**3. Report of the Portfolio Committee on International Relations and Cooperation on Budget Vote 6: International Relations and Cooperation, dated 17 May 2017**

The Portfolio Committee on International Relations and Cooperation (the Committee), having considered Budget Vote 6: International Relations and Cooperation of the Department of International Relations and Cooperation (the Department), reports as follows:

1. **Introduction**

The Committee met on 10 May 2017 to consider the Department’s Annual Performance Plan (APP) 2017-2018. The Committee further discussed the African Renaissance and International Cooperation Fund’s (ARF) Annual Performance Plan 2017-2018, together with the overall budget allocation for 2017-2018. The Committee also received a presentation on the ‘Focus on oversight areas for South Africa’s Foreign Policy in 2017 and beyond’ by a stakeholder, Dr Philani Mthembu, from the Institute of Global Dialogue.

1. **Briefing by the Department on Budget Vote 6: International Relations and Cooperation**
	1. **Expert presentation on the ‘Focus on oversight areas for South Africa’s Foreign Policy in 2017 and beyond’**

The Committee’s reason for inviting an expert was to receive an independent view and analysis on what the thematic areas of focus for foreign policy would be in the changing global environment. Dr Philani Mthembu, a foreign policy analyst, focused on the key service delivery areas under the mandate of the Department. He recommended areas that the Committee could look at as part of oversight in 2017 and beyond.

The presentation noted that South Africa has a huge global footprint, with 124 missions representing the country abroad. The number was regarded as symbolising the influence which the country has in the world. It was pointed out that some scholars had a different view with regard to the size of the global footprint.

With regard to the African Agenda, it was noted that South Africa is to assume the chairship of the Southern African Development Community (SADC) as of August 2017. It was regarded important that the Committee focus on ensuring that the Department would participate in advancing the SADC regional integration program. South Africa should use its chairship to prioritise the finalisation of the Tripartite Free Trade Area (TFTA) processes, and that South Africa including some members of SADC, conclude negotiations on the outstanding issues regarding the TFTA. This agenda should be prioritised bearing in mind that the African Union (AU), intends to launch the Continental Free Trade Area (CFTA) by the end of 2017.

The Committee was reminded that one of the policy legacies left by the former Chairperson of the African Union (AU) Commission, Dr Nkosazana Dlamini-Zuma, was the Agenda 2063 and Africa’s commitment to ‘Silencing the guns by 2020’. It was recommended that the Committee should engage the Department on this issue. During its chairship of SADC, South Africa should be urged to focus on the region achieving this goal, also in the continent. It was further noted that South Africa continues to serve in the AU Peace and Security Council (AUPSC) from 2017-2018. It was recommended that the Committee could urge the Department to ensure that South Africa utilises its presence in the AUPSC towards achieving the goal of ‘Silencing the guns by 2020’.

It was considered important that the AU should urge countries to take steps to ensure self-reliance in order to fund Africa’s own projects. The majority of peace and security funding was from the European Union. This has the potential of placing the continental sovereignty at stake. In order for Africa to be able to achieve on commitments under the Sustainable Development Goals (SDGs), it should be self-sufficient. The Trump administration has announced plans to slash development aid to many countries and organisations, Africa has to devise ways of its own for self-reliance.

Morocco’s admission to the African Union and the future of Western Sahara have become an important issue within the AU. South Africa was, however, not in favour of this decision. The political landscape in the continent was said to be fluid and moving very fast. It was pointed out that the presence of Morocco in the AU, without conditions, should not mean the issue of self-determination for the people of Western Sahara is dead and buried. The presence of Morocco should be a catalyst for granting Western Sahara its independence. It was also reported that Morocco has not been participating in the Maghreb (the Arabic name for the region of Northwest Africa comprising Tunisia, Libya, Morocco, Algeria, Mali, Mauritania, Niger, Chad) as a regional economic community (REC). The Maghreb has since been dormant and not reaching its full potential. It had also been indicated in some quarters that Morocco was considering joining the Economic Community of West African States (ECOWAS).The region would benefit from the participation of Morocco.

The Committee was reminded that the key area for South Africa’s foreign policy is the maintenance of peace and security. The Committee was urged to encourage the Department to continue in its commitment to peace and security. South Africa should continue with its role in peace keeping in the region, continent and where requested so by the United Nations (UN). It was acknowledged that the country’s women and men in uniform have suffered injuries and loss of life in some incidences in the line of duty.

With regard to South-South cooperation, the Committee was urged to consider a follow-up on the launch in Johannesburg of the Regional Centre for the Brazil, Russia, India, China, and South Africa (BRICS)’s New Development Bank (NDB). The Committee could also consider finding out what sort of projects would benefit from the regional branch of the BRICS Bank. The Committee was further encouraged to urge the Department that the upcoming BRICS summit in October in China, should continue to support the non-state actors relationships created under the auspices of the BRICS. South Africa is due to assume the chairship of BRICS in 2018.

The Committee was asked to request the Department to consider having a consolidated program of projects and issues to be implemented by BRICS, and have all the projects already on the table, completed. The Committee was asked to also consider following up on the implementation of the Forum on China-Africa Cooperation (FOCAC) decisions and commitments made for South Africa and Africa as a whole.

With regard to North-South relations, it would benefit the Committee to find out what benefits and constraints exist with relations with the strategic countries of the North. The Committee could also focus on the on-coming European Union (EU) - Africa summit at the end of 2017. The Committee could ensure that South Africa and Africa reap benefits from the trade deals to be discussed. The United States posture on climate change should be closely monitored, not to jeopardise the gains reached by the international community under the Paris Agreement in 2016.

With regard to the ocean economy and maritime security, South Africa has to be in the lead in championing engagements in these fields. South Africa was well positioned in the global maritime trade as it is located between the Indian and the Atlantic oceans. It should guard against overfishing and piracy. As an incoming chair of the Indian-Ocean Rim Association (IORA), South Africa should strive to partner with the other countries to advance the aspirations of Operation Phakisa, and support the Blue economy narrative.

The issue of South Africa being involved in peace making in the continent was raised. The concern was that South Africa has not been combining its peace making investment with opening up space for its national interest priorities. The country would benefit if the two were combined in its interventions. It was observed that at times the principle of Ubuntu would have been the first and foremost consideration by government to assist in deserving situations.

The Committee was also urged to find out whether the work of the South African Council on International Relations (SACOIR) was making the necessary impact on the work of the Department. It would be important for SACOIR to involve civil society in foreign policy, and make in-roads into the communities to ensure an understanding and interest in South Africa’s foreign policy.

It was also pointed out that the Committee should also consider looking into delays around the establishment of the South African Development and Partnership Agency (SADPA). Development diplomacy is another strong component of South Africa’s foreign policy. Therefore the delay in having the agency operational impacts on the mandate of the Department. Continuous training of diplomats was also considered paramount; and the ability of the Department to implement the coordination mechanism on international activities of a foreign policy nature, was also mentioned as a focus area for the Committee.

**2.1.1 Comments on the presentation by Dr Mthembu**

The Committee thanked Dr Mthembu for his elaborate analysis. The members raised concerns with the fact that Morocco was admitted to the African Union without conditions. However, their focus on this issue in the future would be, to ensure that Western Sahara’s voice for self-determination is kept alive within the AU and the United Nations. Pressure should be maintained for Morocco to comply. The Committee further noted that ‘Silencing the guns by 2020’ program was critical for Africa’s development and prosperity. It was also noted that the establishment of SADPA would assist strengthen South Africa’s foreign policy trajectory, especially in the region and also on the continent. It was further agreed that training of South Africa’s diplomats, especially the youth, is of outmost importance.

* + 1. **Responses by Dr Mthembu**

Now that Morocco has been admitted, it would have been ideal to attach conditions to solve the problem of Western Sahara. However pressure may still be levelled against Morocco.

There would still be merits to push for a referendum through the African Union or the United Nations for Western Sahara’s sovereignty. However there were other views that another option was integration into the region, where the United Nations or African Union may exercise authority over Western Sahara.

Economic diplomacy was an essential tool for post conflict reconstruction and development. South Africa should trade more with its fellow African countries. To be successful, the region would need to integrate more with itself. This would not mean a country is opposed to trading with other countries. It was imperative for the country to trade more with its region and to build infrastructure, so that people could move around more freely and that goods could move much faster.

Deputy Minster Mfeketo added that the African Union does not have conditions for acceptance into the organisation. However the struggle for Western Sahara should not end because Morocco was now in the AU. She noted that the African Union was very strict on how countries engage with each other.

* 1. **Presentation by the Department on its 2016/17 and MTEF expenditure focus**

Deputy Minister Nomaindiya Mfeketo gave a political overview of the global situation under which the Department had to operate. She indicated that the budget cuts would have impact on the operations of the Department. However, the Department would still be able to navigate and achieve its set objectives. She also referred to the recent downgrades by Rating Agencies, which would further impact on the way the Department operates.

The Department reported that the overall mandate of the Department is to work for the realization of South Africa’s international relations policy objectives. The foundation of South Africa’s foreign policy was built on a desire to promote South Africa’s national interest and values, the African Renaissance and the creation of a better world for all[[1]](#footnote-1).

It was highlighted that the Department derived its responsibility from the Constitution of South Africa 1996 and the National Development Plan (NDP). Its mandate is further detailed in the 2014-2019 Government’s Medium Term Strategic Framework (MTSF). Chapter 7 of the NDP envisioned South Africa as a globally competitive economy and an influential, leading member of the international community. The plan saw South Africa as promoting and contributing globally to sustainable development, democracy, the rule of law, human rights, and peace and security.

The Department was also reported as guided by the White Paper on South Africa’s Foreign Policy, which directed the future focus of the Department. Outcome 11 of Government’s 2014-2019 medium term strategic framework was also on the Department. Under this, the Government sought to “Create a better South Africa and contribute to a better and safer Africa in a better world”, further articulating the vision of South Africa in the regional, continental and international arenas.

During the course of the medium term, the spending focus would be on sustaining economic and political relations; participating in the global governance forums; enhancing operational capacity by strengthening policy and coordination in relation to outgoing South African development cooperation through the operationalization of the South African Development and Partnership Agency (SADPA). Focus would also be on doing work in pursuit of the African Union Agenda 2063, to determine the Africa the people of South Africa want; including reviewing of the current legislative framework governing the Department’s operations abroad; undertaking of various infrastructure projects; and implementing the property management strategy.

In its execution of South Africa’s foreign policy, the Department reported informed by South Africa’s current global stature where the country was a respected, active and responsible global player. South Africa hosted the second largest number of foreign representation in the world and has a global footprint of 124 missions[[2]](#footnote-2). South Africa was regarded as a champion for protection and promotion of human rights; and was an advocate for disarmament and the peaceful resolution of disputes. The country has placed Africa as central to its foreign policy, which forms the basis for cooperation with countries of the South and the North; and was known to champion cooperation and partnership over competition in the global arena.

The changing global environment has brought about new formations and regional groupings which include: Brazil, Russia, India, China, South Africa (BRICS); the Group of 20 (G20); Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa (CIVETS) and the Indian Ocean Rim Association (IORA). These new formations have brought about a growing influence in the global economic sphere. It was noted that South Africa attached great importance to its membership of BRICS.

BRICS as a formation may not be geographically wholly south. However, the fundamental principle is that the BRICS countries share a common vision. The vision is to be pursued through economic cooperation, sharing of technical expertise, knowledge and experience to address their own domestic and international challenges.

The mandate of the Department was said to be also responding to new global opportunities and frontiers which have introduced new economies such as; the Blue economy, the Green economy and the Knowledge economy, utilisation of outer space (such as the SKA project); and advances in technologies. These were seen as new economic frontiers for job creation and mobilisation of resources to address domestic challenges. Operation Phakisa sought to harness and leverage some of these sectors as part of implementing the aspirations of the National Development Plan.

South Africa participated in the drafting and adoption of Sustainable Development Goals (SDGs) in 2015. Through its participation, South Africa ensured that the 17 SDGs are not only linked to Agenda 2063, but are also mirrored in the NDP. However, the Department underscored that socio-economic development, regional or international, would be realised in a democratic environment which responds to the needs of the people[[3]](#footnote-3).

1. **Situational analysis around the world**

Foreign policy is conducted in a very unpredictable and insecure global environment which was caused in part by the severe global economic downturn. That also had a negative impact on the Department’s operational budget as the Government’s own budget came under pressure, albeit at a time of greater international demands and obligations.

The Department has executed its mandate against the background of an ever-changing political and economic environment. The international environment is characterized by major shifts in global political, economic, social and cultural dynamics that impacted on different parts of the world. The shifts include: the emergence of new economic powers; the new phenomenon of media and social networks which leave governments faced with the increased tension between upholding freedom of speech and expression, while seeking to manage the flow of information; environmental change; heightened demand for scarce resources and the changing nature of conflict and insecurity. In order to survive in this environment, South Africa had to shape its domestic and foreign policies to respond to global drivers and trends[[4]](#footnote-4).

Globalisation continues to accelerate the shift in the balance of political and economic power towards the emerging economies. The trading patterns continue to shift to new markets, with notable growth in South-South trade between the emerging economies. A lack of adequate infrastructure and industrial capacity remains a significant obstacle to stimulating intra-African regional trade. Intra-African trade is essential[[5]](#footnote-5) as an important driver of development and regional integration in Africa as is the case with other regions of the world like European Union and Asia.

The world population growth is skewed across the wealth lines with the developed world dealing with an aging population, and developing countries experiencing a youth bulge. This demographic pattern has huge social and political impact as well as serious economic consequences.

The impact of the recent global economic crisis has had impact on development assistance to developing countries. It gave rise to nationalistic and conservative governments resulting in a trend of falling share of aid going to sub-Saharan Africa.

South Africa is implementing its diplomacy of Ubuntu towards achieving its national interests within a very complex and dynamic environment. South Africa’s national interest is largely based on eradicating poverty, unemployment and inequality. The main element is that South Africa’s national interest is, however, not framed in narrow nationalistic terms, it recognises the importance of others in the region and on the continent. The Rating Agencies have since relegated the country to a junk status, adding more pressure on the economic trajectory of the country.

1. **Planned policy initiatives**

The Department conducts its affairs and operations in a global environment, with circumstances and conditions which are often vastly different and diverse from the policy context within South Africa, which governs the Public Service. The Department has tabled a Foreign Service Bill in 2015, to cater for the unique work environment in which it operates. It is envisaged the Bill will allow the Department to fulfil its administrative and management responsibilities within the framework of the South African legislation. It would also create the necessary flexibility to address the challenges posed by it operating in a global level.

South Africa’s outgoing cooperation funding has been governed by the African Renaissance and International Cooperation Fund 2000 (ARF). This fund has catered for initiatives between South Africa and other countries that relate to the promotion of democracy and good governance among others. At the operational level, the Fund has been experiencing challenges due to strategic and operational inefficiencies within the fund.

As a consequence of these challenges over the past years, in 2009 Cabinet approved the proposal for the establishment of the South African Development Agency (SADPA), as the body to manage, coordinate and facilitate all South African official outgoing development cooperation programmes and projects. There were processes to table a Partnership Fund for Development Bill in Parliament in 2017, aimed at an improved coordination of South Africa’s diverse development partnerships[[6]](#footnote-6). The Department reported having completed a draft strategic framework and policy guideline for all outgoing development cooperation administered under the agency.

1. **National Development Plan (NDP)**

With regard to international relations and cooperation chapter, the national development plan focused on the need to enhance South Africa’s position in the region and the world, and to increase trade and investment. The plan further states that the country’s foreign policy should be shaped by the interplay between diplomatic, political, security, environmental, economic and regional dynamics that define international relations. The plan envisions the country positioning itself as one of Africa’s powerhouses, leading development and growth on the continent; and deepening integration with the Brazil-Russia-India-China-South Africa (BRICS) group of countries.

The National Development Plan has also recommended a thorough analysis of the political and economic costs and benefits of South Africa’s strategic representation and actions abroad. Alongside this issue, the Committee identified a need for the alignment between the mandate of the Department and the organisational structure. The Committee had also recommended that there was a need for a dedicated unit in the office of the Director General (chief operating officer), and the position has since been filled, to focus on operational issues (non-political matters) emerging on a daily basis around the work of the Department. These operational details had the ability to render the Department a qualified audit report in 2014/15 and 2015/16 financial years.

The Department has since taken positive steps to, in close consultation with the Department of Public Service and Administration, review its organisational structure, and it’s reflected in the Strategic Plan 2015-2020. This was embarked upon to ensure that there is a synergy between the essential human resource requirements which will enable the Department to achieve its legislative and political mandate. However, due to the cost-cutting measures implemented by government across the board, the new structure has not yet been fully implemented due to budgetary constraints.

1. **Measurable objectives of the Department**

The Revised Strategic Plan 2015-2020 has been categorized into six key priority areas in order for the Department to contribute to a better life for all South Africans as pronounced through the State of the Nation Address 2017, with the aim of responding to the domestic priorities as announced by government for the 2017-18 financial year as follows:

* Enhancing the African Agenda and Sustainable Development;
* Strengthening political and economic integration of the Southern African Development Community (SADC);
* Strengthening of South-South Relations;
* Strengthening of Relations with the strategic formations of the North;
* Strengthening of Political and Economic Relations;
* Participation in the Global System of Governance.
1. **Overview of the Department’s strategic outlook and budget for 2017/18; and the Medium Term Expenditure Framework (MTEF) expenditure focus**

**7.1 Strategic outlook for 2017/18: Annual Performance Plan 2017/18**

According to the Department’s Revised Strategic Plan 2015-2020, the Department would continue to operate in a dynamic environment that combines varying legislative and monetary regimes that impact on its foreign policy operations. In 2017, South Africa maintained diplomatic relations with countries and organizations through 124 missions in 106 countries abroad, and through the accreditation of more than 160 countries and organizations resident in South Africa.

The spending focus over the MTEF would be on advancing national priorities through economic and political relations. In pursuit of the national imperatives outlined in Chapter 7 of the National Development Plan and Outcome 11 (Create a better South Africa, a better Africa and a better world) of the 2014-2019 medium term strategic framework, the Department would focus over the medium term on consolidating South Africa’s global economic, political and social relations, advancing an equitable, just and representative rules-based multilateral system; pursuing a sustainable developed and economically integrated Africa; and the regional integration of the Southern African Development Community (SADC). There would be a concerted focus on economic diplomacy to contribute to South Africa achieving the vision and goals as espoused in the NDP. The Department would also focus on enhancing its operational capacity. It would also continue with its ongoing development and management of its infrastructure projects and properties.

In the light of the dynamic global environment, South Africa’s international relations is aligned to and support the southern African regional agenda. Consequently, the regional integration agenda remains key continental development. South Africa assumes the Chair of SADC during 2017, during this term, it would work towards the acceleration of the integration agenda and the implementation of SADC-EAC Free Trade Area that was launched in June 2015. This is seen as a further step towards the conclusion of the Continental Free Trade Area Agreement, aimed at enhancing intra-Africa trade[[7]](#footnote-7).

The maintenance of peace and stability remains a key enabler in ensuring that the continent benefit from peace and development. It is argued that unity and implementation of the African Agenda 2063 are paramount for unity of the continent to silence the guns by 2020. While the continent has made strides to bring about peace and stability, major hot spots where more work is still needed are Libya, South Sudan, Democratic Republic of Congo, Burundi and Lesotho.

South Africa is committed to work with the new leadership of the AU Commission to build on the achievements recorded under the previous chair, Dr N Dlamini-Zuma, especially the elevation of women’s rights. Strengthening of the AU structures and the sovereignty of the organisation were a priority during her tenure.

South Africa would continue to strengthen North-South relations, particularly with the United Kingdom and the European Union. It would further endeavour to strengthen relations with the United States of America to strengthen economic growth throw the African Growth and Opportunity Act (AGOA).

Under the South-South cooperation arrangement, South Africa is to assume the chairship of the Brazil, Russia, India, China, South Africa (BRICS), to pursue sharing of technical expertise, knowledge and experience to the realisation of economic prosperity. South Africa would also take over the chairship of the Indian Ocean Rim Association (IORA) from October 2017-2019[[8]](#footnote-8).

South Africa believes that combatting the scourge of terrorism should include addressing social economic deficits that fuel conflict. Extremism and terrorism remain a threat to international peace and security.

**7.2 Overview of Departmental budget 2017/18 and MTEF expenditure focus**

It was indicated that due to the economic situation and the directive of government, all departments continue to receive a reduced budget for this financial year. The Department would be allocated a reduced budget amount of R6 574. 9 billion in 2017/18, compared to R6 838. 7 million in 2016/17 financial year. The budget reduction could be further affected by foreign exchange fluctuations later in the year, or by unplanned activities that the Department could find itself faced with in the execution of its mandate.

In accordance with the 2017 Estimates of National Expenditure (ENE), the spending focus over the MTEF would be on advancing national priorities through economic and political relations. In pursuit of the national imperatives outlined in Chapter 7 of the National Development Plan and Outcome 11 (Create a better South Africa, a better Africa and a better world) of the 2014-2019 medium term strategic framework, the Department would focus over the medium term on consolidating South Africa’s global economic, political and social relations, advancing an equitable, just and representative rules-based multilateral system; pursuing a sustainable developed and economically integrated Africa; and the regional integration of the Southern African Development Community (SADC). There would be a concerted focus on economic diplomacy to contribute to South Africa achieving the vision and goals as espoused in the NDP.

The NDP sets out a path to a future where South Africa has a globally competitive economy and is an influential member of the international community. Outcome 11 (create a better South Africa and contribute to a better Africa and a better world) of government’s 2014-2019 medium-term strategic framework sets targets over the medium term to realise this future. The Department has planned to contribute to the targets over the medium term by: strengthening foreign policy instruments; addressing departmental capacity constraints, particularly on economic diplomacy; and developing new infrastructure financing models and implementing pilot infrastructure projects that would inform the development of the foreign property management strategy. Allocations to the Department are expected to decrease over the MTEF period, from R6.8 billion in 2016/17 to R6.5 billion in 2019/20[[9]](#footnote-9). The bulk of expenditure is expected in the Int*ernational Relations*, *International Cooperation* and *International Transfers* programmes.

* 1. **Strengthening the African Agenda and regional integration**

Over the medium term, the Department will be involved in rationalizing regional economic communities towards a continental free trade area, revitalizing the New Partnership for Africa’s Development on infrastructure development, and promoting good governance systems through the African Peer Review Mechanism (APRM). These and other related activities are budgeted for in the Africa subprogramme of the International Relations programme and the Continental Cooperation subprogramme in the International Cooperation programme. Spending over the medium term is projected to be R3.8 billion, or 19.2 per cent, the bulk of which is on compensation of employees, travel and subsistence and other contractual obligations in missions abroad[[10]](#footnote-10).

South Africa would continue to advocate and support the organisational reforms of the African Union to realise Agenda 2063. This Vision seeks to chart a trajectory for Africa towards self-determination, freedom, progress and collective prosperity. During the medium term, the Department would contribute to processes aimed at improving self-reliance, inclusive growth and sustainable development. This would include supporting the introduction of an effective and predictable financing model for the AU in the form of a 0.2 per cent levy payable by member states on the value of imports from non-member states. The Department would work with National Treasury and the Department of Trade and Industry to assess the potential effects of such a levy. Total transfers for membership fees to the AU are projected to decrease from R291.3 million in 2016/17 to R238 million in 2019/20[[11]](#footnote-11).

The Department would continue to advance Africa’s socioeconomic progress and contribute to the revitalisation efforts of New Partnership for Africa’s Development (NEPAD). Over the medium term, the Department would be involved in rationalising regional economic communities towards a continental free-trade area, and strengthening the political and economic integration of the Southern African Development Community (SADC)[[12]](#footnote-12).

These and other related activities are budgeted for in the *Africa* subprogramme in the *International Relations* programme and the *Continental Cooperation* subprogramme in the *International Cooperation* programme. Spending over the medium term is projected to be R3.8 billion, or 19.2 per cent of the department’s total budget over the period, the bulk of which would be on compensation of employees, travel and subsistence, and other contractual obligations in foreign missions[[13]](#footnote-13).

**7.4 Consolidating global economic, political and social relations**

The Department would strengthen and consolidate South-South relations, reflecting the shift in the balance of the global distribution of power and increasing influence of emerging economies in the multilateral trading system. Over the medium term, the Department would continue to utilise its membership and engagements with groupings of the South, such as the Forum on China-Africa Cooperation (FOCAC), the Group of 77 (G77), and the People’s Republic of China; the Brazil, Russia, India, China and South Africa (BRICS), to advance South Africa’s foreign policy objectives. The adoption of the strategy for BRICS economic partnership is expected to facilitate trade and investment, enhance market access opportunities and facilitate market inter-linkages between the countries. The BRICS’ New Development Bank, once operationalised, would serve as an instrument for financing infrastructure investment and sustainable development projects in the BRICS and other countries and emerging market economies. South Africa would continue its support to the India, Brazil, and South Africa (IBSA) forum.

Over the medium term, the Department has planned to establish and manage bilateral structures and mechanisms, and coordinate high-level engagements on issues such as trade, investment, peace, security and cultural exchange.

This would strengthen South Africa’s political and economic partnerships, and could increase exports of the country’s goods and services, attract greater foreign direct investment and technology transfers into value adding industries and mineral beneficiation, and grow inbound tourism and the skills base. The 124 foreign missions play a crucial role in these activities, as do bilateral meetings with targeted government ministries, meetings with potential investors, engagements with various chambers of commerce, and participation in events to promote tourism. These activities are budgeted for in the *International Relations* and *International Cooperation* programmes, in which spending over the medium term is projected to be over R3 billion. The bulk of this amount is allocated for spending on compensation of employees, travel and subsistence, and other contractual obligations in foreign missions.[[14]](#footnote-14)

To advance South Africa’s foreign policy objectives, the Department would continue to strengthen and consolidate South-South relations through its membership and engagements with organisations such as the Forum on China-Africa Cooperation, G77 and the Brazil-Russia-India-China-South Africa (BRICS) group of countries. The adoption of the strategy for the BRICS economic partnership is expected to facilitate trade and investment, enhance access to market opportunities, and facilitate trade between member countries. The BRICS New Development Bank was officially established in February 2016. Once in operation, the bank would lend money to developing countries and emerging economies to help finance infrastructure and sustainable projects. The bank’s Africa Regional Centre was established in Johannesburg and has begun recruiting staff. The Department would continue to support, negotiate and influence reforms in systems and structures of global governance through its ongoing participation in United Nations (UN) structures, and multilateral organisations and forums. These activities are funded through the *Membership Contribution* subprogramme in the *International Transfers* programme.

* 1. **Enhancing the Department’s operational capacity**

The Department operates in a global environment, under conditions that are often significantly different from those defined by the policy context for the public service in South Africa. To address these differences, the Department has reviewed the legislative framework governing its operations. The Foreign Service Bill is currently before Parliament and expected to be finalised over the medium term. In addition, the Department aims to address disparities in its human resources, finance and administrative systems, and has embarked on a systems modernisation project to provide more secure information and communications technology infrastructure and integrated information system. A fully integrated information system was aimed to be launched by March 2017. Spending on these activities is expected to increase from R1.4 billion in 2015/16 to R1.5 billion in 2017/18.

* 1. **Developing and managing infrastructure projects and properties**

The Department manages a portfolio of domestic and international properties. Expenditures incurred in the domestic portfolio include: unitary payments for the public-private partnership for the head office building; rental and maintenance costs for three state protocol lounges at the OR Tambo, Cape Town and King Shaka international airports; the costs of two diplomatic guesthouses; and the accommodation costs of United Nations agencies, the Pan African Parliament and the NEPAD secretariat. In addition, the Department manages a portfolio of state-owned and rented properties abroad, and is responsible for leasing, purchasing, disposals, alterations, maintenance, refurbishment, furniture and facilities. Spending on infrastructure is expected to increase from R233.7 million in 2016/17 to R240.9 million over the medium term. In the period ahead, the Department expects to develop an international property acquisition and management strategy, and would identify alternative models to fund it.

The Department’s international property portfolio consists of approximately 127 state owned properties and in excess of 1000 rented properties. Presently, the Department spends about R575 million per year on leases in countries where it does not own properties. In support of cost-containment measures and in order to reduce the operational cost associated with the rental of properties abroad as well as to provide in missions’ need for sustainable and secure long-term accommodation, the Department is developing a property acquisition strategy for the accelerated acquisition of state-owned accommodation via alternative funding mechanisms such as finance lease arrangements.

In accordance with this strategy, property acquisition and developments would in the medium term, focus on the development of state-owned vacant land according to developmental standards and norms. Focus would also be on acquisition of property in areas of strategic and economic importance, such as multilateral areas and BRICS trading partners. Property renovations, repair and maintenance activities have been planned to be executed in accordance with the comprehensive property conditions assessment of all state-owned properties. Day-to-day property maintenance continues to be executed by missions and monitored by Head Office with specific key performance areas at both levels.

All state owned properties are maintained annually from operational funds allocated to individual missions. At present, the Government owns 25 chanceries, one consulate, 35 official residences, 66 staff houses, 14 plots of vacant land and one parking bay[[15]](#footnote-15). During the medium term, 142 properties would be maintained; 10 new and replacement projects would be pursued; and State-owned properties at 17 Missions would be renovated.

* 1. **Public Private Partnerships (PPPs)**

The Headquarters of the Department and guesthouses were constructed under a PPPs arrangement. The same facilities management company maintained the properties on behalf of the Department. The Department has to pay a unitary fee for the services, amounting to R101 million per annum for the Office and guest houses. The PPPs agreement would continue until September 2034.

1. **Expenditure trends for Departmental programmes**

**8.1 Table 1 Budget Allocation-Vote 6: International Relations and Cooperation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Rand change** | **Real Rand change** | **Nominal % change** | **Real % change** |
| R million  | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **2016/17-2017/18** | **2016/17-2017/18** |
| 1: Administration | 1 458,7  | 1 556,6  | 1 682,8  | 1 728,3  | 97,9  | 5,6  | 6,71  | 0,39  |
| 2: International Relations  | 3 825,1  | 3 568,9  | 3 552,1  | 3 221,4  | - 256,2  | - 467,7  | -6,70  | -12,23  |
| 3: International Cooperation  | 514,3  | 565,4  | 584,2  | 591,2  | 51,1  | 17,6  | 9,94  | 3,42  |
| 4: Public Diplomacy& Protocol  | 252,1  | 266,1  | 288,1  | 307,6  | 14,0  | - 1,8  | 5,55  | -0,70  |
|  5: International Transfers | 788,4  | 617,8  | 658,6  | 657,1  | - 170,6  | - 207,2  | -21,64  | -26,28  |
| Total | 6 838.6 | 6 574.8 | 6 765.8 | 6 505.6 |  |  |  |  |

Source: 2017 Estimates of National Expenditure

Table 1 illustrates the budget appropriation estimates for the years 2016/17 and 2017/18. It also describes the changes in allocations from the years 2016/17 and 2019/20. From this the following can be concluded. For programme 1: Administration, the 2017/18 allocation increases by 6.71 per cent and the real change is 0.39 per cent. Programme 2: International Relations allocation for 2017/18 declines by 6.70 per cent or in real terms by 12.23 per cent. Programme 3: International Cooperation, had an increase of 9.94 per cent in nominal terms and a real change of 3.42 per cent. Programme 4: Public Diplomacy and Protocol Services experiences an increase in allocation of 5.55 per cent and a real change of -0.70 per cent. Finally, Programme 5: International Transfers experiences a decrease in allocation of -21.64 per cent in nominal terms and a real change of -26.28 per cent.

Overall, the budget allocation for the department declines by R170.6 million in nominal terms and R207.2 million in real terms in 2017/18 from the previous financial year.

* 1. **Expenditure per programme**
		1. **Programme 1: Administration**

The purpose of this programme is to develop the overall policy of the Department and manage its operations. The Strategic Objective of this programme is to achieve an efficient, effective, economical and fully capacitated Department.

There has been an increase in expenditure in Programme 1 from R1 458.7 million in 2016/17, to R 556.7 million in 2017/18[[16]](#footnote-16).

* + 1. **Programme 2: International Relations**

The purpose of this programme is to promote relations with foreign countries.

**Sub-programmes**

* **Africa** embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Africa, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement.
* **Asia and Middle East** embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Asia and the Middle East, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement.
* **Americas and Caribbean** embraces relevant national priorities by strengthening bilateral cooperation with individual countries in the Americas and the Caribbean, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement.
* **Europe** embraces relevant national priorities by strengthening bilateral cooperation with individual countries in Europe, particularly through focusing on increasing exports of South African goods and services, foreign direct investment with technology transfers into value added industries and mineral beneficiation, and inbound tourism and skills enhancement.

There has been a reduction in Programme 2 from R3 825.1 million in 2016/17, to R3 568.9 million in 2017/18[[17]](#footnote-17).

* + 1. **Programme 3: International Cooperation**

Purpose - Participate in international organisations and institutions in line with South Africa’s national values and foreign policy objectives.

**Objectives**

* Contribute towards a reformed, strengthened and, multilateral system that is based on equal rules and that will be responsive to the needs of developing countries and Africa, in particular, by participating in the global system of governance on an ongoing basis.
* Strengthen the African Union (AU) by:
	+ providing ongoing financial support for the operations of the Pan African Parliament in terms of the country host agreement.
* Improving governance and capacity in the SADC secretariat on an ongoing basis by implementing the secretariat’s job evaluation plan and assisting with the recruitment process on an ongoing basis.
* Contributing towards the New Partnership for Africa’s Development process for socioeconomic development in Africa by participating in the African Peer Review Mechanism and submitting the African Peer Review Mechanism country report when required.
* Strengthening bilateral, trilateral and multilateral interest and relations within the Brazil-Russia-India-China South Africa group of countries dialogue forum through continuous active participation in forum structures.
* Strengthening political solidarity, economic cooperation and socio-cultural relations with Asian countries by participating in the New Asian-African Strategic Partnership structures over the medium term.

**Sub-programmes**

* **Global System of Governance** provides for multilateralism and a rules based international order. This entails participating and playing an active role in all forums of the UN system and its specialised agencies, and funding programmes that promote the principles of multilateral activity.
* **Continental Cooperation** provides for the enhancement of the African Agenda and sustainable development.
* **South-South Cooperation** provides for partnerships with countries of the South in advancing South Africa’s own development needs and the needs of the African Agenda; and creates political, economic and social convergence for the fight against poverty, underdevelopment and the marginalisation of the South.
* **South-North Dialogue** provides for South Africa’s bilateral and multilateral engagements to consolidate and strengthen relations with organisations of the North to advance and support national priorities, the African Agenda and the developmental agenda of the South.

There has been an increase in expenditure for Programme 3 from R514.3 million in 2016/17 to R565.4 million in 2017/18[[18]](#footnote-18).

* + 1. **Programme 4: Public Diplomacy and Protocol Services**

Purpose - Communicate South Africa’s role and position in international relations in the domestic and international arenas, and provide protocol services.

**Sub-programmes**

* **Public Diplomacy** promotes a positive projection of South Africa’s image; communicates foreign policy positions to both domestic and foreign audiences; and markets and brands South Africa by using public diplomacy platforms, strategies, products and services.
* **Protocol Services** facilitates incoming and outgoing high level visits and ceremonial events, coordinates and regulates engagement with the local diplomatic community, provides protocol advice and support to the various spheres of government, facilitates the hosting of international conferences in South Africa, and manages state protocol lounges and guesthouses.

There has been an increase in Programme 4 from R252.1 million in 2016/17 to R266.1 million in 2017/18[[19]](#footnote-19).

* + 1. **Programme 5: International Transfers**

Purpose - Fund membership fees and transfers to international organisations such as the UN, AU, and SADC.

**Sub-programmes**

* **Departmental Agencies** facilitates the transfer to the African Renaissance and International Cooperation Fund, a public entity of the department.
* **Membership Contribution** facilitates transfers to international organisations.

According to the ENE the spending focus for Programme 5 over the medium term will be on making transfers to the public entity and timeous payment of South Africa’s membership fees to international organisations.

The Department would anticipate a decrease in expenditure in Programme 5 from R788.4 million in 2016/17, to R617.9 million in 2017/18[[20]](#footnote-20).

1. **African Renaissance and International Cooperation Fund**

The Department has one entity, the African Renaissance and International Cooperation Fund (ARF). After 1994, the democratic government took a deliberate decision to establish a fund, to promote development assistance and consolidate peace and reconstruction in Africa and elsewhere in the world. The fund was thus established in 2000 pursuant to an Act of Parliament, the African Renaissance and International Cooperation Fund Act (Act no. 51 of 2000).

The fund was piloted to give practical effect to the vision of an African Renaissance, being the revival of economic and social development agenda for Africa. This would include promotion of democracy and good governance, the prevention and resolution of conflicts, socioeconomic development and integration, human resource development and infrastructure development. Countries in need of assistance apply for funding from the fund. Since 2006. Thus, the strategic approach of the ARF was couched in pursuance of South Africa’s foreign policy objectives as well as Africa’s developmental agenda.

The ARF is located in the Department, under the supervision of the Director-General. The ARF’s activities were administered and managed by its advisory committee, which would comprise representatives from the Department and National Treasury. This committee would make recommendations to the two ministers for concurrence to fund all its projects. Until this financial year, the ARF did not have any personnel and allocations were earmarked for the funding of projects. It has been completely supported and administered by the Department. Transfers to the Fund were included in the monies appropriated to the Department. Countries in need of assistance apply for funding from the fund.

On 2 December 2009, Cabinet approved the proposal from the Department for the establishment of the South African Development Partnership Agency (SADPA). Its aim is to function as a body/agency to manage, coordinate and facilitate all South African official outgoing development cooperation programmes and projects. The legislative process for establishing the agency was under way, with the Partnership Fund for Development Bill would be tabled before Parliament. Once enacted, the Bill would repeal the African Renaissance and International Cooperation Fund Act (2000), resulting in the integration of functions and the transfer of reserves and assets from the fund to the agency.

The Department was in the process of finalizing institutional arrangements with National Treasury. Once these were finalized, the draft bill would be re-submitted to Cabinet for approval to Gazette for public comment.

* 1. **African Renaissance Fund medium-term targets**

There are new performance areas introduced under the ARF. These are important elements needed for ensuring that the entity performs as expected.

1. Approved projects would be monitored for compliance and to ensure that funds are utilised for purposes for which they were disbursed.
2. A project Oversight Committee would be in place to monitor active projects and produce quarterly reports on the findings on the active projects.
3. There would also be quarterly close out reports on completed or closed projects.

Also as part of the decision to lower the national aggregate expenditure ceiling, the 2017/18 appropriated funds for the ARF is R22 million. The ARF had requested R412 478 million, therefore there has been a reduction of R390 478 million. For the 2017/18, the ARF has an accumulated surplus of R1, 963 481 billion, and therefore it has R1, 985 481 billion to work with this financial year[[21]](#footnote-21). The fund has sufficient cash reserves to absorb the impact of the reductions and its operations would not be affected. It is important to note that the ARF continues to be a significant instrument in the implementation of South Africa’s foreign policy imperatives, especially for development cooperation in Africa.

One of the objectives of the ARF is to promote democracy and good governance. The ARF would continue to support the Southern Africa Development Community (SADC) election observer missions. It was noted that regular elections strengthen public participation in choosing their own destiny.

The ARF would also continue to focus on capacity-building in Africa. That way, it would be strengthening governance institutions and improve efficiency and effectiveness in the management of economic and social affairs.

Through the ARF, South Africa is committed to support the implementation of the aspiration of Agenda 2063 to silence the guns by 2020. The ARF would therefore participate in post-conflict reconstruction and development through deployment of its limited financial resources.

South Africa would continue to work with other countries and partners to provide temporary humanitarian relief in times of natural disasters and outbreaks of disease. These occurrences are often resultant from the erratic climate conditions experienced in recent times.

The three new areas of monitoring the activities of the ARF were a welcome development. In fact the Portfolio Committee would also be able to interrogate those quarterly reports from the ARF Oversight Committee which would be keeping an eye on the projects funded by the ARF.

The Committee would continue to monitor how the Department addresses the risks associated and identified by both the Committee and the Department regarding the activities of the ARF. These include:

* Incurring irregular expenditure due to lack of operational policies and procedures for the ARF, as well as lack of human capacity, leading to non-compliance with applicable laws and regulations.
* Funds disbursed not utilised for intended purposes caused by lack of dedicated monitoring and evaluation personnel for ARF, lading to fruitless and wasteful expenditure.
* Failure to honour commitments caused by foreign exchange fluctuations, leading to loss of credibility and trust from partner institutions and countries. and
* Lack of adequate mechanisms and software to manage ARF projects.
1. **Observations and concerns raised by the Committee (Findings)**

10.1 More details were sought on the impact of the reduced budget on the mandate of the Department. The Committee noted the undertaking by the Department that they would endeavour to achieve their set annual objectives within the reduced budget.

10.2 The budget allocation for compensation of employees for 2017/18 has been reduced. This is in accordance with the Cabinet decision to reduce the overall national expenditure. This has had impact on the operationalization of the new structure of the Department since 2016, as some positions had to be frozen.

10.3 The Department is to conduct a feasibility study on the viability of developing an acquisition and disposal strategy. This is aimed to promote a shift towards property ownership over rental.

10.4 There was a need for a report regarding South Africa’s response to the effects of climate change. The report should indicate the mitigating strategies that would alleviate the harsh effects of climate change.

10.5 More information was sought on progress made domestically and continentally, regarding the commitments made by China at the FOCAC Summit in 2015.

10.6 The Department’s service delivery is measured, among others, by the numbers of high level visits, structural mechanisms held, meetings held with chambers of commerce, tourism seminars held, investors forums held and conferences attended. However, it was noted that what is important is the impact assessment of such activities in relation to the Department’s response to the aspirations of the National Development Plan (NDP).

10.7 A progress report was requested on the processes around South Africa providing the headquarters for the Pan African Parliament.

10.8 Two cost drivers impacting on the budget of the Department were identified. These were the budget ceiling on the compensation of employees and the fluctuation of major currencies affecting the Rand. Mitigating factors put in place with regard to employees were the laying-off of some Locally Recruited Personnel (LRPs), and deferment of filling some posts of transferred personnel. With regard to foreign exchange fluctuations, an understanding was reached with National Treasury to the adjustment of foreign budget rate to align with the current prevailing main currencies FOREX rates.

10.9 There would be unforeseeable and unavoidable expenditure resulting from the budget reduction and expenditure ceiling. As such, some activities remained unfunded, such as: chairship of SADC; African Union Peace keeping; increased assessed contribution for SADC, UN, and AU.

10.10 The Department was commended for their 2017/18 candidature diplomacy. It was noted that a target of 60 positions in influential multilateral bodies have been identified for purposes of campaigning for South Africa.

10.11 More information was sought on the work being done by South Africa around the New Economic Partnership for Africa’s Development (NEPAD). The Department was to further report on the achievements to-date on the NEPAD related projects championed by South Africa towards the aspirations of the Agenda 2063.

10.12 The scale of the prevailing vacancy rate should be mentioned, and the impact borne by the Cabinet moratorium on the compensation of employees.

10.13 It was asked whether the Department was experiencing challenges with vetting processes for diplomats, bearing in mind some recent challenges in this regard.

10.14 More information was sought regarding disciplinary cases which were still pending finalisation.

10.15 There was a need for more detail on the Department’s roadmap to increase intra-Africa trade. This should extend to how it intended to respond to the need to attract FDI required for Operation Phakisa and the Blue Economy.

10.16 The African Peer Review Mechanism (APRM) is a voluntary process by which the African Union (AU) members have agreed to assess one another. The assessment is on, mainly, compliance with dictates of good governance. More information was requested on the outcomes of assessments made on South Africa, and whether this noble initiative by the AU was achieving the set mandate.

10.17 The Department is responsible for maintaining a huge property portfolio abroad. More information was needed regarding its mitigating strategies aimed to address the maintenance of infrastructure within the reduced budget.

10.18 South Africa was a member to many multilateral organisations, where it diligently pays its membership fees. The pace of filling the country’s quota for employment of South Africans in these organisations, at middle management level was considered still slow.

10.19 An update was sought regarding steps taken thus far to address the shortcomings identified in the Auditor General’s Report 2016. Special focus was on the identification of heritage assets and their valuation, the completeness of the asset register and matters relating to the integration of the departmental ICT systems.

10.20 More information was requested regarding the public diplomacy drive to profile the Department at different levels. It was considered important that public diplomacy and the South African Council of International Relations (SACOIR) develop plans to popularise the White Paper on Foreign Policy.

10.21 It was noted that a draft proposal regarding the establishment of the South African Development and Partnership Agency (SADPA), was delayed because of a technicality. This related to processes of consultation between Ministers of International Relations and Cooperation and that of Finance, needed before funds could be disbursed. The type of consultation to be agreed upon will determine whether the Minister of Finance could be in a position to approve or disapprove disbursement, or that such a decision should reside with the Minister of International Relations and Cooperation. The technicality is impacting on the processes for migrating from the ARF to SADPA.

10.22 It was noted that the ARF has since responded positively to the Committee’s recommendations. These included establishment of a project management facility, and the monitoring mechanisms for projects management, ensuring the implementation and reporting on funded projects.

10.23 The ARF has an appropriated budget allocation of R22 million in 2017/18. However, this reduced allocation would not impact on the mandate of the ARF, as it has a surplus of over R1.9 billion from the previous financial year.

10.24 It would be of outmost importance that the Department has prepared adequate plans and strategies to guide it through the period that South Africa would be chairing SADC, BRICS, and IORA. Regional integration in SADC should be a priority.

1. **Responses by the Department**

In its responses the Department noted the following.

11.1 The budget cuts would have an impact on the operations of the Department, however the Department would still be able to achieve its objectives.

11.2 The Department, National Treasury and the Reserve Bank have begun joint discussions. There are on finding out a workable method to have an integrated financial management system, which would curb the negative impact of foreign exchange fluctuations on the budget of the Department.

11.3 With regard to FOCAC commitments, the Department of Water and Sanitation has had discussions regarding a concessional loan from China Export-Import Bank. This led to a term sheet and funding offer with conditions including, sovereign guarantee, Chinese content and appointment of Chinese main contractor.

11.4 A total of 287 vacant posts were reported in the Department. However, most of them were costed before the reduction of the budget, hence the high vacancy rate. In accordance with discussions with National Treasury, some of them would be frozen.

11.5 With regards to preparations for the 10th BRICS Summit and the strategy for chairing in 2018, South Africa will assume the rotational chairship of BRICS from 1 January to 31 December 2018, succeeding the People’s Republic of China. Therefore, it will be the responsibility of President JG Zuma to host the 10th BRICS Summit and preside over the related calendar of events to be hosted under the South African chairship in 2018.

The year 2018 will hold special significance in the BRICS historical trajectory, as it will conclude the first decade of Summits and mark ten years of BRICS cooperation at this highest level of diplomatic engagement. South Africa may also wish to distinguish this anniversary in the context of its chairship, in particular to strategically plan towards the goals for the third cycle (five year) of BRICS cooperation.

To ensure maximum synergy and continuity for BRICS endeavours over the next two years (2017-2018), South Africa would seek to strategically align its chairship in 2018 with that of China, cognisant of leveraging its national and regional interests and objectives.

Strategic and logistical planning towards hosting BRICS Summits is overseen by the BRICS Inter-Ministerial Committee (IMC). The recommendations in this regard are tabled by the IMC to Cabinet, including consultations with the International Cooperation, Trade and Security Cluster (ICTS), as required.

Minister Nkoana-Mashabane would host the annual meeting of BRICS Foreign Ministers in September 2017, held on the margins of the 72nd session of the United Nations General Assembly (UNGA 72), and will brief partners on salient Summit related issues for 2018.

The first meeting of BRICS Sherpas under the Chinese chairship was convened in February 2017, where China’s approach for its chairship was shared. Following this meeting, the Acting BRICS Sherpa, Prof. A Sooklal, launched the domestic consultation process for South Africa’s chairship of BRICS in 2018, as well as hosting the 10th BRICS Summit. The Inter-departmental Technical Senior Officials’ Team (IDTSOT), which reports to the IMC, has also met already to consider Summit related proposals. The Sherpa’s office subsequently hosted intra- and inter-departmental meetings in April 2017 for purposes of briefing stakeholders on South Africa’s planning for hosting the Summit in 2018 and to generate proposals for Summit deliverables. During these meetings, stakeholders were requested to evaluate the proposals from the current chair that could be further amplified during South Africa’s chairship, thus upholding the principles of continuity and leveraging its own domestic, regional and global priorities. Meetings have also been held with the South African BRICS Business Council, the South African BRICS Think Tank and civil society. Round table discussions with other people-to-people groups are being organized through the South African BRICS Think Tank in June 2017.

The BRICS stakeholders have also been requested to provide inputs and proposals towards the planning and preparations of South Africa’s chairship in 2018. The input would be in relation to the summit theme, envisioned Summit deliverables, the Summit Declaration and Action Plan and the overall programme and agenda. Proposals and motivations would be screened by the BRICS Inter Departmental Technical Senior Officials’ Team (IDTSOT). A summit-related proposal will be tabled to the BRICS Inter-Ministerial Committee (IMC), for consideration and onward recommendation to Cabinet.

11.6 With regards to progress to address the shortcomings identified in the audit outcomes of the previous year, a professional person was assigned to the Department through National Treasury, and assessed works of arts assets in London. Sixty-seven pieces of art were reclassified as heritage assets, and the rest remained as valuable arts. The methodology used in London would be applied to all other missions.

11.7 With regards to the asset register, the Department implemented a new asset management register and has since performed an asset register clean up exercise where to date a total of 151 065 assets out of 168 415 have been identified.

11.8 With regards to plans on the infrastructure maintenance within the current reduced budget the Department is implementing a pilot project to acquire new facilities via alternative funding and delivery models, which would allow utilisation of the Capital Budget for the maintenance of current facilities. The servicing of major mechanical equipment via centralised term contracts, thereby benefiting from economies of scale, is being explored.

11.9 The Department reported having implemented the following measures to stay within the ceiling imposed on the Compensation of Employees:

* 240 Locally Recruited Personnel posts have been identified for abolishment during 2016/17 financial year and 232 Locally Recruited Personnel posts are proposed for abolishment over the MTEF.
* 72 posts for transferred officials have been proposed for abolishment and 3 posts were proposed for downgrading.
* Revised the basket of goods that is used to determine the foreign allowances of transferred staff. The Department is awaiting approval on the proposal by the Department of Public Service and Administration (DPSA).

Furthermore the Department is looking at the processes that requires consultation with the relevant stakeholders as the ceiling affects the filled position as well.

11.10 Vacant land has been identified in Centurion by the Tswane Metro City Council to build a permanent headquarters for Pan African Parliament and the United Nations offices in South Africa. The documents for the identified site have been submitted to the Department of Public Works for consideration and acceptance.

11.11 With regards to disciplinary cases, 10 disciplinary cases were handled and finalised during the 2016/2017 financial year. The sanctions were as follows, three verbal warnings were issued; six final written warnings were issued, one of which was combined with three months suspension without pay for one official. One case was withdrawn.

For the 2017/2018 financial year, seven misconduct investigations have been conducted, for which six reports have been finalised and recommendations are being considered by the responsible managers. In one investigation of misconduct the case report is being drafted.

11.12 With regards to progress on the integration of departmental ICT systems, business analysis of ICT systems has been concluded. The Department has commenced with the business process mapping and alignment.

11.13 The Department has a Placement Policy in place, which stipulates that all departmental officials who apply to be posted abroad, should have a valid Top Secret security clearance, before they are considered for a posting abroad (Levels 5-12). With regard to Senior Managers and Heads of Mission, nomination letter for Heads of Mission and Senior Managers in the Department stipulate that a valid Top Secret security clearance is a prerequisite before they could take up their positions abroad.

11.14 Currently under the ARF, there is no mechanism to resolve a case where the two Ministers are not agreeing on the funding approval of a project. The Minister of Finance has the final say i.e. the Minister of Finance issues concurrence on project funding. However, in the proposed Partnership for Development Fund, envisioned to repeal the ARF Act, the Department proposes that the Minister of International Relations and Cooperation should have the final say on project proposal and funding as the custodian of foreign policy.

The South African Development Partnership Agency (SADPA) will be operationalized once the ARF Act is repealed and the Partnership Fund for Development enacted into law. With regards to whether ARF projects are replicable in other countries, it is possible to replicate a project in another country.

11.15 One of the objectives of the ARF Act is “democracy and good governance”. The ARF funds the SADC Election Observer Missions (SEOMs) and has received requests for funding for general elections. Funding for general elections is considered per request received.

1. **Conclusions**

After discussions during the briefing, the Committee concluded as follows:

The Department has been operating on a shoe-string budget year after year. This year in particular, it has a reduced budget which would further be affected by the imminent foreign exchange currency fluctuations and unavoidable mandates and responsibilities in its diplomatic intercourse and conduct of international relations. Its main operations abroad have previously been affected by currency fluctuations.

However, the Committee was encouraged by the Department’s commitment and resolve to achieve its strategic objectives albeit with a reduced budget. Graduation from the qualified audit opinion baseline should be the Department’s goal for the medium term; and it should adhere to and implement the cost containment measures it has agreed to with the National Treasury.

The Department has to carry out its mandate within unpredictable, at times turbulent, external environment to advance South Africa’s national interest. The National Development Plan prescribed that the Department should position itself to assume greater leadership role in Africa, leading development and growth in the continent. The interplay between foreign policy and national interest continue to be the baseline for the Department’s success in the conduct South Africa’s foreign policy. Following from the above conclusions, it has, therefore, become important for the Department to have continued clear and focus driven plans which remain aligned to the budget allocated, and the continued vigour to respond to the domestic challenges as per the aspirations of the NDP.

The Committee has a proud tradition of engagement in South Africa’s foreign policy. It continues to address various issues aimed at enhancing the conduct of South Africa’s foreign policy. It has engaged in issues from human rights, engagement with civil society, para-diplomacy, assisting in shaping conduct of foreign policy in the region, Africa and the world, to economic diplomacy, among other important issues.

The Committee has made a number of recommendations to the Department, as part of its oversight, and in an effort to enhance the way South Africa relates and engages in international relations. The Department has, over the years, responded positively and walked this road benefitting from guidance from the Committee.

The Committee has received the Foreign Service Bill and is fully engaged on public hearings with a variety of stakeholders on the Bill. The Committee has planned to undertake a study tour to countries that would enhance its contribution on the Bill and introduce best practices on the management of a Foreign Service system.

The Committee, therefore, is at the stage where it will monitor compliance with and implementation of the strategies and turnaround strategies put in place by the Department, and look into emerging trends in the conduct of South Africa’s foreign policy for the Committee to make its political input. The Committee’s future areas of focus should be in regard to the issues raised as risks in the Revised Strategic Plan 2015-2020.

1. **The Committee’s recommendations**

Having considered the Strategic plan and the Budget Vote of the Department and its entity, the Committee recommends that the Minister should consider the following and report on progress within three months of adoption by the National Assembly of this report:

13.1 Providing a comprehensive report on the technicalities impacting on the processes for the approval of a site for providing headquarters for the Pan African Parliament.

13.2 Facilitating a meeting with National Treasury to reach a long term agreement on the adjustment of foreign budget rate to align the budget of the Department to prevailing foreign exchange rates of main currencies.

13.3 Filling of quotas allocated in international organisations to which South Africa is a member, and focus on middle management levels.

13.4 Finalising the pending negotiations and addressing outstanding issues on the Tripartite Free Trade Area (TFTA), in order for South Africa to sign the Agreement establishing the TFTA. This would pave the way for South Africa participating in the Continental Free Trade Area (CFTA) to be launched in December 2017.

13.5 Concretising the implementation of the pilot project to acquire new facilities via alternative funding, in order to curb costs of leasing properties abroad.

13.6 Finalising the completeness and correctness of the asset register in the missions. All heritage assets be categorised and costed in all affected missions.

13.7 Graduating from the qualified audit opinion to a clean audit report in 2017/18 financial year.

The Committee recommends that Budget Vote: 6 International Relations and Cooperation be passed.

Report to be considered.

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