**The Budgetary Review and Recommendation Report of the Portfolio Committee on International Relations and Cooperation, dated 30 October 2013**

The Portfolio Committee on International Relations and Cooperation, having considered the performance and submission to National Treasury for the medium term period of the Department of International Relations and Cooperation, reports as follows:

**1. Introduction**

**1.1 The mandate of the Committee**

The Portfolio Committee on International Relations and Cooperation (the Committee) is a committee of Parliament mandated by the sections 55 and 92 of the Constitution of South Africa, [[1]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131105pcintbrrr.htm" \l "_ftn1" \o ")to oversee and ensure accountability in the formulation and conduct of South African foreign policy. Consequently, the Committee conducts oversight on activities of the Department of International Relations and Cooperation (the Department), its policies, financial spending patterns, administrative issues, and it holds the Department accountable for its operations and functions. The Committee is an important mechanism for ensuring oversight over the conduct of South Africa’s international relations and cooperation policy.

**1.2 Purpose of the Budgetary Review and Recommendation Report**

In accordance with section 5 of the Money Bills Procedures and Related Matters Amendment Act 2009 (Act No.9 of 2009), the National Assembly, through its committees, must assess service delivery performance of each national department and submit Budgetary Review and Recommendation Report (BRR Report) for each department, for tabling in the National Assembly. The process allows the National Assembly to evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on forward use of resources. These reports will be considered by the Standing/Select Committees on Appropriations and Finance respectively when they make recommendations to the Houses of Parliament on the Medium Term Budget Policy Statement (MTBPS).

In compiling this report, the Committee as mandated by section 5 of the Money Bills Procedures and Related Matters Amendment Act 2009, based the assessment of the Department on its service delivery plan as outlined in the 2012 State of the Nation Address. The Committee linked domestic priorities to the Department’s Strategic Plan 2012 – 2017 and aligned the information to priorities and measurable objectives as set out in the strategic plan. The Committee examined the expenditure report as published by the National Treasury, commonly known as section 32 Reports of the Public Finance Management Act (PFMA) 1999 (Act 1 of 1999). Reference was also made to the Auditor General’s report on the 2012/13 Budget Vote and the Department’s Annual Report, which contains the Department’s service delivery information, reflecting its performance in 2012/13 reporting period.

**1.3   The core function and mandate of the Department**

The overall mandate of the Department is to work for the realization of South Africa’s international relations policy objectives. In terms of the provisions of the Constitution, the President of the Republic of South Africa bears the overall responsibility for the country’s foreign policy and international relations [[2]](https://server/pmg%20shared/WEBSITE%20FILES/comreports/2013/comreports/131105pcintbrrr.htm" \l "_ftn2" \o "). However, the Department is entrusted with the formulation, promotion and execution of South Africa’s foreign policy and with the daily conduct of its international relations. The Minister of International Relations and Cooperation (the Minister) assumes overall responsibility for all aspects of South Africa’s international relations, albeit in consultation with the President. The Minister also liaises and consults with members of the Cabinet on overlapping issues and on the priorities and programmes of other departments that bear an international relations element. In the same breath, other Cabinet ministers are required to consult the Minister on their international role.

**1.4        Measurable Objectives of the Department**

The Strategic plan has been categorized into six key priority areas for the reporting year, aimed at responding to the domestic priorities as announced by government for the reporting year as follows:

* Enhancing the African Agenda and Sustainable Development;
* Strengthening political and economic integration of the Southern African Development Community (SADC);
* Strengthening of South-South Relations;
* Strengthening of Relations with the formations of the North;
* Strengthening of Political and Economic Relations;
* Participation in the Global System of Governance.

During the reporting period, the thrust of the work of the Department remained anchored on these overarching priorities as confirmed by the January 2012 Cabinet Lekgotla and the 2012 State of the Nation Address (SONA). In its work on these priorities, the Department is supported by the following activities:

* Organisational support;
* Rendering of professional services and
* Organisational strengthening.

**2.         Policy focus areas**

**2.1        Analysis of the Department’s Prevailing Strategic and Operational Plan**

The Annual report reflects the highlights of a number of diplomatic activities carried out by the Department including its Missions abroad. At the time of reporting, South Africa’s representative drive had grown from 34 in 1994 to 125 Missions abroad. During the reporting period, the Department remained focused towards Africa and South-South cooperation; ensuring that South Africa’s foreign relations contribute to an environment that is conducive to sustainable economic growth and development; and serve as a basis for addressing government’s identified urgent priorities. In support of government’s key targets, outlined in the medium term strategic framework, the Department’s priority was be to pursue African development and enhanced international cooperation.

It is important to mention that the Committee noted that the 2012-2017 Strategic Plan, as a basis for the Annual report, has improved in most areas by showing expected outputs. However, the Department still has to endeavour to have quantifiable outputs which will address the priorities of Government through their mandate.

President Jacob Zuma in his 2012 State-of-the-Nation Address focused on domestic imperatives and the creation of jobs. The President announced that South Africa should position itself as a regional trans-shipment hub for Sub-Saharan Africa and deliver on the regional integration agenda of the New Partnership for Africa’s Development (NEPAD). The announced injection of three hundred billion Rand in capital projects for Transnet South Africa, including rail infrastructure, was aimed to extend development beyond the borders of Republic. South Africa has committed to integrating Sub-Saharan Africa, and supporting the North-South Road and Rail Corridor, which is part of the African Union’s (AU) NEPAD Presidential Infrastructure Championing initiative. To the Department the message meant enhancing economic diplomacy as a vehicle for addressing domestic challenges.

In pursuing its mandate in respect of economic diplomacy, the Department continued to reflect a bias towards Africa, the Southern African Development Community (SADC), and towards support for South-South formations. It is believed that economic diplomacy in the region will support an integrated development strategy for the Southern African Custom Union (SACU), SADC and the continent that includes investment promotion and industrial development. For this policy to succeed there must be a close partnership with government, business and labour. It has been advocated by followers of foreign policy trends that economic diplomacy will attract foreign direct investment to South Africa and Africa.

The Department continued to operate in an uncertain international environment and budget constraints. It received a budget allocation of R5. 271 525 billion for the 2012/13 financial year after the adjustment estimates. The actual expenditure for 2012/13 was 98.4 per cent of the final appropriation.

It operated in a dynamic environment that combines varying legislative and monetary regimes that impact on its foreign policy operations. South Africa maintains diplomatic relations with countries and organizations through 125 missions in 107 countries abroad, and through the accreditation of more than 160 countries and organizations resident in South Africa.

The Department executed its mandate against the background of an ever-changing political and economic environment. The international environment is characterized by major shifts in global political, economic, social and cultural dynamics that impacted on different parts of the world and include: the emergence of new economic powers; the new phenomenon of media and social networks; environmental change; heightened demand for scarce resources and the changing nature of conflict and insecurity. In order to survive in this environment, South Africa had to shape its domestic and foreign policies to respond to global drivers and trends.

During the reporting period, the global economic crisis continued to accelerate the shift in the balance of political and economic power towards the emerging economies. The trading patterns continued to shift to new markets, with notable growth in South-South trade between the emerging economies. The consequence of these changes resulted in the Department pursuing South Africa’s interests in an environment of insecurity, uncertainty and unpredictability. However, the growth of the South African economy, in particular, and the African economy in general, continued to be increasingly linked to these emerging economic powers. That assisted South Africa to deal with the global economic downturn in an environment of negative growth rates in the economies of Northern trading partners.

**3.         Overview and assessment of the financial and non-financial performance of programmes of the Department and its entity for the 2012/13 financial year**

**3.1        Financial expenditure trends of the Department and its entity**

Source: National Treasury: Vote 5: International Relations and Cooperation prepared for the Standing Committee on Appropriations

The Department received a final appropriation of R5. 271 525 billion. The actual expenditure for 2012/13 financial year was at 98.4 per cent of the final appropriation, showing a progressive way the Department utilized allocated funds. Comparatively, at the end of the financial year in 2010/11, the total expenditure was at 93.2 per cent; while in 2011/12, it was at 97.7 per cent of the total allocated budget. During the reporting year, the under-spending by R77.7 million or 1.5 per cent of the total budget was mainly due to under payments in Programme One: Administration and Programme Two: International Relations. These were under payments for capital assets due to renovation projects in Washington and Tokyo, which were delayed due to unforeseen structural changes (reinforcement) that had to be made before continuing with the renovations; and expenditure incurred for the BRICS summit which was held in March 2013 and could not be paid before 31 March 2013.

Source: National Treasury: Vote 5: International Relations and Cooperation prepared for the Standing Committee on Appropriations

Programme spending trends aligned to service delivery of the Department and its entity

Programme One: Administration; expenditure was R1.1 billion or 88.8 per cent of the available budget of R1.3 billion. Planned expenditure was R1.3 billion so the Department was behind by R142 million. This was primarily due to delay in filling of vacant posts and rental payment for office accommodation.

Programme Two: International Relations; expenditure was R2.8 billion or 101.1 per cent of the available budget of R2.8 billion. Planned expenditure was R2.8 billion so the Department was ahead by R32 million. This was primarily due to the Mission accounts that were not processed into the financial system.

Programme Three: Public diplomacy; expenditure was R293.6 million or 97.5 per cent of the available budget of R301.1 million. Planned expenditure was R301.1 million so the Department was behind by R7.5 million. This was primarily due to delay in filling of vacant posts.

Programme Four: International transfers; expenditure was R938.4 million or 104.4 per cent of the available budget of R898.6 million. Planned expenditure was R898.6 million so the Department was ahead by R39.9 million. This was primarily due to attributable to the contribution made towards humanitarian aid that was paid during December 2012.

Additional information

During the reporting year, virements were made to increase transfer payments under Programme Four to institutions by R39.853 million which was a virement from Programme One, under goods and services. The under-spending on goods and services was mainly due to a slow progress in information and communication technology (ICT) related projects for the BRICS summit held in March 2013, as well as reduced operational cost resulting from vacancies in the programme.

Performance information

As at the end of the 4th quarter, the Department continued to have representation in 125 diplomatic Missions. The performance target on SADC regional economic integration processes was to provide substance support to enhance South Africa’s participation in SADC economic integration processes within the Tripartite Free Trade Area.

**3.2        Analysis of non-financial service delivery performance of the Department and its entity for the 2012/13 financial year**

The Committee considered and analysed the Annual Report of the Department of International Relations and Cooperation for the 2012/13 financial year. In its analysis of the report, the Committee also enlisted the input of Dr Lesley Masters, Senior Researcher on South Africa’s foreign policy at the Institute of Global Dialogue (IGD).

The focus of the assessment was on the performance of the key programmes of the Department comprising of Administration, International Relations and Cooperation, Public Diplomacy and International Transfers. The Department’s performance was measured against its own set targets as identified in the Strategic Plan of 2012-2017. It is also measured against Government’s key priorities identified in the President’s State-of-the-Nation Address (SONA) of February 2012 and the Government’s Medium Term Strategic Framework 2010-2015. Other key measures comprise of the moral values and principles that underpin the country’s foreign policy. The source documents for this analysis include the 2012 Estimates of National Expenditure (ENE); the 2012 State of the Nation Address; the Delivery Agreement for Outcome 11 (2009-2014) as well as the Department’s Strategic Plan 2012-2017.

The analysis gives special attention to Programme Two:, International Relations and Cooperation, as it is the one which executes the core functions of the Department. The Department’s African Renaissance and International Co-operation Fund (the ARF) report for 2012/13 is also assessed in this report.

**3.4.       Performance per Programme: Achievements**

**3.4.1     Programme One: Administration**

**Main objective:**The purpose of the programme is to develop overall policy and manage the Department of International Relations and Cooperation with the intention of ensuring an efficient, effective, economical and fully capacitated department.

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

In terms of budget monitoring for Missions abroad and head office, the Department has been reporting the expenditure against the budget on a monthly basis at management meetings. The Department reported that the mid-term budget reviews with missions and head office continue to serve as a mechanism of ensuring that departmental business units operate within budgetary confines. During the financial year under review, the Department focused on the development and implementation of the Audit Plan to address the audit observations raised by both the Auditor-General (AG) and Internal Audit (IA).

The International School acted in concert with South Africa’s foreign policy by imparting knowledge and skills to officials from African countries. The training covered post-conflict reconstruction and development, regional integration, diplomatic training and public diplomacy.

It was reported that during the year under review, it was clear that the Department’s information and communications technology (ICT) policies and infrastructure no longer met the modern communications requirements of the Department. It was recognised that it was in serious need of modernisation.

The Department noted that asset management remained a challenging task as it has to deal with about 270 000 pieces of assets spread over 125 Missions worldwide. To improve the management of assets, branches, business units and management committees in Missions were for the first time involved in ensuring the accuracy of asset verification.

The Department has continuously assessed the appropriate balance between its strategic priorities and organisational structure to render the latter more streamlined, cost-effective and responsive to changing needs, both domestically and internationally. In conjunction with the Department of Public Service and Administration, the Department was in the process of implementing findings of an organisational functional assessment to better match capacity with the demands of the Department. Continued attention would be given to the skilling of diplomats in the tools of economic diplomacy.

To mitigate some of the challenges that featured in Programme 1: Administration, the Department undertook to ensure stricter enforcement of the Performance Management Development System (PMDS). The Department plans to implement the new comprehensive ICT Strategy which will include the modernisation of the infrastructure and systems of the Department. With regards to the South African Council on International Relations, the Department would fast-track the appointment of members of the council.

**3.3        Programme Two: International Relations and Cooperation**

**Main objective:**The purpose of this programme is to promote relations with foreign countries, participate in international organisations and institutions in line with South Africa’s national values and foreign policy objectives. The strategic objectives of this programme were as follows:

* Enhancing the African Agenda and sustainable development;
* Strengthen political and economic integration in the Southern African Development Community (SADC);
* Strengthen South-South relations;
* Strengthen relations with strategic formations of the North;
* Participate in the Global system of governance; and
* Strengthen political and economic relations.

**3.3.1     Enhancing the African Agenda**

Regarding the enhanced African Agenda and sustainable development, the Department listed the advancement of South Africa’s positions in all scheduled deliberations in the various organs of the UN, AU and processes, debates and resolutions, according to agendas and schedules of multilateral institutions (UN System, AU, SADC and its mechanisms), as a performance indicator.

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During the reporting period, South Africa’s foreign policy remained predisposed towards Africa and South-South cooperation. The Department viewed the election of Dr Nkosazana Dlamini-Zuma to the key post of Chairperson of the African Union (AU) Commission as a significant achievement. In addition, South Africa successfully hosted, as mandated by the African Union, the Global African Diaspora Summit on 25 May 2012. Through the event, South Africa achieved the main objective of creating a sustainable partnership between African states and the African Diaspora through a Joint Programme of Action.

In terms of this particular performance indicator, the Department reported that South Africa’s positions advanced at meetings of the AU and SADC organs, bodies, agencies and programmes, subsidiary committees and commissions through providing substantive support during the AU Peace and Security Ministerial Meeting in Addis Ababa on 24 April 2012, to consider the peace and security situations in Mali, Guinea Bissau, Sudan and South Sudan. South Africa also participated in the AU Summit in Addis Ababa 15 to 16 July 2012 to report on the outcomes of the Global Diaspora Summit; Dr Nkosazana Dlamini-Zuma was elected as the AU Commission’s Chairperson during the summit.

The Department continued to provide support to President Jacob Zuma as the Chair of the AU/NEPAD’s Presidential Infrastructure Championing Initiative (PICI) and as the Champion of the North-South Corridor Road and Rail Project. The Department coordinated the Inter-Stakeholder Steering Committee and Working Group set up to support the President, comprising the Presidency, the Department of Trade and Industry, the Development Bank of Southern Africa and other national stakeholders.

The Department reported that obligations related to the Pan African Parliament (PAP) Host Country Agreement were fulfilled through the provision of substantive and logistical support for the hosting of the 7th and 8th sessions of the PAP held in May and October 2012. The Department facilitated South Africa’s participation in meetings of the African Peer Review Mechanism (APRM).

South Africa continued to participate in the AU and the United Nations (UN) peace missions on the continent. This involved peacekeeping deployments to the Democratic Republic of Congo (DRC) under the United Nations Organisation Stabilisation Mission in the DRC  (MONUSCO), the Sudan under the AU-United Nations Mission in Darfur (UNAMID), South-Sudan under the UN Mission in the Republic of South Sudan (UNMISS), as well as to the Central African Republic (CAR). The latter involvement was in line with the AU’s decision to bring stability to CAR after successive crises over the last 20 years. South Africa has undertaken to remain committed to this role on the African continent, notwithstanding the unfortunate loss of life of South African soldiers in that country.

Regarding peace missions, the Department has continued its coordination and support provided to the deployment of South Africa’s personnel under the mandates of SADC, the AU Peace and Security Council and the United Nations Security Council. In this regard, it was reported that 11 Joint Task Team (JTT) meetings were held to coordinate South Africa’s participation in peace missions. Two JTT meetings were held, 17 and 18 May 2012, devoted to discuss the revised *White Paper on Peace Missions*. A special JTT meeting on 29 August 2012 took place to discuss agenda items for the UN Special Committee on Peacekeeping Operations.

A further performance indicator was the coordination of South Africa’s contribution to Disarmament, Demobilisation and Reintegration’s (DDR), Security Sector Reform (SSR) and Post-Conflict Reconstruction and Development (PCRD) activities on the continent. In this regard the Department reported that it supported regional and multilateral peace and security initiatives through four PCRD Diplomatic Training Programmes to African diplomats.

With regard to its activities within SADC, South Africa became the Chair of the SADC Organ on Politics, Defence and Security. In doing so, it reaffirmed its commitment to advancing conflict resolution and regional security within the Organ Troika System. Pursuant to this commitment, South Africa continued with the Malagasy Mediation Process in accordance with the SADC Road Map and also remained engaged with the facilitation of the full implementation of the Global Political Agreement in Zimbabwe. It contributed human resources to SADC and AU election observer missions in the Kingdom of Lesotho, Guinea Conakry, Kenya and Zimbabwe.

With respect to the provision of development assistance through the Southern African Development Partnership Agreement (SADPA), the Department sought to operationalise SADPA. Following its successful completion in the 2011/12 financial year; a feasibility study on its creation, a framework for its functioning as well as trilateral cooperation agreements were being explored with 15 development agencies. The Department reported that operationalisation could not take place in the 2012/13 financial year because of delays caused by due processes for approval.

**3.3.2     South-South cooperation**

The South-South cooperation was further deepened with President Zuma’s successful hosting of the Fifth Brazil, Russia, India, China, South Africa (BRICS) Summit on 27 March 2013 under the theme: “BRICS and Africa: Partnership for Development, Integration and Industrialisation”. The summit coincided with the 50th anniversary celebrations of the Organisation of African Unity/African Union. President Zuma hosted the BRICS Leaders-African Dialogue Forum Retreat, which was attended by African leaders representing the eight regional economic communities as well as the NEPAD PICI. The outcomes of the Fifth BRICS Summit resulted in the eThekwini Declaration and Action Plan which culminated in the following:

* agreement on the establishment of a new Development Bank and Contingent Reserve Arrangement (US$100 billion);
* support of the BRICS leaders for Africa’s Development Programme, particularly, infrastructure;
* establishment of the BRICS Business Council and a BRICS Think-Tanks Council; and
* two agreements under the auspices of the BRICS Inter-Bank Cooperation Mechanism were concluded.

**3.3.3     North-South relations**

The strategic objective of this sub programme is to strengthen relations with strategic formulations of the North in order to advance national priorities and the developmental agenda of the South. In this regard the Department reported that it promoted the African Agenda and Agenda of the South in the various engagements of the G20 as well as engagements of the Africa-Caribbean Pacific Group of States (ACP). South Africa participated in meetings of the South Africa-European Union (SA-EU) Strategic Partnership as well as the Tokyo International Conference on African Development.

**3.3.4     Global system of governance**

South Africa continued to build on its proud record of achievements in global multilateral organisations such as the UN, Bretton Woods institutions and the G20. South Africa’s return to the UN Security Council (UNSC) for the period 2011 to 2012 was historic as it coincided with the presence of key developing and developed countries that are contenders for permanent membership of a reformed UN Security Council. South Africa utilised its tenure on the UNSC to forge greater strategic coordination between the UNSC and the AU Peace and Security Council in addressing the challenges of peace and security on the continent. In this regard, South Africa championed the adoption of the UN Security Council Resolution 2033, which strengthened the UNSC’s cooperation with regional organisations, particularly the AU Peace and Security Council.

South Africa has since been elected as a member of the Economic and Social Council for the period 2013 to 2015. The focus of the Council is to champion the post-2015 UN Development Agenda.

South Africa also advanced the delivery of commitments aimed at realising the Millennium Development Goals particularly in the African continent. It achieved this through participation in various engagements such as the sessions of the World Health Organisation and related high-level UN meetings.

After the successful conclusion of the climate change conference in 2012, South Africa held the Presidency of the Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) and the Conference of the Parties (COP17/CMP7). South Africa held the Presidency for one year, focussing on ensuring the launch of the Durban Platform for Enhanced Action within the formal UNFCCC process.

Human rights remained a key priority for South Africa’s foreign policy. The Department continued to play an active role in the Human Rights Council on issues such as the elimination of racism and discrimination against sexual orientation and religion; advancing former President Nelson Mandela’s values of reconciliation, peace, freedom and racial equality; advancing the cause of gender equality and the empowerment of women; and social development. A number of countries were also assisted by South Africa to deal with human disasters such as the Comoros, Rwanda, Democratic People’s Republic of Korea, Mozambique and the Seychelles.

**3.3.5     Strengthening political and economic relations**

The scope and depth of South Africa’s bilateral relations was occasioned by incoming and outgoing visits involving heads of state and government, deputy presidents and prime ministers, as well as foreign ministers. South Africa was reported to have 83 formal structured bilateral mechanisms taking the form of among others, bi-national commissions, joint cooperation councils and joint ministerial councils.  During the period under review, the Department held 26 structured bilateral mechanisms. The focus of all these visits was to advance South Africa’s national priorities, in particular South Africa’s domestic economic priorities.

In previous years, the Committee has highlighted the need to strengthen economic diplomacy to be a vehicle for facilitation and promotion of exports of South African goods and services, particularly value added products, foreign direct investment and tourism. The Department reported that in this financial year, South Africa was promoted as an investment and tourism destination through 166 promotional events and seminars.

**3.4 Programme Three: Public Diplomacy and State Protocol**

The purpose of this programme is to communicate South Africa’s role and position in international relations in the domestic and international arenas. In addition, this programme provides protocol services when needed.

**3.4.1     Sub programme: Public Diplomacy**

In the Annual Report 2012-2013, the Department reported that public diplomacy focussed on strengthening relations with the media, and repositioned engagements with citizens through 30 public participation programmes, working with non-governmental organisations and civil society.

Public diplomacy introduced the quarterly magazine, *Ubuntu,*to communicate with and educate stakeholders on South Africa’s international relations policy positions, achievements, objectives and goals. This publication covers issues ranging from current affairs, bilateral and multilateral milestones, upcoming key events, as well as international work done by other government departments, business and parastatals.

On previous occasions, the Committee has advised the Department to enhance its visibility and strengthen the extent to which it communicated the Department’s strategic engagements. It also advised that the Department should endeavour to have these engagements align with national priorities.

**3.4.2 State Protocol**

Services were also rendered to the President and Deputy President for 119 incoming and 83 outgoing state and official visits. The Department also reported that it facilitated international travelling by provinces and local municipalities for 228 outgoing visits, four incoming visits and nine Memoranda of Understanding (MoUs)/twinning arrangements the details of which are not indicated in the Annual Report. In addition, the Department reported that a total of 41 596 VIPs were assisted through the State Protocol lounges.

3.5.       Programme Four: International Transfers

**Main objective :**The purpose of this programme is to fund membership fees and transfers to international organisations. This programme provides South Africa’s contribution to membership of international organisations such as the United Nations, African Union and Southern African Development Community. This programme also provides for transfers to the African Renaissance Fund.

The main performance indicator for the programme is ensuring the delivery of payments to international organisations is correct, appropriate, on time and within budget. The planned target for this financial year is R938. 411 million and the actual achievement for 2012/13 is R977. 775 million meaning the deviation from the target was R636 under-spending.

**3.6.       Challenges regarding service delivery**

The Department had identified that its ICT infrastructure would need upgrading as a matter of urgency. It further acknowledged the need to improve on management of its assets which comprise 270 000 pieces spread over 125 Missions abroad. The Department realised the challenge it has of paying all suppliers who rendered services within the prescribed 30 days. It highlighted that it did not meet its target regarding the full operationalisation of SADPA; the South Africa Council on International Relations (SACOIR) and the finalisation of the Foreign Service Bill.

**4.         Consideration of Reports of Committee on Public Accounts (SCOPA)**

There are no SCOPA resolutions for the reporting year 2012/13.

There is an unauthorized expenditure of R98.918 million, which occurred in 2006/07, relating to the overspending of the vote or main division within the vote. This amount will remain in the financial statements of the Department because a resolution on the status of the unauthorized expenditure from SCOPA is still awaited.

**5.         Report of the Auditor-General of South Africa, the Financial and Fiscal Commission 2012/13 on the Department of International Relations and Cooperation and its entity**

The Auditor General’s audit opinions from 2010/11 and 2011/12 have remained unchanged in 2012/13 reporting year. The office has expressed an unqualified audit opinion with findings on the pre-determined objectives for the periods 2010/11, 2011/12 and 2012/13. The report has noted a regression in audit opinion from ‘clean’ in 2009/10 to ‘unqualified with findings on pre-determined objectives and/or compliance with laws and regulations in 2012/13 as follows:

**5.1        The Department**

Regarding the financial statements of the Department as at 31 March 2013, the Auditor-General expressed an unqualified opinion with findings. The overall financial performance of the Department was reported as good, with issues which the Auditor-General advised should be addressed. These were as follows:

1.     The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure in accordance with section 38(1) (c) (ii) of the Public Finance Management Act 1999 (Act 1 of 1999) and Treasury Regulation 9.1.1.

2.     Payments due to some creditors were not settled within 30 days from receipt of invoice. Furthermore, the accounting officer did not ensure that the internal control system over asset management was effective. The situation was particularly detected in the missions abroad.

3.     The other concern was that the accounting officer did not ensure that the oversight and governance over the performance reporting process of the African Renaissance and International Cooperation Fund (ARF) was effective. Details informing the concern are addressed under the financial performance of the entity.

**5.2        The African Renaissance and International Cooperation Fund (ARF)**

The purpose of the ARF is to promote economic cooperation between the Republic of South Africa and other countries, by granting and/or rendering of other financial assistance in respect of post conflict development projects in such countries. The activities under the ARF are governed by the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000) (ARF Act).

An amount of R 1 070 million for 2012/13 was approved for projects under the ARF as the Department’s public entity. The Auditor General has pointed out that the ARF is a Schedule 3A public entity; hence it has been recommended that a separate accounting system was required for the entity.

The Auditor-General pronounced an unqualified audit opinion with material findings on the performance of the ARF as follows:

1.     The Auditor-General has concluded on an unqualified report with emphasis of matter. It was noted that there has been a regression in performance of the entity from 2009/10 to 2012/13.

2.     Irregular expenditure: An irregular expenditure to the amount of R529 574 000 million was incurred in 2012/13 financial year. This was as a result of non-compliance with supply chain management and funds disbursed exceeding the authorised amount. The Accounting Authority is reported also to have not ensured that a risk assessment is conducted regularly and a strategy implemented.

3.     Pre-determined objectives: The annual performance report of the ARF was not prepared. Consequently, the Auditor-General could not report findings on the usefulness and reliability of such a report.

4.     Compliance with laws and regulations: The entity did not produce a strategic plan and an annual performance plan as required by law governing entities. The report further showed the entity failed to submit quarterly reports on its performance.

5.     Contractual obligations: The entity granted or rendered financial assistance for funding projects to the amount of R362 381 000 without drawing contracts with the project implementing agencies concerned.

6.     The report points out that the Accounting authority did not take adequate and appropriate steps to prevent and detect irregular expenditure in accordance with section 51(1) (b) (ii) of the PFMA.

7.     The report further shows that the advisory committee of the ARF established in accordance with section 5(1) of the ARF Act did not have documented terms of reference determining its powers and duties. The secretariat servicing the Fund, also did not have documented terms of reference.

The Committee noted the critical factors informing the challenges with regard to the performance of the ARF. Concerning the issue of irregular expenditure, the Committee sought an explanation as to the kind of action the Department would take or had taken to address the issue. The Department reported that the Minister has commissioned an inquiry into the matter, and that the Director-General of the Department was on special leave pending the investigations into the circumstances around the irregular expenditure. The Committee commended the Minister for her prompt and focused action to address the matter and requested that the Committee is kept informed of progress in the investigations.

With regard to other concerns raised by the Auditor-General, the Department undertook to: enhance performance where needed; regularly conduct asset verifications; pursue the investigations into the non-compliance matters and implement proper oversight mechanisms over the ARF and SADPA. It was reported that the appointment of the chief financial officer has been finalised.

The Committee also undertook to: assist in monitoring and assessing the outcomes of the investigation on matters reported on in the ARF; assist and guide the Department on possible governance framework for the ARF and SADPA; and meet the audit committee at least once a year to monitor the Department’s compliance with audit matters.

**6.         Findings by the Committee**

After due deliberations on the contents of the Annual Report of the Department and its entity, the Committee made the following findings:

1.     The Department has been operating under a tight budget for the past three financial years. Its mandate continued to grow and it had to respond to global drivers and trends that influenced both the international system and the pursuit of South Africa’s domestic priorities.

2.     The Department has commenced implementing the National Development Plan’s vision of ‘organisational transformation’ aimed at making the Department more efficient and effective. The process is commissioned in conjunction with the Department of Public Service and Administration.

3.     The Auditor-General’s audit findings for 2011/12 remained unchanged in the 2012/13 reporting period. The Auditor-General has recommended steps to be taken to rectify the situation in areas reported on such as governance, leadership and compliance with laws and regulations.

4.     The Committee expressed its disappointment on the performance of the ARF, as it had the potential to cloud the sterling work done over the years by the Department in the conduct of foreign policy. It was also a concern that the management of the Department did not detect, in advance, the challenges raised by the Auditor-General regarding the operations of the ARF.

5.     There is still focus on sovereignty of states in Africa, hindering a faster pace to integration, Pan-Africanism and African Renaissance. African states need to be committed to relinquish part of their sovereignty to realize political and economic integration.

6.     South Africa participates in peace-keeping missions under the United Nations and the African Union. A concern was raised around whether the country was not over-stretched in capacity in terms of promoting peace and security.

7.     Africa was still experiencing uneven levels of development and imbalance in terms of trade. South Africa was considered a gateway to Africa; regional intra-trade should increase to aid development.

8.     Interconnectivity remains a challenge in facilitating meaningful trade in Africa. Infrastructure development is an important component in addressing bottlenecks to development in Africa.

9.     South-South cooperation: South Africa is involved in a number of strategic relations within the South-South forums. There is the Brazil, Russia, India, China and South Africa (BRICS), India, Brazil and South Africa (IBSA), Colombia, Indonesia, Venezuela, Egypt, Turkey and South Africa (CIVETS) and lately, though still at an infant stage, the Mexico, Indonesia, South Korea, Turkey and Australia (MIKTA). Signs have been noted about IBSA losing momentum, much as it is more structured and has projects addressing domestic challenges of member states.

10.  North-South partnership: The partnership with countries of the North remained strong. However, South Africa imports more than it exports to the North. The impact on South Africa’s economy as a result of a decision to stop aid by the United Kingdom should be assessed. The African Growth and Opportunity Act (AGOA) is due for renegotiation with the United States government in 2015. AGOA was regarded an important vehicle for addressing domestic challenges.

11.  Global governance: The debate on the reform of the UN systems and the Bretton Woods institutions was still on the table. The UN General Assembly could also be used to achieve the goal of keeping the debate alive. South Africa is also part of various small ‘clubs’ under global cooperation such as the G20, G77 and China where the agenda of reform could be kept alive. South Africa’s participation for the second time in the UN Security Council was informed by national interest and belief that South Africa’s prosperity was intrinsically linked to peace and stability on the continent, and was committed to the rule of law and a peaceful world.

12.  There are notable achievements, but the bulk of the actual performance is not quantifiable. Measuring qualitative performance with some of the activities undertaken by the Department is not easy.

13.  The Department’s ICT policy and infrastructure no longer met the modern requirements.

14.  Asset management remains a challenging task for the Department, which has to deal with about 270 000 pieces of assets spread over 125 Missions.

15.  Suppliers were not paid within the 30 days requirement. In response, the Department undertook to implement a tracking system to streamline payment of invoices.

16.  Registration of South Africans Abroad (ROSA) as a program is slowly gaining momentum. During the reporting year just over 2000 South Africans abroad were registered.

17.  The Department did not meet its targets regarding the operationalisation of the South Africa Council on International Relations (SACOIR), the operationalisation of the South African Development Partnership Agency (SADPA) and the finalisation of the Foreign Service Bill. It was a matter of great concern that the Department had not launched SACOIR two years after the set timeframe; and that the Department had been requested to keep the Committee informed of the governance structure for the new agency, SADPA, and such information had not yet been made available to the Committee. In response, the Department undertook to finalise these matters in 2014.

18.  There are soft diplomacy issues which the Committee (Parliament) could be engaged in to achieve a desired objective. Parliamentary diplomacy was seen as important in the conduct of international relations. Involvement within the BRICS processes, trade negotiations, and climate change issues, were cited as examples.

19.  There were still challenges with the coordination of para-diplomacy activities. Some municipalities and provinces still conduct foreign policy activities without the requisite coordination by the Department.

20.  South Africa’s contribution to peace, security and stability on the continent continued to grow considerably. The country has been supporting the African Union, United Nations and SADC efforts aimed at promoting peace and security.

21.  Public diplomacy programme still faces challenges as a tool for communicating South Africa’s foreign policy both locally and internationally. The set of activities characterized under this programme are more to do with the tools used for people to access information, such as face book, twitter, and internet.  Such an approach alone could leave out other important component of engaging on policy with the international community and citizens of other countries.

22.  The next catalyst for economic development in the world was noted to be in space economy. South Africa has the intellectual acumen to handle space technology; hence it won the bid for the Square Kilometer Array (SKA).

**7.         Conclusion**

Overall performance by the Department in the reporting year has been satisfactory and the Committee is encouraged by the efforts undertaken to contribute towards improving lives of fellow South Africans; a stable and secure continent; and creating a better world for all.

The Committee is so far satisfied that the Department has utilized its budget in accordance with its plans for 2012/13. A lot of significant achievements were reported, and concerns raised show there is still room for improvement. The issues raised by the Auditor-General warrant undivided attention of the Accounting officer to ensure that there is no recurrence. There will always be room for improvement. The Committee regards this as work in progress and the Department should make the necessary adjustments in service delivery where needed. The Committee went further to applaud the Minster for her swift action in addressing concerns raised through the establishment of a task team in the Department, which will monitor compliance with issues raised by the Auditor-General concerning governance, leadership and compliance with supply chain rules both under the Department and its entity..

**8.         Recommendations**

The Committee is of the opinion that overall the Department has performed according to the goals it had set itself for the 2012/13 reporting period. The 2012/13 budgetary allocations of the Department were generally aligned to the national strategic priorities outlined in the 2012 State-of-the-Nation Address, as well as its strategic direction in terms of its Medium Term Expenditure Framework. The unqualified audit report with findings, when rectified, will still be a positive indication of commitment of purpose by the Department to diligently execute its mandate.

The Committee acknowledges that in general there are challenges facing the Department, with specific reference to the ARF, which can have a bearing on its service delivery programs. In the midst of the international environment of a global meltdown, the Missions abroad have to deal with decreased support for developmental assistance from cooperating partners.

The unpredictable foreign exchange portfolios, have been negatively affecting the operations of the Department, especially in the Missions, where the bulk of its activities take place. The Department has accordingly operated within a tight budget despite its growing responsibilities.

In order to further assist the Department to enhance its performance, the Committee recommends that the Minister ensures that the Department implements the following and report to the Committee within one month of the adoption of this report by the National Assembly:

1.     The search for an appropriate fit between the Department’s strategic priorities and organizational structure to render the latter more streamlined, cost effective and responsive to changing needs should be finalized and implemented without delay.

2.     The upgrading of the ICT infrastructure should enjoy priority as well as training of ICT officials. The new comprehensive ICT strategy should be implemented, including modernising the infrastructure and system of the Department.

3.     A progress report should be compiled regarding the completeness of an asset register and asset audit of all assets under the responsibility of the Department locally and abroad. Such a report should be shared with the Committee before the end of November 2013.

4.     Among the concerns raised by the Auditor-General was the need for the Department to address issues of governance, leadership and compliance with laws and regulations. With regard to the activities of the ARF, concerns were especially on supply chain management.  The Committee has noted with appreciation, the prompt manner in which the Minister is addressing the ARF matters. The Department should address concerns around the ARF; and further compile and share with the Committee a report on the steps taken and the outcome of such processes as soon as it is completed.

5.     The Department should enhance its marketing strategy regarding the registration of South Africans travelling abroad. The information should be disseminated in the Missions abroad and also locally to make citizens aware before they travel.

6.     The Department should give regular updates regarding performance of missions abroad for the Committee to monitor alignment of the mandate to domestic priorities.

7.     In its multilateral engagements, the department must seek funding for the operationalisation of the NEPAD Presidential Infrastructure Initiative in order to create jobs at home and improve interconnectivity among African countries to increase trade.

8.     Public diplomacy drive aimed at informing the public on foreign policy positions should also target to influence public opinion beyond the borders of the country and also focus more on policy debate and content.

9.     Respective progress reports should be made and submitted to the Committee on the updates regarding the operationalisation of SACOIR, SADPA and the Foreign Service Bill processes. The destiny of the ARF in the event of SADPA being launched should be explained.

10.  The issue of capacity should always be taken into consideration when considering responses to peace mission requests.

11.  South-South cooperation remains important and strategic for South Africa. Inter-state activities around IBSA should be resuscitated and sustained. IBSA is a strategic forum as it has a structure and projects already addressing domestic priorities.

12.  The necessary political intervention should be sought to address the challenges of proper coordination of para-diplomacy activities conducted abroad by municipalities and provinces.

13.  The issue of reform of the UN systems should remain alive. The UN General Assembly, where a big number of African countries are represented, should also be used to raise awareness in this regard.

14.  South Africa’s foreign policy should focus on new emerging trends in international discourse such as space technology development, climate change and sustainable development and energy.

15.  Interaction with the Committee at the level of the Minister and her deputies should happen frequently to keep both structures at par regarding the conduct of South Africa’s foreign policy.

Report to be considered.

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