, including claims of conducting business with an organ of state. The Internal Audit unit is responsible for ensuring investigations into such allegations, as they are reporting directly through Auditor-General audit findings, line management or via the National Anti-Corruption Hotline.

10. MINIMISING CONFLICT OF INTEREST

Conflict of interests is minimised through the implementation of preventative measures that include compliance with the Financial Disclosure Framework, probity of Supply Chain Management Nominated Bid Committee members before they are appointed, compliance with the Recruitment and Placement Policy before employing persons into the fund by the department, vetting of employees in accordance with their access to the department or government information, as well as ensuring that audit findings regarding allegations of conducting business with organs of the state are dealt with. Processing and management of other remunerative work outside the public service, lifestyle review and reporting during the financial disclosure process.

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

- Code of conduct.
- Health, safety and environmental issues.
- Social responsibility.

11. AUDIT COMMITTEE REPORT

11.1 Evaluation of Internal Audit by Audit Committee

We are not entirely 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, however, encouraged the internal audit to balance operational audits with strategic audits.

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.

11.2 Meeting with Executive Authority and presentation at the Portfolio Committee

The Audit Committee appeared before the Portfolio Committee and also met with the Minister in accordance with the Audit Committee Charter.

11.3 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.

11.4 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 and governance processes are adequate and effective. However, the internal audit has given limited assurance that the 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 there from.

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

There were no investigations that had been brought to the attention of the Audit Committee, nor the committee commissioned in the financial year under review.

11.5 In-Year Management and Monthly/Quarterly Reports

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon. We had no concerns regarding the content and quality of reports prepared and submitted by management.

11.6 Evaluation of financial statements and annual performance information

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements, to be included in the report, with the Auditor-General and the Accounting Authority.
- Reviewed the Auditor-General's management letters and management's responses.
- Reviewed the accounting policies and practices.
- Reviewed significant adjustments resulting from the audit.
- Reviewed and discussed the annual performance information.
- Reviewed and gave inputs into the ARF's strategic plans and the annual performance plan for the financial year under review.

11.7 Auditor's report

We have reviewed the entity's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved, and the entity has maintained its unqualified audit opinion, with no material findings ("clean audit"). It is worth noting that for the 2024/2025 financial year, there were no material misstatements identified in the annual performance information for the first time.

The Audit Committee concurs and accepts the conclusions of the Auditor-General of South Africa on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the auditor.



Ms APZ Mafuleka CA (SA)
Chairperson of the Audit Committee
15 August 2025

12. 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.

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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 (B-BBEE)	No	Not applicable



PART D: HUMAN RESOURCE MANAGEMENT



PART D: HUMAN RESOURCE MANAGEMENT

Human Resource Management is not applicable to the ARF since it is covered by the Department of International Relations and Cooperation.





PART E: PFMA COMPLIANCE REPORT



PART E: PFMA COMPLIANCE REPORT

1. INTRODUCTION

This section provides guidance on the information to be included in the annual report guide relating to PFMA compliance requirements.

2. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

2.1. Irregular expenditure

During the current financial year, the African Renaissance Fund did not incur any irregular expenditure.

2.2. Fruitless and wasteful expenditure

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

2.3. Material Losses

During the current financial year there were no material losses reported.





PART F: FINANCIAL INFORMATION



1. REPORT OF THE EXTERNAL AUDITOR

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 60 to 91, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ARF as at 31 March 2025 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.

Responsibilities of the accounting authority for the financial statements.

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to

fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 59, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance 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.

11. I selected the following material performance indicators related to programme 1: promotion of democracy and good governance presented in the annual performance report for the year ended 31 March 2025. 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.

- Number of South African Development Community (SADC) election observer missions in which South Africa participates.
- Percentage of requests recommended for projects for technical assistance to support elections funded.
- Percentage of requests recommended for projects for promoting good governance funded.

12. 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.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- 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 is presented in the annual performance report in the prescribed manner.

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

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

18. The table that follows provides 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 20 to 21.

Promotion of democracy and good governance

Targets achieved: 33%.

Budget spent: 2%.

Key indicator not achieved	Planned target	Reported achievement
Percentage of requests recommended for projects for technical assistance to support elections funded	100% of requests recommended for projects for technical assistance to support elections funded	0%
Percentage of requests recommended for projects for promoting good governance funded.	100% of requests recommended for projects for promoting good governance funded	0%

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General

of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

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

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Other reports

29. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

30. 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 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 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
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; 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
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury 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; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2. Annual Financial Statements

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

REPORT OF THE ACCOUNTING AUTHORITY

1. INTRODUCTION

The African Renaissance and International Cooperation Fund (hereafter referred to as the “Fund” 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 is subject to 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 the Public Finance Management Act, 1999 (Act No. 1 of 1999) PFMA.

2. OBJECTIVES OF THE ARF

2.1 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:

- 2.1.1 Cooperation between the Republic of South Africa and other countries, in particular African countries
- 2.1.2 Promotion of democracy and good governance
- 2.1.3 Prevention and resolution of conflict
- 2.1.4 Socio-economic development and integration
- 2.1.5 Humanitarian assistance
- 2.1.6 Human resource development

3. THE UTILISATION OF FUND

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

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. 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.

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

4. RELATED PARTIES

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).



REPORT OF THE ACCOUNTING AUTHORITY

4. RELATED PARTIES (continued)

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/Memorandum of Understanding,
- facilitating the process for the disbursement of funds, and monitoring the implementation of projects by means of reports, scheduled project site visits, ad hoc site visits, as well as maintaining a project database.

4.3 The Fund utilises the established policies and procedures of the department in the disbursement of Funds.

5. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

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 R52 million (2024: R49 million) was appropriated to the Fund.
- The interest received of R71 million (2024: R64 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and the loan granted to Cuba.

5.2 Receivables

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

5.3 Expenditure

During the period under review, the Fund recorded expenditure of R97 million (2024: R139 million).

5.4 Irregular expenditure

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

REPORT OF THE ACCOUNTING AUTHORITY

5.5 Fruitless and Wasteful Expenditure

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

5.6 Unauthorised Expenditure

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

5.7 Commitments

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

5.8 Provisions

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

5.9 Annual Performance against Targets

The annual performance of the Fund against the planned targets is 62%.

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 legislation 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.

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2024/25 R '000	2023/24 R '000
Revenue			
Revenue from non-exchange transactions			
Appropriated funds	1	52 131	49 890
Revenue from exchange transactions			
Investment income	2	71 645	64 853
Total Revenue		123 776	114 743
Expenditure			
Local and foreign aid assistance	3	(97 661)	(139 200)
Total expenditure		(97 661)	(139 200)
Surplus/(loss) for the period		26 115	(24 457)

STATEMENT OF FINANCIAL POSITION

	Note	2024/25 R '000	2023/24 R '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	925 425	777 369
Receivables from Exchange Transactions – Cuba Loan	5	29 008	29 523
Total Current Assets		954 433	123 776
Non-Current Assets			
Receivables from Exchange Transactions – Cuba Loan	5	11 499	38 659
Total Non-Current Assets		11 499	38 659
Total assets		965 932	845 551
LIABILITIES			
Current Liabilities			
Provisions	6	445 014	351 490
Payables from non-exchange transactions - DIRCO	7	-	271
Total liabilities		445 014	351 761
Net assets			
Accumulated surplus		520 918	493 790
Total net assets and liabilities		965 932	845 551

STATEMENT OF CHANGES IN NET ASSETS

	Notes	Accumulated Surplus R'000	Total Net Assets R'000
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
Gain (Loss) for the period		26 115	26 115
*Rescinded projects		1 013	1 013
Balance for the year ending 31 March 2025		520 918	520 918

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

CASH FLOW STATEMENT

	Note	2024/25 R '000	2023/24 R '000
Cash flow from operating activities			
Receipts		121 633	111 483
Appropriated funds	1	52 131	49 890
Investment Income	2	69 502	61 583
Other receipts—interest accrued from prior year			9
Payments		(3 394)	(39 999)
Cash disbursements	8	(3 394)	(39 999)
Net Cash flow from operating activities	9	118 239	71 483
Cash flow from investing activities			
Loan Repayment	5	29 817	30 907
Cash flow from financing activities			
Net increase/(decrease) in cash and cash equivalents		148 056	102 390
Cash and cash equivalents at the beginning of the year		777 369	674 979
Cash and cash equivalents at the end of the year	4	925 425	777 369

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final budget	Actual amounts on a comparable basis	Difference be-tween final budget and actual
	R'000	R'000	R'000	R'000	R'000
Appropriated funds	52 131	-	52 131	52 131	-
Investment income	1 500	-	1 500	71 645	(70 145)*
Local and foreign aid assistance	52 131	-	52 131	97 661	(45 530)^

Basis of Preparation:

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

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 Cuba loan.

^The variance is due to more projects concurred and expensed during the current year which are funded from the current annual allocation and the 2023/24 approved surplus.

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, which have been consistently applied, is disclosed below. These accounting policies are consistent with the previous period.

1.1 Judgements, estimates and assumptions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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 103 – Heritage Assets	Not yet effective	Not expected to have much impact but may result in additional disclosure.
GRAP 104 – Financial Instruments	Not yet effective	This standard might impact on the disclosure of financial instruments.
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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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.

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).

Services in kind

The ARF recognises services in kind that are significant to its operations in the statement of financial performance at fair value that are significant to its operations and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. Where services in kind are not significant to the ARF's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in kind received during the reporting period. The administrative costs of the ARF are deemed insignificant due to the nature of the functions of the ARF secretariat in line with the ARF Act.

Services received in kind include shared services with DIRCO, and the value cannot be measured reliably.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1.4. Revenue (cont.)

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.

The documents that serve as agreements in the ARF are notes verbales, exchanges of notes, contracts, service level agreements, and memoranda of agreement.

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

1.6. Commitments

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

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 be procured 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.

The documents that serve as agreements in the ARF are notes verbales, exchanges of notes, contracts, service level agreements, and memoranda of agreement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1.7. Provisions and contingencies (cont.)

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

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

1.8. Financial Instruments

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

Financial liabilities are classified according to the substance of the agreement or arrangement entered. 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 for transaction costs in respect of financial instruments classified at fair value through surplus or loss which are expensed immediately.

Subsequent Measurement

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

FINANCIAL ASSETS

1.8.1. Cash and cash equivalent

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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 as 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 the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue, 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 has 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-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).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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 Fund is under the control of the Director-General in terms of the African Renaissance and International Cooperation Fund 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 Fund in making financial and operational decisions and is regarded to be a related party. We disclose outstanding balances between the two parties. Specific information regarding business with 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 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 year (2023/24 financial year) has been used as a base for calculating materiality for ARF at 0.5%. The materiality amount was set to be R50 000 based on the nature of transactions for ARF and some of the risks. Transactions for the ARF comprise expenditure on projects in line with the strategic objectives of the Fund.

1.14. Accounting by Principals and Agents

A principal-agent arrangement results from a binding arrangement in which one entity (agent) undertakes transactions with third parties on behalf 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 the DG of DIRCO as the Accounting Authority of ARF. In the same context that the expenditure on these agreements is recognised in the ARF financial records, the ARF becomes the principal.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1.14. Accounting by Principals and Agents (cont.)

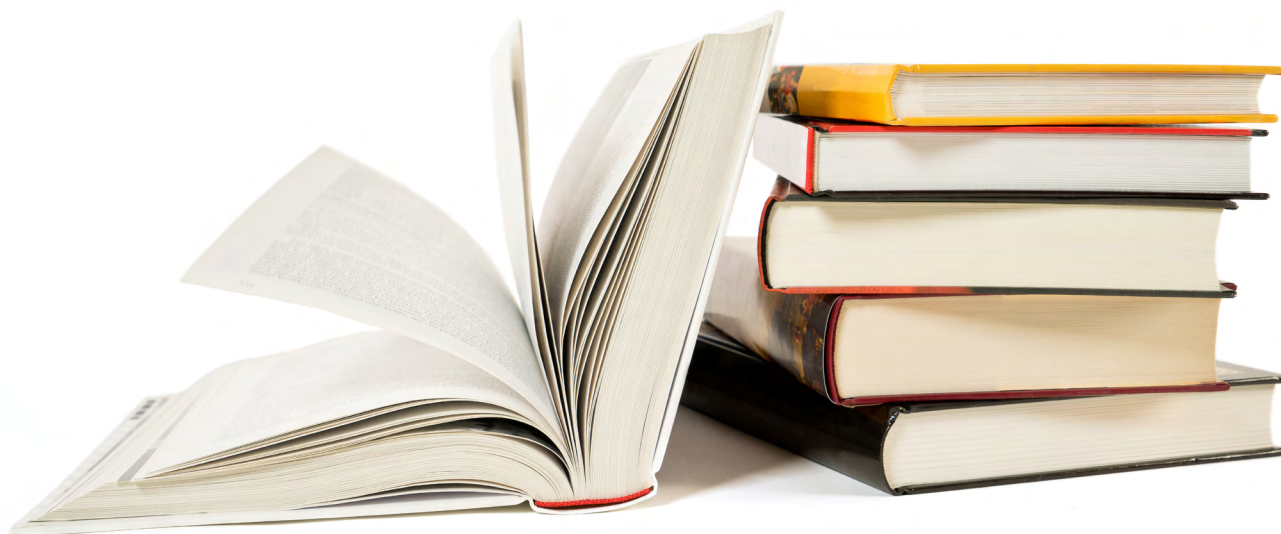
The entity will disclose:

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

1.15. Prior Period Error

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods, arising from a failure to use (or misuse of) reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effect of mistakes in applying the accounting policy, oversight or misinterpretation of facts. Prior period errors identified are corrected retrospectively as an adjustment to the carrying amount of assets or liabilities and offset to the opening balance of accumulated surplus. The prior period error notes in the annual financial statements will disclose the effect of the correction, as well as the cumulative effect on the change in net assets.



NOTES TO THE FINANCIAL STATEMENTS

	2024/25	2023/24
	R'000	R'000
1. Appropriated funds		
Appropriation from Parliament	52 131	49 890
Total	52 131	49 890

2. Investment Income

Interest earned from SARB	69 502	61 583
Interest accrued on a loan to Cuba	2 143	3 270
Total	71 645	64 853

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 Schools project	-	50 000
3.3 Prevention and resolution of conflict		
DIRCO-led Peace Processes	-	50 000

NOTES TO THE FINANCIAL STATEMENTS

	2024/25	2023/24
	R'000	R'000
3.4 Humanitarian Assistance	-	
Malawi humanitarian assistance	-	30 000
Humanitarian assistance to the Sahrawi Arab Republic	37 886	-
Humanitarian assistance to the State of Palestine	50 000	-
3.5 Human Resource development		
AFROSAI-E capacity building (promoting transparency and accountability)	6 867	-
3.6. Enhance cooperation between the Republic and other countries, in particular African countries		
South Centre Policy and technical support to the G20	2 908	
Grand Total local and foreign aid assistance	97 661	139 200

4. Cash and cash equivalents

Cash and balances with the South African Reserve Bank	925 425	777 369
Total	925 425	777 369

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

NOTES TO THE FINANCIAL STATEMENTS

5. Receivables from exchange transactions – Cuba Loan

Opening Balance	68 182	95 818
Loan granted to Cuba (current year)	-	-
Interest on the loan	2 143	3 270
Loan Repayment	(29 817)	(30 906)
Closing Balance	40 507	68 182
Amount receivable within one year (current)	29 008	29 523
Amount receivable within two to five years (non-current)	11 499	38 659

6. Provisions

Reconciliation of Provisions 2024/25

	Opening Balance R'000	Reclassification from Commitments R'000	Additions R'000	Movements during the year R'000	Total R'000
Projects	351 490	50 000	47 661	(4 137)	445 014

Reconciliation of Provisions 2023/24

	Opening Balance R'000	Reclassification from Commitments R'000	Additions R'000	Movements during the year R'000	Total R'000
Projects	252 522	50 000	89 200	(40 232)	351 490

Provisions comprise signed concurrences and signed agreements with recipient countries/implementing agents. The signed agreement (i.e., signed contract, note verbale, signed exchange of notes, service level 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.

NOTES TO THE FINANCIAL STATEMENTS

	2024/25	2023/24
	R'000	R'000
7. Payables from non-exchange		
Payables to DIRCO	-	271

8. Cash disbursements

Promotion of democracy and good governance	436	9 197
Humanitarian assistance	-	14 546
Prevention and resolution of conflict	1 634	1 214
Socio-economic development and integration	-	15 042
Promote human resource development and capacity building	1 011	-
Cooperation between the Republic and other countries, in particular African countries	313	-
Total	3 394	39 999



9. Net cash generated from operations

	2024/25 R'000	2023/24 R'000
(Loss)/Surplus for the period	26 115	(24 457)
Adjustment	-	-
(Loss) Surplus after movements	26 115	(24 457)
Changes in working capital	92 124	95 940
Effect on payables	(271)	234
Effect on provisions	94 538	98 968
Effect on receivables from exchange	(2 143)	(3 262)
Net cash flow from operating activities	118 239	71 483

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, where the funds earn a daily interest calculated using the repo rate.

Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Financial assets	2024/25 R'000	2023/24 R'000
Cash and cash equivalents	925 425	777 369
Receivables from exchange transactions	40 507	68 182
Total	965 932	845 551

Liquidity risk

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

Financial liabilities	2024/25 R'000	2023/24 R'000
Payables from non-exchange transactions	-	271
Total	-	271

Interest rate risk

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

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

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

Details	2024/25 R'000	2023/24 R'000
Cash and balances with the South African Reserve Bank	925 425	777 369

NOTES TO THE FINANCIAL STATEMENTS

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 risks

Due to the nature and extent of the ARF’s financial instruments, the entity is not unduly exposed to price risks or other market risks.

11. Related party transactions

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

Description	2024/25	2023/24
	R’000	R’000
Payables: DIRCO	-	271

Nature of relationship

Controlling Department	Department of International Relations and Cooperation
National Public Entity	Government Technical Advisory Centre (GTAC)
Members of Key Management	Director-General
	Chief Financial Officer
	ARF Advisory Committee members from DIRCO and National Treasury
	Head of the ARF Secretariat

NOTES TO THE FINANCIAL STATEMENTS

12. Services in kind

The ARF utilises the funds which were earmarked for the South African Development Partnership Agency (SADPA) to fund operational costs which can be measured reliably. The approval that was granted by National Treasury to shift the funds from transfers and subsidies under programme 5 for DIRCO to programme 1 under administration. The budget process and the payment of these expenses are processed by DIRCO's finance unit in line with the department's internal processes.

These expenses are recorded in the annual financial statements of DIRCO. These costs include:

Description	2024/25 R'000	2023/24 R'000
Compensation of employees	3 144	3 002
Goods and services	1 964	1 140
Audit Committee costs	371	409
Risk Committee costs	16	22

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 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 ARF activities.
- Salary of the Director-General relating to ARF activities.

13. 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).

NOTES TO THE FINANCIAL STATEMENTS

14. Commitments

Description	2024/25 R'000	Restated 2023/24 R'000
Opening Balance	190 880	118 000
Commitments reclassified to Provisions	(50 000)	(50 000)
*New Commitments	-	172 880
Commitment no longer valid (Cuba Humanitarian Assistance)	-	(50 000)
Closing Balance	140 880	190 880

15. Going Concern

As at 31 March 2025, 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 R520 million (2024: R493 million surplus). The ARF is in the process of amending the ARF Act in order to establish the SADPA.

16. 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 2025, with an amount of R 466 349 000. 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.

NOTES TO THE FINANCIAL STATEMENTS

17. Events after Reporting Date

During April 2025, the signed concurrence letter relating to the request for the closure of the below projects was received from National Treasury. The transactions below are non-adjusting events, as there was no indication or condition that existed by year-end indicating that approval to rescind will be granted by the Minister of Finance.

Project Details	2024/25 R'000	2023/24 R'000
Humanitarian assistance to Syria	50 000	-
Humanitarian assistance to Türkiye	50 000	-
IEC development of principles and guidelines on impact of social media on elections	2	-

18. Accounting by Principals and Agents

18.1 Government Technical Advisory Centre (GTAC): 2024/25

The ARF is a principal to a binding agreement that was signed in December 2022 with the Government Technical Advisory Centre (GTAC) in the 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.

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

2024/25	Malawi Humanitarian Assistance (R30 million) Mozambique schools project (R50 million)
2023/24	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.

NOTES TO THE FINANCIAL STATEMENTS

18.2 Agricultural Research Council (cont.)

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 continued monitoring of the project will continue for a further three years to ensure sustainability.

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.

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

Financial Year	Total Amount Disbursed	10% Project Management Fee	Unspent/uncommitted funds paid back to ARF as at year end	Amount to be paid to service providers by the Agricultural Research Council (ARC)
	R'000	R'000	R'000	R'000
2024/25	-	-	-	-
2023/24	15 042	-	-	15 042

19. Prior Period Error

Provisions

An error was identified with the classification of provisions in the 2023/24 financial year. The entity did not split between the transactions which are new additions where concurrence was obtained in the year under review and the transactions which were reclassified from commitments which were recognised in the prior financial years where the criteria to be expensed was only met in the 2023/24 financial year.

The error occurred in the 2023/24 financial year and does not have an effect on the statement of financial performance and position, as the closing balance for provisions remains the same.

NOTES TO THE FINANCIAL STATEMENTS

Prior Period Error (cont.)

Provisions

31 March 2024

Details	As Previously Disclosed	Correction of error	Restated
	R'000	R'000	R'000
Reclassification from commitments	-	* 50 000	50 000
Additions	139 200	* (50 000)	89 200

• This transaction relates to the Mozambique schools project concurred in 2019



Commitments

The commitments balance for 2023/24 was misstated with the following details:

The concurrence for the Saharawi Mobile Schools for R 22 880 304.40 was not disclosed, and the balance of commitments reclassified to provisions and new commitments was misstated to include projects that were ready to be expensed within the same financial year in which the concurrence letter was approved.

The reclassification of commitments relates to commitments which were included in the opening balance and are expensed to the provisions account during the financial year end under review.

These errors did not have an effect on the statement of financial performance and position, as the commitments are only recognised on the disclosure notes.

Details	As Previously Disclosed	Correction of error	Restated
	R'000	R'000	R'000
Commitments reclassified to provisions	(139 200)	89 200	(50 000)
New commitments	239 200	(89 200)	172 880
		* 22 880	

• This relates to the Saharawi Mobile School

