

Minister of International Relations and Cooperation, Hon Ronald Lamola

Budget Vote Speech 11 July 2024

“A Foreign Policy Agenda to Address the Needs of our People”

Chairman of the Portfolio Committee on International Relations and Cooperation, Mr Supra Mahumapelo, congratulations on your election as Chairperson.

Honourable members, congratulations on your elections into the 7th Parliament Committee on IR and all the best for the term.

Members of the Executive

Guests joining us today

Ladies and gentlemen

Introduction:

The Government National Unity's statement of intent commits to a foreign policy guided by human rights, Constitutional principles, and the national interest, as well as solidarity and the peaceful resolution of conflict.

The aim is to work towards achieving the African Agenda 2063, promoting cooperation between the Global South and North, and fostering multilateralism.

Ultimately, the goal is to contribute to the creation of a just, peaceful, and equitable world.

BUILDING A CAPABLE AND PROFESSIONALISED FOREIGN SERVICE

Honourable members, our department has had to do more with less due to resource constraints.

As we unveil the 2024/25 financial year budget, we remain optimistic and determined to navigate significant economic challenges with resolve and foresight. The Medium-Term Budget Policy Statement, delivered on November 1st last year, underscored substantial fiscal pressures, necessitating strategic measures to counter revenue declines amounting to approximately 10 per cent of our budget over the Medium-Term Expenditure Framework (MTEF).

The final MTEF allocations for these years, integrated into the 2024 Estimates of National Expenditure, decreased from R6.9 billion in 2023/24 to R6.57 billion in 2024/25, reflecting a five percent reduction. These figures encompass earmarked funds, with the compensation of employees ceiling set at R3.17 billion for 2024/25, down from R3.3 billion in 2023/24, reflecting a four percent reduction.

A critical challenge we face is managing exchange rate volatility, which impacts 60 percent of our expenditures allocated to missions abroad. Strategic cost management in this area is essential to safeguarding our financial stability. Equally vital is addressing employee compensation, where the current ceiling set by the National Treasury requires careful consideration to maintain workforce morale and operational efficiency.

Furthermore, the department will enhance its IT and property infrastructure portfolio to optimise resources. This strategic initiative aims to release more lease funds and redirect them towards operational needs. While these budget adjustments pose challenges, they also present opportunities for efficiency gains and prioritisation of essential expenditures.

To remain within the compensation of employees' baseline, the Department could only fill identified critical vacancies at the Head Office. This has resulted in a very high vacancy rate, negatively impacting the department's operations and service delivery. However, several line function posts were filled at the Assistant Director, Deputy Director, and Director levels, mainly through internal promotions to address the lack of upward mobility.

The critical vacancies were identified and filled in a staggered manner. However, The Department can still not fill all the critical vacancies with the available funds, and operations continue to be negatively affected.

The June 2024 outbound transfer cycle (Mission Posts) placement process was also deferred due to the shortfall in the Compensation-of-Employees budget. Additional funding is thus required to cover the shortfall and fill other critical vacancies at the Head office and Missions abroad.

The Department will soon advertise a Cadet Programme and a Youth Development Programme, critical to the national youth development imperative and the department's future capacity needs.

DIRCO will continue its endeavours to achieve organisational renewal and change. One of the critical pillars is enhancing efficiency and effectiveness through finalising the organisational structure review process. The primary objective of the process is streamlining the business units and their processes and optimising scarce resources to leverage global economic opportunities in advancing our National Interests.

Our commitment to delivering quality services and fostering economic growth remains unwavering. This budget signifies our determination to balance fiscal prudence with the imperative to support our citizens and invest in our nation's future.

South Africa proudly places Africa at the centre of its foreign policy and is steadfastly committed to Agenda 2063. We aim to ensure the continent's peace, development, and security, aligning with the aspirations of Agenda 2063 and the Sustainable Development Goals. We can be proud of our progress and confident in our future contributions.

We will continue to deepen and harness our relations with our partners on the continent. We have established 46 Structured Bilateral Mechanisms, 12 of which are at the Presidential Level. These mechanisms allow our country to exchange views on national, regional, and global issues.

We believe a stronger AU will have a larger, more coordinated influence on global matters. Through the AU, we will ensure the implementation of the African Continental Free Trade Area (AfCFTA), a flagship project of Agenda 2063 aimed at creating a single African market. The AfCFTA will eliminate trade

barriers and boost intra-African trade, advance trade in value-added production, and contribute to establishing regional value chains.

The African Development Bank's Report on *Africa's Economic Outlook*, published in May, asserts that Africa will continue to be the second fastest-growing region in the world. The publication projects that Africa will record an average of 3.7 per cent in real gross domestic Product (GDP) this year, which is slightly higher compared to the 3.2 per cent growth realised in 2023. This growth is a testament to the African continent's potential and our foreign policy's positive impact.

This trajectory augurs well for our endeavours to hasten the implementation of the AfCFTA. Our diplomatic missions on the continent continue to consolidate the existing economic ties and explore more areas to leverage the opportunities created by the AfCFTA.

Through cooperation with countries in our continent, we hope to ramp up manufacturing capacity, infrastructure development, and the building of regional value chains in the Southern Africa Development Community (SADC) to support intra-African trade. Given the continent's abundant mineral endowment, we must ensure that these resources benefit our people through beneficiation and local value addition.

It is time for the continent to develop a common strategy for extracting and protecting our critical minerals, such as lithium. Africa is experiencing an intense scramble for these strategic minerals, and such a strategy would assist in preserving our supply.

Economic Diplomacy:

To stimulate economic growth, we must intensify our efforts to help South African companies and state-owned enterprises engage in meaningful opportunities in Africa. We are looking to strengthen our partnerships in Africa to address business challenges and create a favourable environment for conducting business.

We are pleased to report that South Africa has maintained its strong position as an investor in Africa over the past year, with over 450 projects in various countries. This achievement results from our coordinated

approach and investment initiatives, and we commend the efforts of our development finance institutions, such as the Development Bank of Southern Africa and the Industrial Development Corporation.

We will continue working closely with our neighbours in the Southern Africa region to expand and strengthen collaboration in areas such as oil and gas, green hydrogen, and water resources, as well as improved movements of goods and services. These initiatives are important to bolster our economy and improve the livelihoods of our people while contributing towards the full attainment of the regional integration agenda.

Work is underway to hasten the completion of the Lesotho Highlands Water Project Phase II to increase energy cooperation with Mozambique and Namibia, and we are working to implement the renewed Grand Inga Treaty with the Democratic Republic of Congo.

We have established the Coordination Mechanism for Economic Diplomacy, consisting of government departments and the private sector. This mechanism aims to facilitate cooperation among relevant public and private sector stakeholders in advancing South Africa's interests in Africa.

PEACEKEEPING MISSIONS IN SADC

We recognise the importance of achieving lasting peace and unity in our region to unlock its full potential. Therefore, we are committed to actively participating in SADC peace efforts and supporting post-conflict reconstruction within our means.

We must work towards fostering sustainable peace in Northern Mozambique following the conclusion of the SADC Mission in July 2024. Additionally, we will maintain our engagement in peace and security efforts in Eastern DRC to support the country in achieving its development objectives.

Our hearts go out to our brave soldiers who sacrificed their lives in the line of duty in Mozambique and, most recently, the DRC. These individuals were true peacemakers, and we honour their service and sacrifice.

GLOBAL BALANCE OF FORCES

Societies worldwide are grappling with existential challenges, including climate change, disruptive artificial intelligence technology, geopolitical fragmentation, illegal migration, the rising cost of living, inequality, social cohesion, and insecurity.

These issues have brought about social instability across borders. To effectively address these challenges, we need solidarity and collective action among progressive forces around the globe.

The evolving international world order necessitates strengthening the Non-Aligned Movement. South Africa's policy of active non-alignment is not reactive but an affirmative agenda. It is not about being neutral or abstaining from world affairs but putting forward a unifying agenda through dialogue to achieve peace for developing countries that do not wish to take sides in great power rivalry.

As sovereign nations, we seek independent foreign policies aligning with our developmental priorities. This makes non-aligned countries useful mediators in conflicts like that between Russia and Ukraine.

The impact of the ongoing war between Russia and Ukraine has been felt globally, most notably on the African continent, as it has led to significantly increased consumer prices, particularly of food and energy. This underscores the critical need for immediate global cooperation to end conflicts and address their current economic impact. South Africa coordinated the first-ever Africa Peace Initiative beyond the continent's borders when President Ramaphosa led a delegation of six African Heads of State to Ukraine and Russia last year.

In the emerging world order, we are more cognisant than ever that economic prosperity largely depends on stability, peace, and respect for the rule of law. There can be no peace in any part of the world where people are being oppressed or struggling under the yoke of colonialism and occupation.

We will continue to engage the world as equals. South Africa's "non-alignment" and "universality" posture will remain sacrosanct.

SOLIDARITY IN PALESTINE AND WESTERN SAHARA

We need to redouble our efforts to work in solidarity with those who are resisting occupation, oppression, human rights abuses, and injustice. South Africa will continue to act within global institutions to protect the rights of Palestinians in Gaza and ensure the fair application of international law for all.

Notably, South Africa will continue to do everything within its power to preserve the existence of the Palestinian people as a group, to end all acts of apartheid and genocide against the Palestinian people and to walk with them towards the realisation of their collective right to self-determination and this informed our application to the International Court of Justice.,

South Africa also led the six states' referral of the situation in Palestine to the International Criminal Court (ICC). We will continue preparing and managing the ICJ case against Israel and providing observations on the situation in Palestine before the ICC.

As our foreign policy is anchored in our history of solidarity with those struggling against oppression and occupation, we will continue to support the people of Western Sahara in their quest for self-determination. We call on the United Nations to take urgent steps towards holding the long-promised referendum on self-determination in Western Sahara - now the last colony left on the African continent - so that the Sahrawis can determine their destiny.

MULTILATERALISM

Multilateralism is another key pillar of our foreign policy, and we have capitalised on our membership in several multilateral forums to advance the African agenda and work towards creating a more equitable rules-based multilateral system and a more just and equitable world. South Africa engages in international relations in accordance with its commitment to international law and justice, protecting human rights, and advancing peace and security.

South Africa has consistently advocated for the reform of global governance institutions such as the UN Security Council, which does not reflect current global political and economic realities and needs to be more representative of and responsive to the needs of the Global South. South Africa has also capitalised on its membership of BRICS and the G20 to place Africa and the Global South on the agenda.

As Africa's voice increases in the G20 with the inclusion of the African Union as a permanent member, the calls for a transformed global order must be amplified. South Africa hosted the 15th BRICS Summit, expanding full membership to include Egypt, Ethiopia, Iran, and the United Arab Emirates, strengthening the African voice in BRICS. South Africa continues to play a central role in combatting climate change and was instrumental in securing COP28 outcomes.

We will continue to build this great nation, effectively address our most pressing national challenges, and forge greater unity on our continent. Our vision of realising a better South Africa, a better Africa, and a better world remains our driving mission.

I wish to thank the Director General, senior management and staff at the department for a warm welcome.

I submit the budget vote.