



ANNUAL REPORT 2020/21

AFRICAN RENAISSANCE AND INTERNATIONAL
COOPERATION FUND (ARF)





AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)

**ANNUAL REPORT
2020/21 FINANCIAL YEAR**





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PART A

GENERAL INFORMATION



1. Public entity's general information

Registered name: African Renaissance and International Cooperation Fund (ARF)

Physical address: 460 Soutpansberg Road
Rietondale
Pretoria
0084

Postal address: Private Bag X152
Pretoria
0001

Telephone number/s: + 27 12 351 1000

Fax number: + 27 12 329 1000

E-mail address: info@dirco.gov.za

Website address: www.dirco.gov.za

External auditor: Auditor-General of South Africa

Physical address:
4 Davenry Street, Lynnwood Bridge Office Park, Lynnwood
Manor, Pretoria, 0081

Postal address:
P.O. Box 446, Pretoria, 0001

Banker: South African Reserve Bank

Physical address:
370 Helen Joseph Street, Pretoria, 0001

Postal address:
P.O. Box 427, Pretoria, 0001

2. List of abbreviations/acronyms

ADG	Acting Director-General
ACFO	Acting Chief Financial Officer
AfCFTA	African Continental Free Trade Agreement
AGSA	Auditor-General of South Africa
ARF	African Renaissance and International Cooperation Fund
AU	African Union
AWLN	African Women Leadership Network
CDC	Centres for Disease Control
COVID-19	Coronavirus disease 2019
DIRCO	Department of International Relations and Cooperation
MTEF	Medium Term Expenditure Framework
NEPAD	New Partnership for Africa's Development
PCR	Post-Conflict Resolution
PFMA	Public Finance Management Act
TR	Treasury Regulation
SA	South Africa
SADC	Southern African Development Community
SEOM	SADC Electoral Observation Mission
SCM	Supply Chain Management
WHO	World Health Organisation

Definitions

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



DR GRACE NALEDI MANDISA PANDOR

MINISTER OF THE DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION

3. Foreword by the Minister

It is my pleasure to present the Annual Report of the African Renaissance and International Cooperation Fund (ARF) for the 2020/21 financial year.

This report encompasses the achievements recorded during the 2020/21 financial year in pursuit of the objectives and targets as set out in the Revised Strategic Plan for 2020 – 2025. The ARF remained an important vehicle in the pursuit of South Africa's foreign policy objectives.

The impact of the COVID-19 pandemic has been global in both scale and reach and this necessitates coordinated international action to capacitate all countries to respond effectively. To this end, South Africa, through President Cyril Ramaphosa, pledged to support international efforts aimed at the development of new vaccines to combat COVID-19, as well as the development of new tests to rapidly diagnose the disease.

South Africa, through the Department of Science and Innovation, is co-investing with the European Union in the European and Developing Countries Clinical Trials Partnership's rapid response programme to fund research cooperation between Africa and Europe on a broad range of COVID-19 research questions, including the history of the infection, surveillance capabilities, point-of-care diagnostics, controlled trials for diagnostics and therapeutics, as well as serological tests.

During the 2020/21 financial year, the ARF processed R177 million in disbursements towards humanitarian assistance, the promotion of democracy and good governance, prevention and resolution of conflict and human resource development in Africa.

The holding of regular democratic elections will strengthen democracy and good governance on our continent. We continue, through the ARF, to support electoral observer missions, electoral training and strengthening of democratic institutions. Three Southern African Development Community (SADC) elections were held during the period under review in the Republic of Malawi, Republic of Seychelles and the Republic of Tanzania.



South Africa's Chairship of the African Union (AU) coincided with a number of important milestones on the continent and globally. Among these milestones was the end of the Decade of African Women, which was aimed at re-invigorating commitment to accelerated implementation of agreed global and regional decisions on gender equality and women empowerment. 2020 was also the final year of the commitment made in the African Agenda 2063 of ensuring 50% women representation in decision-making by 2020 as espoused in Aspiration 7 focussing on the empowerment of women and youth. The empowerment of women remains a prominent issue on the African development agenda. In support of women empowerment, a contribution of US\$500 000 (R9 245 000) was made to the AU.

The ARF has achieved an unqualified audit opinion without findings, which is a demonstration that the fund continues to comply with the prescripts of the Public Finance Management Act 1 of 1999.

I would like to thank the Acting Director-General, the staff in my office and officials of the ARF Secretariat for ensuring that we get closer to realising our objective of a better Africa in a better world.

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

Dr Grace Naledi Mandisa Pandor

Minister of International Relations and Cooperation



AMBASSADOR NONCEBA N LOSI
ACTING ACCOUNTING AUTHORITY

4. Accounting Authority's overview

The African Renaissance and International Cooperation Fund (ARF) continued to be an invaluable instrument in the pursuit of the National Development Plan (NDP) and Vision 2030, the Medium Term Strategic Framework and seven priorities. Of particular importance is the seventh priority, which focusses on international relations, which the ARF contributes to and is entitled: "A Better Africa and World".

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

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

Ambassador NN Losi

Acting Accounting Authority

African Renaissance and International Cooperation Fund

30 September 2021



5. Statement of responsibility and confirmation of the accuracy of the Annual Report

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

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

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

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

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

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

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

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

In our opinion, the Annual Report fairly reflects the operations, performance information, human resource information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully

Ambassador NN Losi

Acting Accounting Authority

30 September 2021



6. Strategic overview

6.1 Vision

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

6.2 Mission

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

6.3 Values

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

- Ownership of the process: The recipient country must own the process of determining the immediate, medium and long-term actions that will address the issues contained in its project proposal.
- An understanding of the political, economic and security considerations of the recipient country must be achieved.
- A needs assessment should be conducted with direct involvement and ownership of the process by the country concerned.
- Integrated planning and coordination are critical in ensuring that South Africa's efforts are in line with the development needs of the identified country.
- Harmonisation of assistance needs to be coordinated. The ARF will position itself as a catalyst to drive the implementation of post-conflict reconstruction and development programmes, to become an important participant in partnership with all role players to ensure that available funds are channelled to meet the identified priorities of the affected country.

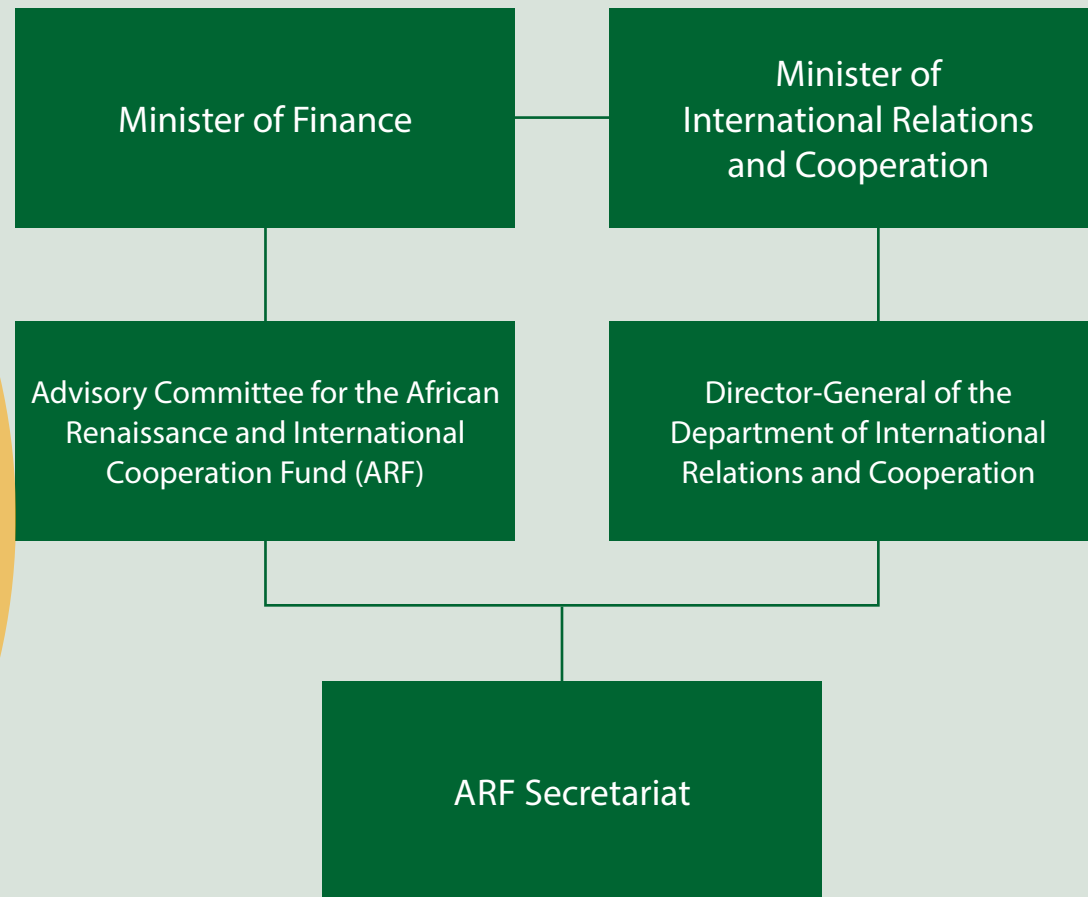
- In addition to the above, the ARF will conduct its business while constantly adhering to the values of the Department of International Relations and Cooperation, namely:
 - Patriotism
 - Loyalty
 - Dedication
 - Ubuntu
 - Equity
 - Integrity
 - Batho Pele.

7. Legislative and other mandates

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



8. Organisational structure





ARF Secretariat







PART B

PERFORMANCE INFORMATION



1. Auditor-General's Report: Predetermined objectives

The AGSA/auditor currently performs the necessary audit procedures on 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 64 of the report of the AGSA, published as Part E: Financial Information.

2. Situational analysis

2.1 Service-delivery environment

The ARF plays a critical role in pursuing South African foreign policy in the Department of International Relations and Cooperation. South Africa's foreign policy promotes the need to cooperate with all peace-loving people across the globe in pursuit of shared prosperity and a just, equitable and rules-based international order. Hence, the objectives of the ARF are to enhance cooperation between the Republic and other countries, in particular African countries, through the promotion of democracy, good governance, the prevention and resolution of conflict, socio-economic development and integration, humanitarian assistance and human resource development.

The ARF Advisory Committee convenes once a quarter to, among others things, assess and recommend requests for funding for approval by the Ministers of DIRCO and National Treasury. During the 2020/21 financial year, the ARF received a total of 10 requests for funding. Of the 10 requests, eight were recommended by the ARF Advisory Committee for approval by the Minister of International Relations and Cooperation and the Minister of Finance on the disbursement of funds through loans or other financial assistance. Only two requests are still under consideration.

- **Challenges**

ARF as well has been negatively affected by this pandemic in as far as discharging its mandate. Projects on preparatory stages were delayed due COVID19.

The monitoring of projects on the ground was negatively affected by travel restrictions. Despite the difficulties, the ARF continues to implement and monitor projects because of the waivers that were granted for humanitarian workers.

- **Success**

The ARF was able to deliver on assistance to combat covid19 on the continent. This critical assistance was provided through the African Union Special Covid19 Fund and Africa Centre for Disease control (CDC).

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

2.2 Organisational environment

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

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

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



The above has resulted in the opening of a control account in the accounting records of the department and this account is reconciled with the records of the ARF. The annual financial statements of the ARF are prepared separately from the department as the fund is registered as a Schedule 3A public entity in terms of the PFMA, 1999. All the transactions and

information arising from the work of the ARF are audited by the Auditor-General of South Africa on an annual basis.

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

2.3 Key policy developments and legislative changes

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

2.4 Strategic outcome-oriented goals

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

3. Progress towards Achievement of Institutional impacts and outcome

3.1 Provision Humanitarian Assistance

• Pledges made by President Cyril Ramaphosa at the African Union (AU) to combat COVID-19

Pledges were made by President Ramaphosa to combat COVID-19 during the AU Bureau teleconference. South Africa, as the Chair of the AU, had an obligation to take the lead in all the causes and efforts that seek to address African challenges, including emergency issues and pandemics like the current scourge of COVID-19.

A virtual conference of the AU Bureau under the leadership and the Chairship of South Africa was held to look at ways and means to mitigate the impact of COVID-19, while also assessing the support needed by the existing mechanisms of the AU to fight pandemics like this. It is

against this background that South Africa pledged US\$6 million to the AU's efforts, which was disaggregated as follows:

- US\$4 000 000.00 was contributed to the Special Fund for COVID-19
- US\$2 000 000.00 was contributed towards the Africa Centres for Disease Control and Prevention (African CDC).



The AU COVID-19 Response Fund was established by the AU Bureau of the Heads of State and Government with the mandate of:

- procuring supplies and equipment required for COVID-19 response
- facilitating the deployment of rapid responses to support COVID-19 interventions on the continent

The AU Bureau of Heads of State and Government also directed that the Africa CDC be strengthened for better preparedness and response to COVID-19 and other public health emergencies.

- **Pledge by President Ramaphosa at the European Union Pledging Conference**

The Pledging Conference was organised in conjunction with the governments of a number of European countries, the Group of 20 (G20) member states and the Global Preparedness Monitoring Board. The Pledging Conference was held in direct response to the outbreak of the COVID-19 pandemic, the impact of which has been global in both scale and reach, necessitating coordinated international action to capacitate all countries to respond effectively. As a participant in the Pledging Conference, South Africa positioned its commitment to the outcomes of the conference at three levels, namely as a country, secondly as current Chair of the AU and thirdly as a member of the G20.

President Ramaphosa, pledged to support international efforts aimed at the development of new vaccines to combat the COVID-19 virus, as well as the development of new tests to rapidly diagnose the disease.

President Ramaphosa pledged an amount of R25 million, earmarked for the development of new vaccines with the Coalition for Epidemic Preparedness Innovations (CEPI).

The long-term effects of the project two-fold, namely the early development of new vaccines to combat COVID-19 as well as the development of new tests to rapidly diagnose the disease. The first objective was to develop new vaccines to protect people, to prevent the disease returning and to allow people to go back to normal life. The second objective was to develop new tests to rapidly diagnose the disease, specifically requiring these tests to be accurate and easily accessible. Both of these results must be considered within South Africa's positioning within the global arena, inclusive of its chairing of the AU, as part of its collective responsibility and as part of the global stewardship role vis-à-vis the early development and distribution of the vaccine aimed at ensuring its availability to the entire international community in an equitable manner.





- Pledges by South Africa at the 33rd AU Heads of State and Government Summit
- Humanitarian assistance to the Sahel region

The humanitarian situation in the Sahel region remains dire. The region is characterised by abject poverty, rapid population growth, climate change, recurrent food and nutrition crises, criminality, armed conflicts and violence, which have converged dangerously to critically undermine the livelihoods and future prospects of millions of people across the Sahel region. Funding remains a major challenge for the effective implementation of the AU Commission's activities and projects. As such, continued valued support from continental and international partners by way of voluntary contributions remains a requisite for their effective implementation.

The Sahel has long been one of the most vulnerable regions in Africa. The surge in armed violence across Burkina Faso, Mali and Niger is having a devastating impact on the survival of the people of the region in terms of, among others, education, protection and development.

Close rkina Faso, Mali and Niger needed humanitarian assistance over the course of 2020, up from 4.3 million in 2019. Renewed, increased and concerted efforts are needed to curb the ongoing violence and to stop it from spreading into neighbouring countries.



3.2 Provision of Human Resource

- Contribution to the Women Empowerment Fund

The empowerment of women remains a prominent issue on the African development agenda. Women continue to be marginalised with limited access to the economy. Financial infrastructure and policy in support of women business development and gender mainstreaming require a consolidated and structured effort to ensure the representation of women within the economy. A financial contribution to fulfil South Africa's pledge of US\$500 000 (R9 245 000) for women empowerment was made.

South Africa committed to fight for women's economic and financial inclusion, for an end to gender-based violence, and to ensure accountability to global gender commitments. The AU further committed the years 2020 to 2030 as the Decade of African Women's Financial and Economic Inclusion. South Africa as a champion of the women's cause and agenda in the country, on the continent and beyond, approached the February 2020 Summit with a principle, a cause and a commitment to address women's issues and the challenges of the girl-child as it advocates for their security, protection and their dignity in the midst of escalating violence against women, including them being left behind in the economic world as citizens.





- **The Central African Republic (CAR) VIP training project**

A Memorandum of Agreement was signed between the South African Police Service (SAPS) and the Department of International Relations and Cooperation (DIRCO) on 25 September 2019 on the training of CAR police officers in VIP Protection.

As per the approved Action Plan, the SAPS received 27 delegates, including translators from CAR on 15 March 2020. The delegation was divided into two groups. The training started with 15 delegates at SAPS Academy Mankwe and the remainder of the group was accommodated at SAPS Academy Atteridgeville, undergoing practical training at SAPS Academy Boekenhoutkloof.

However, the training was put on hold due to COVID-19 and the delegation from CAR returned home.



3.3 Promotion of democracy and good governance

- **Central African Republic elections**

The South African Government donated electoral material to the Government of the CAR aimed at assisting the National Elections Authority (ANE) of the CAR with the 2020-2021 Presidential and legislative elections. The donation followed a request for assistance made by President Faustin Archange Touadéra to President Cyril Ramaphosa during a Working Visit to South Africa in March 2020.



The aim was to assist the CAR with the holding of successful elections, which were considered critical for the continued implementation of the Peace Agreement and the promotion of democracy and security in the greater Central African region. The project was meant to benefit the citizens, political parties and the ANE as it contributed to a free, fair and credible electoral process. A successful election is a precondition for a stable electoral environment that could in turn facilitate economic growth in the country.

The electoral material was procured by the Independent Electoral Commission (IEC) of South Africa with funding from the African Renaissance and International Cooperation Fund (ARF). The project involved the procurement of goods and services in South Africa, 12 000



translucent ballot boxes, 12 000 voting booths, 4 200 electoral kits and satellite phones, which were delivered to Bangui from 3 to 4 December 2020 for onwards distribution to 16 regions in the CAR.

The Presidential and legislative elections on 27 December 2020 were held against political and security unrest. On 18 January 2021, the CAR's Constitutional Court confirmed the re-election of President Faustin-Archange Touadéra in the first round of the Presidential election with 53.16% of the vote. Since voting was disrupted in many areas by violence, consequently those constituencies held their first round of legislative elections on 14 March 2021 and the second round on 23 May 2021. On 29 June 2021, the CAR's Constitutional Court validated the results of the second round of the legislative elections.

4. Institutional programme performance information

4.1 Strategic objectives

- To promote democracy and good governance
- To contribute to human resource development
- To support socio-economic development and integration
- To provide humanitarian assistance
- To support cooperation between South Africa and other countries
- To support prevention and resolution of conflict (PRC) for the effective management of resources through sound administration and good governance

4.2 Narrative

This section provide a narrative highlights of the significant achievements of targets by the ARF for the outputs and output indicators for each programme for the 2020/21 financial year. The narrative also provide a summary on how the achievement of targets has contributed towards achieving the entity's outcomes, which invariably impact on the strategic priorities of government and National Development Plan.

South Africa's continental and international obligations from peace keeping to humanitarian, social, economic and security is intricately linked to our foreign policy imperatives. Humanitarian assistance is within the field of peace and security to the African Community both as the Chair and member of the African Union that prioritises the right to life and safety and security, equally, remain relevant.

During the 2020/21 financial year, the ARF processed R 177 million in disbursements towards humanitarian assistance, the promotion of democracy and good governance, prevention and resolution of conflict and human resource development in Africa.

It must be stated that that South Africa's foreign policy objectives and principles find its expression in the country's National Development Plan (NDP), which is linked to the African Union Agenda 2063 and the United Nations sustainable development goals.

• **Programme: Promotion of democracy and good governance**

Target achieved 100% (1 of 1) project for technical assistance to support elections funded. South Africa through ARF supported the Presidential and legislative elections in the Central African Republic. The project was implemented with the assistance of Independent Electoral Commission (IEC) of South Africa as an implementing agent. This is in line with the South African foreign policy, priority of government and NDP in that the holding of regular democratic elections will strengthen democracy and good governance on our continent.

• **Programme: Provision of humanitarian assistance**

Target achieved 100% (5 of 5 humanitarian assistance projects funded. The following project were funded and implemented during the financial year under review:

1. Pledge made by President Cyril Ramaphosa to combat covid-19 in Africa- Contribution to the Special Fund for COVID-19.
2. Pledge made by President Cyril Ramaphosa to combat covid-19 in Africa- Contribution towards the Africa Centre for Disease Control (African CDC).
3. South Africa's contribution to the fight against COVID-19 in Africa – Provision of Personal Protective Equipment (PPE).
4. Pledge by President Ramaphosa at EU pledging Conference.



5. Humanitarian to the Sahel region

South Africa's continental and international obligations from peace keeping to humanitarian, social, economic and security is intricately linked to our foreign policy imperatives. Humanitarian has been a pillar of strength in perusing South African foreign policy and ARF payed a significant part in this regard.

• Programme: Administration

The purpose of this programme is for the effective management of resources through sound administration and good governance. This is achieved through PFMA, through regulation of financial management by ensuring that public funds are managed efficiently and effectively and economically.

Proper and accountable financial management, regular monitoring and evaluation of programmes and projects as well as proper projects management are key to good governance.

The following targets have been achieved under Administration programme:

Target achieved 100% (32 of 32) active projects monitored for compliance with concurrence received

Target Achieved 100% (32 of 32) project oversight reports for active projects

However, strides have been recorded on target "requests evaluated by the ARF Advisory Committee" where partial achievement of 80% (8 of 10) have been achieved. Good financial management is the indicator of good governance hence ARF is maintaining unqualified audit opinion which is indication that there is a good and proper administration with the ARF





4.3 Strategic objectives, performance indicators, planned targets and actual achievements

Programme: Promotion of democracy and good governance										
Purpose: The programme exists to promote democracy and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Prevention and resolution of conflict interventions funded	Percentage of mediation and resolution conflict projects funded	Percentage of SADC election observers for DIRCO funded	New indicator	New indicator	New indicator	75% of SADC election observers for DIRCO funded	Target not achieved	Zero (0) SADC election observers for DIRCO funded	<i>Footnote 1</i> The impact for target non-achievement There is no negative impact as South Africa discharged its obligation	There was no revision for the year 2020/21
		Percentage of projects for technical assistance to support elections funded	New indicator	New indicator	New indicator	100% of projects for technical assistance to support elections funded	Target achieved 100% (1 of 1) project for technical assistance to support elections funded 1. The Presidential and legislative elections in the CAR	None	Not applicable	There was no revision for the year 2020/21
		Percentage of projects for institutions promoting good governance funded	New indicator	New indicator	New indicator	No target in the current financial year	There was no target set for the financial year under review	None	Not applicable	There was no revision for the year 2020/21



Programme: Prevention and resolution of conflict

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

Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Presentation and resolution of conflict interventions funded	Percentage of mediation and resolution of conflict projects funded	Percentage of mediation and resolution of conflict projects funded	New indicator	New indicator	New indicator	100% of mediation and resolution of conflict projects funded	Target not achieved	Zero (0) mediation and resolution of conflict projects funded	There was no request for project funding for mediation and resolution of conflict	There was no revision for the year 2020/21

Programme: Support to socio-economic development and integration

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

Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Socio-economic development and integration funded	Contribute to socio-economic development and integration	Percentage of projects to provide support for the operationalisation of the African Continental Free Trade Area (AfCFTA)	New indicator	New indicator	New indicator	100% of projects to provide support for the operationalisation of the AfCFTA	Target not achieved	Zero (0) projects to provide support for the operationalisation of the AfCFTA	There was no request for project funding to provide support for the operationalisation of the AfCFTA during the financial year under review	There was no revision for the year 2020/21



Programme: Support to socio-economic development and integration										
Purpose: The programme exists to support socio-economic development and integration										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
		Percentage of socio-economic development and integration projects funded	New indicator	New indicator	New indicator	100% of socio-economic development and integration projects funded	Target not achieved	Zero (0) socio-economic development and integration projects funded	There was no request for projects funding for socio-economic development and integration during the financial year under review	There was no revision for the year 2020/21

Programme: Provision of humanitarian assistance										
Purpose: The programme exists to provide humanitarian assistance to countries affected by disasters										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of humanitarian assistance projects funded	New indicator	New indicator	New indicator	100% of humanitarian assistance projects funded	Target achieved 100% (5 of 5) humanitarian assistance projects funded	None	Not applicable	There was no revision for the year 2020/21



Programme: Provision of humanitarian assistance

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

Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
							<p>1. Pledge made by President Cyril Ramaphosa to combat COVID-19 in Africa. Contribution to the Special Fund for COVID-19</p> <p>2. Pledge made by President Ramaphosa to combat COVID-19 in Africa. Contribution towards the Africa Centres for Disease Control (Africa CDC)</p> <p>3. South Africa's contribution to the fight against COVID-19 in Africa – Provision of Personal Protective Equipment (PPE)</p> <p>4. Pledge by President Ramaphosa at EU Pledging Conference</p> <p>5. Humanitarian aid to the Sahel region</p>			



Programme: Provision of human resource development										
Purpose: The programme exists to provide capacity-building and human resource development										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Provision of human resource development	Capacity-building projects for human resource development funded	Percentage of capacity-building projects for human resource development funded	New indicator	New indicator	New indicator	100% of capacity-building projects for human resource development funded	Target achieved 100% (1 of 1) of capacity-building projects for human resource development funded 1. AU Women Empowerment project	None	Not applicable	There was no revision for the year 2020/21

Programme: Cooperation between the Republic and other countries, in particular African countries										
Purpose: The programme exists to enhance cooperation between the Republic and other countries, in particular African countries										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Cooperation between the Republic and other countries, in particular African countries	Projects on cooperation with other countries funded	Projects of projects on cooperation with other countries funded	New indicator	New indicator	New indicator	There was no target set for the financial year under review	There was no target set for the financial year under review	None	Not applicable	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Effective management of resources through sound administration and good governance	Request evaluated by the ARF Advisory Committee	Percentage of requests evaluated by the ARF Advisory Committee	100% of requests reviewed responded to for quality assurance and review of project proposals in preparation for the ARF Advisory Committee Meeting	42.8% (6 of 14) of requests recommended for funding	82.35% (14 of 17) requests reviewed	100% of requests evaluated by the ARF Advisory Committee	Target not achieved 80% (8 of 10) of requests evaluated by the ARF Advisory Committee	Two projects were not evaluated and deferred to the next financial year	The following two requests (project proposals) were not evaluated by the ARF Advisory Committee due to the reasons cited below:	There was no revision for the year 2020/21
			Thirteen project proposals reviewed and responded to as objectives of the ARF				1. South Africa's contribution to the fight against COVID-19 in Africa – Provision of PPE 2. Pledge by President Ramaphosa at EU Pledging Conference		<ul style="list-style-type: none"> Project proposal to the ARF for assistance in strengthening local and national capacities for peace project, an agenda for conflict prevention and resolution 	



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
							3. Pledges by Minister Naledi Pandor at the 33rd AU Heads of State and Government Summit for humanitarian assistance to the Sahel region 4. Pledges by Minister Pandor at the 33rd AU Heads of State and Government Summit for the AU Gender Empowerment Agenda 5. Presidential and legislative elections in the CAR 6. African Ombudsman Research Centre (AORC) 7. Lesotho Peace Process		The presenter was not available to make presentation to the committee and the proposal was deferred to the next meeting • Project proposal for assistance in the utilisation of science, technology and innovation in developing safe and quality medicines from African indigenous plants	



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
							8. Change of Scope for the approved R288 million for procurement of PPE and procurement of vaccines for 26 African countries *Footnote 2		The proposal was received a day before the meeting and the Committee members did not have the opportunity to read it. The proposal was deferred to the next meeting	
	Active projects monitored for compliance with concurrence	Parentage of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with the concurrence received • South African participation in the AU election observer missions (Lesotho and Angola)	100% (24 of 24) of active projects monitored for compliance with concurrence received	100% (26 of 26) of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with concurrence received	Target achieved 100% (32 of 32) active projects monitored for compliance with concurrence received	None	Not applicable	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			<ul style="list-style-type: none"> • United Nations Relief and Works Agency (UNRWA) (Palestine) Project • Namibia Drought Relief Project • Rice and Vegetable Production Project in Guinea (Conakry) • Swaziland Emergency Food Assistance • Cuba Economic Package Project • The Presidential and legislative elections in Liberia Project 							



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			<ul style="list-style-type: none"> International Diplomatic Training Programme (IDTP) Project (Burundi Diplomatic Training) 							
	Project oversight reports for active projects	Percentage of project oversight reports for active projects	87.5% of project oversight reports for active projects <ul style="list-style-type: none"> Election observer missions (Lesotho and Angola) Namibia Drought Relief Project Rice and Vegetable Production Project in Guinea (Conakry) Project Swaziland Emergency Food Assistance 	100% (24 of 24) of project oversight reports for active projects	100% (26 of 26) of project oversight reports for active projects	100% of project oversight reports for active projects	Target achieved 100% (32 of 32) project oversight reports for active projects	None	Not applicable	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			<ul style="list-style-type: none"> • Cuban Economic Package Project • The Presidential and legislative elections in Liberia Project • IDTP Project (Burundi Diplomatic Training) 							



4.4 Key performance indicators, planned targets and actual achievements

Programme: Promotion of democracy and good governance										
Purpose: The programme exists to promote democracy and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned Target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Promotion of democracy and good governance	Contribution towards promotion of democracy and good governance	Percentage of SADC election observers for DIRCO funded	New indicator	New indicator	New indicator	75% of SADC election observers for DIRCO funded	Target not achieved	Zero (0) SADC election observers for DIRCO funded	Footnote 1 The impact for target non-achievement There is no negative impact as South Africa discharged its obligation	There was no revision for the year 2020/21
		Percentage of projects for technical assistance to support elections funded	New indicator	New indicator	New indicator	100% of projects for technical assistance to support elections funded	Target achieved 100% (1 of 1) project for technical assistance to support elections funded The Presidential and legislative elections in the CAR	None	Not applicable	There was no revision for the year 2020/21
		Percentage of projects for institutions promoting good governance funded	New indicator	New indicator	New indicator	New indicator	There was no target set for the financial year under review	None	Not applicable	There was no revision for the year 2020/21



Programme: Prevention and resolution of conflict										
Purpose: The programme exists to support the prevention and resolution of conflict										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Prevention and resolution of conflict interventions funded	Percentage of mediation and resolution of conflict projects funded	Percentage of mediation and resolution of conflict projects funded	New indicator	New indicator	New indicator	100% of mediation and resolution of conflict projects funded	Target not achieved	Zero (0) mediation and resolution of conflict projects funded	There was no request for project funding for mediation and resolution of conflict	There was no revision for the year 2020/21

Programme: Support to socio-economic development and integration										
Purpose: The programme exists to support socio-economic development and integration										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Socio-economic development and integration funded	Contribution to socio-economic development and integration	Percentage of projects to provide support for the operationalisation of the AfCFTA	New indicator	New indicator	New indicator	100% of projects to provide support for the operationalisation of the AfCFTA	Target not achieved	Zero (0) projects to provide support for the operationalisation of the AfCFTA	There were no request projects for funding to provide support for the operationalisation of the AfCFTA during the financial year under review	There was no revision for the year 2020/21
		Percentage of socio-economic development and integration projects funded	New indicator	New indicator	New indicator	100% of socio-economic development and integration projects funded	Target not achieved	Zero (0) socio-economic development and integration projects funded	There were no request projects for funding for socio-economic development and integration during the financial year under review	There was no revision for the year 2020/21



Programme: Provision of humanitarian assistance										
Purpose: The programme exists to provide humanitarian assistance to countries affected by disasters										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of humanitarian assistance projects funded	New indicator	New indicator	New indicator	100% of humanitarian assistance projects funded	Target achieved 100% (5 of 5) humanitarian assistance projects funded 1. Pledge made by President Ramaphosa to combat COVID-19 in Africa Contribution to the Special Fund for COVID-19 2. Pledge made by President Ramaphosa to combat COVID-19 in Africa Contribution towards the CDC 3. South Africa's contribution to the fight against COVID-19 in Africa Provision of PPE	None	Not applicable	There was no revision for the year 2020/21



Programme: Provision of humanitarian assistance										
Purpose: The programme exists to provide humanitarian assistance to countries affected by disasters										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
							4. Pledge by President Ramaphosa at the EU Pledging Conference 5. Humanitarian aid to the Sahel region			

Programme: Provision of human resource development										
Purpose: The programme exists to provide capacity-building and human resource development										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Provision of human resource development	Capacity-building projects for human resource development funded	Percentage of capacity-building projects for human resource development funded	New indicator	New indicator	New indicator	100% of capacity-building projects for human resource development funded	Target achieved 100% (1 of 1) of capacity-building projects for human resource development funded 1. AU Women Empowerment Fund project	None	Not applicable	There was no revision for the year 2020/21



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

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

Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Cooperation between the Republic and other countries, in particular African countries	Projects on cooperation with other countries funded	Projects on cooperation with other countries funded	New indicator	New indicator	New indicator	There was no target set for the financial year under review	There was no target set for the financial year under review	None	Not applicable	There was no revision for the year 2020/21

Programme: Administration

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

Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
Effective management of resources through sound administration and good governance	Request evaluated by the ARF Advisory Committee	Percentage of requests evaluated by the ARF Advisory Committee	100% of requests reviewed responded to for quality assurance and review of project proposals in preparation for the ARF Advisory Committee Meeting	42.8% (6 of 14) of requests recommended for funding	82.35% (14 of 17) requests reviewed	100% of requests evaluated by the ARF Advisory Committee	Target not achieved 80% (8 of 10) of requests evaluated by the ARF Advisory Committee	Two projects were not evaluated and deferred to the next financial year	The following two requests (project proposals) were not evaluated by the ARF Advisory Committee due to the reasons cited below:	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			Thirteen project proposals reviewed and responded to as objectives of the ARF				1. South Africa's contribution to the fight against COVID-19 in Africa – Provision of PPE 2. Pledge by President Ramaphosa at EU Pledging Conference 3. Pledges by Minister Naledi Pandor at the 33rd AU Heads of State and Government Summit for humanitarian assistance to the Sahel region 4. Pledges by Minister Pandor at the 33rd AU Heads of State and Government Summit for the AU Gender Empowerment Agenda		<ul style="list-style-type: none"> Project proposal to the ARF for assistance in strengthening local and national capacities for peace project, an agenda for conflict prevention and resolution <p>The presenter was not available to make presentation to the committee and the proposal was deferred to the next meeting</p>	



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
							5. Presidential and legislative elections in the CAR 6. African Ombudsman Research Centre (AORC) 7. Lesotho Peace Process 8. Change of Scope for the approved R288 million for procurement of PPE and procurement of vaccines for 26 African countries <i>*Footnote 2</i>		<ul style="list-style-type: none"> Project proposal for assistance in the utilisation of science, technology and innovation in developing safe and quality medicines from African indigenous plants <p>The proposal was received a day before the meeting and the Committee members did not have the opportunity to read it. The proposal was deferred to the next meeting</p>	



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
	Active projects monitored for compliance with concurrence	Parentage of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with the concurrence received <ul style="list-style-type: none"> • South African participation in the AU election observer missions (Lesotho and Angola) • United Nations Relief and Works Agency (UNRWA) (Palestine) Project) • Namibia Drought Relief Project • Rice and Vegetable Production Project in Guinea (Conakry) 	100% (24 of 24) of active projects monitored for compliance with concurrence received	100% (26 of 26) of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with concurrence received	Target achieved 100% (32 of 32) active projects monitored for compliance with concurrence received	None	Not applicable	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			<ul style="list-style-type: none"> Swaziland Emergency Food Assistance Cuba Economic Package Project The Presidential and legislative elections in Liberia Project International Diplomatic Training Programme (IDTP) Project (Burundi Diplomatic Training) 							
	Project oversight reports for active projects	Percentage of project oversight reports for active projects	87.5% of project oversight reports for active projects <ul style="list-style-type: none"> Election observer missions (Lesotho and Angola) Namibia Drought Relief Project 	100% (24 of 24) of project oversight reports for active projects	100% (26 of 26) of project oversight reports for active projects	100% of project oversight reports for active projects	Target achieved 100% (32 of 32) project oversight reports for active projects	None	Not applicable	There was no revision for the year 2020/21



Programme: Administration										
Purpose: The programme exists for the effective management of resources through sound administration and good governance										
Outcome	Outputs	Output indicators	Actual achievement 2017/18	Actual achievement 2018/19	Actual achievement 2019/20	Planned target 2020/21	Achievement 2020/21	Deviations from planned target to actual achievement for 2020/21	Comments on deviations	Reasons for revision to the outputs / output indicators / annual targets
			<ul style="list-style-type: none"> • Rice and Vegetable Production Project in Guinea (Conakry) Project • Swaziland Emergency Food Assistance • Cuban Economic Package Project • The Presidential and legislative elections in Liberia Project • IDTP Project (Burundi Diplomatic Training) 							

Footnote 1

*South Africa sends representative to participate in SADC electoral observation missions (SEOMs). Approval will be requested to make funds available for SEOMs. However, for the financial year 2020/21, no request was made, hence there was no new approval. Virtual observations were done due to the COVID-19 pandemic and travel restrictions.

South Africa withdrew from the SEOM for the rerun of the Presidential elections in the Republic of Malawi on 23 June 2020 due to the COVID-19 pandemic and travel restrictions.

The SEOM to that election was subsequently suspended.

South Africa participated in virtual electoral observation missions of the Presidential and National Assembly elections from 22 to 24 October 2020 in the Republic of Seychelles and the general elections on 28 October 2020 in the United Republic of Tanzania within the existing budget.



Footnote 2

*Two requests (projects proposals) were presented to the ARF Advisory Committee on 31 March 2020 (2019/20 financial year) and only evaluated from 1 April 2020 in the next financial year (2020/21).

- Pledge made by President Ramaphosa to combat COVID-19 in Africa. Contribution to the Special Fund for COVID-19.
- Pledge made by President Ramaphosa to combat COVID-19 in Africa. Contribution towards the Africa CDC.

5. Reporting on the institutional response to the COVID-19 pandemic

Pledges made by President Ramaphosa to combat COVID-19

Pledges were made by President Ramaphosa to combat COVID-19 during the AU Bureau teleconference. South Africa as the Chair of the AU had an obligation to take the lead in all the causes and efforts that seek to address African challenges, including emergency issues and pandemics like the current scourge of COVID-19. The following contributions in response to COVID-19 were made by the President of South Africa:

- US\$4 000 000.00 contributed to the Special Fund for COVID-19
- US\$2 000 000.00 contributed to the Africa CDC.

Pledge by President Ramaphosa at the EU pledging Conference

The pledge made by President Ramaphosa was for the amount of US\$1.3 million, translating to R25 million. It should be appreciated that the total amount of funding is new (not budgeted by the Department of Science and Innovation, and will be earmarked for the development of new vaccines to the amount of R20 million, to be coordinated by the CEPI); and the development of new tests to rapidly diagnose the disease to the amount of R5 million, to be coordinated by the Global Fund for diagnostics deployment related to the Coronavirus.





5.1 Table: Progress on institutional response to the COVID-19 pandemic

Programme / Subprogramme	Intervention	Geographic location (Province/district/local municipality) (Where possible)	No of beneficiaries (Where possible)	Disaggregation of beneficiaries (Where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the outputs in the APP (where applicable)	Immediate outcomes
Provision of humanitarian assistance	Transferred funds to the AU through the Mission in Addis Abba for the following: <ul style="list-style-type: none"> • AU Special COVID-19 Fund • AU (CDC) • AU Sahel Humanitarian Assistance • EU Pledging Conference for COVID19 vaccines • Provision of PPE to 26 African countries 	Countries falling under the AU	N/A	N/A	209 535	209 535	Humanitarian assistance provided	<ul style="list-style-type: none"> • South Africa's pledges were aimed at the early development and distribution of the vaccine and ensuring its availability to the entire international community in an equitable manner • To co-fund CEPI-initiated COVID-19 vaccine trials in South Africa. The findings of these trials will be translatable to the rest of Africa drawing on South African expertise, for an amount of R10 million • To initiate Biovac's (state vaccine manufacturing company) expansion of its capacity for COVID-19 vaccine manufacturing to ensure reliable vaccine supply to the rest of Africa, to the amount of R10 million

6. Strategy to overcome areas of underperformance

- Management will require a confirmation in writing from the presenters to ensure that they are available and will be able to present their proposals during the ARF Advisory Committee meeting.
- Management will solicit a pipeline of projects proposals in areas of strategic importance.

7. Changes to planned targets

No changes to planned targets.



8. Linking performance with budgets

Programme/activity/objective	2020/21			2019/20		
	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	47 840	(228 089)	(180 249)	46 272	(45 021)	1 251
Total	47 840	(228 089)	(180 249)	46 272	(45 021)	1 251

Reasons for variance

Variance is as a result of expenditure incurred in the current financial year that exceeded the allocated budget due to responding to the COVID-19 pandemic by assisting African countries with humanitarian assistance packages. Actual funds are available from the accumulated surplus to cover the overspending.

The expenditure committed towards projects has continued to enable South Africa to assist and support other countries in line with the ARF Act objectives in order to support the country's foreign policy objectives .

9. Revenue collection

Sources of revenue	2020/21			2019/20		
	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	7 000	33 086	(26 086)	7 000	63 553	(56 553)
Total	7 000	33 086	(26 086)	7 000	63 553	(56 553)

Revenue

The interest received of R33 million (2020: R63 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank, interest accrued on the loan to Cuba and interest received from DIRCO for the late payment of the annual appropriation to the ARF. The current year's interest is low compared to the previous financial year due to the decrease in the interest accrued on the South African Reserve Bank account, which is influenced by the balance in the bank account.



PART C

GOVERNANCE



1. Introduction

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

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

2. Portfolio committees

The Parliamentary Portfolio Committee on International Relations and Cooperation is briefed regularly on the ARF. Due to the COVID-19 pandemic, the portfolio committee's meetings were held virtually through Microsoft Teams.

3. Executive Authority

In terms of the PFMA, 1999 and in compliance with National Treasury Regulations, for the period under review, the ARF submitted to the Executive Authority the Strategic Plan 2020 – 2025, the Annual Performance Plan 2020/21, four quarterly reports for 2020/21 and the Annual Report and financial statements.

As prescribed by Treasury Regulations 29.3.1, that the Accounting Authority must establish procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring, four quarterly reports for the 2020/21 financial year were submitted to the Minister of International Relations and Cooperation for consideration and approval. The four quarterly reports were submitted as follows:

- ARF First Quarterly Report for the period 1 April to 30 June 2020: 31 July 2020
- ARF Second Quarterly Report for the period 1 July to 30 September 2020: 28 October 2020
- ARF Third Quarterly Report for the period 1 October to 31 December 2020: 29 January 2021
- ARF Fourth Quarterly Report for the period 1 January to 31 March 2021: 30 March 2021.





4. Report of the accounting authority

4.1 Introduction

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

4.2 Objectives of the ARF

4.2.1 The objectives of the Fund are to contribute to an integrated democratic, peaceful and prosperous continent. Therefore, the Fund enables the South African Government to identify and fund projects or provide loans.

The objectives of the ARF are:

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

4.3 The utilisation of fund

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

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

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

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

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

4.4 Related parties

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

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

- facilitating project proposals for presentation to and consideration by the Advisory Committee
- facilitating the meetings of the Advisory Committee
- preparing a record of such meetings
- facilitating the process of securing concurrence letters



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

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

4.5 General review of the state of financial affairs

4.5.1 Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the Fund. During the year under review, an amount of R47 million (2020: R46 million) was appropriated to the Fund.
- The interest received of R33 million (2020: R63 million) from investments, relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank, interest accrued on annual appropriation and loan granted to Cuba.

4.5.2 Receivables

- Receivables represent a loan that was granted to Cuba. R22 million was disbursed during this financial year.

4.5.3 Expenditure

During the period under review, the Fund recorded expenditure of R228 million (2020: R45 million). For the year 2020/21, a significant amount was expensed towards humanitarian assistance projects in response to the COVID-19 pandemic.

4.5.4 Irregular expenditure

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

4.5.5 Fruitless and wasteful expenditure

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

4.5.6 Commitments

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

4.6 Provisions

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

4.7 Corporate governance arrangements

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

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

Amb N Losi

Acting Accounting Authority

Date: 30 September 2021



5. ARF Advisory Committee

Composition of the ARF Advisory Committee

No of meetings held	No of meetings attended	Name of members
One	One	Ambassador NN Losi (Acting Chairperson: DIRCO)
One	Zero	Mr KE Mahoai (Chairperson: DIRCO)
One	Zero	Mr C Ramashau (Member: DIRCO)
One	One	Ambassador GM Tsengiwe (Member: DIRCO)
One	One	Mr R Toli (Member: National Treasury)
One	One	Mr T Zulu (Member: National Treasury)
One	One	Ms B Bhengu (Alternate Member: DIRCO)
One	Zero	Ms Thembi Nkuna-Shiluvana, Alternate Member: National Treasury)
One	Zero	Ms S Naran (Alternate Member: National Treasury)

* Due to the COVID-19 pandemic, the ARF Advisory Committee only had one meeting, which was held virtually through Microsoft Teams during the financial year under review. The ARF did not have a sitting between April 2020 and December 2020, however, there were substantive projects that were approved through round robin (email consensus) and ratified during the 81st ARF Advisory Committee meeting held on 24 March 2021 through Microsoft Teams.

6. Risk management

- The entity has an approved Risk Management Policy and Risk Management Strategy, which serve as guidance to the entity on implementing risk management activities.
- The risk assessments are conducted annually at a strategic and operational plan level and also regularly on ARF projects to identify and analyse risks that have the potential to hamper the achievement of the entity's strategic objectives. Risk mitigating strategies/plans are developed to manage and keep risks at an acceptable level. New and

emerging risks are regularly identified and monitored through appropriate reporting channels.

- The entity has established the Risk Management Committee consisting of internal and external members. The internal members of the committee are from DIRCO's senior management structure and the external member is an independent member who serve as Deputy Chairperson in the Audit Committee. The committee was established to provide advice to the Accounting Authority on the adequacy and effectiveness of the entity's systems of enterprise-wide risk management.
- The committee meets on a quarterly basis to monitor the risks of the entity to ensure they are managed to an acceptable level.

Risk management committee role and responsibility

The high level responsibility of the committee as set out in the Risk Management Committee charter include the following:

- Review and recommend the risk management frameworks, for approval by the Accounting Authority
- Provide accurate and timely reports to the Accounting Authority on the state of risk management, including any material changes to the ARF's risk profile, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.
- Interact with the Audit Committee to share information relating to material risks and risk management activities of the ARF

Composition of Risk Management Committee

Name of members	Designation	Number of meetings held	Number of members
Mr B Wheeler	Chairperson of the committee	2	5
Ms D Mathlako	Head of ARF		
Amb NN Ntshinga	DDG Africa		
Ms H Bhengu	Acting Chief Financial Officer		
Ms C Lobe	Acting Chief Operations Officer		



Risk Register: 2020/21 Financial Year

Identified risks	Mitigation strategies
Inability to promote democracy and good governance	Reprioritisation of projects
Inability to provide humanitarian assistance	Seek concurrence from Advisory Committee
Delays in conclusion of the projects/projects over-runs	Regular review of expenditure analysis Project Steering Committee meetings Regular engagements with service providers" Monitoring of Project through regular site visits

7. African Renaissance Fund risk management committee members

Names of members	Date appointed	Qualifications	Internal/ External member	If internal, position in the department	Contact details	Status	Number of meetings attended for 2020/21
1. Mr MCAM Sehlapelo	28 February 2018 till 28 February 2021	<ul style="list-style-type: none"> • Doctor of Philosophy • Master's in Information Studies • Postgraduate Diploma in Information Management • Postgraduate Diploma in Defence Studies • Postgraduate Company Secretarial and Governance Practice • Honours in Presidential Strategic Leadership • Certificate in Senior Management Programme 	External	N/A	064 885 0283	Term ended	1
2. Mr BR Wheeler	2 March 2021	<ul style="list-style-type: none"> • National Diploma: State Accounts and Finance • BComm Degree • Advanced Diploma: Public Administration 	External	N/A	082 451 5896	Active	2



8. Internal Audit and Audit Committee

We are pleased to present our report for the financial year ended 31 March 2021.

8.1 Audit Committee responsibility

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

8.2 Audit Committee members

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

Name	Qualifications	Position	Internal or external	If internal, position in the department	Appointment date	Date Resigned/ Contract Ended	No. of Meetings attended
Ms PM Mvulane	<ul style="list-style-type: none"> • B Com Accounting • B Com (Hons) • Specialist Diploma Auditing • CA (SA) 	Former Chairperson	External	N/A	13 November 2017 (Three-year term)	12 November 2020	5
Dr MCAM Sehlapelo	<ul style="list-style-type: none"> • DLitt et Phil (Information Science) • Master of Information Studies • PGDip in Information Management • PGDip in Defence Studies • PGDip in Futures Studies • ACIS • CD (SA) • Senior Management Programme • PG Certificate in Risk, Compliance and Governance • Certificate in Accounting Information Systems 	Former Deputy Chairperson	External	N/A	13 November 2017 (Three-year term)	12 November 2020	5



Name	Qualifications	Position	Internal or external	If internal, position in the department	Appointment date	Date Resigned/ Contract Ended	No. of Meetings attended
Mr ZL Fihlani	<ul style="list-style-type: none"> • B Com Accounting • B Compt (Hons) • Higher Diploma in Tax Law • Higher Diploma in International Law • M Com (Tax) • CA (SA) 	Member	External	N/A	13 November 2017 (Three-year term)	12 November 2020	5
Ms APZ Mafuleka	<ul style="list-style-type: none"> • B Com Accounting • B Compt Honours in Accounting • CA (SA) 	Chairperson	External	N/A	15 January 2021	N/A	1
Mr BR Wheeler	<ul style="list-style-type: none"> • National Diploma in State Accounts & Finance • B Com Degree • Advance Diploma in Public Administration 	Deputy Chairperson	External	N/A	2 January 2020 Appointed as Deputy Chairperson from 15 January 2021	N/A	6
Dr CF Von Eck	<ul style="list-style-type: none"> • 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	2 January 2020	N/A	6



Name	Qualifications	Position	Internal or external	If internal, position in the department	Appointment date	Date Resigned/ Contract Ended	No. of Meetings attended
Dr P Dala	<ul style="list-style-type: none"> • Doctor of Philosophy in Information Technology • Masters of Information Technology, • Bachelor of Science 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) • Computer Hacking Forensic Investigator (CHFI) and • Certified Data Privacy Solution Engineer (CDPSE). 	Member	External	N/A	15 January 2021	N/A	1
Ms G Simelane	<ul style="list-style-type: none"> • B Com Accounting • B Compt Honours in Accounting • CA (SA) 	Member	External	N/A	15 January 2021	N/A	1

^Effective from 01 October 2019



8.3 Internal Audit

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

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

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

8.4 The effectiveness of internal control

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

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 are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors as well as the Audit Report and the management letter 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.

8.5 The quality of in-year management and quarterly reports submitted in terms of the PFMA

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.

8.6 Evaluation of financial statements

The Audit Committee has:

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

8.7 External Auditor's report

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

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

Ms APZ Mafuleka CA (SA)

Chairperson of the Audit Committee

31 August 2021



9. Compliance with laws and regulations

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

10. Fraud and corruption

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

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

11. Internal Control Unit

The Internal Audit Unit provides the ARF with assurance and consulting services, conducting its affairs in terms of an approved Internal Audit Charter. During the year, Internal Audit, in consultation with all the relevant stakeholders, developed a risk-based three-year strategic rolling plan and annual operational plan. The plans were formally adopted and approved by the Audit Committee. Progress reports on the implementation of the annual operational plan was presented to the Audit Committee meetings during the year.

In addition, the following measures are in place to strengthen internal control across the spectrum of the entity:

- the Mission provide support on projects implementation in the recipient countries;
- the Bid Specifications Committee is in place to assist the ARF in ensuring that specifications on tender documents are standard and comply with National Treasury Regulations prior to presentation to the Departmental Bid Adjudication Committee;
- both the Departmental Bid Evaluation and Bid Adjudication committees have been centralised to reinforce compliance with Supply Chain Management prescripts and minimise the risk of irregular expenditure;
- the ARF Secretariat ensure quality of reporting on both finance and predetermined objectives.

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.



PART D: HUMAN RESOURCE MANAGEMENT

Human Resource Management

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





PART E

FINANCIAL INFORMATION

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the African Renaissance and International Cooperation Fund set out on pages 64 to 81, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the African Renaissance and International Cooperation Fund as at 31 March 2021 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 auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme – promotion of democracy and good governance	23
Programme – prevention and resolution of conflict	24
Programme – socio-economic development and integration	24-25
Programme – provision of humanitarian assistance	25-26
Programme – provision of human resource development	27
Programme – administration	28-33

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for these programmes:

Programme – promotion of democracy and good governance

Programme – prevention and resolution of conflict

Programme – socio-economic development and integration

Programme – provision of humanitarian assistance

Programme – provision of human resource development

Programme – administration

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 23 to 43 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over- achievement of targets.

Adjustment of material misstatement

17. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of programme – administration. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

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

Internal control deficiencies

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

Other reports

25. I draw attention to the following engagement conducted by the National Treasury which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
26. National Treasury is investigating possible irregularities in the African Renaissance and International Cooperation Fund's state of affairs at the request of the former minister of the Department of International Relations and Cooperation. The investigation covers the period from 2012-13 to the 2017-18 financial years. The investigation had not yet been concluded and was still in progress at the date of this auditor's report.

Auditor-General

Pretoria

31 July 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General’s responsibility for the audit

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

Financial statements

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

the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an 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

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

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

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2020/21 R '000	2019/20 R '000
Revenue			
Revenue from non-exchange transactions			
Appropriated funds	1	47 840	46 272
Revenue from exchange transactions			
Investment income	2	33 087	63 553
Total revenue		80 927	109 825
Expenditure			
Local and foreign aid assistance	3	(228 089)	(45 021)
Total expenditure		(228 089)	(45 021)
Forex (loss)/Gain	4	(11 079)	(44 684)
Surplus /(loss) for the period		(158 241)	20 120

STATEMENT OF FINANCIAL POSITION

	Note	2020/21 R '000	2019/20 R '000
ASSETS			
Current assets			
Cash and cash equivalent	5	820 787	918 029
Receivables from exchange transactions	6	3 107	-
Total current assets		823 894	918 029
Non-current assets			
Receivables from exchange transactions		19 165	-
Total non-current assets		19 165	-
Total assets		843 059	918 029
LIABILITIES			
Current liabilities			
Provisions	7	285 777	448 763
Payables from non-exchange transactions	8	222	1 332
Total liabilities		285 999	450 095
Net assets			
Accumulated surplus		557 060	467 934
Total net assets and liabilities		843 059	918 029

STATEMENT OF CHANGES IN NET ASSETS

	Notes	Accumulated surplus	Total net assets
		R'000	R'000
Balance as at 31 March 2019		439 836	439 836
Funds returned by ACCORD		7 978	7 978
Surplus of the year		20 120	20 120
Balance as at 31 March 2020		467 934	467 934
Loss for the year		(158 241)	(158 241)
*Projects rescinded		247 367	247 367
Balance for the year ending 31 March 2021		557 060	557 060

*This balance is for projects, which were closed in 2020/21 after the review of the provisions account.

CASH FLOW STATEMENT

Cash flow from operating activities

Receipts

Appropriated funds
Investment Income
Receipts from DIRCO
Refund from ACCORD

Payments

Cash disbursements

Net cash flow from operating activities

Cash flows from investing activities

Cash flows from financing activities

Net increase/(decrease) in cash and cash equivalents
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

Note	2020/21	2019/20
	R '000	R '000
	80 669	118 892
1	47 840	46 272
2	32 829	63 553
	-	1 089
	-	7 978
	(177 912)	(63 303)
9	(177 912)	(63 303)
10	(97 243)	55 589
	-	-
	-	-
	(97 243)	55 589
	918 029	862 439
5	820 787	918 029

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final budget	Actual amounts on a comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance					
Revenue					
Revenue from non-exchange transactions					
Appropriated funds	47 840	-	47 840	(228 089)	(180 249)
	47 840	-	47 840	(228 089)	(180 249)

Basis of preparation:

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

Variance:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1. Presentation of annual financial statements

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

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

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

1.1 Judgments, estimates and assumptions

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

1.2 GRAP standards 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 25 Employee Benefits	No effective date	No impact on the ARF financial statements
GRAP 104 Financial Instruments	No effective date	This standard might impact on the disclosure of financial instruments
IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements	No effective date	No impact on the ARF financial statements

1.3. Going concern

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

1.4. Revenue

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

Revenue from non-exchange transactions

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

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

Revenue from exchange transactions

Interest Income

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

1.5. Expenses

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

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

1.6. Commitments

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

1.7. Provisions and contingencies

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

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

Contingent liabilities 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 into. The principal financial liabilities of the Fund are amounts due to outside parties in respect of projects approved in terms of the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000)

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

Initial recognition and measurement

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

Subsequent measurement

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

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

FINANCIAL ASSETS

1.8.1. Cash and cash equivalent

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

1.8.2. Receivables from exchange

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

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

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

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. Rounding off figures

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

1.10. Comparatives

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

1.11. Related parties

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

The Fund is under the control of the DG in terms of the African Renaissance and International Cooperation Fund, 2000 (Act 51 of 2000) and there is an operational framework that governs the relationship between DIRCO, its key management and the ARF.

The department 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 with regard to business with departments is included in the disclosure notes.

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

1.12. Materiality

The materiality framework enables the ARF to identify any losses or irregular, fruitless or wasteful expenditure and evaluate them against the materiality framework as and when they occur during the financial period. Actual expenditure for the previous year (2019/20 financial year) has been used as a base for calculating materiality for the ARF. We have set the materiality amount at being 0.5% of revenue, expenditure and assets.

1.13. Accounting by principals and agents

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

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

The entity will disclose:

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

1.14. Events after Reporting Date

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2020/21	2019/20
R'000	R'000

1. Appropriated funds

Appropriation from Parliament	47 840	46 272
Total	47 840	46 272

2. Investment Income

Interest earned from SARB	32 387	63 208
Interest accrued on a loan to Cuba	258	-
Interest on appropriation	442	-
Interest earned from funds returned	-	345
Total	33 087	63 553

- The amount of the cash flow excludes the interest accrued on a loan to Cuba. These funds have not been received as yet.

3. Local and foreign aid assistance

3.1. Humanitarian assistance		
Pledges to the African Union	106 800	
Sahel region	18 490	
Humanitarian assistance Zimbabwe	50 000	-
European Union Pledging Conference	25 000	-
Meningitis support To Niger	-	3 522
Total	209 290	3 522
3.2. Prevention and resolution of Conflict		
Independent Boundaries Commission South Sudan	-	1 026
Total	-	1 026

NOTES TO THE FINANCIAL STATEMENTS

	2020/21 R'000	2019/20 R'000
3.3 Promote human resource development and capacity building		
Central African Republic (VIP Protection)	-	1 766
Annual woman dialogue	-	37 609
Women empowerment	9 245	-
3.4. Socio-economic development		
Lesotho Anthrax Vaccines	-	1 098
3.5. Democracy and good governance		
Presidential elections Central African Republic	18 554	
Total local and foreign aid assistance	228 089	45 021

4. Forex (Loss)/ Gain

Forex Loss	(11 079)	(44 684)
Total (Loss)/Gain	(11 079)	(44 684)

5. Cash and cash equivalents

Cash and balances with South African Reserve Bank	820 787	918 029
Total	820 787	918 029

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

NOTES TO THE FINANCIAL STATEMENTS

2020/21	2019/20
R'000	R'000

6. Receivables from exchange transactions

Loan granted to Cuba	22 014	-
Interest on accrued	258	-
TOTAL	22 272	-
Amount receivable within one year (Current)	3 107	-
Amount receivable within two to five years (Non-current)	19 165	-

7. Provisions

Reconciliation of provisions 2020/21

	Opening balance	Re-classification from commitments	Additions	Movements during the year	Total
	R'000	R'000	R'000	R'000	R'000
Projects	448 763	50 000	178 089	(391 075)	285 777

Reconciliation of provisions 2019/20

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

Provisions consist of projects with signed concurrence letters and agreements.

8. Payables from non-exchange

Payables to DIRCO	222	1 332
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NOTES TO THE FINANCIAL STATEMENTS

2020/21	2019/20
R'000	R'000

9. Cash disbursements

Promotion of democracy and good governance	(11 169)	(489)
Humanitarian assistance	(136 964)	(36 347)
Prevention and resolution of conflict	(6 795)	(12 592)
Promote human resource development and capacity-building	(971)	(13 875)
Cooperation between the Republic and other countries, in particular African countries	(22 013)	
Total	(177 912)	(63 303)

10. Net cash generated from operations

(Loss)/Surplus for the period	(158 241)	20 120
Adjustment		
Forex (gain)/ loss	11 079	44 684
(Loss) Surplus after movements	(147 162)	64 804
Changes in working capital	49 919	(9 215)
Effect on payables	72 191	(9 215)
Effect on receivables from non-exchange	(22 272)	-
Net cash flow from operating activities	(97 243)	55 589

11. 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 with a reputable financial institution.

Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

2020/21	2019/20
R'000	R'000

11. Financial risk management disclosure (continued)

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

Financial assets

Cash and cash equivalents	820 787	918 029
Receivables from exchange	22 272	-
Total	843 059	918 029

Liquidity risk

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

Financial liabilities

Payables from non-exchange transactions	222	1 332
Total	222	1 332

Interest rate risk

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

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

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

Details	2020/21 R'000	2019/20 R'000
Cash and balances with the South African Reserve Bank	820 787	918 029

NOTES TO THE FINANCIAL STATEMENTS

2020/21	2019/20
R'000	R'000

11. Financial risk management disclosure (continued)

Currency risk

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

Details	2020/21 R'000	2019/20 R'000
Forex losses	(11 079)	(44 684)

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.

12. Related party transactions

The Department of International Relations and Cooperation and its key management are the related parties to the ARF.

Description	2020/21 R'000	2019/20 R'000
Payables: DIRCO	222	1 332

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 58 of 1962).

14. Contingent liability

A request was made to National Treasury as per Section 53(3) of the PFMA to retain surplus for the current financial year ending 31 March 2021 with an amount of R 71 537 000. 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

2020/21	2019/20
R'000	R'000

15. Commitments

Concurrence letter received but yet to be contracted for

Opening balance	170 429	75 716
Commitments re-classified to provisions	(50 000)	(5 287)
Rescinded projects	(41 200)	-
New commitments 2020/21	288 566	100 000
Closing balance	367 795	170 429

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

16. Going concern

We draw attention to the fact that as at 31 March 2021, the entity's total assets exceeded its liabilities, which indicates that the entity is solvent, and is able to meet its obligations as they become due.

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

17. Accounting by principals and agents

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

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

NOTES TO THE FINANCIAL STATEMENTS

2020/21

2019/20

R'000

R'000

17. Accounting by principals and agents (continued)

The project has an outstanding balance of R28 million, and this balance is included in the Provisions in Note 7.

	Total invoice amount	5% implementation fee to Rand Water	Amount to be paid to service providers by Rand Water
2021	R1 111 900,00	R55 595,00	R1 056 305,00
	R816 362,50	-	R816 362,50
2020	R1 661 882,50	R87 467,52	R1 574 418,00
	R322 135,78	R15 339,80	R306 795,93
	R227 257,70	-	R227 257,70
	R740 857,50	R38 992,50	R701 865,00
	R470 900,00	-	R470 900,00

18. Events after Reporting Date

The employment of the Accounting Authority of the ARF Mr Kgabo Mahoi who also served as the chairperson of the ARF Advisory Committee has been terminated and Ambassador NN Losi continues to act as the Accounting Authority and the chairperson of the ARF Advisory Committee until further notice.

The Executive Authority is aware of this matter which arose after the reporting date and will not require adjustment to the financial statements

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