

# AFRICAN RENAISSANCE AND INTERNATIONAL COOPERATION FUND (ARF)

ANNUAL REPORT  
2021/22 FINANCIAL YEAR



international relations  
& cooperation

Department:  
International Relations and Cooperation  
REPUBLIC OF SOUTH AFRICA







**AFRICAN RENAISSANCE AND INTERNATIONAL  
COOPERATION FUND (ARF)**

**ANNUAL REPORT**

**2021/22 FINANCIAL YEAR**



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# **PART A**

## **General Information**

## 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>Registered name:</b>	African Renaissance and International Cooperation Fund (ARF)
<b>Physical address:</b>	460 Soutpansberg Road Rietondale Pretoria 0084
<b>Postal address:</b>	Private Bag X152 Pretoria 0001
<b>Telephone number/s:</b>	+ 27 12 351 1000
<b>Fax number:</b>	+ 27 12 329 1000
<b>E-mail address:</b>	info@dirco.gov.za
<b>Website address:</b>	www.dirco.gov.za
<b>External auditor:</b>	Auditor-General of South Africa
<b>Banker:</b>	South African Reserve Bank

## 2. LIST OF ABBREVIATIONS / ACRONYMS

<b>DG</b>	Director-General
<b>ACFO</b>	Acting Chief Financial Officer
<b>AfCFTA</b>	African Continental Free Trade Agreement
<b>AGSA</b>	Auditor-General of South Africa
<b>ARF</b>	African Renaissance and International Cooperation Fund
<b>AU</b>	African Union
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>CDC</b>	Centres for Disease Control
<b>COVID-19</b>	Coronavirus disease 2019
<b>DIRCO</b>	Department of International Relations and Cooperation
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PCR</b>	Post-Conflict Resolution
<b>PFMA</b>	Public Finance Management Act
<b>TR</b>	Treasury Regulation
<b>SA</b>	South Africa
<b>SADC</b>	Southern African Development Community
<b>SEOM</b>	SADC Electoral Observation Mission
<b>SCM</b>	Supply Chain Management
<b>WHO</b>	World Health Organisation

### Definitions

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



### 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 2021/22 financial year.*

This report encompasses the achievements recorded during the 2021/22 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, particularly the regeneration of the African continent and other countries.

During the 2021/22 financial year, the ARF processed R189 million in disbursements towards humanitarian assistance, the promotion of democracy and good governance, prevention and resolution of conflict and human resource development in Africa.

South Africa has delivered 450 000 bags of 12,5 kg of maize meal to the Government of Zimbabwe. The partnership between the Government of South Africa and the World Food Programme was critical in the successful implementation of the project and is a practical example of trilateral cooperation to effectively offer humanitarian assistance.

South Africa continued to support the Lesotho Peace Process as mandated by the Southern African Development Community (SADC). President Cyril Ramaphosa was entrusted with the task of SADC Facilitator to the Kingdom of Lesotho to facilitate constitutional reforms, which would be driven by the Basotho through a multi-stakeholder dialogue. The SADC Facilitation Team, which is led by retired Deputy Chief Justice Dikgang Moseneke, has continued to engage all Basotho stakeholders to ensure an inclusive and cohesive process of reforms.



The SADC Facilitation Team did excellent work in carrying out its mandate and the final step for the adoption of the Constitutional reforms was left to the Basotho themselves to chart the way forward in deciding the future of their country. It is now up to the Basotho to ensure that Lesotho overcomes the last hurdle, adopts the reforms and attains its rightful place among a community of nations.

The ARF disbursed R63 million towards the economic assistance package for Cuba under the loan component. The Government of Cuba purchased South African equipment with these funds, and this has stimulated economic activity between the two countries. The Government of Cuba continues to repay the loan instalments as per the agreed terms.

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, 1999 (Act 1 of 1999).

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

I wish to conclude by warmly thanking the ARF Advisory Committee under the stewardship of the Chairperson for the efficient and professional way 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.

A handwritten signature in black ink that reads "G.N.M. Pandor".

**Dr Grace Naledi Mandisa Pandor**

Minister of International Relations and Cooperation

## 4. ACCOUNTING AUTHORITY'S OVERVIEW

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

We are committed to implementing the ARF Strategic Plan 2020 – 2025 and Annual Performance Plan 2022 – 2023 to promote South Africa's National Interest and values on the continent.

I am also pleased that the fund is continuing complying with the laws and regulatory prescriptions, which govern the management of public funds in South Africa. We have therefore continued to adhere to the established framework for disbursing funds and ensuring compliance with accounting and monitoring mechanisms. It is on this basis that the ARF received an unqualified audit opinion with no findings for four years in succession from the Office of the Auditor-General of South Africa.

In conclusion, I would like to thank Minister Naledi Pandor and Minister Enoch Gondongwana 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.



**Mr Zane Dangor**  
Accounting Authority  
African Renaissance and International Cooperation Fund  
31 July 2022



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

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

- all information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General
- the Annual Report is complete, accurate and free from any omissions
- the Annual Report has been prepared in accordance with the *Guidelines on the Annual Report* as issued by National Treasury (NT).
- the annual financial statements (Part 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 2022.

Yours faithfully



**Mr Zane Dangor**  
Accounting Authority  
31 July 2022

## 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

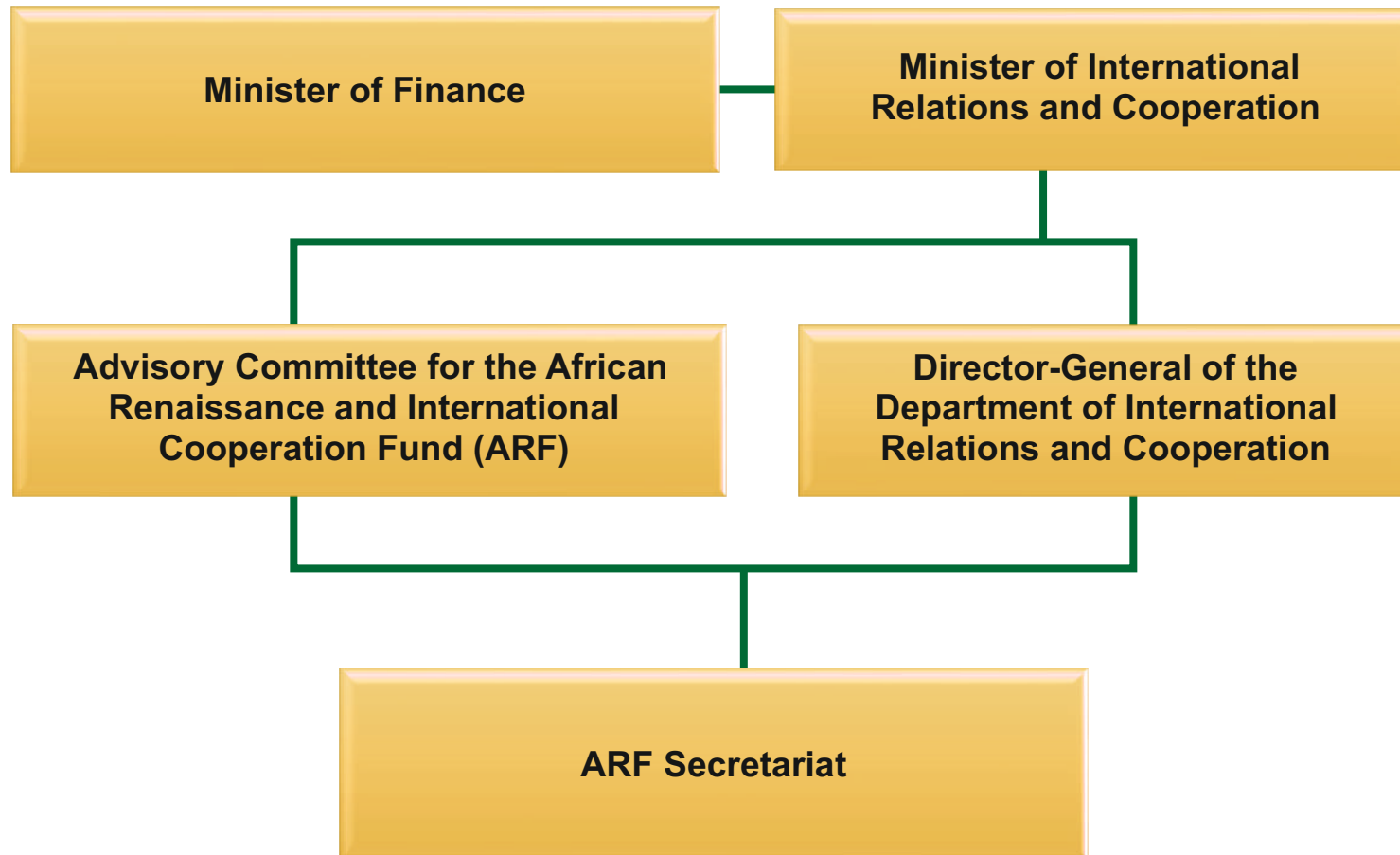
reconstruction and development programmes, and to become an important participant in partnership with all role players to ensure that available funds are channelled to meet the identified priorities of the affected country.

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

## 7. LEGISLATIVE AND OTHER MANDATES

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

## 8. ORGANISATIONAL STRUCTURE









# **PART B**

## **Performance Information**

# 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures and 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 56 of the report of the AGSA, published as Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1 Service-delivery environment

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

The ARF Advisory Committee convenes once every quarter to, among other things, assess and recommend requests for funding for approval by the Ministers of DIRCO and National Treasury. During the 2021/22 financial year, the ARF received a total of 13 requests for funding. Of these, six 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. Six requests are still under consideration and one request was not evaluated due to unavailability of the presenters.

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 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.

## 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.



## 4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The ARF is making remarkable strides towards the achievement of the five-year targets in relation to the outcome indicators. The entity had made significant achievements with regard to the contribution toward the Medium Term Strategic Framework and support for South African's foreign policy through the following programmes: the provision of humanitarian assistance; promotion of democracy and good governance; and provision of human resource development through funding training development and capacity-building. The effective management of resources through sound administration and good governance results in the ARF having a bigger impact with limited resources allocated.

Impact	Outcome	Progress
Contribute to a better Africa for better world	Contribute to continental development by means of developmental assistance in support of democracy and good governance; human resource development; socio-economic development and integration; humanitarian assistance and disaster relief; support prevention; resolution of conflict (PRC) and effective management of resources through sound administration and good governance	Continued to contribute to continental development by providing development assistance in support of democracy and good governance; human resource development; socio-economic development and integration; humanitarian assistance; and support PRC ; through effective management of resources i.e. sound administration and good governance



## 5. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

### 5.1.1 Additional funds to affect the President's pledges to combat COVID-19 in Africa

Concurrence was sought by the Minister of International Relations and Cooperation from the Minister of Finance for the recommendation of the ARF Advisory Committee of R2 255 879.17 additional funding to affect the President's pledge to combat COVID-19 in Africa during the 2021/22 financial year.

South Africa as the Chair of the African Union (AU) in 2020 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 COVID-19 pandemic. A virtual conference of the AU Bureau under the leadership and Chairship of South Africa was held to look at ways and means to mitigate the impact of COVID-19, while also looking and gaging the needed support for the existing mechanisms of the AU to fight pandemics like this. It is against this background that the President of South Africa, Cyril Ramaphosa, as Chairperson of the AU in 2020, pledged South Africa's commitment of US\$6 million to the AU's efforts, which was disaggregated as follows:

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

An amount of R2 255 879 was transferred to the AU and because of exchange rate fluctuations, the South African contribution reflected a shortfall of US\$47 710 (R 744 440.13) for the Africa CDC and US\$95 425 (R1 511 439.04) for the Special COVID-19 Fund. Additional funds were required for South Africa to meet its full obligation. The R2 255 879.17 includes 5% to mitigate against foreign exchange fluctuations.

A recommendation in line with Section 5 of the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000) to disburse funds from the ARF as

contemplated in subsections (2), (3) and (4) was approved by both the Minister of International Relations and Cooperation and the Minister of Finance to provide the full amount for the shortfall on pledges made by President Ramaphosa at the AU to combat COVID-19.

### 5.1.2 Zimbabwe: Humanitarian assistance project for Cyclone Idai

The Republic of Zimbabwe was severely affected by Cyclone Idai, which destroyed infrastructure and left people homeless and without food. Cyclone Idai continued across land as a tropical storm and hit the eastern parts of Zimbabwe with heavy rains and strong winds. In response to the situation, South Africa committed R50 000 000 to a humanitarian assistance package, which was spent on procuring maize meal for the affected community in Zimbabwe.

The Government of Zimbabwe consequently submitted a request for the supply of maize meal to the ARF, through DIRCO Supply Chain Management. A tender process for the appointment of the service provider was started and the successful bidder was awarded in December 2020. The Service Level Agreement was signed with the service provider on 23 March 2021, and as stated in the terms of reference for the tender, the service provider delivered the first 50% of the consignment in Harare within the first 100 days after appointment.

The first consignment departed from South Africa on 18 May 2021 and arrived at the Beitbridge border post from 19 May 2021. The consignment comprised 12 trucks loading 32 640 (12,5 kg) bags of maize meal, which arrived in Harare, Zimbabwe, on 22 and 23 May 2021. The Government of Zimbabwe organised an official handover ceremony, which was held on 25 May 2021 at the State House, during which South Africa's Minister of International Relations and Cooperation, Dr Naledi Pandor, presented a sample of the consignment to His Excellency President Emmerson Mnangagwa. Minister Pandor was supported by the South African Embassy officials in Zimbabwe and the ARF Secretariat.

The consignment was then distributed across various regions in Zimbabwe and as a result, it required procurement processes to be initiated at the mission,

which was followed through to the payment stage by the ARF Secretariat. The project was implemented in various stages: the first stage was to procure transportation services after identifying the World Food Programme warehouse in Harare by the Government of Zimbabwe, followed by the official handover and distribution. The distribution process for the consignment started on 27 May 2021.

The service provider (Five Star Ltd Logistics) agreed to transport the consignment from Harare to the centres of the recipients in the districts of Mutare and Buhera (a 100-km radius). A total of 27 200 bags of maize meal were distributed to 19 distribution centres in 20 wards to the Mutare region in Manicaland Province. In Buhera, distribution was done to eight distribution centres and 25 centres and 900 households were assisted.

The project was technically closed on 28 February 2022, following the approval of the three-month extension due to delays at the Beitbridge border post.

### 5.1.3 South Sudan: Humanitarian assistance

The political situation in South Sudan was tense and there was a re-emergence of violence in July 2016, which had a devastating impact on civilian security and the economy. The United Nations (UN) estimated that 1.9 million people were internally displaced, 5.8 million (nearly half the population) were facing food insecurity and 223 926 civilians were seeking shelter with the UN Mission in South Sudan (UNMISS). It was estimated that 200 000 people fled the country. Inadequate basic services, such as water, food and medicine have been a major humanitarian challenge.

The South African Government announced its intention to render humanitarian assistance to the Government of the Republic of South Sudan. South Africa committed to provide humanitarian assistance to the victims of famine and conflict in that country. The assistance was provided through the provision of food items with a total value of R100 million.

The objective of the project was to make an urgent financial contribution of R100 million to provide in-kind assistance in response to the appeal by the Government of South Sudan to ease the humanitarian crisis in the country. The

appeal by the Government of South Sudan was for emergency assistance to 3.4 million internally displaced persons in various camps across the country.

The contribution was in line with the ARF's objective of enhancing 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.

South Africa, through the ARF, provided the following:

- 1170 metric tonnes of South African non-GMO sorghum (12,5kg packaging)
- 350 metric tonnes of South African non-GMO salt (1kg packaging)
- 1170 metric tonnes of South African non-GMO sugar beans (10 kg packaging)
- 400 metric tonnes of non-GMO cooking oil (5 litre packaging).

The provision of humanitarian assistance to South Sudan adds to South Africa's positive stature among the leading countries on the continent that take practical steps to resolve socio-economic and political challenges in various parts of the continent. This further demonstrated South Africa's commitment to the adoption of African solutions to African problems. This also formed part of South Africa's contribution to the efforts to find lasting peace in South Sudan. The project was delayed by the outbreak of the COVID-19 pandemic during 2019 and the consequent strict travelling measures in an effort to prevent the spread of the Coronavirus. After the lifting of the travelling ban, the project resumed and 100% of the consignment was delivered to Juba, South Sudan. The project was completed in September 2021.

### 5.1.4 Lesotho Peace Process Facilitation: Promotion of democracy and good governance

A request was made to the ARF for assistance in the appointment of a Special Envoy / Representative to the Kingdom of Lesotho to act as liaison and representative of the Southern African Development Community (SADC). In September 2014, then Deputy President Ramaphosa was appointed as SADC Facilitator to the Kingdom of Lesotho.

After assuming the position of President of the Republic in 2018, President Ramaphosa appointed the retired Deputy Chief Justice Dikgang Moseneke to lead the SADC Facilitation Team to Lesotho.

The mandate of the Special Envoy / Representative includes, among others:

- coordinate the Mission of the SADC Facilitator in the Kingdom of Lesotho
- oversee the political and security situation and alert the SADC Facilitator as and when a need arises
- oversee the implementation of SADC decisions and the Lesotho Roadmap on Reform
- work with all Basotho stakeholders in the reform process
- interact with SADC experts who would render assistance to the Government of Lesotho's reform committees (Constitutional, Security, Parliamentary, Public Sector and Media Reforms)
- function as a liaison officer between the Government of Lesotho and the SADC Facilitator.

The 41st Ordinary Summit of Heads of State and Government on 17 and 18 August 2021 in Lilongwe, Republic of Malawi, decided that the role of the SADC Facilitator to the Kingdom of Lesotho by President Ramaphosa, should continue until the 42nd Ordinary Summit of Heads of State and Government in 2022. The facilitation team was then also extended to continue to perform their function until the next summit in 2022. The request to extend the Lesotho Peace Process to 31 September 2022 for a budget of R5 608 803 was approved through concurrence by both ministers.

## 6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### 6.1 Description of each programme

The ARF has the following programmes:

- Promotion of democracy and good governance
- Prevention and resolution of conflict
- Socio-economic development and integration
- Provision of humanitarian assistance

- Provision of human resource development
- Cooperation between the Republic and other countries, in particular African countries
- Administration and project management.

### 6.2 Narrative

This section provides narrative highlights of the significant achievements of targets by the ARF for the outputs and output indicators for each programme for the 2021/22 financial year. The narrative also provides a summary of how the achievement of targets has contributed towards achieving the entity's outcomes, which invariably impact on the strategic priorities of government and the National Development Plan. South Africa's continental and international obligations, from peacekeeping to humanitarian, social, economic and security, are intricately linked to its foreign policy imperatives.

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

There was one target under this programme and the target was achieved: 100% (one of one) project for promoting good governance funded. The SADC Summit extended the mandate of His Excellency President Ramaphosa's facilitation team for the peace process in Lesotho. The mandate of the facilitation team was extended twice during the reporting financial year, and it was sought through a concurrence letter until August 2022, utilising the available funds.

#### • **Programme: Provision of humanitarian assistance**

There was also one target under this programme and the target was not achieved: 66.67% (four of six) humanitarian assistance projects funded. Two humanitarian assistance projects not funded are still under consideration. The following projects were funded during the financial year under review:

1. Humanitarian assistance to the Republic of Cuba
2. Provision of vaccines to 26 African countries
3. Contribution to the Special Fund for COVID-19
4. Contribution towards the Africa CDC.

South Africa's continental and international obligations from peacekeeping to humanitarian, social, economic and security are intricately linked to our foreign policy imperatives. Humanitarian aid has been a pillar of strength in perusing South Africa's foreign policy and the ARF played a significant part in this regard.

- **Programme: Administration and project management**

The purpose of this programme is to effectively manage resources through sound administration and good governance. This is achieved through the PFMA, 1999, through the regulation of financial management by ensuring that public funds are managed efficiently, effectively and economically. Proper accountable financial management, regular monitoring and evaluation of projects as well as good project management are key to good governance. This was evident as strides were made in this programme as most of the targets were achieved as planned in the financial year under reporting. Of the five targets under this programme, four targets recorded 100% and only one target recorded partially achievement of 92.31%.

The following targets have been achieved under the "Administration and project management" programme:

- target achieved: 100% (18 of 18) active projects monitored for compliance with concurrence received
- target achieved: 100% (18 of 18) project oversight reports for active projects
- target achieved: 100% (eight of eight) closed projects with close-out reports
- target achieved: 100% (four of four) quarterly project progress reports.

However, strides have been recorded on target "requests evaluated by the ARF Advisory Committee" where partial achievement of 92.31%: (12 of 13) have been achieved. Good financial management is the indicator for good governance, hence the ARF is maintaining unqualified audit opinions. This is an indication that there is good and proper administration within the ARF. The overall improved performance under the programme "Administration and project management" shows that there is an effective management of resources, sound administration and good governance in the ARF. It further demonstrates accountability and transparency in the financial management of the ARF. The act, policies and procedures are implemented to the core to ensure that there is clean administration.

- **Programme: Provision of human resource development**

The target on training development and capacity-building projects funded was not achieved because there were no requests for training development and capacity-building projects received during the financial year.

- **Programme: Socio-economic development and integration**

Under the programme, "Socio-economic development and integration", there was one target set for the financial year under reporting. Under the "Percentage of projects funded to operationalise the AfCFTA", the plan was to fund 100% (one of one) of projects to operationalise the AfCFTA. The target was not achieved as the potential projects for the AfCFTA were still in a preliminary consultation phase.



## 6.3 Outcomes, outputs, output indicators, targets and actual achievements

Programme: Promotion of democracy and good governance										
Purpose: The programme exists to promote democracy and good governance										
Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of 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	Target not achieved	100% (one of one) SADC election observers for DIRCO funded	Target not achieved	Zero (0) SADC election observers for DIRCO funded	Given the COVID-19 scenario marked by the rising numbers of infections and deaths, SADC on 7 July 2021, made a decision to conduct virtual engagements with stakeholders in Zambia	There was no revision during the 2021/22 financial year

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

**Purpose: The programme exists to promote democracy and good governance**

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
									instead of deploying a physical mission	
		Percentage of projects for technical assistance to support elections funded	New indicator	New indicator	Target achieved 100% (one of one) project for technical assistance to support elections funded  The Presidential and legislative elections in the Central	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable	There was no revision during the 2021/22 financial year

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

**Purpose: The programme exists to promote democracy and good governance**

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
					African Republic					
		Percentage of projects for promoting good governance funded	New indicator	New indicator	No target in the current financial year	100% (one of one) project for promoting good governance funded	Target achieved  100% (one of one)  1. Extension of the Lesotho Peace Process facilitation through a concurrence letter until August 2022, utilising the available funds	Not applicable	Not applicable	There was no revision during the 2021/22 financial year



**Programme: Prevention and resolution of conflict**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
Prevention and resolution of conflict	Contribution to mediation and resolution of conflict	Percentage of mediation and resolution of conflict projects funded	New indicator	New indicator	Target not achieved	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable	There was no revision during the 2021/22 financial year

**Programme: Socio-economic development and integration**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
Socio-economic development and integration	Socio-economic development and integration funded	Percentage of projects funded to operationalise the AfCFTA	New indicator	New indicator	Target not achieved	100% (one of one) of projects funded to operationalise the AfCFTA provide	Target not achieved	Zero (0) projects funded to operationalise the AfCFTA	The potential projects for AFCTA are still in preliminary consultation phase	There was no revision during the 2021/22 financial year
		Percentage of socio-economic development and integration projects funded	New indicator	New indicator	Target not achieved	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable	There was no revision during the 2021/22 financial year

**Programme: Provision of humanitarian assistance**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
Provision of humanitarian assistance	Humanitarian assistance provided	Percentage of humanitarian assistance projects funded	New indicator	New indicator	Target achieved 100% (five of five) humanitarian assistance projects funded  1. Pledge made by President Ramaphosa to combat COVID-19 in Africa: Contribution to the Special Fund for COVID-19	100% (one of one) of humanitarian assistance projects funded	Target not achieved. 66.67% (four of six) humanitarian assistance projects funded  1. Provision of vaccines to 26 African countries  2. Humanitarian assistance to the Republic of Cuba	Two humanitarian assistance projects were not funded:  1. Support for women in Mozambique  2. Humanitarian assistance to Madagascar	Two humanitarian assistance projects not funded are still under consideration	There was no revision during the 2021/22 financial year

**Programme: Provision of humanitarian assistance**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
					2. Pledge made by President Ramaphosa to combat COVID-19 in Africa: Contribution towards the Africa CDC  3. South Africa's contribution to the fight against COVID-19 in Africa: Provision of Personal		3. Contribution to the Special Fund for COVID-19  4. Contribution towards the Africa CDC			

**Programme: Provision of humanitarian assistance**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
					Protective Equipment (PPE)  4. Pledge by President Ramaphosa at the European Union (EU) Pledging Conference  5. Humanitarian assistance 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 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
Provision of human resource development	Training development and capacity-building projects funded	Percentage of training development and capacity-building projects funded	New indicator	New indicator	Target achieved 100% (one of one) training development and capacity-building project for human resource development funded  1. AU Women Empowerment Project	100% (one of one training development and capacity-building project funded)	Target not achieved	Zero (0) training development and capacity-building projects funded	There were no requests for training development and capacity-building projects received	There was no revision during the 2021/22 financial year

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

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

<b>Outcome</b>	<b>Outputs</b>	<b>Output Indicators</b>	<b>Actual Achievement 2018/19</b>	<b>Actual Achievement 2019/20</b>	<b>Actual Achievement 2020/21</b>	<b>Planned Target 2021/22</b>	<b>Achievement 2021/22</b>	<b>Deviations from Planned Target to Actual Achievement for 2021/22</b>	<b>Comments on Deviations</b>	<b>Reasons for Revision of the Outputs / Output Indicators / Annual Targets</b>
Cooperation between the Republic and other countries, in particular African countries	Cooperation projects with other countries	Percentage of cooperation projects on with other countries funded	New indicator	New indicator	New indicator	No target set for the financial year	No target set for the financial year	Not applicable	Not applicable	There was no revision during the 2021/22 financial year

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
Effective management of resources through sound administration and good governance	Requests evaluated by the ARF Advisory Committee	Percentage of requests evaluated by the ARF Advisory Committee	100% of requests reviewed responded to for quality assurance and review of project proposals in preparation for the ARF Advisory Committee Meeting  Thirteen project proposals reviewed and	42.8% (six 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: 92.31% (12 of 13) of requests evaluated by the ARF Advisory Committee  1. Provision of vaccines to 26 African countries  2. Cuba humanitarian assistance  3. Strengthening local and national capacities for peace project; and agenda for	One request was not evaluated by the ARF Advisory Committee  1. Humanitarian assistance for the Democratic Republic of Congo	The relevant DIRCO branch / division failed to deliver a presentation to the committee	There was no revision during the 2021/22 financial year



**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
			responded to as objectives of the ARF. Thirteen project proposals reviewed and responded to as objectives of the ARF				conflict prevention and resolution (PRC)  4. Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology  5. Utilisation of science, technology and innovation in developing safe and quality			

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
							<p>medicines from African indigenous plants by the Council for Scientific and Industrial Research</p> <p>6. Support for women of Mozambique</p> <p>7. Lesotho Peace Process extension till August 2022</p> <p>8. Humanitarian assistance to Madagascar</p> <p>9. Strengthening local and national capacities</p>			

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
							for peace project; and agenda for conflict prevention and resolution (PRC)  10. Advancing socio-economic development and building human capital in Africa through post-graduate training in mathematical epidemiology  11. Contribution to the Special Fund for COVID -19			

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
							12. Contribution towards the Africa CDC			
	ARF projects monitored for compliance with concurrence received	Percentage of active projects monitored for compliance with concurrence received	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	Target achieved: 100% (32 of 32) of active projects monitored for compliance with concurrence received	100% of active projects monitored for compliance with concurrence received	100% (18 of 18) of active projects monitored for compliance with concurrence received	None	Not applicable	There was no revision during the 2021/22 financial year
	Project oversight reports for	Percentage of project oversight	100% (24 of 24) of project oversight	100% (26 of 26) of project oversight	Target achieved: 100% (32 of 32) of project oversight	100% of project oversight	100% (18 of 18) of project oversight	None	Not applicable	There was no revision during the 2021/22 financial year

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
	active projects	reports for active projects	reports for active projects	reports for active projects	of 32) project oversight reports for active projects	reports for active projects	reports for active projects			
	Closed ARF projects with close-out reports	Percentage of closed ARF projects with close-out reports	New indicator	New indicator	New indicator	100% of closed ARF projects with close-out reports	100% (eight of eight) of closed projects with close-out reports 1. The provision of PPE 2. In Transformation Initiative (ITI) Central African Republic (CAR) project	None	Not applicable	There was no revision during the 2021/22 financial year

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
							3. Guinea: Funding for rice production and technical assistance  4. Guinea: Museum Project in Kindia  5. IGM Expansion Project (Madagascar) Emergency  6. Humanitarian assistance to Saharawi refugees  7. Contribution to the Special			

**Programme: Administration and project management**

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

Outcome	Outputs	Output Indicators	Actual Achievement 2018/19	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Achievement 2021/22	Deviations from Planned Target to Actual Achievement for 2021/22	Comments on Deviations	Reasons for Revision of the Outputs / Output Indicators / Annual Targets
							Fund for COVID-19  8. Contribution towards the Africa CDC			
	Quarterly project progress reports	Percentage of quarterly project progress reports	New indicator	New indicator	New indicator	100% (four of four) of quarterly project progress reports	100% (four of four) of quarterly project progress reports	None	Not applicable	There was no revision during the 2021/22 financial year

## 6.4 Reporting on the institutional response to the COVID-19 pandemic

Table: Progress on the 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)	Budget Spent per Intervention (R)	Contribution to the Outputs in the APP (Where Applicable)	Immediate Outcomes
Provision of humanitarian assistance	Contribution to the AU Special COVID-19 Fund	Countries under the AU	N/A	N/A	1 511 439.04	1 511 439.04	Humanitarian assistance provided	South Africa's contribution as Chair of the AU at the time, encouraged other member states to make contributions to the COVID-19 Fund
Provision of humanitarian assistance	Contribution to AU Africa CDC	Countries under the AU	N/A	N/A	744 440.13	744 440.13	Humanitarian assistance provided	Contribution to the following by the Africa CDC for member states: <ul style="list-style-type: none"> <li>supply of hygiene material such as sanitizers</li> </ul>



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)	Budget Spent per Intervention (R)	Contribution to the Outputs in the APP (Where Applicable)	Immediate Outcomes
								<ul style="list-style-type: none"> <li>technical and expertise cooperation</li> <li>set up or deployed interim / temporary / mobile testing laboratory (This can also be viewed as a case study for sustained cooperation in this field)</li> </ul>
Provision of humanitarian assistance	EU Pledging Conference for COVID-19 vaccines	African countries	N/A	N/A	25 000	11 093 907	Humanitarian assistance provided	The funds are being utilised to increase the capability of BIOVAC to

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)	Budget Spent per Intervention (R)	Contribution to the Outputs in the APP (Where Applicable)	Immediate Outcomes
								manufacture vaccines
Provision of humanitarian assistance	Provision of vaccines to 26 African countries	Africa	N/A	N/A	288 566	00.00	Humanitarian assistance provided	Provision of vaccines to 26 African countries

### 6.5 Strategy to overcome areas of underperformance

Management will require 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. Ad hoc Advisory Committee meetings will also be convened to give opportunity for presentation of proposals that could not be presented to the ARF Advisory Committee Meeting during quarterly meetings.

Management will solicit a pipeline of projects proposals in areas of strategic importance.

## 6.6 Changes to planned targets

No changes to planned targets.

## 6.7 Linking performance with budgets

	2021/22			2020/21		
Programme / activity / objective	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Appropriation	48 546	(296 977)	(248 431)	47 840	(228 089)	(180 249)
<b>Total</b>	<b>48 546</b>	<b>(296 977)</b>	<b>(248 431)</b>	<b>47 840</b>	<b>(228 089)</b>	<b>(180 249)</b>

### Reasons for variance

The 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 overspending.

## 6.8 Revenue collection

Sources of Revenue	2021/22			2020/21		
	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	32 074	(25 074)	7 000	33 086	(26 086)
<b>Total</b>	<b>7 000</b>	<b>32 074</b>	<b>(25 074)</b>	<b>7 000</b>	<b>33 086</b>	<b>(26 086)</b>

### Revenue

The interest received of R32 million (2021: R33 million) from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and interest accrued on the loan to Cuba. The 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 African Renaissance and International Cooperation Fund (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 had submitted to the Executive Authority the Strategic Plan 2020 – 2025, the Annual Performance Plan 2021/22, four quarterly reports for 2021/22 and the Annual Report and financial statements.

As prescribed by Treasury Regulations 29.3.1, the Accounting Authority must establish procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring. Four quarterly reports for the 2021/22 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 2021: 29 July 2021
- ARF Second Quarterly Report for the period 1 July to 30 September 2021: 29 October 2021

- ARF Third Quarterly Report for the period 1 October to 31 December 2020: 27 January 2022
- ARF Fourth Quarterly Report for the period 1 January to 31 March 2021: 28 April 2022.

## 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 ARF is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).

### 4.2 Objectives of the ARF

4.2.1 The objectives of the ARF 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
- resource development.

### 4.3 The utilisation of funds

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 the National Treasury appointed by the Minister of Finance.

4.3.2 The Advisory Committee must make recommendations to the Minister of International Relations and Cooperation 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, 1994 (Act 103 of 1994).

### 4.5 Related parties (continued)

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

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

## 5. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

### 5.1 Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament to the ARF. During the year under review, an amount of R48 million (2021: R47 million) was appropriated to the Fund.
- The interest received of R32 million (2021: R33 million) from investments, relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and loan granted to Cuba.

### 5.2 Receivables

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

### 5.3 Expenditure

- During the period under review, the ARF recorded expenditure of R296 million (2021: R228 million).

#### 5.4 Irregular expenditure

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

#### 5.5 Fruitless and wasteful expenditure

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

#### 5.6 Commitments

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

#### 5.7 Provisions

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

#### 5.8 Corporate governance arrangements

The ARF is managed through the control of the DG of the Department of International Relations and Cooperation 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.



**Mr Zane Dangor**

Accounting Authority

Date: 31 July 2022

## 6. ARF ADVISORY COMMITTEE

### Composition of the ARF Advisory Committee

No of Meetings Held	No of Meetings Attended	Names of Members
Three	Three	Ambassador NN Losi (Acting Chairperson: DIRCO)
Three	Two	Ambassador GM Tsengiwe (DIRCO Member: DIRCO)
Three	Three	Mr R Toli (Member: National Treasury)
Three	Two	Mr T Zulu (Member: National Treasury)
Three	Two	Ms B Bhengu (Alternate Member: DIRCO)
Three	One	Ms Thembi Nkuna-Shiluvana (Alternate Member: National Treasury)
Three	Zero	Ms S Naran (Alternate Member: National Treasury)

\* Due to the COVID-19 pandemic, all three ARF Advisory Committee meetings were held virtually through Microsoft Teams during the financial year under review. Due to unforeseen circumstances like the clashing of diaries, the ARF did not have a sitting between October 2021 and December 2021, however, there were substantive projects that were approved through round robin (email consensus), and ratified during the 84th ARF Advisory Committee Meeting, held on 28 January 2022, through Microsoft Teams.



## 7. 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 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 the 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.

### 7.1 Risk Register: 2021/22 financial year

Identified Risks	Strategies Mitigation
Inability to: <ul style="list-style-type: none"> <li>- promote democracy and good governance</li> <li>- contribute to human resource development</li> <li>- provide humanitarian assistance</li> <li>- support cooperation between South Africa and other countries</li> <li>- support post -conflict resolution initiatives</li> </ul>	Reprioritisation of projects
Non-adherence to the approved budget plan by the project implementers	<ul style="list-style-type: none"> <li>- Regular review of expenditure analysis</li> <li>- Project Steering Committee meetings</li> <li>- Regular engagements with service providers</li> </ul>

Identified Risks	Mitigation Strategies
Delays in the conclusion of projects ' over-runs	<ul style="list-style-type: none"> <li>- Regular review of expenditure analysis</li> <li>- Project Steering Committee meetings</li> <li>- Regular engagements with service providers</li> <li>- Monitoring of projects through regular site visits</li> </ul>
Loss / damage to infrastructure / goods procured for the projects	<ul style="list-style-type: none"> <li>- Capacity-building through diplomatic channels</li> <li>- Deepening democratic principles with South Africa and other countries</li> <li>- Mediation support</li> </ul>
Depleting financial resources for assistance	Diversity assistance provided by increasing loans and decreasing grants

## 7.2 African Renaissance Fund Risk Management Committee Members

Names of Members	Date Appointed	Qualifications	Internal / External Member	Contact Details	Status	Number of Meetings Attended for 2021/22
1. <b>Mr BR Wheeler</b>	3 March 2021	<ul style="list-style-type: none"> <li>- National Diploma: State Accounts and Finance</li> <li>- BCom Degree</li> <li>- Advanced Diploma: Public Administration</li> </ul>	External	082 451 5896	Active	Four

## 8. INTERNAL AUDIT AND AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2022.

### 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 APZ Mafuleka	<ul style="list-style-type: none"><li>• B Com Accounting</li><li>• B Compt Honours in Accounting</li><li>• CA (SA)</li></ul>	Chairperson	External	N/A	1 January 2021	N/A	Six meetings
Mr BR Wheeler	<ul style="list-style-type: none"><li>• National Diploma in State Accounts &amp; Finance</li><li>• B Com Degree</li><li>• Advance Diploma in Public Administration</li></ul>	Deputy Chairperson	External	N/A	2 January 2020	N/A	Six meetings

Name	Qualifications	Position	Internal or External	If Internal, Position in the Department	Appointment Date	Date Resigned / Contract Ended	No of Meetings Attended
Dr CF Von Eck	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Psychology)</li> <li>• Business Management Diploma</li> <li>• Master's of Business Leadership</li> <li>• Doctor of Philosophy in Leadership and Change</li> <li>• Certified Director (SA)</li> </ul>	Member	External	N/A	<b>2 January 2020</b>	N/A	Six meetings
Dr P Dala	<ul style="list-style-type: none"> <li>• PhD (Information Technology)</li> <li>• Master's (Information Technology)</li> <li>• BSc Hons (Computer Science)</li> <li>• Bachelor of Information Technology</li> <li>• Certified Information Systems Auditor (CISA)</li> <li>• Certified Information Security Manager (CISM)</li> <li>• Certified Information Systems Security Professional (CISSP)</li> <li>• Lead Auditor ISO 27001 (LA ISO 27001)</li> </ul>	Member	External	N/A	<b>1 January 2021</b>	N/A	Six meetings

Name	Qualifications	Position	Internal or External	If Internal, Position in the Department	Appointment Date	Date Resigned / Contract Ended	No of Meetings Attended
	<ul style="list-style-type: none"> <li>• Certified in the Governance of Enterprise Information Technology (CGEIT)</li> <li>• Certified in Risk and Information</li> <li>• Systems Control (CRISC)</li> <li>• Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI)</li> </ul>						
Ms G Simelane	<ul style="list-style-type: none"> <li>• B Com Accounting</li> <li>• B Compt Honours in Accounting</li> <li>• CA (SA)</li> </ul>	Member	External	N/A	1 January 2021	N/A	Six meetings

### 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, governance and risk management employed by the entity is adequate and effective.

In line with the PFMA, 1999 and the recommendations from the *King IV Report on Corporate Governance* requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls, governance and risk management processes are adequate and effective. This is achieved by means of reviews and testing of the adequacy and effectiveness of internal controls, as well as the identification of corrective actions and suggested enhancement to the internal controls, governance and risk management processes.

From the various reports of the Internal Auditors as well as the Audit Report from the Auditor-General South Africa, it was noted that there were no material deficiencies in the system of internal controls or deviations there from.

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

### 8.5 The quality of in-year management and quarterly reports submitted in terms of the PFMA, 1999

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
- 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, and except for the area of performance information reporting, we are satisfied that the matters have been adequately resolved and the entity has maintained its unqualified audit opinion, with no material findings ("clean audit").

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

**Ms APZ Mafuleka CA (SA)**

Chairperson of the Audit Committee

31 August 2022

## 9. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following has been completed in accordance with the compliance to the requirements of the B-BBEE Act, 2013 (Act 46 of 2013) and as determined by the Department of Trade, Industry and Competition.

<b>Has the Public Entity Applied any Relevant Code of Good Practice (B-BBEE Certificate Levels 1–8) with regard to the following:</b>		
<b>Criteria</b>	<b>Response Yes / No</b>	<b>Discussion (include a discussion on your response and indicate what measures have been taken to comply)</b>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The entity is in a process of attaining a B-BBEE Compliance Certificate for the agency over two financial years
Developing and implementing a preferential procurement policy?	Yes	The supply chain policy required that preference must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the 90/10 rule stipulated
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	Yes	The entity entered into a partnership with the private sector in the implementation of some of the projects
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not applicable

## 10. COMPLIANCE WITH LAWS AND REGULATIONS

The African Renaissance and International Cooperation Fund (ARF) has been established and operates within the African Renaissance and International Cooperation Fund Act, 2000 (Act 51 of 2000). The Act establishes an ARF to assist 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).

## 11. 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 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 Prevention Policy 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.

## 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

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





# **PART E**

## **Financial Information**

**Report on the audit of the financial statements**

**Opinion**

1. I have audited the financial statements of the African Renaissance and International Cooperation Fund (ARF) set out on pages 60 to 79, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ARF as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of 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 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 2022:

Programmes	Pages in the annual performance report
Programme: Promotion of democracy and good governance	20 - 22
Programme: Socio – economic development and integration	24
Programme: Provision of humanitarian assistance	25 - 27
Programme: Provision of human resource development	28
Programme: Administration and project management	30 - 37

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: Socio-economic development and integration
- Programme: Provision of humanitarian assistance
- Programme: Provision of human resource development
- Programme: Administration and project management

#### Other matters

15. I draw attention to the matters below.

#### Achievement of planned targets

16. Refer to the annual performance report on pages 20 to 37 for information on the achievement of planned targets for the year and management's explanations provided for the under-achievement of targets.

#### Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme: Provision of humanitarian assistance and programme: Promotion of democracy and good governance. As management subsequently corrected the misstatements, 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 and those selected programmes presented in the annual performance report that have been specifically reported on, in this 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.

## Investigation

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 2022



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 ARF to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

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

<b>Name of entity</b>	The African Renaissance and International Cooperation Fund
<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form</b>	Schedule 3A Public entity in terms of Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA)
<b>Business address</b>	460 Soutpansberg Road Rietondale Pretoria 0084
<b>Postal address</b>	Private Bag x152 Pretoria 0001
<b>Bankers</b>	South African Reserve Bank
<b>Auditors</b>	Auditor-General of South Africa

# REPORT OF THE ACCOUNTING AUTHORITY

## 1. INTRODUCTION

The African Renaissance and International Cooperation Fund (hereafter referred to as the “Fund” 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 ARF is a Schedule 3A public entity in terms of Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).

## 2. OBJECTIVES OF THE ARF

2.1 The objective of the Fund is 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:

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

## 3. THE UTILISATION OF FUNDS

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.

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.

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. RELATED PARTIES

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

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 / memoranda of understanding

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

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

## 5. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

### 5.1 Revenue

- In terms of the Act, income, among other sources, consists of money appropriated by Parliament for the ARF. During the year under review, an amount of R48 million (2021: R47 million) was appropriated to the ARF.
- The interest received of R32 million (2021: R33 million) from investments, relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank and loan granted to Cuba.

### 5.2 Receivables

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

### 5.3 Expenditure

- During the period under review, the ARF recorded expenditure of R296 million (2021: R228 million).

### 5.4 Irregular expenditure

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

### 5.5 Fruitless and wasteful expenditure

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

### 5.6 Commitments

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

### 5.7 Provisions

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

## 6. CORPORATE GOVERNANCE ARRANGEMENTS

The ARF is managed through the control of the DG of the Department of International

Relations and Cooperation and the following governance mechanisms are in place:

- the relationship between the ARF 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 ARF has an Audit Committee and a Risk Management Committee.



**Mr Zane Dangor**

Accounting Authority

Date: 31 July 2022



## STATEMENT OF FINANCIAL PERFORMANCE

	Note	2021/22 R '000	2020/21 R '000
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Appropriated funds	1	48 546	47 840
<b>Revenue from exchange transactions</b>			
Investment income	2	32 074	33 087
<b>Total revenue</b>		<b>80 620</b>	<b>80 927</b>
<b>Expenditure</b>			
Local and foreign aid assistance	3	(296 977)	(228 089)
<b>Total expenditure</b>		<b>(296 977)</b>	<b>(228 089)</b>
Forex (loss) / Gain	4	( - )	(11 079)
<b>Surplus / (loss) for the period</b>		<b>(216 357)</b>	<b>(158 241)</b>

## STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>Note</b>	<b>2021/22 R '000</b>	<b>2020/21 R '000</b>
<b>Current assets</b>			
Cash and cash equivalent	5	719 332	820 787
Receivables from exchange transactions	6	20 106	3 107
<b>Total current assets</b>		<b>739 438</b>	<b>823 894</b>
<b>Non-current assets</b>			
Receivables from exchange transactions	6	57 760	19 165
<b>Total non-current assets</b>		<b>57 760</b>	19 165
<b>Total assets</b>		<b>797 198</b>	<b>843 059</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Provisions	7	402 006	285 777
Payables from non-exchange transactions	8	511	222
<b>Total liabilities</b>		<b>402 517</b>	<b>285 999</b>
<b>Net assets</b>			
Accumulated surplus		394 681	557 060
<b>Total net assets and liabilities</b>		<b>797 198</b>	<b>843 059</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Notes	Accumulated Surplus R'000	Total Net Assets R'000
<b>Balance as at 31 March 2020</b>		<b>467 934</b>	<b>467 934</b>
Loss for the year		(158 241)	(158 241)
Projects rescinded		247 367	247 367
<b>Balance for the year ending 31 March 2021</b>		<b>557 060</b>	<b>557 060</b>
Loss for the period		(216 357)	(216 357)
Prior period interest on receivables		11	11
*Projects rescinded		53 967	53 967
<b>Balance for the year ending 31 March 2022</b>		<b>394 681</b>	<b>394 681</b>

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

## CASH FLOW STATEMENT

	Note	R '000	R '000
<b>Cash flow from operating activities</b>		<b>78 466</b>	<b>80 669</b>
<b>Receipts</b>			
Appropriated funds	1	48 546	47 840
Investment income	2	29 920	32 829
<b>Payments</b>		<b>(189 918)</b>	<b>(177 912)</b>
Cash disbursements	9	(189 918)	(177 912)
<b>Net cash flow from operating activities</b>	10	<b>(111 452)</b>	<b>(97 243)</b>
<b>Cash flow from investing activities</b>			
Loan repayment	6	9 998	-
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(101 454)	(97 243)
Cash and cash equivalents at the beginning of the year		820 786	918 029
<b>Cash and cash equivalents at the end of the year</b>	5	<b>719 332</b>	<b>820 786</b>

## 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
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
Revenue from non-exchange transactions	48 546	-	48 546	(296 977)	(248 431)
Appropriated funds					
	<b>48 546</b>	<b>-</b>	<b>48 546</b>	<b>(296 977)</b>	<b>(248 431)</b>

### 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:

The 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 overspending.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

## 1. Presentation of annual financial statements

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

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.

### Impairment on receivables

The entity estimates the impairment amount on trade receivables on an ongoing basis, based on historical experience, as well as other specific relevant factors.

### 1.2 GRAP standards and Interpretations not yet effective

The Standards of GRAP below and / or amendments thereto have been issued by the Accounting Standards Board but will only become effective in future periods or have not

been given an effective date by the Minister of Finance. The Fund has not early adopted any of these standards or amendments thereto, but has referred to them for guidance in the development of the accounting policies of the Fund in accordance with GRAP 3:

Standard	Effective Date	Expected Impact
GRAP 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
IGRAP 21 The Effect of Past Decisions on Materiality	1 April 2023	It will impact the materiality framework for the ARF and the treatment of immaterial items for the reporting period

### 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.

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 approved projects where there is a signed concurrence letter and agreements between the parties are concluded. Expenditure is recognised when the concurrence letter and agreements are signed. The disbursement thereof is the South African Rand equivalent of the approved amount as per the concurrence letter.

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

### 1.6. Commitments

Commitments are not recognised in the statement of financial position as liabilities but are included in the notes to the annual financial statements. The entity discloses the value of approved projects, 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 ARF'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 arise 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.

## Subsequent measurement

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

Forex losses arising from 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, and other short-term highly liquid investments with original maturities of three months or less.

### 1.8.2. Receivables from exchange

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

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

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

## FINANCIAL LIABILITIES

### 1.8.3. Payables from non-exchange

Payables are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Payables will be recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### 1.9. Events after reporting date

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

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

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

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

### 1.10. Rounding off figures

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



### 1.11. Comparatives

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

### 1.12. Related parties

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

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

The ARF is under the control of the Director-General in terms of the African Renaissance and International Cooperation Fund Act, 2000 (Act 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 ARF 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 the department 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.

### 1.13. Materiality

The materiality framework enables the ARF to identify any losses or irregular, fruitless or wasteful expenditure and evaluate them against the materiality

framework as and when they occur during the financial period. The actual expenditure amount for the previous year (2020/21 financial year) has been used as a base for calculating materiality for the ARF at 0.5%. The materiality amount was set to be R50 000 based on the nature of transactions for the ARF and some of the risks.

### 1.14. Accounting by principals and agents

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

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

The entity will disclose:

- (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

	2021/22 R'000	2020/21 R'000
<b>1. Appropriated Funds</b>		
Appropriation from Parliament	48 546	47 840
<b>Total</b>	<b>48 546</b>	<b>47 840</b>

### 2. Investment Income

Interest earned from SARB	29 920	32 387
Interest accrued on a loan to Cuba	2 154	258
Interest on appropriation	-	442
<b>Total</b>	<b>32 074</b>	<b>33 087</b>

### 3. Local and foreign aid assistance

<b>3.1. Humanitarian Assistance</b>		
Pledges to the African Union	-	106 800
Sahel Region	-	18 490
Humanitarian assistance Zimbabwe	-	50 000
European Union Pledging Conference	-	25 000
Provision of vaccines to African countries	288 567	-
Special COVID-19 contribution	1 435	
Africa Centres for Disease Control	718	
<b>Total</b>	<b>290 720</b>	<b>200 290</b>
<b>3.3 Promote human resource development and capacity-building</b>		
Women empowerment	-	9 245
<b>3.5. Democracy and good governance</b>		
Presidential Elections Central African Republic	-	18 554
<b>3.6. Prevention and resolution of conflict</b>		
Lesotho Peace Process	6 257	-
<b>Total local and foreign aid assistance</b>	<b>296 977</b>	<b>228 089</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2021/22 R'000	2020/21 R'000
<b>4. Forex (Loss) / Gain</b>		
Forex loss	-	(11 079)
<b>Total (loss) / gain</b>	-	<b>(11 079)</b>

### 5. Cash and cash equivalents

Cash and balances with South African Reserve Bank	719 332	820 787
<b>Total</b>	<b>719 332</b>	<b>820 787</b>

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

### 6. Receivables from exchange transactions

Opening balance	22 272	-
Loan granted to Cuba (current year)	63 427	22 014
Interest on accrued	2 154	258
Prior period interest on receivables	11	-
Loan repayment	(9 998)	
<b>Closing balance</b>	<b>77 866</b>	<b>22 272</b>
Amount receivable within one year (Current)	20 106	3 107
Amount receivable within two to five years (Non-current)	57 760	19 165

## 7. Provisions

### Reconciliation of provisions 2021/22

	Opening Balance R'000	Re-classification from Commitments R'000	Additions R'000	Movements During the Year R'000	Total R'000
<b>Projects</b>	285 777	-	296 977	(180 748)	402 006

### Reconciliation of provisions 2020/21

	Opening Balance R'000	Re-classification from Commitments R'000	Additions R'000	Movements During the Year R'000	Total R'000
<b>Projects</b>	448 763	50 000	178 089	(391 075)	285 777

Provisions consist of projects with signed concurrence letters and agreements.

## 8. Payables from non-exchange

	2021/22 R'000	2020/21 R'000
Payables to DIRCO	511	222

## 9. Cash disbursements

	2021/22 R'000	2020/21 R'000
Promotion of democracy and good governance	6 005	(11 169)
Humanitarian assistance	113 714	(136 964)
Prevention and resolution of conflict	6 759	(6 795)
Promote human resource development and capacity-building	13	(971)
Cooperation between the Republic and other countries, in particular African countries	63 427	(22 013)
<b>Total</b>	<b>189 918</b>	<b>(177 912)</b>

## NOTES TO THE FINANCIAL STATEMENTS

2021/22  
R'000

2020/21  
R'000

### 10. Net cash generated from operations

(Loss) / surplus for the period	(216 357)	(158 241)
<b>Adjustment</b>		
Forex (gain) / loss	-	11 079
<b>(Loss) / surplus after movements</b>	<b>(216 357)</b>	<b>(147 162)</b>
<b>Changes in working capital</b>	<b>104 905</b>	<b>49 919</b>
Effect on payables	170 485	72 191
Effect on receivables from exchange	(65 580)	(22 272)
<b>Net cash flow from operating activities</b>	<b>(111 452)</b>	<b>(97 243)</b>

### 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.

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	2021/22 R'000	2020/21 R'000
Cash and cash equivalents	719 332	820 787
Receivables from exchange	77 866	22 272
<b>Total</b>	<b>797 198</b>	<b>843 059</b>

### Liquidity risk

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

Financial Liabilities	2021/22 R'000	2020/21 R'000
Payables from non-exchange transactions	511	222
<b>Total</b>	<b>511</b>	<b>222</b>

### 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.

### 12. Financial risk management disclosure (continued)

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	2021/22 R'000	2020/21 R'000
Cash and balances with the South African Reserve Bank	719 332	820 787

### 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	2021/22 R'000	2020/21 R'000
Forex losses	-	(11 079)

### 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.

### 13. Related party transactions

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

Description	2021/22 R'000	2020/21 R'000
Payables: DIRCO	511	222

### 14. 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).

## 15. Commitments

Concurrence letter received but yet to be contracted for	2021/22 R'000	2020/21 R'000
Opening balance	367 795	170 429
Commitments re-classified to provisions	-	(50 000)
Rescinded projects	(307 666)	(41 200)
*New commitments	50 000	288 566
<b>Closing balance</b>	<b>110 129</b>	<b>367 795</b>

\*For the current year, the ARF has recognised a new commitment with a value of R50 million, which was towards humanitarian assistance to Cuba. A concurrence letter was obtained from the Minister of Finance in August 2021 and Afriforum submitted an application to the High Court to review / set aside the decision for South Africa to donate R50 million to Cuba and its people due to the economic situation in that country. As a result, the disbursement of funds on this project will be confirmed by the outcome of the court case.

## 16. Going concern

We draw attention to the fact that as at 31 March 2022, the entity's total assets exceeded its liabilities, which indicates that the entity is solvent and 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.



## 16. Contingent liability

A request was made to National Treasury as per Section 53(3) of the PFMA, 1999 to retain surplus for the current financial year ending 31 March 2022 with an amount of **R229 551 000**. 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

## 17. Events after reporting date

The entity has a newly appointed Accounting Officer from 1 April 2022, Mr Zane Dangor. This is a non-adjusting event.

## 18. Accounting by principals and agents

The ARF is a principal to a binding agreement that was signed in April 2017 with Rand Water as an implementing agent on 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.

The project has an outstanding balance of R27 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
2022	R293 133,77	R13 958,77	-
	R314 702,50	-	R314 702,50
2021	R1 111 900,00	R55 595,00	R1 056 305,00
	R816 362,50	-	R816 362,50







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