

Compiled, Designed and Distributed by:
Department: Foreign Affairs, Internal Communications

Pictures supplied by:
Department: Foreign Affairs, Internal Communications and
South African Tourism Authority

Printed by:
Government Printing Works,
Contracted Company – BSB Printers



For more information visit our website @ www.dfa.gov.za

Annual Report

2004 - 2005

Towards a better Africa in a better world



the dfa

Department:
Foreign Affairs
REPUBLIC OF SOUTH AFRICA



Part 1: General Information	11-27
Submission of the Annual Report to the Executive Authority	12
1.1 Introduction by the Director-General	14
1.2 Report of the Minister of Foreign Affairs	19
1.3 The Mission Statement	24
1.4 Legislative Mandate	24
Part 2: Human Resource Management	28-51
1. Service Delivery	31
1.1 Main services provided and standards	
1.2 Consultation arrangements with customers	
1.3 Service delivery access strategy	
1.4 Service information tool	
1.5 Complaints mechanism	
2. Expenditure	32
2.1 Personnel costs by programme, 2004/05	
2.2 Personnel costs by salary bands, 2004/05	
2.3 Salaries, Overtime, Home Owners Allowance, Medical Assistance by programme, 2004/05	
2.4 Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands 2004/05	
3. Employment and Vacancies	33
3.1 Employment and vacancies by programme, 31 March 2005	
3.2 Employment and vacancies by salary bands, 31 March 2005	
3.3 Employment and vacancies by critical occupation, 31 March 2005	
4. Job Evaluation	34
4.1 Job evaluation, 1 April 2003 to 31 March 2005	
4.2 Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2004 to 31 March 2005	
4.3 Employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)	
4.4 Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)	



5. Employment changes	36
5.1 Annual turnover rates by salary band for the period 1 April 2004 to 31 March 2005	
5.2 Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005	
5.3 Reasons why staff are leaving the Department	
5.4 Promotions by critical occupation	
5.5 Promotions by salary band	
6. Employment Equity	38
6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2005	
6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2005	
6.3 Recruitment for the period 1 April 2004 to 31 March 2005	
6.4 Promotions for the period 1 April 2004 to 31 March 2005	
6.5 Terminations for the period 1 April 2004 to 31 March 2005	
6.6 Disciplinary action for the period 1 April 2004 to 31 March 2005	
6.7 Skills development for the period 1 April 2004 to 31 March 2005	
7. Performance Rewards	41
7.1 Performance rewards by race, gender, and disability, 1 April 2004 to 31 March 2005	
7.2 Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2004 to 31 March 2005	
7.3 Performance rewards by critical occupations, 1 April 2004 to 31 March 2005	
7.4 Performance related rewards (cash bonus) by salary band for Senior Management Service	
8. Foreign Workers	43
8.1 Foreign workers, 1 April 2004 to 31 March 2005, by salary band	
8.2 Foreign workers, 31 March 2005 – bonuses paid to locally recruited personnel (LRP) employed in missions abroad	
9. Leave Utilisation for the period 1 January 2004 to 31 December 2004	43
9.1 Sick leave, 1 January 2004 to 31 December 2004	
9.2 Disability leave (temporary and permanent), 1 January 2004 to 31 December 2004	



9.3 Annual leave, 1 January 2004 to 31 December 2004	
9.4 Capped leave, 1 January 2004 to 31 December 2004	
9.5 Leave payouts for the period 1 April 2004 to 31 March 2005	
10. HIV/AIDS and Health Promotion programmes	45
10.1 Steps taken to reduce the risk of occupational exposure	
10.2 Details of health promotion and HIV/AIDS programmes	
11. Labour Relations	47
11.1 Collective agreements, 1 April 2004 to 31 March 2005	
11.2 Misconduct and disciplinary hearings finalised, 1 April 2004 to 31 March 2005	
11.3 Types of misconduct addressed at disciplinary hearings	
11.4 Grievances lodged for the period 1 April 2004 to 31 March 2005	
11.5 Disputes lodged with Councils for period 1 April 2004 to 31 March 2005	
11.6 Strike actions for the period 1 April 2004 to 31 March 2005	
11.7 Precautionary suspensions for the period 1 April 2004 to 31 March 2005	
12. Skills Development	48
12.1 Training needs identified, 1 April 2004 to 31 March 2005	
12.2 Training provided, 1 April 2004 to 31 March 2005	
13. Injury on duty	50
13.1 Injury on duty, 1 April 2004 to 31 March 2005	
14. Utilisation of Consultants	50
14.1 Report on consultant appointments using appropriated funds	
14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)	
14.3 Report on consultant appointments using donor funds	
14.4 Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs)	
Part 3: Programme Performance	52
Programme 1: Administration	61-71
Corporate Services	61



Programme 2: Foreign Relations	73-176
CONSOLIDATION OF THE AFRICAN AGENDA	73
GLOBAL GOVERNANCE: POLITICAL ISSUES	90
GLOBAL GOVERNANCE: SOCIO-ECONOMIC ISSUES	92
GLOBAL GOVERNANCE: SECURITY ISSUES	113
SOUTH-SOUTH CO-OPERATION	121
SOUTH-NORTH DIALOGUE	133
POLITICAL AND ECONOMIC RELATIONS	137
Programme 3: Public Diplomacy and Protocol	178-190
State Protocol	178
Public Diplomacy	185
Programme 4: International Transfers	191
Part 4: Report of the Audit Committee	193
Part 5: The Annual Financial Statements (Separate table of contents and colour)	

ABBREVIATIONS OF GOVERNMENT DEPARTMENTS

DA	Department of Agriculture
DACST	Department of Arts and Culture
DEAT	Department of Environmental Affairs and Tourism
DOC	Department of Communications
DCS	Department of Correctional Services
DOE	Department of Education
DFA	Department of Foreign Affairs
DOH	Department of Health
DHA	Department of Home Affairs
DJCD	Department of Justice and Constitutional Development
DOL	Department of Labour
DLA	Department of Land Affairs
DME	Department of Minerals and Energy
DPE	Department of Public Enterprises



DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DPLG	Department of Provincial and Local Government
DST	Department of Science and Technology
DSD	Department of Social Development
DSR	Department of Sports and Recreation
DTI	Department of Trade and Industry
DOT	Department of Transport
DWAF	Department of Water Affairs and Forestry
GCIS	Government Communication and Information System
NIA	National Intelligence Agency
NT	National Treasury
ORC	Office on the Rights of the Child
OSDP	Office on the Status of Disabled Persons
OSW	Office on the Status of Women
SAAF	South African Air Force
SANDF	South African National Defence Force
SAPS	South African Police Service
SARB	South African Reserve Bank
SASS	South African Secret Service
SARS	South African Revenue Service

ACRONYMS

AARSOC	Asia-Africa Sub-regional Organisations Conference
ACHPR	African Commission on Human and Peoples' Rights
ACP	African, Caribbean and Pacific States (see CPA)
AICC	African Institute of Corporate Citizenship
ASEAN	Association of South East Asian Nations
ATCM	The Antarctic Treaty Consultative Meeting
ATS	Antarctic Treaty System
AU	African Union (formerly OAU)
BEE	Black Economic Empowerment
BLSN	Botswana, Lesotho, Swaziland, Namibia)
BNC	Binational Commission
CARICOM	Caribbean Community
CCAMLR	The Commission for the Conservation of Antarctic Marine Living Resources

CCW	Convention on Certain Conventional Weapons
CD	Conference on Disarmament
CDM	Clean Development Mechanism
CERD	United Nations Committee on the Elimination of Racial Discrimination
CHOGM	Commonwealth Heads of State and Government Meeting
CIC	Credit Insurance Committee
COP	Conference Of the Parties
CPA	Cotonou Partnership Agreement (EU and ACP)
CSD	Commission on Sustainable Development
CSTP	Committee for Scientific and Technological Policy
CSW	United Nations Commission on the Status of Women
CTBT	Comprehensive Nuclear-Test-Ban Treaty
CWC	Chemical Weapons Convention
DDPA	Durban Declaration and Programme of Action
DFA	Department of Foreign Affairs
DHA	(tourism, economic, multilateral)
DNA	Designated National Authority
DPRK	Democratic People's Republic of Korea
DRC	Democratic Republic of the Congo
DTI	Department of Trade and Industry
ECIC	Export Credit Insurance Corporation of South Africa
ECOSOC	Economic and Social Council (UN)
EEZ	Exclusive Economic Zone
EIF	Entry Into Force
ERW	Explosive Remnants of War
EU	European Union
FDI	Foreign Direct Investment
FSI	Foreign Service Institute
G8	Group of eight (USA, UK, Germany, Italy, France, Russia, Japan, Canada)
G20	Group of Twenty
G77	Group of 77 (and China)
GA	General Assembly (United Nations)
GCC	Gulf Co-operation Council
GCIM	The Global Commission on International Migration
GEF	Global Environmental Facility
GEO	Group on Earth Observation
GFII	Global Forum on International Investment
HCOC	The Hague Code of Conduct against Ballistic Missiles



HRD	Human Resource Development
HSGIC	Heads of State and Government Implementation Committee (Nepad)
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development (World Bank)
IBSA	India, Brazil, South Africa Dialogue Forum
ICAO	The Council of the International Civil Aviation Organisation
ICC	International Criminal Court
ICJ	International Court of Justice
ICNRD	International Conference for New or Restored Democracies
ICRC	Interim Chemicals Review Committee
ICT	Information and Communications Technology
ICTR	International Criminal Tribunal for Rwanda
ICTY	International Criminal Tribunal for Yugoslavia
ILC	International Law Commission
ILO	International Labour Organisation
IMF	International Monetary Fund
IMO	International Maritime Organisation
INC	Inter-Governmental Negotiating Committee
IOC	The International Oceanographic Commission
IOR-ARC	Indian Ocean Rim Association for Regional Co-operation
IPCC	Industrial Participation Control Committee
IRPS	International Relations-Peace and Security
ISA	The International Seabed Authority
ISPS	International Ship and Port Security Code
ITU	International Telecommunication Union
IUU	Illegal Unreported and Unregulated (Fishing)
IWC	International Whaling Commission
JBC	Joint Bilateral Commission
JPOI	Johannesburg Plan of Implementation
JSE	Johannesburg Stock Exchange
KPCS	Kimberley Process Certification Scheme
LDC	Least Developed Countries
MBT	Mine Ban Treaty
MDG	Millennium Development Goals
MEA	Multilateral Environmental Agreements
MERCOSUR	Southern Common Market (Argentina, Brazil, Paraguay, Uruguay)
MISS	Minimum Information Security Standards
MOP	Montreal Protocol on Substances that Deplete the Ozone Layer

MSP	Master Systems Plan (ICT)
MTCR	Missile Technology Control Regime
NAM	Non-Aligned Movement
NCACC	National Conventional Arms Control Committee
NCCC	The National Committee for Climate Change
NEPAD	New Partnership for Africa's Development
NFAR	National Forum Against Racism
NGO	Non-Governmental Organisation
NIPP	The National Industrial Participation Programme
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
NSI	Nuclear System of Innovation
NSTF	National Science and Technology Forum
ODA	Official Development Assistance
ODIN	Ocean Data and the Information Network
OIC	Organisation of Islamic Conference
PAP	Pan African Parliament
PIC	Prior Informed Consent
PMO	Policy-Making Organ
PMS	Performance Management System
POP	Persistent Organic Pollutants
PSC	Peace and Security Council (AU)
PUSET	Public Understanding of Science and Technology
RECs	Regional Economic Communities
RISDP	Regional Indicative Strategic Development Plan
S&T	Science and Technology
SAA	South African Airways
SACU	Southern African Customs Union (SA, BLSN)
SADC	Southern African Development Community
SAIAIF	South African International Affairs ICT Forum
SAMSA	South African Maritime Safety Authority
SANGOCO	South African Non-Governmental Organisation Coalition
SAPO	South African Post Office
SAT	South African Tourism
SC	Security Council (United Nations)
SME	Small and Medium-sized Enterprises
SOLAS	Safety of Life at Sea Convention
TDCA	Trade and Development Co-operation Agreement (with EU)



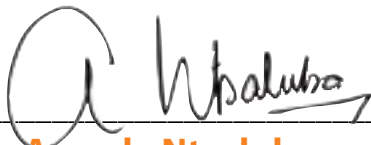
TICAD	Tokyo International Conference on African Development
TISA	Trade and Investment South Africa
TRIPS	Trade Related aspects of Intellectual Property Rights
UK	United Kingdom
UN	United Nations
UN PoA	United Nations Programme of Action
UNCED	United Nations Conference on Environment and Development
UNCHR	United Nations Commission on Human Rights
UNCITRAL	United Nations Commission on International Trade Law
UNCLOS	United Nations Convention on the Law of Sea
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICPOLOS	The United Nations Informal Consultative Process on Oceans and the Law of the Sea
UNIDO	United Nations Industrial Development Organisation
UNSC	United Nations Security Council
UPU	Congress of the Universal Postal Union
USA	United States of America
VLCC	Very Large Crude-oil Carriers
WCAR	World Conference Against Racism
WEF	World Economic Forum
WEHAB	Water, Energy, Health, Agriculture, Biodiversity
WMDs	Weapons of Mass Destruction
WMO	World Meteorological Organisation
WSIS	World Summit on the Information Society
WSSD	World Summit on Sustainable Development
WTO	World Tourism Organisation
WTO	World Trade Organisation

PART 1: GENERAL INFORMATION



Submission of the Annual Report to the Executive Authority

To the Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma; I have the honour of presenting the 2004/05 Annual Report of the Department of Foreign Affairs.



Dr Ayanda Ntsaluba
Director-General:
Department of Foreign Affairs



INTRODUCTION BY THE DIRECTOR-GENERAL

In the 2004/05 Financial Year, South Africa continued to strengthen and deepen its role in international affairs.

The Department of Foreign Affairs has continued to make advances in the implementation of the Government's Programme of Action through furthering governmental efforts in the transformation of our country and continent, in working towards the eradication of poverty and underdevelopment and the entrenchment of peace and democracy as well as the achievement of the overall goal of a better life for the people of Africa and the wider world.

The transformation of the Department continued apace with particular emphasis on capacity building to enhance and expedite service delivery. A concrete achievement in this regard has been continuing work on the repositioning and strengthening of the Foreign Service Institute.

The Department also played a major role in the 10 Years of Freedom Celebrations by hosting a number of events in all regions and especially in the implementation of the International Programme for the celebrations. Notable among these events were the Solidarity Conference held in London that launched the international programme of events and the first South Africa-African Union-Caribbean Diaspora Conference which took place towards the end of the series of commemorations marking the first ten years of democracy in South Africa.

A highlight of our work during the same year

in which we celebrated our democratic achievements was also South Africa being successful in its bid and having been granted the privilege of hosting the 2010 Soccer World Cup. For many, this was a dream coming true for our country and continent and gave added meaning to the phrase: proudly South African.

In our quest for decisive advances and tangible results, our key strategic priorities for the financial year 2004/05 focused on the consolidation and implementation of the African agenda, the strengthening of South-South co-operation, intensifying the South-North dialogue, working towards the reform of global governance in the areas of peace and security, fostering political and economic development through enhancing our political and economic international relations as well as strengthening multilateralism, and projecting a positive and true portrait of South Africa and the rest of the African continent.

During the year, we gave our support to the strengthening of the African Union (AU) and its institutions. South Africa successfully hosted the inauguration of the second Session of the Pan-African Parliament. We have fulfilled our duties in helping to lay the foundations of the AU Peace and Security Council. The launch of this Council in May 2004 represented an advance for the African continent, since it has provided us with an African framework for conflict prevention, management and resolution as well as peacekeeping and peace building. At a meeting of the AU Executive Council South Africa was elected to a three-year term on this body.



Foreign Affairs Director-General, Dr Ayanda Ntsaluba, speaking during the new employees orientation program.

Progress has been made towards civil society participation in continental processes with the finalised statutes of the Economic Social and Cultural Council (ECOSOCC) adopted by the AU Summit in Addis Ababa (6-8 July 2004). We are pleased that the South African Chapter of ECOSOCC has been launched with eight civil society organisations elected as members of a Secretariat from a range of sectors. However challenges still remain in strengthening this national structure and enhancing its representation.

At regional level, South Africa as part of the SADC troika, has played its part in strengthening governance and capacity in SADC. This has been necessary to ensure the successful implementation of the SADC Regional Indicative Strategic Development Plan and the smooth operation of the organ. In our capacity as Chair of the SADC Organ on Politics, Defence and Security, South

Africa has been working in particular towards the implementation of the African Standby Force in the region and the advancement of the democratic process in the Democratic Republic of the Congo.

With regard to post conflict reconstruction, South Africa has been assisting the Democratic Republic of the Congo in capacity building for state institutions and in preparing the ground for elections. The South African government has assisted with the DRC's reconstruction and development objectives and task teams have been created to monitor progress. Government departments have been identified as capable of playing a key role during the transitional



process and most of these have deployed personnel to the DRC to follow through our commitments. On the whole, we believe that although progress has been slow in the transitional period, the Congolese people will benefit from a successful transition and we shall continue to contribute to assisting the people of this country to lead a better life for all.

South Africa has also remained committed to peace processes in Burundi and has allocated funds to the Burundi Peace Process for election and logistical support. More work needs to be done in monitoring the implementation of the peace initiatives and continuing to monitor political developments in this country. We also need to ensure that the process of post conflict reconstruction includes all role-players and to identify and explore areas of co-operation, as well as to assist in more concrete ways with the socio-economic reconstruction and development of the country.

In Cote d'Ivoire, under the capable leadership of President Thabo Mbeki and under the auspices of the AU, we have worked hard to promote peace in this region and to encourage progress in the implementation of the undertakings contained in the Pretoria Agreement. We are convinced that we need to continue along this path that will bring an enduring peace and stability for the Ivorian people.

South Africa has been the chair of the AU Committee on Post-Conflict Reconstruction in Sudan.

In this regard, there have been positive developments with the Comprehensive Peace

Agreement signed in January 2005 upheld very well with all sides working towards creating the conditions for peace and stability in this country. South Africa has remained an advocate for a comprehensive approach to the regional conflicts in Sudan so that a national solution is reached as a condition for effective post-conflict reconstruction.

On 15th September last year, South Africa accorded full diplomatic recognition to the Sahrawi Democratic Republic and has been assisting the government to establish their diplomatic mission in South Africa.

During the reporting period, we opened new missions in Eritrea, Equatorial Guinea and the Philippines.

Our collective efforts for bringing an end to poverty and for the sustained social and economic development of the African continent gained ground in October last year with South Africa hosting the NEPAD 3-Year Review Multi-Stakeholder Dialogue in October 2004. At this forum, it was agreed that all energies now should move towards the implementation of NEPAD projects and priorities and that support for the implementation processes should also be sought from the international community.

This year has also seen significant developments in terms of South-South Partnerships. Preparation has been underway towards the launch of a strategic partnership that aims to enhance and improve the quality of life for our people in Asia and Africa and to promote trade and investment opportunities between the two continents. In preparation for this, South Af-

rica successfully co-hosted with Indonesia the AASROC II in August 2004 in Durban where the groundwork was done for the Asia-Africa Summit taking place Bandung in April 2005. This fostering of close co-operation between Asian and African regional and sub-regional groupings assists us in enhancing our position in the world as the African continent as well as contributing to the outcome of the sustainable development for the entire developing world.

In August 2004, South Africa also hosted the XIV Ministerial Conference of the Non-Aligned Movement in Durban. This important meeting committed itself to multilateralism and to the belief that the United Nations Charter and international law should remain central to international relations and the maintenance of peace and security.

The second meeting of the IBSA Ministerial Trilateral Forum took place in Cape Town in March this year and was the first meeting of this forum on South African soil. This gathering also expressed a common desire to end poverty and underdevelopment in all parts of the globe and recognized the need for countries to work together to achieve this goal. Moreover, great importance has been attached to the need to strengthen the multilateral system of governance and to push for the reform of the UN. IBSA's progress continues to demonstrate practical ways of giving concrete expression to South-South co-operation.

This solidarity of the South coupled with the inspiration arising out of the historic first Bandung conference 50 years ago as well as the tangible outcomes of the AASROC, NAM and IBSA

meetings point to an alignment of international processes that could aid sustainable development initiatives and increase the possibilities for success. These developments suggest that the spirit of Bandung is indeed alive within the present generation of Africans, Asians and the people of the South as they express their determination to make the world a better and more humane place in which to live.

In order to support the execution of the broad and expanding operations of the Department, the organisation has also been strengthened in the last year. This includes recruitment of 234 new members to the Department with a definite bias towards the recruitment of women. We welcome all of them to this family.

With the priority on the strengthening of bilateral relations and multilateral relations and a clear focus on enhancing our economic relations, there is still room to improve on our existing achievements and to extend the space for democratic consolidation, promotion of our country and co-operation with our international partners in development.

I would like to extend our gratitude to Minister Dlamini Zuma and to Deputy Ministers Aziz Pahad and Sue van der Merwe for their leadership that has given us the direction and the tools with which to build a better country, continent and world. We thank them also for keeping us on track and for reminding us that we do what we do not primarily for ourselves, but for all of humanity to inhabit a more people-centred caring world, where all are free and equal and where the children of the world can be free to experience their childhood in peace and in prosperity.



Our efforts have been strengthened further through the outstanding work of the International Relations, Peace and Security Cluster and our appreciation goes to all the Ministers and the Director Generals in this cluster for their collective contribution over the last year.

Both the Portfolio Committee and the National Council of Provinces have been very supportive over the last year; and we reiterate our commitment to working with them and to assist them in the discharge of their duties.

I thank the Audit Committee, Ms BL Mthembu, Ms SW Magojo, Mr Z Jojwana, Advocate N Gomomo and Mr E Cousins for their time and labour in carrying out their crucial work.

Special thanks goes to the Chairperson of the Audit Committee, Ms Mthembu, for her invaluable support and for her leadership of an Audit Committee collective which is clearly committed to the building of an accountable and professional public service.

Finally, I would like to express thanks to the staff of the Department of Foreign Affairs at home and abroad for their commitment and care in their daily work and for their dedication in promoting their country and continent. I would like to single out the Senior Management of the Department in particular for their insightful inputs, support and for good teamwork. Let us continue to put our passion into our work and to pool all our efforts for the realisation of a better world.



REPORT OF THE MINISTER OF FOREIGN AFFAIRS

**Minister of Foreign Affairs
Dr Nkosazana Dlamini Zuma.**

The period 2004-2005 has been a significant epoch in our history as the South African people and as part of the African continent. It has provided us with an opportunity to look back at the first ten years of our life as a new nation and to consolidate our efforts. This period has also been a challenging time for the people of the world.

As South Africans we took pride in celebrating ten years as a non-racial, non-sexist and democratic South Africa. In events held worldwide, we also acknowledged the contributions of governments and civil society across the world for their crucial role in helping to bring about a free South Africa.

Our celebrations and commemorations of this first Decade of Democracy took place in the

context of an Africa that has also made great progress in the last decade, which has seen the second wave of democracy to sweep the African continent.

There has been greater stability on the African continent as a result of our national liberation that effectively liquidated the colonial system from the Southern part of Africa as well as watershed developments in other parts that had been plagued with conflict for decades. The last year has seen the ending of conflicts, the holding of peaceful democratic elections and embarking in post conflict reconstruction in regions that previously were bedevilled by war and suffering.





**Deputy Minister of Foreign Affairs
Aziz Pahad.**

Through our astute continental leadership in the organs of the African Union as well and regional structures and through the committed participation of the African people, we are beginning to see tangible progress on the ground. Africa has begun to own its destiny and to shape its own future.

In making progress and witnessing concrete success, a new confidence has inspired the African people, the realisation that indeed: we are and can continue to be our own liberators. A new African season of hope and unity is upon us.

It is this selfsame spirit of co-operation that has brought African countries together in this

period to discuss our socio-economic development and our collective response to various international developments. While internal dynamics have served to entrench democracy, what has also come to the fore in this period is an amassing and alignment of international processes that could enable greater and more meaningful participation of countries of the world in international systems of governance and aid sustainable development initiatives.

These international developments have given impetus to a new hope for a secure and peaceful global reality characterised by non-racialism and non-sexism and respect for human rights and the construction of a new world order that allows for the economic and social advancement of all the world's people.

Sixty years after the founding of the United Nations, one of the main concerns has been whether indeed this body is able in its exist-



**Deputy Minister of Foreign Affairs
Sue van der Merwe.**

ing form to effect change for the betterment of humankind – to save humanity from war, to reaffirm faith in human rights and respect for international law as well as “to promote social progress and better standards of life in larger freedom” as stated in the UN Charter. The reform of the United Nations has come under discussion.

We have been seized with the content of a number of reports that have looked at the problems in the world today and given their views on how to address the main challenges of our time.

Among these have been the Cardoso Report focusing on the improvement of relations between the UN and Civil Society and the UN Secretary General’s High-Level Panel Report on Threats, Challenges and Change, which identifies the threats and challenges of the new Millennium and proposes comprehensive United Na-

tions reforms to effectively meet these challenges. In this regard, the Millennium Review Report “Investing in Development: a practical plan to achieve the Millennium development Goals” has also been a significant intellectual intervention. This report assesses progress on the promises of the Millennium Declaration and the Millennium Development Goals and makes recommendations on how the MDGs can be achieved.

We are in agreement with the latter report that humanity has the resources for world development at its disposal, but that a collective political will is needed to fully implement the commitments that have already been made for the attainment of the MDGs.



The UN Secretary-General has also adopted an all-embracing approach in his own report, "In Larger Freedom, Towards Development, Security, and Human Rights for All" on 21 March 2005 wherein member states have been presented with a package of proposed reforms of the UN.

Together with other African countries, we too have embarked upon deliberations, taken decisions and adopted a position on the reform. In the African Union in March 2005 we adopted the Common African Position on the Proposed Reform of the United Nations, called the Ezulwini Consensus. Subsequent meetings and follow-up mechanisms have sought to further clarify and enhance our position as African states and to generate support for our stance.

In the coming months leading to the UN General Assembly Meeting in New York, we shall continue to make our voice heard on matters of the UN reform to encourage the countries of the world to strive towards a more egalitarian world community. We shall continue to be guided by the principle of multilateralism in world affairs. We shall continue to work towards the practical realisation of a country, a continent and a world free of poverty, hunger and underdevelopment.

Moreover, we shall continue to strive towards the achievement of the Millennium Development Goals and we do so fully cognisant that sub-Saharan Africa needs the most assistance and poverty scale-up interventions if it is to meet these goals.

At the recent UN Conference on the Status of Women held in New York in March that re-

viewed progress in terms of the Beijing Declaration and Platform for Action, it was clear that despite progress made in the education of the girl child and strides made towards gender equality, much needs to be done in order for the women of the world to be fully free.

As we continue our work to ensure that Africa's women are empowered and that there is gender parity in all spheres, special attention needs to be paid to the linkages between the MDGs and women's emancipation. Clearly, the attainment of the MDGs is only practically possible if women are truly emancipated.

In this way the implementation of the MDGs coupled with the Beijing Declaration and Platform for Action attains new impetus on African soil through addressing broad issues of the future of a region in which women have a stake so that they can guarantee their own future. This articulation is much needed if sustainable development is to be a reality.

The African Union's socio-economic initiative, namely the New Partnership for Africa's Development (NEPAD) is embarking upon the implementation of its developmental projects. These priority programmes are also focused on improving the lives of Africa's women and the girl child, as well as contributing to entrenching democracy and good governance.

Our attention has also been focused on the implementation of NEPAD projects and priorities and we have been engaged in getting support for the implementation processes from both within Africa and from our development partners.

We have continued to assist with conflict resolution and post conflict reconstruction on the African continent and we are glad to report that progress has made in the last year in deepening democracy.

As discussion continues throughout the world on the reform of the United Nations and other structures of global governance and as the developing world prepares for trade negotiations at the WTO meeting in Hong Kong in December, let us continue to move full steam ahead and to continue on the path of sustainable development for the African people and for all those who have been marginalised in the world.

Let us continue, in the words of the Freedom Charter, on the eve of its 50th anniversary, to do everything we can in partnership with others to nurture “world peace and the settlement of all international disputes by negotiation – not war.” In this new season of hope, most importantly, let us continue to “promote peace and friendship” amongst people, to deepen democracy, to entrench a human rights culture, and to respect “the rights and sovereignty of all nations”. This is the only path we can take to a better South Africa in a better Africa and a better, more people-centred, humane world.





the dfa

Department:
Foreign Affairs
REPUBLIC OF SOUTH AFRICA

1.4 Mission Statement

Vision

Our vision is an African continent, which is prosperous, peaceful, democratic, non-racial, non-sexist and united and which contributes to a world that is just and equitable.

Mission

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

Strategic Objectives

- Through bilateral and multilateral interactions protect and promote South African National interests and values
- Conduct and co-ordinate South Africa's international relations and promote its foreign policy objectives
- Monitor international developments and advise government on foreign policy and related domestic matters
- Protect South Africa's sovereignty and territorial integrity
- Contribute to the formulation of international law and enhance respect for the

- provisions thereof
- Promote multilateralism to secure a rules-based international system
- Maintain a modern, effective and excellence-driven Department
- Provide consular services to South African nationals abroad
- Provide a world class and uniquely South African State Protocol service

Values

The Department of Foreign Affairs adheres to the following values:

- Patriotism
- Loyalty
- Dedication
- Ubuntu
- Equity
- Integrity
- Batho pele

1.5 Legislative Mandate of the Department

According to the South African Constitution the President is ultimately responsible for the foreign policy and international relations of South Africa. It is the prerogative of the President to appoint Heads of Mission, to receive foreign

Heads of Mission, to conduct state-to-state relations and to negotiate and sign all international agreements. International agreements which are not of a technical, administrative or executive nature will only bind the Republic after being approved by Parliament. Parliament also approves ratification or accession of the Republic to multilateral agreements. All international agreements must be tabled in Parliament for information purposes.

The Minister of Foreign Affairs, in accordance with her Cabinet portfolio responsibilities, is entrusted with the formulation, promotion and execution of South Africa's foreign policy and with the daily conduct of South Africa's international relations. The Minister assumes overall responsibility for all aspects of South Africa's international relations in consultation with the President. In practice, the Minister consults The Cabinet and individual Cabinet Ministers on aspects of importance, as well as on aspects that overlap with the priorities and programmes of other Ministries and Departments.

In view of the Ministers overall responsibility, the Minister advises the Presidency and Ministers on those international matters in which they should be involved, provides them with strategic information on developments in the international arena, facilitates their participation at international events, and advises them on policy options that they may pursue in the national interests. Other Cabinet Ministers are required to consult the Minister of Foreign Affairs on their international role. From this practice at Cabinet level, which is a Presidential instruction, it follows that there must be a similar interaction between Departments.

To facilitate interaction and collaboration, government has implemented the system of Clusters at both Ministerial and Departmental levels. Important issues of foreign policy and international relations, the development of sector priorities and the implementation of international relations programmes are the core foci of the clusters. In terms on this mandate, the Department participates in all five clusters and Co-chairs the International Relations, Peace and Security Cluster.

The Parliamentary Portfolio Committee on Foreign Affairs is an important mechanism to ensure oversight and accountability in the formulation and conduct of South Africa's foreign policy and relations.

The Department's overall mandate is to work for the realisation of South Africa's foreign policy objectives. More specifically, the Department's primary mandate is to assist the Minister in carrying out her cabinet and Ministerial responsibilities. The Department conducts its mandate by: monitoring developments in the international environment; communicating government's policy positions; developing and advising government on policy options, mechanisms and avenues for achieving objectives; protecting our sovereignty and territorial integrity, assisting South African citizens abroad; and by assisting partner Departments in navigating complex international dynamics.

South Africa's diplomatic and consular missions help to enhance our international profile, and serve as strategic mechanisms for the achievement of our national interests and for carrying out our mandate. South Africa maintains diplo-



matic relations with countries and organisation through 97 missions in 85 countries abroad, and through the accreditation of more than 160 countries and organisations resident in South Africa.

Defining South Africa's Foreign Policy

Foreign policy is a multidimensional set of policies, principles, strategies, objectives, and plans that cannot easily be packaged into a neatly described formula. However, it is necessary to consider in broad but clear terms the general orientation of our foreign policy – which serve to define our national values and benchmark our foreign policy decision-making and strategies.

Our Presidents and Foreign Ministers have enunciated the principles underlying South Africa's foreign policy since 1994 in various forums. These include State of the Nation addresses, budget vote speeches, addresses to international and regional bodies such as the United Nations, the African Union (AU), and the Non-Aligned Movement (NAM), as well as in various foreign policy discussion documents such as those for Heads of Mission Conferences and strategic planning initiatives. Despite some significant changes and developments in the global environment, these principles have remained consistent and enduring, and have taken on even greater significance given current international developments.

The following list of South Africa's foreign policy principles is a distillation of the previously mentioned speeches, statements, and documents on South Africa's foreign policy.

Principles Underpinning South Africa's Foreign Policy

The principles which serve as guidelines in the conduct of our foreign relations include:

- A commitment to the promotion of human rights
- A commitment to the promotion of democracy
- A commitment to justice and international law in the conduct of relations between nations
- A commitment to international peace and to internationally agreed upon mechanisms for the resolution of conflicts
- A commitment to Africa in world affairs, and
- A commitment to economic development through regional and international co-operation in an interdependent (and globalised) world

In addition to the above principles the following tenets have been enunciated as guidelines to instruct our approach to foreign policy:

- Foreign policy is an integrated part of government policy, aimed at promoting security and the quality of life, of all South Africans
- A commitment that South Africa, as a member of the United Nations and as a responsible citizen of the world, will live up to its obligations in this regard and contribute to a peaceful world
- Commitment to the African Renaissance through the African Union and its programme for Africa's development, namely the New Partnership for Africa's Development.
- Commitment to economic development through regional integration and devel-

- opment in the Southern African Development Community and the Southern African Customs Union.
- Interact with African partners as equals
 - Pursue friendly relations with all peoples and nations of the world
 - Peace making and conflict prevention should receive priority consideration. Preventive diplomacy and proactive initiatives should be the approach, and monitoring mechanisms with African partners is essential
 - Actively engage in efforts to secure international peace and security, promote disarmament, prevent genocide, restrict the proliferation of arms and secure a new world security compact through the United Nations (as the primary global security body), the Non-Aligned Movement, the African Union, the Southern African Development Community, the Commonwealth and other multilateral fora.
 - Promote multilateralism to secure a rules-based international system
 - Promote the democratisation and reform of the United Nations system and the Bretton Woods Institutions (i.e. International Monetary Fund and World Bank).
- Promote a rules-based international trading regime through the World Trade Organisation.
 - Combat racism, sexism, xenophobia and other related intolerances.
 - Promote the Agenda of the South through South-South Co-operation and North-South Partnerships.
 - Eradication of poverty through the attainment of the Millennium Development Goals by 2015, and through the implementation of the manifestos such as the WTO Doha Development Agenda, the Monterrey Finance for Development, World Conference Against Racism and the World Summit on Sustainable Development.
 - Promote sustainable and people-centred development
 - Support efforts to alleviate the plight of refugees and children in Africa, and elsewhere, and particularly support the work of the UNHCR
 - Promote a positive image of South Africa.
 - Safeguard South Africa's territorial integrity and sovereignty.



PART 2: HUMAN RESOURCES MANAGEMENT





HUMAN RESOURCES MANAGEMENT

During the reporting period, Human Resources continued to be the pillar, enabling the Department to achieve its goals and objectives. The Chief Directorate in particular continued striving to be a strategic partner to all the other Business Units in the Department. This means utilising human resources strategies and tools to assist Business Units to achieve their core objectives meaningfully. Below are some of the human resources strategies and tools that enabled the Department to achieve its goals.

Recruitment and Selection

The Department has successfully implemented a robust recruitment and selection strategy that ensured identification and appointment of the most suitable talent to the Department. The Department appointed 343 employees during the past financial year.

The challenge for the year 2005/06 is to ensure that the Department meaningfully utilises, develops, and retains

Wellness day: the Department continued to lay emphasis on healthy lifestyles for all employees.

the employees just appointed in recent years, and that it retains those employees who contribute meaningfully to the Department's strategic plan.

Performance Management System

During the 2003/04 financial year, the Department reported on its implementation of the Performance Management and Development System (PMDS). During the past financial year, the focus was on ensuring that employees recognise the PMDS not as an HR System, but as an organisational tool facilitated by HR, which translates organisational strategy into practical action plans, deliverables, and results. Linked to that was a need to focus on measuring results and recognising and rewarding good performance whilst dealing with development areas. The Department was able to recognise and reward employees using the new PMDS. Lessons learnt in the



process have been used to facilitate Performance Management in the current year. The Department is well on its way to entrenching a culture of performance measurement.

Job Profiles

Developing job profiles for all job categories has been an important project within the Department. The process has been very involved, intense, and participative, with the project enjoying good support from management and our social partners. The value of the project became evident when most employees in the organisation consulted job profiles to conclude their performance agreements. All job profiles have been developed and signed off and are being used for a variety of Human Resources interventions.

The profiles will play an important role when we conduct the skills audit, because competencies will be assessed against job profile requirements.

Training and Development

Training and Development continues to be pivotal to enabling Business Units to empower their staff to reach their potential. The workplace skills plan informs the provision of training, and there will be a greater focus on training following the outcomes of the Skills Audit.

The Department's diplomatic training institute, The Foreign Service Institute, continues to provide specific training that focuses on providing employees with the required diplomatic skills. The Institute is undergoing transformation, with the aim of making it a centre of excellence in this field.

HIV and AIDS Programme

The Department continued to lay emphasis on HIV and AIDS. In this regard, the Department's normal activities of training, counselling and support are well-entrenched. Towards the end of the financial year, the Department successfully launched the Voluntary Counselling and Testing (VCT) programme. This programme will remain a priority in the 2005/06 financial year, as it will enhance our efforts at managed care.

Employment Equity

The Department has gone a long way towards addressing the equity challenges facing it. While affirmative action measures are applied in various organisational activities e.g. Training, there has been a special focus on Recruitment and Selection. Recruitment was used to address under-representation at all levels within the organisation particularly women in Senior Management. The Department is now 1% short of reaching the 30% target for women in Senior Management positions. However, Employment Equity continues to be a challenge for 2005/06.

Challenges for 2005/06

International Relations is a dynamic field, and the speed of change and complexity is increasing. This has implications for all the employees of the Department. Within this context, the following are among the Department's challenges regarding people management:

- Talent Management
- Leadership Development
- Mentorship across all levels
- Training and Development
- Employment Equity and Transformation
- Cadet Programme.

1. SERVICE DELIVERY

The following tables reflect the components of the Service Delivery Improvement Plan as well as progress made in the implementation of the plan.

Table 1.1 - Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Foreign Relations	Accredited Countries, International Organisations			
Consular Services	South African citizens abroad, NGO's, International Organisations, Other Departments and Private Sector	To deliver a world class consular service to all customers in south Africa and abroad in line with Batho Pele principles		
Protocol Services	Presidency, Provinces, Missions Accredited to South Africa			

Table 1.2 - Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Binational Commissions Joint National Commissions Conferences Meetings Workshops Internet			

Table 1.3- Service delivery access strategy

Access Strategy	Actual achievements
Media briefings Official Incoming and Outgoing Visits	

Table 1.4 - Service information tool

Types of information tool	Actual achievements
Print and electronic media Publications and video material DFA website	

Table 1.5 - Complaints mechanism

Complaints Mechanism	Actual achievements
Surveys Toll Free Numbers Service rate cards	



2. EXPENDITURE

During the year under review, the Department's objectives were realised through four programmes:

- Programme 1:** Administration;
- Programme 2:** Foreign Relations, with specific emphasis on the African Union and NEPAD;
- Programme 3:** Public Diplomacy;
- Programme 4:** International Transfers

The following tables summarise final audited personnel expenditure, (Table 2.1) Personnel cost by programme and (Table 2.2) Personnel costs by salary bands, however due to non availability of the information in Persal, figures are provided as per Financial Management System. In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes.

TABLE 2.1 – Personnel costs by programme, 2004/ 05

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Programme 1	425 615	113 358	6 160	0	5	15
Programme 2	1 510 540	861 736	10 051	0	37	28
Programme 3	140 846	36 652	6 261	0	2	20
Programme 4	275 924	0	0	0		
Special Functions						
Total	2 352 925	1 011 746	22 472		44	25.4

TABLE 2.2 – Personnel costs by salary bands, 2004/ 05

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Total as per Financial System	1 011 746	44	25.4
Total	1 011 746	44	25.4

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of Salaries, Overtime, Home Owners allowance and Medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

**TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance
by programme, 2004/ 05**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Programme 1	74 547	7	5 693	0.6	837	0.08	5 151	0.5
Programme 2	378 188	37	8 575	0.8	672	0.06	48 907	5
Programme 3	22 976	2	3 354	0.3	252	0.02	1 312	0.1
Total	475 711	46	17 622	1.7	1 761	0.17	55 370	5.6

**TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance
by salary bands, 2004/ 05**

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Total per Financial System	475 711	47	17 622	1.7	1 761	0.17	55 370	5.5
Total								

3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). The Department has identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the Department. The vacancy rate reflects the percentage of posts that are not filled.

The establishment does not include Locally Recruited Personnel (LRP) and the information in this regard is reflected in table 8.1 and 8.2 Foreign Workers. In addition, due to the nature of the operations of DFA, some employees are kept in a Human Resources transitional list and is reflected on Persal as additional to the establishment. The number of posts excludes posts additional to the establishment, and is based on the posts as per approved organisational structure. The number of posts filled includes employees forming part of the approved establishment including officials additional to the establishment. Additional to the establishment comprises of officials returning from abroad awaiting placement at HO, officials on unpaid leave, secondments to the Presidency and Foreign Service Training etc.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2005

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1	986	728	26	26
Programme 2	1 572	955	39	0
Programme 3	291	192	34	0
Total	2 849	1 875	34	26

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2005

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	284	224	21	0
Skilled (Levels 3-5)	271	149	45	0
Highly skilled production (Levels 6-8)	996	442	56	3
Highly skilled supervision (Levels 9-12)	1 064	851	20	9
Senior management (Levels 13-16)	231	206	11	14
Political Office Bearers	3	3	0	0
Total	2 849	1 875	34	26

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2005

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
HOM	110	94	14	0
Diplomatic Corps	785	405	48	2
Senior Management	234	209	11	13
Total	1 129	708	37	15

The information in each case reflects the situation as at 31 March 2005. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4. JOB EVALUATION

34

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 4.1 – Job Evaluation, 1 April 2004 to 31 March 2005

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	284	37	13	37	100	0	0
Skilled (Levels 3-5)	271	7	2.5	7	100	0	0
Highly skilled production (Levels 6-8)	1 021	9	0.9	3	33.3	0	0
Highly skilled supervision (Levels 9-12)	1 064	11	1	5	46	0	0
Senior Management Service Band A	160	3	1.9	2	67	0	0
Senior Management Service Band B	37	0	0	0	0	0	0
Senior Management Service Band C	8	7	87.5	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	2846	74	2.6	54	73	0	0

The total of 2846 excludes the three Political Office Bearers.

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2004 to 31 March 2005

Beneficiaries	African	Asian	Coloured	White	Total
Female	27	0	0	9	36
Male	14	1	0	3	18
Total	41	1	0	12	54

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2002/ 03				0
Percentage of total employment				0

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2004/ 05	None
---	------

5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2004 to 31 March 2005

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	202	37	19	9
Skilled (Levels 3-5)	104	52	4	46
Highly skilled production (Levels 6-8)	672	54	27	4
Highly skilled supervision (Levels 9-12)	463	81	37	10
Senior Management Service	175	14	11	2
Political Office Bearers	2	1	0	0
Total	1 618	239	98	9

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005

Occupation:	Number of employees per occupation as on 1 April 2004	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Heads of Mission	83	29	5	29
Diplomatic Corps	508	63	37	5
Senior Management	175	14	6	2
Total	766	106	48	8

Table 5.3 identifies the major reasons why staff left the Department.

Table 5.3 – Reasons why staff are leaving the Department, 1 April 2004 to 31 March 2005

Termination Type	Number	% of total
Death	5	5
Resignation	47	48
Expiry of contract	10	10
Dismissal – operational changes	0	0
Dismissal – misconduct	5	5
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	1
Retirement	16	16
Transfers to other Public Service Departments	14	14
Total	98	100
Total number of employees who left as a % of the total employment		5

Table 5.4 – Promotions by critical occupation, 1 April 2004 to 31 March 2005

Occupation	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Heads of Mission	83	3	4	0	0
Diplomatic Corps	508	57	11	162	32
Senior Management	175	17	10	11	6
Total	766	77	10	173	23



Table 5.5 – Promotions by salary band, 1 April 2004 to 31 March 2005

Salary Band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	202	0	0	99	49
Skilled (Levels 3-5)	104	7	7	48	46
Highly skilled production (Levels 6-8)	672	16	2	238	35
Highly skilled supervision (Levels 9-12)	463	73	16	346	75
Senior management (Levels 13-16)	175	20	11	11	6
Political Office Bearers	2	0	0	0	0
Total	1 618	116	7	742	46

6. EMPLOYMENT EQUITY

Table 6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2005

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	227	16	33	104	111	12	20	64	587
Professionals	169	25	14	133	131	11	12	141	636
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	63	2	4	11	188	18	12	121	419
Service and sales workers	55	4	0	6	30	2	0	1	98
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	20	1	0	0	0	0	0	0	21
Elementary Occupations	36	0	0	0	73	1	0	1	111
Other	2	0	0	0	1	0	0	0	3
Total	572	48	51	254	534	44	44	328	1 875
Employees with disabilities	6	2	0	10	2	0	1	2	24

Table 6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	7	0	3	0	2	1	0	1	14
Senior Management	84	6	14	35	38	3	1	14	195
Professionally qualified and experienced specialists and mid-management	208	27	24	190	168	15	20	177	829
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	119	9	10	25	142	18	22	128	473
Semi-skilled and discretionary decision making	120	4	0	4	150	5	1	7	291
Unskilled and defined decision making	34	2	0	0	34	2	0	1	73
Total	572	48	51	254	534	44	44	328	1 875

Table 6.3 Recruitment for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	1	2
Senior Management	2	1	1		9	0	0	0	13
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	1	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8		1		8	2			19
Semi-skilled and discretionary decision making	19	2	1	1	29	2	2	5	61
Unskilled and defined decision making	45	3	0	1	81	6	3	4	143
Total	74	6	3	2	128	11	5	10	239



6.4 Promotions for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	1	0	0	2
Senior Management	8	1	2	3	2	0	0	1	17
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	2	2	8	5	2	2	8	33
Semi-skilled and discretionary decision making	13	1	1	1	8	2	1	13	40
Unskilled and defined decision making	10	2	1	1	9	0	0	0	23
Total	36	6	6	13	24	5	3	23	116

6.5 Terminations for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	4	0	1	3	3	0	0	0	11
Professionally qualified and experienced specialists and mid-management	14	2	2	5	9	1	1	3	37
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	4	6	1	0	12	27
Semi-skilled and discretionary decision making	2	0	0	0	2	0	0	0	4
Unskilled and defined decision making	8	0	0	0	11	0	0	0	19
Total	32	2	3	12	31	2	1	15	98

A reduction in termination of services of employees was experienced with specific reference to Senior Management, Professionally qualified and experienced specialists and mid-management and Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents.

6.6 Disciplinary action for the period 1 April 2004 to 31 March 2005

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	10	1	1	2	3	0	0	1	18

Table 6.7 Skills development for the period 1 April 2004 to 31 March 2005

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	126	14	31	103	104	9	23	93	503
Professionals	2					1			3
Technicians and associate professionals			1						1
Clerks	170	9	1	27	244	18	17	43	529
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations	12				31				43
Total	310	23	33	130	379	28	40	136	1 079
Employees with disabilities	6	2	0	10	2	0	1	3	24

7. PERFORMANCE REWARDS

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability (Table 6.1), salary bands (Table 6.2) and critical occupations (Table 6.3)

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2004 to 31 March 2005

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	143	533	27	1 067	746
Female	144	572	25	885	614
Asian					
Male	17	50	34	173	1 017
Female	13	44	30	112	861
Coloured					
Male	13	48	27	140	1 076
Female	15	43	35	100	666
White					
Male	119	254	47	1 978	1 662
Female	150	328	46	1 612	1 074
Employees with a disability	1	3	33	5	5
Total	614	1 875	33	6 072	988

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2004 to 31 March 2005

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	53	191	28	143	2 698	0.01
Skilled (Levels 3-5)	63	171	37	217	3 444	0.02
Highly skilled production (Levels 6-8)	173	487	36	1 036	5 988	0.10
Highly skilled supervision (Levels 9-12)	304	816	37	4 213	13 859	0.41
Total	593	1 665	36	5 609	9 459	0.6

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2004 to 31 March 2005

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Heads of Mission	11	92	12	186	16 995
Diplomatic Corps	125	385	33	1 231	9 848
Senior Management	20	198	10	433	21 650
Total	156	675	23	1 850	11 865

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	16	147	11	322	2 013	0.19
Band B	6	47	13	142	2 367	0.2
Band C	0	15	0	0	0	0
Band D	0	1	0	0	0	0
Total	22	210	10	464	21 090	0.04

8. FOREIGN WORKERS

TABLE 8.1 – Foreign Workers, 1 April 2004 to 31 March 2005, by salary band

Salary Band	1 April 2004		31 March 2005			Change	
	Number	% of total	Number	% of total	Number	% change	
Africa	693	35	680	32	13	-10	
Asia & Middle East	480	24	469	22	11	-8	
Americas and Europe	724	36	847	40	123	99	
Multilateral	90	5	115	5	25	20	
Total	1 987	100	2 111	100	124	10	

TABLE 8.2 – Foreign Worker, 31 March 2005 – Bonuses paid to Locally recruited personnel (LRP) employed in missions abroad

Major Occupation	31 March 2005	
	Expenditure (R'000)	% of Total
Africa	1 170	8
Asia and Middle East	2 136	15
Americas and Europe	10 588	73
Multilateral	622	4
Total	14 516	100

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2004 TO 31 DECEMBER 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2004 to 31 December 2004

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost
Lower skilled (Levels 1-2)	1 142.5	83	141	13	8	164
Skilled (Levels 3-5)	608.0	74	84	7	7	124
Highly skilled production (Levels 6-8)	3 546.5	76	471	42	8	1 387
Highly skilled supervision (Levels 9-12)	2 693.5	80	362	32	7	1 873
Senior management (Levels 13-16)	656	84	71	6	9	1 101
Total	8 646.5	79	1 129	100	8	4 649

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2004 to 31 December 2004

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost
Lower skilled (Levels 1-2)	128	100	3	12	43	18
Skilled (Levels 3-5)	26	100	1	4	26	4
Highly skilled production (Levels 6-8)	425	100	9	35	47	196
Highly skilled supervision (Levels 9-12)	187	97	11	42	17	141
Senior management (Levels 13-16)	18	94	2	8	9	29
Total	784	99	26	100	30	388

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	5 200.60	23
Skilled Levels 3-5)	2 244.08	17
Highly skilled production (Levels 6-8)	13 298.48	20
Highly skilled supervision (Levels 9-12)	14 378.32	20
Senior management (Levels 13-16)	3 185.92	19
Total	38 307.40	20

TABLE 9.4 – Capped leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004
Lower skilled (Levels 1-2)	128	6	69
Skilled Levels 3-5)	99	6	42
Highly skilled production (Levels 6-8)	645	7	48
Highly skilled supervision (Levels 9-12)	1 245	10	68
Senior management (Levels 13-16)	193	9	100
Total	2 310	8	64

TABLE 9.5 – Leave payouts for the period 1 April 2004 to 31 March 2005

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	351	61	5 767.11
Capped leave payouts on termination of service for 2002/03	761	19	40 086.22
Current leave payout on termination of service for 2003/03	169	42	4 033.32
Total	1 282	122	10 515.01

10. HIV/AIDS & HEALTH PROGRAMMES

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All employees assisting fellow employees who are injured on duty	The Department has purchased First Aid Kits for the different buildings

TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position	X		Ms Mathu Nompozolo, Chief Director: Human Resources
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The Employee Wellbeing Centre (EWC) is made up of 3 Professionals, of which 1 is tasked with the HIV/AIDS workplace programme, and 1 Chief Administration Clerk. Budget for entire EWC is R3,669,388.00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		1. Implementation of HIV/AIDS workplace programme. 2. Employee Wellness and performance enhancement. 3. Employee Wellness related policy development.
4. Has the Department established (a) committee (s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder (s) that they represent.	X		Committee is in the process of being reviewed, because it was not representative of all Stakeholders, e.g. Line function Branches and Labour Unions.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The Department is in the process of doing so. The HIV/AIDS workplace policy is informing the process of non-discrimination.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Approved non-discriminatory HIV/AIDS workplace policy which is in the process of being revised currently.
7. Does the Department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	X		During awareness events, the message of “know your status? Is emphasized. The EWC is facilitating an on site VCT campaign. The EWC also do VCT on request with individuals by referring them to VCT centers. The target is to test 300 employees over a period of 3 months during the on-site VCT campaign. Have referred 60 employees for VCT to external resources. No employees are living openly with their HIV status.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		1. EWC statistics on: <ul style="list-style-type: none"> • Number of peer educators and employees trained. • Number of employees utilizing care and support services • Number of employees undertaking voluntary counseling and testing. 2. Progress reports to Department of Health and DPSA 3. Risk analysis with follow-up interventions.

11. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the Department.

TABLE 11.1 – Collective agreements, 1 April 2004 to 31 March 2005

Subject Matter	Date
None	

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2004 to 31 March 2005

Outcomes of disciplinary hearings	Number	% of total
Written warning	2	16
Final written warning	3	25
Dismissal	6	50
Case withdrawn	1	8
Total	12	

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Negligence	1	9
Insubordination	1	9
Assault	1	9
Absenteeism	1	9
Breach of Security	1	9
Unauthorised Expenditure	1	9
Unbecoming Conduct	1	9
Theft	2	18
Misuse of government property	2	18
Total	11	

TABLE 11.4 – Grievances lodged for the period 1 April 2004 to 31 March 2005

	Number	% of total
Number of grievances resolved	11	65
Number of grievances not resolved	6	35
Total number of grievances lodged	18	100



TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2004 to 31 March 2005

	Number	% of Total
Number of disputes upheld	1	6
Number of disputes dismissed	5	29
Number of disputes pending	11	65
Total number of disputes lodged	17	100

TABLE 11.6 – Strike actions for the period 1 April 2004 to 31 March 2005

Total number of person working days lost	73
Total cost (R'000) of working days lost	20
Amount (R'000) recovered as a result of no work no pay	20

TABLE 11.7 – Precautionary suspensions for the period 1 April 2004 to 31 March 2005

Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	105 days
Cost (R'000) of suspensions	154

12. SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development.

12.1 Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	168	9	332	0	341
	Male	328	6	405	0	411
Professionals	Female	47	0	0	0	0
	Male	68	0	0	0	0
Technicians and associate professionals	Female	195	8	0	0	8
	Male	238	3	0	0	3
Clerks	Female	282	11	107	0	118
	Male	69	1	70	0	71
Service and sales workers	Female	12	0	0	0	0
	Male	42	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0

Craft and related trades workers	Male	0	0	0	0	0
	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
	Female	0	0	0	0	0
Elementary occupations	Male	17	0	0	0	0
	Female	98	0	0	0	0
Other	Male	54	0	0	0	0
	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		1 618	38	914	0	952

12.2 Training provided 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	168	9	229	0	238
Professionals	Male	328	15	265	0	280
	Female	47	0	1	0	1
Technicians and associate professionals	Male	68	0	2	0	2
	Female	195	0	0	0	0
Clerks	Male	238	0	1	0	1
	Female	282	0	322	0	322
Service and sales workers	Male	69	0	207	0	207
	Female	12	0	0	0	0
Skilled agriculture and fishery workers	Male	42	0	0	0	0
	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
	Female	0	0	0	0	0
Elementary occupations	Male	17	0	0	0	0
	Female	98	0	31	0	31
Other	Male	54	0	12	0	12
	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		1 618	24	1 070	0	1 094

In addition, the Department has an in-house training centre, Foreign Service institute (FSI) which provides training for our employees in preparation for their possible placement abroad. Savings realised can be attributable to the implementation of resolution No 7, which put a moratorium on appointments. The Department has also provided the following programmes in terms of the Workplace Skills Plan for 2002/2003 financial year: Project Management, Financial Management for non-financial managers, Computer training, Economic literacy, Image Building, Report Writing.

13. INJURY ON DUTY

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2004 to 31 March 2005

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

14. UTILISATION OF CONSULTANTS

Table 14.1 Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Adult Basic Education and Training	1	1 year	221 445.00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
1	1	1 year	221 445.00

Table 14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Adult Basic Education and Training	4.28	4.28	1

Table 14.3 Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
0	0	0	0
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
0	0	0	0

Table 14.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
0	0	0	0



PART 3: PROGRAMME PERFORMANCE



To be appropriated by Vote

R 2 546 649 000

Statutory appropriations

Responsible Minister

Minister of Foreign Affairs :

Dr Nkosazana Dlamini Zuma

Administering Department

Department of Foreign Affairs

Accounting Officer

Director-General: Dr A Ntsaluba

AIM OF THE VOTE

The Department of Foreign Affairs is responsible for the formulation, co-ordination, implementation and management of South Africa's foreign policy and international relations programmes throughout the world.

PROGRAMME PERFORMANCE

OUTLINE OF KEY PROGRAMMES

Programme 1: Administration

Purpose: Conduct the overall policy development and management of the Department.

Programme 2: Foreign Relations

Purpose: Promote relations with foreign countries, and participate in international organisations and institutions, in pursuit of South Africa's national values and foreign policy objectives.

Measurable objective: To promote South Africa's foreign policy internationally and within multilateral institutions, through effective diplomatic interventions to strengthen foreign relations.

Programme 3: Public Diplomacy and Protocol

Purpose: Promote an understanding, both domestically and internationally, of South Africa's role and position in international relations, and provide protocol services.

Measurable objective: To project a positive image of South Africa by marketing the Department's programmes and providing protocol services.

Programme 4: International Transfers

Purpose: Provide for the payment of membership fees to international organisations and to transfer payments.

Measurable objective: To contribute to multilateral development co-operation.

KEY STRATEGIC PRIORITIES

Our Foreign Policy objectives, priorities, and activities although broad, nevertheless support the country's five key strategic priorities, namely:

- speeding up delivery of basic needs and developing human resources;
- building the economy and creating jobs;
- combating crime and corruption;
- transforming the state; and
- building a better Africa and a better world.

These fundamental priorities inform and direct the work of the Department of Foreign Affairs as we go about our business of projecting South Africa's domestic values and national interests

abroad. All these elements are captured within the holistic vision of an African Renaissance bringing in its wake peace, prosperity, democracy, sustainable development, progressive leadership, and good governance.

The African continent and, in particular, the Southern African region, therefore commands the highest priority for the Department. Our focus is shifting from the conceptualisation of the African Renaissance to its operationalisation through the initiative known as "NEPAD" – the New Partnership for African Development. South Africa, which hosts the NEPAD Secretariat, has taken the lead in developing NEPAD and, together with key African partners, is in the process of elaborating a programme of action for its practical implementation. Beyond Africa, the Department's multilateral engagements and its leadership within the South bloc of developing countries are driven by its desire to contribute towards the creation of a more equitable and humane world for all of humankind. The Department identified the following key strategic priorities for the 2004/05 financial year:

- Consolidation of the African agenda
- Global Governance: Political Issues
- Global Governance: Socio-Economic Issues
- Global Governance: Economic Issues
- South-South co-operation
- South-North dialogue
- Political and Economic Relations
- Focusing on imaging and branding by projecting a positive image of South Africa and Africa, enhancing understanding of the country's foreign policy objectives, and ensuring that the message of its leaders is better understood across the world.

STRATEGIC OVERVIEW AND KEY DEVELOPMENTS: 2001 – 2008

The Department of Foreign Affairs (DFA) will continue to implement its strategic priorities as informed by the foreign policy objectives of the South African Government, and outlined in the Programme of the International Relations, Peace, and Security Cluster. The broad priorities of the International Relations, Peace, and Security Cluster are: Consolidation of the African Agenda; Global Governance; South-South Co-operation; and the Strengthening of Bilateral Relations.

CONSOLIDATION OF THE AFRICAN AGENDA

Membership of the African Union (AU) remains the key issue in South Africa's international relations. Core activities include strengthening the AU and its structures, working with other AU member states for the implementation of NEPAD; Strengthening the SADC; and Engaging in Peace, Security, Stability, and Post-Conflict Reconstruction in the Continent.

Strengthening of the AU and its structures

The Commission of the AU is being set up. The filling of posts is also progressing and South Africa currently has one candidate. The Secondment Policy should be used to encourage candidates who are employed by government structures to apply for vacant positions.

Its budget as well as its Vision, Mission and Strategy are integral to the functioning of the AU. The Commission developed a first draft Vi-



President Thabo Mbeki and President Olusegun Obasanjo attended the NEPAD Multi-Stakeholder Dialogue, Sandton Convention Centre, October 2004.

sion, Mission and Strategy framework on which its programme up to 2007 would be based. The AU had an operational budget estimate of US\$43million. However, this was grossly inadequate for the effective implementation of AU programmes based on its new mission. These documents were reviewed and re-prioritised for submission to an Extraordinary Session of the Executive Council in December 2004. It is likely that South Africa will be required to contribute significantly and voluntarily to the programme budget.

As the host to the Pan-African Parliament (PAP) of the AU, South Africa is committed to ensuring that the work of this organisation is effective and successful. South Africa is also charged with the responsibility of finding a permanent venue for the PAP within the country. PAP headquarters are temporarily housed at Gallagher Estate in Midrand.

The Peace and Security Council (PSC) has been operationalised in terms of the Protocol, which came into force in December 2003. Work on its sub-structures has progressed well, but needs to be concluded. This will involve establishing the African Standby Force (to be concluded by 2010), consisting of five stand-by brigades, one in each region of the AU (2005); the Panel of the Wise, comprising five eminent persons selected by the Chairperson of the Commission; an Early Warning System (2005) with national and regional components (South Africa has been tasked by the SADC to spearhead the framework and establishment of the regional Early Warning Centre); as well as a Peace Fund to sup-





The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma with members of the South African Delegation Attending the SADC Summit in Mauritius, August 2004.

port the activities of the PSC. It is now critical that AU member states work together to ensure its effectiveness and smooth running.

Implementation of NEPAD

Over the last three years, South Africa has been a significant driver of the NEPAD process. At national level, South Africa will continue to facilitate the implementation of NEPAD priority sectors namely: infrastructure; agriculture; environment; tourism; ICT; health; human resources; and science and technology. The identified national structures for championing, co-ordinating, implementing, and popularising NEPAD in SA, to ensure SA's effective engagement in the NEPAD process would need to be utilized properly in this regard.

South Africa is preparing for its Review in 2005 through the mechanism of the APRM. A task team led by the Department of Public Service and Administration has been established in this regard. South Africa will also continue hosting and providing financial and logistical support to the NEPAD APRM Secretariats, as well as playing a leading and active role in the NEPAD HSGIC, Steering Committee, Secretariat and the various priority sectors and programmes.

On the international front, South Africa will continue to interact with key continental and international partners and stakeholders to generate/ access support (financial, technical, and institutional) for the implementation of NEPAD and will use every available forum for this purpose.

Strengthening of SADC

The restructuring of the SADC is largely complete. The SADC Troika will oversee the few outstanding issues, which still need to be addressed.

Although the restructuring exercise has been completed, the SADC has not been performing as expected, which has negatively affected the implementation of SADC programmes and in particular, the RISDP. The main reasons for the under-performance are constraints in financial and human resources, which require immediate attention. In addition, the financial and human resources constraints at the Secretariat need to be addressed.

The full establishment of a SADC National Committee in South Africa is also being addressed. South Africa will have to ensure that national Departments commence with the implementation of the RISDP if South Africa is to lead on this issue.

Furthermore, South Africa must ensure that the RISDP is implemented fully within the region and should engage with the SADC Secretariat in this regard by using the 4+1 Group mechanism, amongst other interventions. The recommendations arising from the SADC/NEPAD High-Level Dialogue during the recent SADC Summit in Mauritius must be implemented.

South Africa is now the Chair of the SADC Organ on Politics, Defence, and Security. As the Chair of the Organ, South Africa faces the following important challenges: The implementation of the SADC Strategic Indicative Plan for the SADC Organ on Politics, Defence, and Security, and ensuring that the regional peace and security arrangements/initiatives are linked to and feed into continental arrangements. Another challenge remains the finalisation of the Memorandum of Understanding between the AU Commission and Africa's Regional Economic

Communities (RECs) to ensure a co-ordinated interface in addressing essential AU themes and activities (political, developmental, and peace and security for example).

Secondly, the RECs must be harmonised and rationalised in accordance with the five geo-strategic regions of the AU. For our purposes, the harmonisation of the Southern and Eastern regions (SADC, COMESA) in particular is important.

Peace, Stability and Post-Conflict Reconstruction in Africa

Increasingly, the focus is on active engagement and providing tangible support to Africa's regional peace initiatives and processes. This is based on the need to create an enabling environment that is conducive to sustainable socio-economic development for all regions. In this regard, South Africa has established strong strategic partnerships with Tanzania, Rwanda, Burundi, and the Democratic Republic of the Congo (DRC). South Africa is mandated by the AU to mediate a peace settlement in Côte d'Ivoire. South Africa is also Chairing the AU-mandated Committee on Post-Conflict Reconstruction in the Sudan.

GLOBAL GOVERNANCE

Political

The main focus in this regard is the reform of the United Nations. The release of the Report of the High-Level Panel on 2 December 2004 initiated the formal process of preparations that will lead to the 2005 High-Level Summit, which is to take place in New York from 14 to 16 September 2005. The UN Secretary-General was expected to



issue a comprehensive report to the UN Member States in March 2005, which would combine elements from the Report of the High-Level Panel as well as a Report on the implementation of the Millennium Development Goals (MDGs). South Africa intended to play a key role in her response to these reports in order to advance her own national interest in the wider UN Reform, and in the UN Security Council seat, and to strengthen the voice of developing countries in the implementation of the Millennium Development Goals

Security

South Africa will continue preparing for the NPT Review Conference in 2005. Meanwhile, South Africa will closely monitor development in the work of the IAEA in Iran. Regarding Terrorism, South Africa has ratified nine of the United Nations' conventions on Terrorism. The outstanding three are being reviewed in preparation for their ratification in due course.

South Africa will continue to support and encourage initiatives aimed at bringing a lasting solution to the Israel/Palestinian situation. We will also continue to support multilateral initiatives that are aimed at resolving the question of Iraq, especially now that Iraq is preparing for elections in 2005.

Economic development

A cardinal challenge for South Africa is to continue to advance the issues of development in international debates. In this regard, we will continue our active engagement in the reform of the international financial institutions; multilateral trade talks, in particular the Doha round; and to follow-up on the implementation of out-

comes of international conferences in the social and economic fields. This includes the follow-up work to the World Summit on Sustainable Development (WSSD).

SOUTH-SOUTH CO-OPERATION

IBSA

The India, Brazil, South Africa Dialogue Forum remains of strategic importance to South Africa. The Ministerial Trilateral Commission that took place from 10 - 11 March 2005 presented an opportunity for the further strengthening of the trilateral co-operation between the three countries. South Africa needs to develop a strategy for continued engagement with IBSA while bearing in mind national interest as well as our foreign policy imperatives. This calls for active participation of all Clusters.

AASROC

South Africa played a key role in the Asia-African Summit, which took place in Bandung, Indonesia in April 2005. The Summit saw the launch of a New Africa-Asian Strategic Partnership (NAASP) focusing on economic issues, trade, investment, health, and human resource development.

Non-Aligned Movement (NAM)/G77

South Africa will seek to continue constructive dialogue with the North; support a NAM lobby for the restructuring of the UN and its agencies; South-South co-operation; facilitation of the agenda of the South and preparations for the Havana Summit; and continued engagement as a member of the NAM Committee on Palestine. South Africa will also seek to have the concerns of the NAM reflected in preparations for the 2005 Summit of the 60th session of the General



The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma with her Brazilian and Indian counterparts at the IBSA conference held in Durban, May 2004. From Left to right Minister Celso Amorim, Minister Nkosazana Dlamini Zuma and Minister Natwar Singh.

Assembly, to review implementation of the UN MDGs.

The G-77 Summit to be held in Qatar in 2005 presents an opportunity to assess the state of South-South co-operation as well as ways in which such co-operation might improve progress in developing countries towards achieving the MDGs. As such, the Summit provides a platform for co-ordination.

STRENGTHENING BILATERAL RELATIONS

Because of its importance to the promotion of economic growth and development, South Africa is focused on strengthening existing bilateral relations with other countries and on achieving better co-ordination in promoting trade and investment. Several new Missions have been opened in Asia and Africa during the 2004/05 financial year. South Africa will also continue en-

gaging with the North - to advance our national interest as well the agenda of the South.

In pursuit of EU support for the implementation of the African Agenda, President Thabo Mbeki addressed the European Union (EU) Parliament recently. President Mbeki's visit to the EU also contributed to bilateral relations between the EU and South Africa being consolidated further, while also providing an opportunity for South Africa to meet with new members of the EU Commission.

CROSS-CUTTING ISSUES

Preparations for successfully hosting the 2010





Deputy Director-General Mkhusele Apleni addressing a staff workshop.

Soccer World Cup in South Africa are underway. South Africa marketed the 2010 event as an "African World Cup" and African countries have taken this to heart. South Africa will endeavour to ensure that the whole of Africa benefits from this landmark event.

60

The process of engaging the African Diaspora accelerated during 2005. The conference of African and Diaspora Intellectuals highlighted issues that could hinder the development of

future relationships, most notably a deep distrust on the side of the Intellectuals regarding the motives of the governments involved. South Africa hosted an African Diaspora Summit in 2005 and participated in the South Africa/Caribbean Diaspora Conference in Jamaica in March 2005.

Thanks to the rapid expansion of South Africa's international obligations, there is a greater need to strengthen and develop the human resources that will be able to discharge the mandate. This will include the strengthening of the Foreign Service Institute and ICT infrastructure. The acquisition of a new head office building for the Department is underway and expected to be completed by the end of 2006.



PROGRAMME 1: Administration

AIM: The programme conducts the overall policy development and management of the Department. It provides for policy formulation by the Minister, the Deputy Ministers, the Director-General, and other members of the Department's management. Other functions include: organising the Department; rendering streamlined and co-ordinated administrative office support and parliamentary services; managing departmental personnel and finances; determining working methods and procedures; exercising internal control; and providing the internal audit function. The programme also includes providing consular and agency services in Pretoria and abroad, and purchasing vehicles for the Department. This programme also accommodates the provision of secure, economical, representative housing and office accommodation to all staff members abroad (including partner departments) and maintenance thereof.

CORPORATE SERVICES

Corporate Services identified the following eight key objectives in its quest to provide an effective support function to the line objectives of the Department.

MAIN OBJECTIVES

- Proper implementation of Public Finance Management Act and Public Service Regulations
- Provision of a stable and adequate Information Communication Technology (ICT)
- Implementation of the Human Resource Development and Performance Management System
- Attraction and retention of competent people
- Decentralisation of decision-making for improved efficiency
- Improved customer service delivery
- Ensuring integrated and optimum functioning of our Missions abroad
- Ensuring that the transformation of the

Department of Foreign Affairs is in line with and supports the Constitutional mandate

OUTPUT AND SERVICE DELIVERY TRENDS:

Chief Financial Officer

During the year under review, the Department commenced several new capital works projects. The Department acquired a plot of land in Addis Ababa, Ethiopia, for the construction of a Chancery and staff housing. The Department appointed a South African professional team to do the technical evaluation and concept design for this project. The concept design was approved in February 2005. The Department appointed a South African professional team to perform a technical evaluation and deliver a concept design for the construction of a Chancery and staff housing in Maseru, Lesotho. The technical evaluation and concept design are far advanced. The





The South African Embassy in Algiers, Algeria.

62

Department finalised the acquisition of two plots of land in Abuja, Nigeria, which will be used for the construction of a Chancery and Official Residence, respectively. The Department also conducted a feasibility study in Dar es Salaam for the acquisition of land to construct a Chancery, Official Residence, and staff housing. Negotiations with the Tanzanian government are underway to secure suitable land in Dar es Salaam.

The Department made good progress with its new Head Office project. It was decided that the new Head Office, which would house the Department in one building for the first time in 25 years, would be procured by means of a Public Private

Partnership. The Department obtained Treasury Approval (I) for this project in October 2004. The Request for Qualification (RFQ) was advertised and a very good response received from the market. The RFQ proposals were evaluated and from the six respondents the Department short-listed three consortia that would participate in the Request for Proposal (RFP) phase of this project.

The Department has embarked on a programme intended to address the most urgent maintenance requirements at its Missions abroad. For this purpose, the Department obtained professionally evaluated maintenance reports on all State-owned properties abroad. These evaluations form part of the Department's short-, medium-, and long-term maintenance planning and programme. The Department has a maintenance backlog of 40% concerning its State-owned properties abroad. Since immediate attention is given to all required emergency repairs, the existing maintenance backlog refers to general standard

upgrading and repairs. The maintenance backlog has been addressed in the medium-term expenditure frameworks as well as the Department's long-term expenditure planning programme.

Generally, the Department's assets abroad have been maintained in fair condition with a few properties requiring urgent attention. These properties have been specifically addressed in the Department's MTEF budget.

During the year under review, the Department undertook maintenance/structural works to official residences in Athens, Tel Aviv, Copenhagen, Lilongwe, London, Teheran, Rome, Windhoek, and Munich. Maintenance/structural works for Chanceries was undertaken in Maputo, Milan, London, Lisbon, and Athens, while maintenance was done on housing in Lilongwe, Maputo, London, and Brussels.

During the 2004/05 financial year, the Department acquired a plot of land in Addis Ababa, Ethiopia, and two plots of land in Abuja, Nigeria. The plots of land are leased for 99 years. There were no disposals.

Projects to be carried over from the 2004/05 financial year include the renovation of the Minister's residence in Washington, the renovation and upgrading of the Chancery in Milan and the renovation and upgrading of the Chancery, Official Residence and staff housing in Windhoek. During the year under review, ongoing major maintenance/refurbishment took place in Lilongwe, London, Vienna, Rome, Canberra, Luanda, Maputo, Harare, Tokyo, Brussels, Sao Paulo and Ottawa, for which the necessary funds have been allocated.

During the 2005/06 financial year, the Department intends to conduct a study that will explore and investigate the different options available for the acquisition of fixed property in different regions and countries of the world, while simultaneously determining the best value-for-money solutions and procurement options accessible to diplomatic missions in specific regions or countries that would fulfil the Department's needs.

The investigation will pay particular attention to ten priority cities where more in-depth studies into the feasibility and options for acquiring properties there will be done. The cities identified for this study are Tokyo, Beijing, New Delhi, Riyadh, Nairobi, Lagos, New York, Brussels, Geneva, and Moscow. The Department will also start with the design and development preceding the construction of a Chancery in Mbabane.

Through the Department's medium- and long-term forecast, the availability of funding for the proper maintenance of all state owned assets falling under the jurisdiction of the Department abroad has been ensured. Thus, financial provision has been made for all committed and planned projects for the 2005/2006 financial year.

Supply chain management

The Department continued implementing effective financial management systems in line with the Public Finance Management Act. A Departmental Tender Control Committee has been established and is represented by the Chief Directors from the various Units including the line function. Branch Tender Control Committees as well as the Mission Tender Control Committees have also been established. This will ensure that



effective and transparent procurement processes are followed at both Head Office and Missions. The Procurement Policy has also been revised in line with the new Supply Chain Management Act. The revised Financial Delegation of Authority will ensure that more powers are delegated to Missions in order to speed up the execution of their responsibilities.

Financial Systems

As reported in the previous year's annual report, the Department continued with the development of the financial system that will be used to transmit financial transactions from the Missions to Head Office. This system will help the Department meet its financial reporting obligations and obtain more accurate and meaningful management information. Phase 2, which is being developed, will include the following modules: General Ledger; Accounts Payable; Accounts Receivable; Fixed Assets; Multi-Currency; Multi-companies and Inventory. This phase will replace the Foreign Currency System currently in use. It is anticipated that the roll-out will commence in October 2005.

Cash Flow Management

The Department also embarked on effective cash flow management. Four major banks were invited to present proposals for addressing the Department's needs regarding the transfer of funds to the Missions. The unit that deals with the transfer of funds abroad has been transferred from the Financial Accounting Unit to the Budget Control Unit. This will help to ensure that Missions do not keep excessive funds at any time. A one-year contract has been signed

with three major banks for the transfer of funds to Missions abroad.

Management of Missions

The bulk of the Department's expenditure is incurred at its Missions abroad. It is therefore imperative that proper financial management processes and effective internal controls be in place at its missions. Regional conferences have been held with all the Missions. The conferences aimed to promote financial management awareness and address major challenges facing the Missions. As a result of these conferences, skills shortages were identified. The branch decided that the criteria by which trainee Corporate Services Managers are identified at the Foreign Service Institute should be changed. Refresher courses will also be designed for Corporate Services Managers currently deployed at Missions abroad.

In addition, the score-card evaluation system has been introduced to help ensure effective management of the Missions. Missions are expected to complete the score-card monthly. The PFMA unit will monitor compliance and report any major anomalies to the Chief Financial Officer.

Normative Measures for Financial Management

Progress has been made in addressing the capacity constraints within finance. All critical posts have been filled.

The Fraud Prevention Policy as well as Fraud Prevention Manual have both been revised and The

Fraud Prevention Control Committee has been established with all units in the Department enjoying representation on the Committee. The Fraud Awareness campaign will be implemented in terms of the implementation plans.

In line with the Public Finance Management Act, the annual financial statements were prepared and submitted to the Auditor General timeously.

Chief Information Officer

The Master Systems Plan (MSP)

The DFA signed off the final MSP document in February 2005. The State Information Technology Agency (SITA) certified the MSP. Subsequently, a Strategic Plan was derived from the recommendations in the MSP. The MSP Strategic Priorities were revised and reclassified into four major projects, namely Voice Over Internet Protocol (VoIP) global network (Network Infrastructure); Windows 2003 advanced server (Back-office Infrastructure); Business Intelligence; and Business Process Management.

Strategic Priorities

Not all of the six planned strategic priorities identified in 2004/05 were completed entirely. Some were revised and redefined based on new developments in technology. The Secure Global Network priority was redefined to take advantage of changes in telecommunications regulations. This priority now incorporates VoIP and an advanced Windows 2003 server. The advantage of this change is the introduction of standardised and cost-efficient infrastructure designed

to support ICT enablers as recommended in the MSP.

The Global Accessibility, Knowledge and Information Management and Trained Workforce priorities have been incorporated into the Infrastructure Projects.

The finalisation of Win NT installation was limited to critical Missions only to ensure continuity while the rest of the environment will migrate directly to Win 2003. This is due the vendor discontinuing its provision of Win NT support.

The update of the VSAT was delayed because the solutions proposed by the contacted Vendors were deemed unsuitable; this project is now part of the VoIP project. The investigation and approval of the ISO 17799 Certification was completed as part of the MSP recommendation. This will be incorporated as part of the security solution for the new infrastructure.

Secure DFA e-mail and updated content filtering and antivirus software has been achieved partially, with some Missions still running UNIX.

Financial Systems

The Financial Systems project was initiated to facilitate the migration from the Foreign Currency System (FCS) to AXS1, which is web-enabled and therefore provides online functionality to Missions. Phase 1 was completed with all Missions being provided with standard spreadsheet templates for financial reporting and Phase 2 is expected to commence in the next financial year.



Project Support

The goal is to provide the Department with an integrated Immunities and Privileges Management Solution that provides secure and controlled access to Clients and Stakeholders, allowing users to process and monitor online accreditation and regularisation according to the Diplomatic Act, thus enabling the Accounting Officer to uphold South Africa's international obligations and enhance South Africa's international relations. ICT is co-ordinating the development and implementation of the project. SITA performed the investigation into the business requirements and a Service Provider was selected through SITA Tender 59 processes to develop the systems. Phase 1 of this project has been initiated and completed and Phase 2 is now underway.

Through project planning and PDPs, the provision of a trained workforce is on-going. Currently, the emphasis is on equipping staff with the skills required for them to use the new infrastructure.

Special Events Support

Infrastructure was provided for the Third session of the Pan African Parliament. This included the provision of a Converged Network Solution and Desktop functionality.

ICT provided operational support infrastructure for the Fifth Annual Heads of Mission Conference held in Cape Town from 17-22 February 2005. The support environment was successfully managed from start to finish. The support infrastructure included network, telephone, Internet and e-mail access, open and secure fax, and desktop functionality.

Stabilisation of Operations

The deployment of upgraded PABX systems in five buildings at Head Office was completed. The identified solution was rented from an existing vendor as the Department intends moving to its new Head Office building in 2007. The out-dated Token-ring computer network was replaced with Ethernet networks. Four additional servers were installed at Head Office to increase capacity and stabilise the back-office.

Security

In respect of security, the following was achieved during the 2004/05 financial year:

The Department continued to address the vetting backlog by appointing two more Vetting Officers, who successfully completed their training at the National Intelligence Agency. The process of vetting all officials to be posted abroad and in critical areas is up to date.

Security measures at the Tulbagh Park and Sandcardia buildings were upgraded. In addition, security was upgraded and security services provided at the Diplomatic Guesthouse and Union Buildings.

A computerised identity card system has been implemented to ensure efficient and effective access control system and save on production costs.

The Physical Security Policy has been drafted and submitted for approval.

The re-establishment of the Mission Security

function is underway, as is the establishment of document security in the Department.

In an endeavour to make officials of the Department more security conscious, there has been a security awareness drive in the form of presentations at the Orientation, Induction, and Foundation courses.

The Directorate Security is in the final stages of completing the Memorandum of Understanding between the Department of Foreign Affairs (DFA) and the South African Secret Service (SASS). Consultation was done within the Department and the document discussed with SASS.

Consular and Agency Services

Consular and Agency Services continued its endeavour to provide a world-class consular service to South African citizens abroad. In this regard, the Department's strategic objectives help inform the Directorate's mandate. As more and more South African citizens work and travel abroad, the Department continues to refine processes and procedures to meet challenges that arise from our citizens' needs. The following selection of consular activities is highlighted:

Summary of Consular Statistics:

- Assistance rendered to 913 South African citizens detained or imprisoned abroad, of which 205 were new cases.
- Assisted with the return of mortal remains of 93 South African citizens from abroad.
- General assistance rendered to approximately 85 distressed South African citizens abroad and their relatives in

South Africa.

- Assistance rendered in 959 cases of service of process, evidence on commission, and maintenance orders, for example.
- Determined the whereabouts of 100 South African citizens abroad.
- Assisted with 15 social welfare cases, e.g. cases involving abductions and adoptions.
- Assisted in dealing with swindles, false documents and other fraudulent activities concerning approximately 115 cases.
- Assisted with 41 new extradition cases.
- Received and sent out 1 158 notes verbale.
- Attended to 369 clients, received 12 397 general consular enquiries and sent out 8 083 telexes, letters, and e-mails.
- Legalised/authenticated 17 872 documents

Hurricane Ivan - the Cayman Islands (September 2004):

Two consular officials (one each from the Missions in Washington and New York) were dispatched to the Cayman Islands and Miami respectively to render consular assistance to South African citizens following the devastation caused by Hurricane Ivan. The Cayman Islands have approximately 45 000 inhabitants. Due to the large number of South African citizens on the Caymans (estimated at some 3 000), the Department acted immediately on learning of the plight of our citizens. The Directorate: Consular and Agency Services provided support to the families of stranded South African citizens who required assistance in returning to South Africa. We helped 60 – 80 stranded South African citizens to return to South Africa via the USA, Canada, and the UK. Arrangements were



Minister Sydney Mufamadi, Head of government's Disaster Management, addresses the media, following the Tsunami devastation. From left to right Minister Buyelwa Sonjica, Minister Mantombazana Tshabalala-Msimang.

made with our Missions in London, Ottawa and our diplomat stationed in Miami to issue travel documents to the distressed citizens.

Tsunami (December 2004):

68

The Department faced one of its biggest challenges in the aftermath of the tsunami that struck South Asia on 26 December 2004. In its wake, hundreds of thousands of people were killed, or injured, and lost their homes and livelihood.

In response to the disaster, the Department reacted with urgency, deploying its Mission officials, supported by the Consular Section, in Thailand within in hours. In terms of the number of South

Africans missing at the time, that was the most severely affected country. The Department's Disaster Management Section was deployed to co-ordinate South Africa's humanitarian assistance to the affected countries.

At the time of the tsunami, there were about 2 900 South Africans in the South East Asia region. As a result of the tsunami, thirteen South Africans died; one person remains missing, presumed dead. As a consequence of the Consular Section's sustained efforts and close liaison with affected families in South Africa, the Thai authorities, Interpol and the South African Embassy in Thailand, the Department traced the whereabouts of 2 896 citizens, including the 13 who lost their lives.

During the three weeks following the tsunami, the Department received more than 5 000 telephone calls from South Africans who were concerned about their relatives or friends after the devastation caused by the tsunami. Follow-up calls were

made to each person registered on the Department's operations centre list. These calls amounted to more than 7 000, totalling more than 12 000 incoming/outgoing calls in ten days, which was in itself a remarkable feat.

Development of a Consular Software Management System

During the year under review, the Directorate: Consular and Agency Services commenced the first phase in the development of a customised Consular Software Management System. The system will be developed fully and tested during the 2005/06 financial year, and implemented at Head Office and all South African Missions abroad towards the end of 2006. The main objective of the system is to improve the Directorate's service delivery to all its role-players by using advanced technology.

Repositioning the Foreign Service Institute (FSI)

The transformation and repositioning of the FSI enjoyed high priority during the reporting period. After completion of a study into international best practice in the area of Diplomatic Training, the Director-General appointed a task team to carry the transformation process forward. The task team compiled a report containing various recommendations concerning the running of the Institute. The report was presented to the Director-General's Forum (DGF) and Departmental Management Committee (DMC) and discussed at length. A number of recommendations were made regarding the structure of the FSI, the programmes, the curriculum content, entry requirements, and assessments.

Based on the recommendations of the task team, the FSI developed a comprehensive implementation strategy. This included setting up the FSI Curriculum Committee, redesigning the programmes in line with the recommendations, developing assessment procedures and regularising the process of entry into the FSI. The critical priorities central to the overall process of transforming and repositioning the Institute included:

- (i) Making sure human, infrastructural and financial resources are available;
- (ii) Getting buy-in from key stakeholders in the Department of Foreign Affairs
- (iii) Focusing on improving the quality of training, and
- (iv) Making sure that the repositioning process is on track

Overall, the critical priorities and recommendations of the task team were addressed during the reporting period. Subsequent to a budget proposal to the Director-General's office for additional resources, an additional R7million was made available to the FSI. This allowed the FSI to implement some of the recommendations made by the Transformation Task Team.

In this regard, significant strides were made as evident from the following landmarks that were achieved:

- (i) The FSI structure was revisited and the Institute upgraded from a Chief Directorate to a branch headed by a Deputy Director-General (DDG). Additional posts based on transformation requirements were created and critical vacancies filled as evidenced by the subsequent appointment of Ambassador P.N. January-Bardill as Head of the Institute. The new structure was amended to

reflect some of the ideas gained from the benchmarking experience. For instance, the research capacity of the FSI was seen as pivotal to the existence of the Training Institute, as such, a research unit is now accommodated in the structure.

(ii) To improve the quality of training, the FSI structure includes a unit that will deal with Quality Assurance issues. Once the unit is fully established, it will focus on all issues pertaining to Education, Training, and Quality Assurance including learner support, and the monitoring and evaluation of FSI programmes.

(iii) A Curriculum Committee under the Chairmanship of Ambassador SME Bengu was established to assist with the curriculum framework and serve as an advisory structure to provide strategic guidance particularly, but not exclusively, concerning the content (curricula) of the FSI's various training programmes. The Committee consists of experienced Ambassadors, the Chair of the Portfolio Committee on the Department of Foreign Affairs, the former Speaker of Parliament, and academics.

The groundwork to assist the Curriculum Committee started with extensive consultation with local institutions of higher learning to investigate the feasibility of collaborative partnerships between them and the FSI. A team of officials from the Department, lead by Ambassador Nene visited UNISA to discuss possibilities for collaboration. Those discussions culminated in UNISA offering to assist the FSI with Foreign Language Training and some modules in South African History, Politics, and International Relations. The University of Pretoria, on the other hand, committed itself to assisting in the area of Public Administration & Economics.

(iv) Learnership programmes that combine theory and practice were designed in consultation with stakeholders including the South African Qualifications Authority (SAQA). These learnerships have been provisionally registered with the Department of Labour.

(v) To address the issue of quality, a new Diplomatic Training Programme was designed and implemented. The new programme included Mission visits as a practical component of the training. Those officials that went to Missions for the practical component of their training rated this as a most valuable experience. The feedback from the Missions concurred. The FSI recorded a 100% pass rate for the 2004 Diplomatic Training Programme.

(vi) The task team also proposed that Diplomatic Training be preceded by a foundation course to be offered to all new employees of the Department of Foreign Affairs. The aim of this course is to offer background to issues of international relations, how the Department functions and expectations in terms of protocol and etiquette when one takes up a position as a diplomat. The foundation course was designed during the reporting period and is being implemented.

(vii) The 2004 Heads of Mission as well as the Spouses' Orientation Programme were also redesigned to be in line with the Department's Foreign Policy objectives. The entry trajectory into the Department for non-career Heads of Mission Designates was reviewed and recommendations made for making their entry and absorption into the Department smoother. Two Heads of Mission Orientation Programmes were run during the year under review and at least 37 Heads of Mission designates trained.

FOREIGN SERVICE INSTITUTE

DEPARTMENT OF FOREIGN AFFAIRS



Members of the Chinese delegation visited the FSI, September 2004.

During the year under review, the FSI also trained 28 Administration Officers and Foreign Affairs Assistants. To address the issue of quality in Administration Training, the Management Consultancy Unit undertook a review and evaluation of Financial And Administrative Training at the Institute. The findings of this report and specific recommendations for implementation will enhance the efficiency and effectiveness of Financial And Administrative Training.

Nominal changes are being made within the FSI itself and to its programmes to align it further with the vision, mission, and strategic objectives of the Department. Another major recommendation was to streamline the training done in the Department and to relocate Protocol Training from Branch Protocol to FSI. Besides training newly-appointed Ambassadors and High Commissioners, and Department of Foreign Affairs officials at large, Protocol Training also targets officials of National Departments as well as

second and third spheres of government and focuses on State Protocol within the realm of International Relations. The FSI has now trained approximately 338 officials in protocol from 12 Government Departments including Provinces.

In view of South Africa's role in the AU, the importance of South African diplomats being proficient in French has become evident. The FSI has initiated an accelerated French Language Training Programme to address this need. This project was planned during the period under review and implemented in February 2005. Approximately 120 DFA officials have completed the beginners course in French.





DFA Heads of Programmes



PROGRAMME 2: Foreign Relations

AIM: This programme promotes relations with foreign countries and facilitates the Department's participation in international organisations and institutions, in pursuit of South Africa's national values and foreign policy objectives. While all the objectives apply to all regions, the emphasis may differ depending on current circumstances or anticipated developments in a particular region.

OUTPUTS AND SERVICE DELIVERY TRENDS:

CONSOLIDATION OF THE AFRICAN AGENDA

STRENGTHENING OF THE AFRICAN UNION AND ITS STRUCTURES:

Finalising the AU Budget and implementing the AU Vision, Mission and Strategic Framework

To improve the financial situation of the African Union, the Extraordinary Session of the Executive Council, held from 6-7 December 2004, approved the AU's total budget for the financial year 2005/2006, which amounts to US\$ 158,384 million. The total budget comprises the Operational Budget of US\$ 63 million, and the Programme Budget of US\$ 95,384 million. South Africa has paid its contribution of 8.25% of the Operational Budget according to the current scale of assessment.

South Africa, as chair of the Ministerial Ad-Hoc Committee on the Scale of Assessment, played a critical role in the process of drafting the new proposed Scale of Assessment. The proposed Scale of Assessment entails a floor rate of 0.15%

and a ceiling rate of 24%. South Africa is in the process of approving the proposed Scale of Assessment that will result in the payment of the Programme Budget of US \$95,384 million.

The countries that will be affected most by the proposed revised Scale of Assessment are Algeria, Egypt, and South Africa. Their contributions are expected to increase substantially.

Strengthening of AU's finance and accounting systems

South Africa assisted in funding a study by Ernst & Young that was undertaken with the intention of strengthening the AU financial and accounting systems. The published report on the study included recommendations that sound financial and accounting systems be put in place in the AU Commission and that the Commission's ICT structure be modernised. South Africa supports the full and effective implementation of these recommendations. Once adopted, these recommendations are expected to be implemented incrementally beginning with those without financial or human resource implications.

Linked to this, it is envisaged that the processes for the establishment of the financial institutions of the AU, namely the African Central Bank, the African Monetary Fund and the African



Investment Bank, will begin during 2005.

Effective implementation of the AU's recruitment plan

The implementation of the decision regarding structure, taken at the 2003 AU Summit in Maputo, in terms of recruitment of personnel, started at a very slow pace. Despite the appointment of Directors and several Heads of Division within the Commission, with one South African appointed as Director: Human Resources, Science and Technology, many vacancies still exist. However, the concerns expressed by member states during the Abuja AU mid-term Summit in January 2005 led to the acceleration of the recruitment process.

Operationalisation of the AU Specialised Technical Committees (STCs)

The Constitutive Act of the AU makes provision for the following Specialised Technical Committees to address sector issues at Ministerial level:

- Rural Economy and Agricultural Matters
- Monetary and Financial Affairs
- Trade, Customs and Immigration Matters
- Industry, Science and Technology, Energy, Natural Resources and Environment
- Transport, Communications and Tourism
- Health, Labour and Social Affairs
- Education, Culture and Human Resources.

The Executive Council instructed the AU Commission to embark on a study intended to facilitate the operationalisation of the STCs. The AU Commission's delay in producing the report has forced the sector Ministers to have their own

meetings. South Africa has hosted sector Ministerial meetings of Labour, Social Welfare, Housing, Public Service and Administration, Mining and Air Transport. The AU Commission presented the report of said study to the Assembly at the July 2005 Summit in Libya.

Support to the Pan African Parliament

The Pan African Parliament held its inaugural session in Addis Ababa in March 2004, and its Second and Third Sessions in September 2004 and March 2005 respectively in South Africa. In Addis Ababa in July 2004, the AU Assembly afforded South Africa the honour of hosting the Parliament. The Second Session was used mainly to adopt the rules and procedures of the PAP and its committees, and to discuss the vision, mission, and strategy of the African Union. Both sessions were most successful.

For the next five years, the Pan African Parliament will be housed in temporary accommodation at Gallagher Estate in Midrand. South Africa, through the Department of Foreign Affairs, the National Legislature, and the Provincial Legislatures, contributed immensely towards the success of the Second and Third Sessions of the Parliament. South Africa fulfilled its obligations in terms of the Host Agreement and provided additional support, for example in terms of staff, as the Pan African Parliament had yet to fully operationalise itself, e.g. in terms of recruitment. The Pan African Parliament took occupancy of its new office park during the Third Session.

The Bureau of the Pan African Parliament meets quarterly in South Africa.



Economic, Social and Cultural Council (ECOSOCC)

The AU Assembly adopted the Statutes of the Economic, Social, and Cultural Council (ECOSOCC) in July 2004, following lengthy consultation by member states and civil society. The ECOSOCC was launched and came into operation in the first half of 2005.

Merger of the African Court of Justice and African Court of Human and People's Rights

The Ordinary Session of the AU Executive Council in Abuja in January 2005 discussed the recommendations of the Commission and the Permanent Representatives Committee (PRC) and forwarded the draft legal instrument to a meeting of the PRC and Government experts for finalisation and submission to the Seventh Ordinary Session of the Executive Council in July

President and Mrs Thabo Mbeki arriving at the opening of the Pan African Parliament, Gallagher Estates, Midrand.

2005. While realising the need to harmonise the judicial structures of the AU, this process is being pursued without prejudicing the operationalisation of the African Court on Human and Peoples Rights.

Support to the Office of the Special Rapporteur on the Rights of Women

The African Commission on Human and People's Rights is mandated to promote and protect Human Rights in state parties to the African Charter on Human and People's Rights. The Commission is pursuing initiatives to establish special mechanisms to foster the implementation of its mandate.





President Thabo Mbeki with Minister Dr Nkosazana Dlamini Zuma arriving at the SADC Summit in Mauritius, August 2004.

In this regard, the position of special Rapporteur on Rights of Women in Africa was established at the Nineteenth Ordinary Session of the African Commission, which took place from 26 March to 4 April 2005 in Ouagadougou, Burkina Faso.

76

To strengthen the Office of the Special Rapporteur on the Rights of Women in Africa, South Africa and Switzerland each offered to deploy a South African and a Swiss expert to the African Commission on Human and People's Rights.

Implementation of the Solemn Declaration on Gender Equality in Africa.

The Solemn Declaration commits all AU mem-

ber states to parity on gender participation. Therefore, Member States are required to compile country reports expressing their achievements or otherwise in promoting gender equity and parity. The country reports, including that of South Africa, were presented to the AU Commission at the AU Summit in July 2005.

STRENGTHENING THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC):

To facilitate regional integration in southern Africa, the SADC National Contact Point in the Department of Foreign Affairs continued to co-ordinate South Africa's participation in all SADC activities. The co-ordination of these activities has been accomplished largely through the hosting of regular meetings of the African Renaissance Committee, on which all national departments are represented.

South Africa successfully participated in all major SADC meetings during the past year, which included the SADC Council of Ministers meeting in March 2004, the SADC Summit on Food Security in May 2004, the SADC Heads of State and Government Summit in August 2004 and the SADC/EU Ministerial Conference in October 2004.

Engaging in the restructuring of the SADC

To a large extent, the restructuring of the SADC has been completed. A Final Report from the SADC Review Committee, of which South Africa was a member, was presented to the SADC Council of Ministers at their meeting from 13-15 August 2004 in Mauritius. The SADC Troika will oversee the few outstanding issues that still have to be addressed.

Strengthening governance and capacity in SADC

With regard to the implementation of the new SADC organisational structure, the appointment of the Directors of the four Directorates at the SADC Secretariat in Gaborone at the end of 2004 has assisted in the implementation of the SADC Regional Indicative Strategic Development Programme (RISDP). A number of other regional appointments have also been made in order to carry out the additional responsibilities of the SADC Secretariat. The appointment of these regional officials at the Secretariat is expected to enhance the organisation's performance.

South Africa also co-ordinated and facilitated the hosting of the SADC Global Environment Facility

(GEF) Constituency on behalf of Lesotho. At the request of the Minister of Environment of Lesotho, South Africa hosted the SADC Ministers of Environment meeting during the JHB+2 Conference held in September 2004 in Sandton. Among other things, the meeting dealt with the crucial issue of the capacity of the SADC Secretariat.

South Africa has provided R1 million as a contribution to the SADC HIV and AIDS Trust Fund.

Hashim Mbita Project

As a member state of the SADC, South Africa is actively involved in the regional history project, named after General Hashim Mbita, the former Chairperson of the OAU Liberation Committee, which intends to record the rich and inspiring history of liberation struggles in southern Africa. To this end, South Africa has contributed 40% of the overall costs (US\$ 1, 8 million) towards the Hashim Mbita Project. At current exchange rates, the amount paid by South Africa could be estimated at approximately R4 million.

Assessment mission to the DRC

Under the leadership of South Africa, the SADC Organ Troika has undertaken an assessment mission to the DRC to ascertain the post-conflict needs of the DRC on behalf of the SADC, and to assist the DRC in preparing for its first democratic election in 30 years.

Implementation of the African Standby Force in the SADC Region

As Chair of the Organ on Politics, Defence and Security, South Africa, has made important





Members of the African Union peacekeeping mission in Darfur, Southern Sudan, January 2005.

inputs in the implementation of the African Standby Force in the SADC region. The interim Planning Element of the SADC Standby Brigade has been put in place at the SADC Secretariat (Gaborone). The interim structure shall work towards the establishment of the permanent structure with the capacity to respond to conflict situations promptly.

SADC is establishing the civilian Standby Police Force to complement the SADC Standby Brigade in conflict management and resolution.

Implementation of SADC Principles and Guidelines Governing Democratic Elections

As Chair of the Organ, South Africa co-ordi-

nated election observer missions in Botswana, Namibia, Mozambique, and Zimbabwe during the past year. The election observer missions performed well and elections in these countries were held successfully.

Prevention of Terrorism and Mercenary activities

SADC Member States and South Africa, as Chair of the Organ, are working together to develop a Protocol on the Prevention and Combating of Terrorism in the region in accordance with AU/ UN Conventions.

The Establishment of the Regional Early Warning Centre (REWC)

As a SADC member state, South Africa, is contributing its technology and infrastructure to facilitate the process of setting up the Regional Early Warning Centre. The overall objective of the Re-

gional Early Warning Centre is to strengthen the SADC mechanisms for conflict prevention, management, and resolution in accordance with the provisions of the Protocol on Politics, Defence, and Security Co-operation.

SUSTAINABLE DEVELOPMENT AND POVERTY ALLEVIATION THROUGH NEPAD:

During the year 2004/05, the Department of Foreign Affairs continued to drive South Africa's involvement with and support of the African Union's socio-economic development programme, the New Partnership for Africa's Development (NEPAD). This was done in accordance with the eight priorities reflected below relating to NEPAD, as identified by the International Relations, Peace, and Security (IRPS) Cluster in support of the Consolidation of the African Agenda.

Harnessing and building capacity and political support for the implementation of NEPAD Programmes

During the past year, South Africa, by way of the Department of Foreign Affairs, continued to interact with important continental and international partners and stakeholders to generate/access support (financial technical and institutional) for the implementation of NEPAD. NEPAD has been a significant agenda item for every incoming and outgoing visit, as well as for all SADC, AU and international meetings.

Much work has gone into ensuring that African institutions have the requisite will and ca-

capacity (human, financial and institutional) to implement NEPAD priorities and programmes. In this regard, South Africa participated in various processes to ensure that each AU member state and the Regional Economic Communities (RECs) align national and regional development programmes with NEPAD and that NEPAD objectives and policies are properly prioritised and reflected in national budgets, with a particular focus on the MDGs. Furthermore, there have been continued engagements to ensure that international political commitments are translated into concrete actions, and that civil society and the private sector in South Africa, the Continent and internationally are mobilised behind NEPAD. In this regard, for example, the NEPAD Business Group (South Africa) established a NEPAD Business Foundation in support of NEPAD in October 2004 and an ECOSOCC National Chapter has been formed to serve as an interface mechanism between government and civil society concerning the implementation of NEPAD.

Following the November 2004 NEPAD Heads of State and Government Implementation Committee (HSGIC) meeting in Algeria, which called for the strengthening of RECs capacity to implement NEPAD projects, a workshop, convened by President Obasanjo, was held in Abuja, Nigeria from 7-8 March 2005. It identified what needed to be done in terms of capacity building, institutional co-ordination, monitoring, and resource mobilisation to accelerate implementation.

During the year, South Africa also participated in various meetings of the Africa Partnership Forum (APF), an institutional mechanism designed to secure support for the implementation of



NEPAD from the G8 states, the non-G8 OECD states, the UN, IMF, and the World Bank.

African and G8 leaders, including President Mbeki, met at the G8 Summit on 10 June 2004 in Georgia, United States of America. The G8 confirmed its support for NEPAD and the G8 Africa Action Plan and recognised the need to accelerate implementation of the Plan. They confirmed support for the Peace Support Operation Plan, along with the next step to be taken, namely the preparation of a detailed implementation plan. President Bush responded positively to a call for the extension of AGOA, and to calls for the co-ordination of bilateral and multilateral structured support in solving some of Africa's problems. In preparation for the 2005 G8 meeting in the United Kingdom, it was agreed that the G8 would re-examine issues concerning trade negotiations and resource flows, including debt.

Also, in preparation for the 2005 G8 Summit, the Department interacted with the Commission for Africa, provided support to Minister Manuel as one of the Commissioners, and hosted a meeting of G8 Africa Personal Representatives and NEPAD Steering Committee representatives in February 2005 in Johannesburg. All agree that 2005 was a critical year and that a quantum leap was required to advance African development and the achievement of the Millennium Development Goals (MDGs). The Commission for Africa report was subsequently released on 11 March 2005.

Efforts were made during the year to strengthen AU-EU co-operation and to secure OECD support for NEPAD, including attempts to revive the Cairo Plan of Action in support of NEPAD.

Contact with the EU is ongoing through the use of the Troika arrangement, as agreed in Rome in 2003. A Troika Meeting to discuss the debt issue was held in Dublin in April 2004 and resulted in a consolidated document on the topic. South Africa took part in the ACP Summit in Maputo in June 2004 and in the Third Ministerial Troika and Experts Meeting of the Africa-Europe Dialogue in Addis Ababa, Ethiopia from 2-4 December 2004.

Furthermore, with regard to this priority, South Africa hosted the NEPAD 3-Year Review Multi-Stakeholder Dialogue in Sandton from 22-23 October 2004. Achievements and progress in the NEPAD process were noted, while aspects relating to the need for concrete implementation at national, regional, and continental level were emphasised, as along with the need for accelerated support by the international community in line with stated commitments.

Messages relating to expanded resource flows for development and the role of African states and institutions also emerged strongly during the AU Extraordinary Summit on Employment and Poverty Alleviation held in Burkina Faso in September 2004, in which South Africa participated.

Much work has gone into mobilising countries and organisations of the South in support of the implementation of NEPAD, and into addressing issues of common concern. This is illustrated by the work being done under the TICAD process, the AASROC process, in IBSA and bilaterally with countries such as Malaysia, Indonesia, Thailand, and Iran. South Africa hosted the Asia-Africa Sub-Regional Organisations Conference

(AASROC) Working Group meeting in Durban in March 2004 and the AASROC Ministerial Meeting in August 2004 in preparation for the establishment of the New Asian-Asian Strategic Partnership at the Asia-Africa Summit in April 2005.

Lobbying support for NEPAD at the United Nations

In the context of the United Nations, NEPAD was incorporated into relevant South African statements and UN resolutions covering a wide range of topics. As a result, NEPAD is fully integrated in various United Nations programmes and plans of action, particularly through the implementation of the Millennium Development Goals. The General Assembly has also endorsed recommendations that the entities of the UN system, in support of NEPAD, use existing co-ordination mechanisms at global, regional, and country levels to strengthen policy coherence, deepen their collaboration, develop tools to achieve operational coherence and mobilise sufficient resources to fund activities in this field.

The General Assembly also requested that the UN system continue to provide assistance to the NEPAD Secretariat and to African countries in developing projects and programmes within the scope of the NEPAD priorities; encouraged the system to intensify efforts to develop and implement joint programmes in support of NEPAD at regional level; encouraged United Nations funds, programmes and agencies to strengthen co-ordination and programming mechanisms, and to simplify and harmonise planning, disbursement and reporting procedures; and requested the Secretary-General to promote greater coherence in the UN system's

support to NEPAD on the basis of the agreed clusters. Many organisations of the UN system have also received legislative mandates from their respective governing bodies to support Africa's development actively.

South Africa, together with other leading African states in the Financial and Budgetary (5th) Committee of the UN, further worked to ensure that the strategic framework of the UN for 2006 - 2007 (i.e. the business plan of the Secretariat) would reflect the importance of the UN's support for NEPAD and the roles of the two UN Offices in Africa. It further ensured that development in Africa would remain one of the eight main priorities of the UN strategic framework for 2006 - 2007.

South Africa further actively promoted the need to provide adequate resources to the Office of the Special Adviser on Africa during various UN budgetary and programmatic negotiations. During these negotiations, South Africa also promoted the importance of reflecting growth in the regular budget component of the United Nations Office in Nairobi (UNON), which would ease the administrative costs levied on the substantive programmes of the UN Environment Programme (UNEP) and the UN Programme for Human Settlements (UN-Habitat), as well as release resources that could be allocated to activities in support of NEPAD.

Through active participation in the UN's budgetary and programme processes, South Africa promoted and advocated the integrated and co-ordinated implementation of the outcomes and decisions of all major international conferences in the economic and social fields since



the 1990s. This included support in the form of programmes and budget for the Johannesburg Plan of Implementation (JPOI) of the World Summit for Sustainable Development (WSSD) and the implementation and follow-up of the World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance (WCAR). South African delegations also ensured that national interests, as well as those of the Continent, are adequately catered for in the UN Secretariat programmes and budget. Priority areas on which South Africa focused during 2004/5 included the funding of UN structures and programmes that focus on the economic and social development of Africa, United Nations System support for NEPAD, and sufficient funding for peacekeeping operations on the Continent.

In this regard, South Africa worked closely with other developing countries to ensure that the resources for the implementation of the decisions and goals emanating from the Millennium Summit Declaration were allocated in an equitable way for the pursuit of both security and developmental goals.

Facilitating implementation of the NEPAD priority sectors: infrastructure, agriculture, environment, tourism, ICT, health, human resources, science and technology

Various South African Government Departments, supported and facilitated by DFA, are closely involved in the development and implementation of the various priority programmes, especially the Departments of Agriculture, Housing, Envi-

ronment and Tourism, Science and Technology, Minerals and Energy, Health and Transport. Furthermore, the DBSA, Eskom, IDC, Transnet, HSRC, and CSIR are playing essential roles in support of the implementation of NEPAD programmes and as catalysts in driving project implementation on the continent.

As examples of interventions made, the NEPAD Tourism Action Plan and the Science and Technology initiative were prepared with the assistance of the relevant South African Departments and were presented to the AU Summit in Addis Ababa in July 2004. The Summit adopted the Tourism Action Plan and welcomed the Science and Technology initiative. A baseline study for tourism in Africa has also been completed. South Africa is actively participating in the Okavango Upper Zambezi International Tourism Spatial Development Initiative (OUZIT) and the Coast-to-Coast Spatial Development Initiative.

Programmes where intervention programmes are a priority under the Environment Initiative have been identified and South Africa is assisting in achieving the goals and objectives of the Environment Action Plan.

Strengthening NEPAD co-ordination mechanisms in South Africa

Over the last three years, South Africa has been a prominent driver of the NEPAD process. During the past year, it was realised that the time had come to ensure that South Africa engaged more effectively with the NEPAD process to realise concrete opportunities for the peoples of South Africa and the SADC region. A Workshop of Directors-General was held on 30 April 2004 to



address the primary issues relating to strengthening South Africa's engagement in the NEPAD process. The Workshop sought to identify appropriate national structures to champion, co-ordinate, implement and popularise NEPAD in South Africa to ensure South Africa's effective engagement in the NEPAD process. Recommendations in this regard were endorsed by the mid-term Cabinet Lekgotla. Issues concerning the provision of the requisite capacity and resources and addressing challenges to the implementation of NEPAD were addressed by the Cabinet Lekgotla in January 2005. As a result, a specific National Strategy and Outreach Programme for NEPAD is to be developed during 2005.

The Department of Foreign Affairs has provided pivotal support for the work of the President in his role as a member of the NEPAD Heads of State and Government Implementation Committee (HSGIC) and the African Peer Review Mechanism (APRM) Forum and in co-ordinating the engagement of

Minister of Trade and Industry Mandisi Mphahlele and Minister of Communications Ivy Matsepe-Casaburri at the NEPAD Multi-Stakeholder Dialogue, Sandton, October 2004.

South Africa and the work of all Government Departments in the NEPAD process. The Department has also participated in all NEPAD Steering Committee and other meetings.

The Minister of Foreign Affairs has been mandated by Cabinet to lead the NEPAD process in South Africa with the Minister of Trade and Industry. The Director-General of Foreign Affairs chairs the IRPS Cluster, which deals with NEPAD. This Cluster has created the African Renaissance Committee (ARC) to ensure inter-Departmental co-ordination concerning the Consolidation of the African Agenda, which encompasses AU, NEPAD, SADC, and SACU matters. The Department chairs and provides the Secretariat for the ARC.





**Foreign Affairs Director-General
Dr Ayanda Ntsaluba attending a NEPAD meeting.**

**Strengthening South Africa's
leadership in various NEPAD sectors**

South Africa has provided leadership: through the President, as a member of the NEPAD Heads of State and Government Implementation Committee; through the Minister of Foreign Affairs, in regional, continental and international forums, and in the NEPAD Steering Committee; and through Professor Wiseman Nkuhlu (the President's Economic Advisor), as Chief Executive of the NEPAD Secretariat. South African Ministers and Directors-General play leading roles especially in the sectors of agriculture, environment, health, education, ICT, capacity building, science and technology, peace and security, water, energy, transport and tourism. For example, Water

Affairs serves on the AMCOW Technical Committee and has Chaired AMCOW at Ministerial level. Consequently, a priority list of NEPAD Water projects has been identified.

South Africa continues to host the NEPAD and APRM Secretariats in Midrand and is one of the countries to have supported the two Secretariats financially.

South Africa, together with UNEP and some key African countries, played a leading role in developing a capacity building project in support of the implementation of the Action Plan of the Environment Initiative of NEPAD. The Global Environment Facility has approved funding for this initiative. Furthermore, South Africa has signed the grant agreement for the Western Indian Ocean marine highway GEF regional project, thus unlocking GEF resources totalling US\$ 10 million. South Africa also participated in a Ministerial Meeting held from 12 - 14 Octo-

ber 2004 in Dakar, Senegal, that dealt with the identification of mobilisation mechanisms for financing the Action Plan of the NEPAD Environment Initiative. South Africa is also very active in AMCEN.

South Africa hosted a meeting of the African Ministers of Housing in Durban in January 2005. The purpose of the Conference was to develop an integrated, consistent, and co-ordinated agenda for sustainable urban development/renewal and to prioritise these issues on the AU and NEPAD agenda. An Enhanced Framework for Urban Development and a Declaration establishing an institutional framework for co-operation were adopted and the support of UN-HABITAT, particularly through the NEPAD Cities initiative, was secured.

Establishing Continental Development Funds for NEPAD projects

In support of implementation capacity, South Africa has supported the establishment of various Continental Development Funds, as well as the development of projects to take advantage of such funding.

A call was made for the African Development Bank (ADB), as an African institution, to refocus the work and operations of the entire organisation, as opposed to merely setting up a NEPAD unit to support the implementation of NEPAD. The ADB has now set up a Project Preparation Facility in support of the NEPAD Short-Term Action Plan for Infrastructure projects to prepare them to bankable stage. South Africa is assisting in mobilising resources for this facility, as well as

for the APRM, for the NEPAD Comprehensive African Agricultural Development Programme through the CAADP Support Group, and the African Water Facility.

The CAADP Support Group has been formed to lend concrete support to the implementation of the agriculture programme. The FAO meeting in Sandton in March 2004 formalised this process and the FAO has made funds available to states for the preparation of national agriculture plans. The World Bank is also providing funds to NEPAD under the Public Expenditure Tracking in Agriculture project.

The ADB has also been mandated to manage the African Water Facility that was created at the Pan-African Water Conference in Addis Ababa in December 2003. The EU is also creating a Water Facility in support of water and sanitation projects.

Furthermore, a call was made for development finance institutions to create special mechanisms for funding regional integration projects, for example by creating special envelopes for these in the IDA and ADF. The Development Bank of Southern Africa is providing invaluable financial and technical support for the implementation of NEPAD.

As mentioned, South Africa participated in the Second Partners Conference on the implementation of the Action Plan of the Environment Initiative of NEPAD, which was held in Senegal from 15 – 18 March 2005. One of the outcomes of the meeting deals with the establishment of an African Environment Facility (Fund) possibly within the African Development Bank.



South Africa, starting at the NEPAD HSGIC meeting in Algiers in November 2004, is driving the idea of using capital from various African national pension funds for investment in NEPAD projects.

Supporting the integration of existing sectoral NEPAD Action Plans (e.g. tourism, agriculture, science and technology) into AU and SADC processes

South Africa has been closely involved in the work of the AU Commission to draft a five-year Strategic Work Plan by way of liaising with the Commission, attending all preparatory meetings, and providing comment on the documents produced by the Commission. The Commission has also worked closely with the NEPAD Secretariat in this process; the NEPAD Work Programme and the AU Work Plan have been closely co-ordinated and aligned. South Africa has supported this process and continues to advocate close co-operation and engagement between the AU Commissioners and the NEPAD sectoral advisors to ensure that there is congruence and co-ordination between the work of the Commission and the Secretariat in the priority sectors.

86

The Chairperson of the AU Commission presented a report to the AU Summit in Addis Ababa in July 2004 regarding progress made in implementing the 2003 AU Maputo Summit decision regarding integrating NEPAD into the AU institutions and processes. The matter was also discussed at the AU Summit in Nigeria in January 2005. The Chairperson of the AU Commission and the Head of the NEPAD Secretariat have been mandated to finalise recommenda-

tions in this regard for the consideration of the AU Summit in Libya in July 2005. The NEPAD Steering Committee has established a Sub-Committee, chaired by Egypt and with South Africa as a member, to work with the Commission and the Secretariat at resolving outstanding issues in this regard.

The SADC Regional Indicative Strategic Development Programme has been explicitly aligned to the objectives, priorities, and programmes of NEPAD. The challenge now is to ensure that this is carried through practically in the implementation of the RISDP. A SADC/NEPAD Dialogue held during the SADC Summit in Mauritius succeeded in firmly establishing the RISDP/NEPAD linkages and in identifying specific roles and responsibilities for implementation on behalf of member states, the SADC Secretariat and the NEPAD Secretariat. A follow-up meeting was held at the end of September 2004 between the SADC Secretariat and the 4 + 1 Group established in Mauritius (South Africa, Botswana, Mozambique, Angola, and Mauritius). The meeting drafted a Programme of Action with specific tasks, roles, and time-frames in order to support implementation efforts. A follow-up meeting was held during the HSGIC in Algiers in November 2004 and again in Cape Town in February 2005.

Operationalisation of the African Peer Review Mechanism

South Africa played a critical role in the development and design of the African Peer Review Mechanism (APRM) as an innovative collective expression of the determination of African leaders to promote good governance, peace,



President Thabo Mbeki hosted Kenya's President Mwai Kibaki on a State visit.

and stability in a collaborative, non-punitive approach. South Africa acceded to the APRM in March 2003 and participated in the inaugural meeting of the APRM Forum of participating Heads of State and Government in Kigali, Rwanda, on 13 February 2004 and at the Second Meeting of the Forum in Algeria on 23 November 2004.

There are now 23 signatories to the APRM and the first set of reviews on Kenya, Rwanda, Mauritius, and Ghana were completed by June 2005. It has also been decided that South Africa will be reviewed during 2005. In this regard, Cabinet has selected the Director-General in The Presidency as the APRM contact point and the Department of Public Service and Administration as the national focal point to make the necessary preparations for review and to involve all national stakeholders in the process. Cabinet has finalised a national process in this regard.

NATIONAL OFFICE FOR THE CO-ORDINATION OF PEACE MISSIONS:

Memorandum(s) of Understanding (MoUs)

The National Office for the Co-ordination of Peace Missions (NOCPM) continues to be actively engaged in initiating the conclusion of various MoUs - between South Africa and the AU and the United Nations, respectively - regarding South Africa's involvement in Peacekeeping Missions. During the year under review, the Office contributed to the conclusion of the:



- MoU between the AU and South Africa on Contributing South African Police Service Monitors to the Civilian Police Component of the AU Mission in the Darfur Region of Sudan (AMIS)
- MoU between the AU and South Africa on Contributing Military Resources to the AU Mission in the Sudan (AMIS)
- MoU between the United Nations and South Africa on Contributing Resources to the United Nations Operation in Burundi (ONUB)
- MoU between the AU and South Africa concerning the Provision of Protection Services to Political Leaders in the Republic of Burundi.

White Paper on South African Participation in International Peace Missions

There is a recognized need for the White Paper, which the South African Parliament approved in 1999, to be reviewed. It should be noted that the White Paper was developed before the deployment of any SANDF or SAPS members in any AU or United Nations Peace Mission (the first deployment of SANDF members took place in 2001). In the meantime, practical challenges have arisen that need to be addressed.

88

The NOCPM has initiated the review of the White Paper by requesting at the NOCPM Joint Task Team (JTT) meeting that all relevant departments and institutions provide substantive inputs. This process will be finalised during 2005.

PROMOTING ASIAN-AFRICAN CO-OPERATION:

A number of Asian countries are committed to

contributing to the implementation of NEPAD. During his visit to South Africa from 14 - 18 September 2004, President Kalam announced that in addition to the pledge of a US\$ 200 million credit line in support of NEPAD projects the Indian Government, would make an additional amount of US\$50 million available for projects across the African Union, aimed at the long-term economic development of certain African countries. He also indicated that India would be willing to provide funds to connect the 53 members of the African Union by satellite and fibre optic network. This will enable and greatly enhance economic interaction in the region. It is also envisaged that this link will support tele-education, tele-medicine, e-governance, e-commerce, infotainment, resource mapping, meteorological services, the connection of rural communities and provide an effective means of democratic access and empowerment. To this end, by March 2005 the Indian Government had set-up a Working Group to take the task forward.

As a new dimension of co-operation between them, South Africa and Japan agreed to pursue trilateral co-operation, thus enabling both countries to contribute to the development of the SADC region and further a field in Africa. Trilateral co-operation with Japan is in line with the priorities of the NEPAD and will help realise the NEPAD agenda.

Japan's commitment to helping to further the development of the African continent is illustrated by that country's continued hosting of the Tokyo International Conference for Africa's Development (TICAD). The Fourth Session of the TICAD Asia – Africa Trade and Investment

Conference was held from 1-2 November 2004. The TICAD and the NEPAD process have been aligned to ensure that they are mutually reinforcing. A TICAD-NEPAD Joint Policy Framework for the Promotion of Trade and Investment between Africa and Asia has also been signed. The Policy Framework focuses on four main areas that will enhance investment and aid namely: fostering sound government policies, product development, the empowerment of small and medium enterprises, and the creation of an atmosphere that allows for the promotion of social contributions by the private sector.

South Africa plays a leading role in the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC). At the Ministerial Meeting in August 2004, it was decided to include a Ministerial Retreat during the 2005 meeting, to speed-up discussions about progress made with the implementation of trade facilitation in the region. It was agreed to work towards the conclusion of a Preferential Trade Agreement.

As mentioned earlier, South Africa has been working with Indonesia, with which it co-chairs the Asia-Africa Sub-regional Organisations Conference (AARSOC), to establish a New Asian-African Strategic Partnership (NAASP).

STRENGTHENING AU-EU CO-OPERATION:

The EU remains the most important strategic partner of the AU, registering 45% of Africa's foreign trade (144 billion per annum) and dedicating about 40% of its development assistance to Africa (8.1bn per annum). It is against this backdrop that AU-EU Co-operation strength-

ened considerably during the reporting year. In the framework of the EU-Africa Dialogue, the EU-Africa Multilateral Meeting in Troika format, co-chaired by the Minister of Foreign Affairs and Co-operation of Mozambique and the Minister of Foreign Affairs of Ireland was held in Dublin (Ireland) on 1 April 2004. The Minister of Foreign Affairs, Dr NC Dlamini Zuma, was also a member of the AU Troika at the time.

At the meeting in Dublin, both sides recommitted themselves to furthering the peaceful transition in the Great Lakes Region, continued dialogue on issues of continental application and co-operation in the fight against terrorism. Both sides also emphasised the need to combat mercenary activities. The African side expressed gratitude for the assistance provided by the EU to strengthen institutions involved in the promotion of good governance, human rights, and respect for the rule of law. The AU and EU agreed to work together in accordance with the Doha Ministerial Declaration, which placed the needs and interests of developing countries at the heart of the Doha work programme. Furthermore, the importance of the European Commission and AU Commission working together to ensure coherence in the Economic Partnership Agreements (EPAs) and the establishment of the African Economic Community (AEC) was recognised. The AU and EU also recommitted themselves to improving food security in Africa. Both the EU and Africa share a core belief in the multilateral system enshrined in the United Nations Charter.

An event of special importance was the official visit by President Thabo Mbeki to the EU from 15 - 18 November 2004. President Mbeki's his-

toric address to the EU Parliament contributed substantially to the advancement of the African Agenda and common positions on the Great Lakes Region being forged. President Mbeki's address to the European Parliament dealt with Afro-pessimism and emphasised, among others, the Latin proverb that "Africa always brings forth/contributes something new." He added that Africa was involved in an extraordinary and creative endeavour that would contribute something new to the understanding of the capacity and ability of human beings to overcome adversity and build a new world of hope.

President Mbeki also discussed AU-EU co-operation with the Prime Minister of the Netherlands (Chair of EU) on 17 November during a visit to The Hague. Particular attention was paid to the crises in Cote d'Ivoire, the Sudan and the Great Lakes area, with various forms of EU support being explored.

GLOBAL GOVERNANCE: POLITICAL ISSUES

Multilateralism and the Reform of the United Nations

The international debate on the relevance of current multilateral rules and institutions that was sparked by the war in Iraq became even more intense in the course of 2004. This issue was the main focus of the September 2004 General Debate of the Fifty-ninth Session of the United Nations General Assembly (UNGA59) in New York, which took place against the backdrop of the continuing work of UN Secretary General Kofi Annan's High-Level Panel on Threats, Challenges and Change. The Secretary General appointed the

Panel in 2003 to examine contemporary global threats and to make recommendations on how the challenges facing the international community could be addressed in the new millennium.

In his own statement to the UN General Assembly, President Mbeki highlighted the need for the global community to meet the commitments made over the past decade in various summits and conferences, including the Millennium Development Goals (MDGs). The President noted that too much war, hunger and humiliating poverty remained and that much of this could be ascribed to the existing entrenched imbalance in the distribution of power, resulting in the interests of the powerful outweighing those of the disempowered. The President further noted the importance of equally addressing the threats perceived by the powerful (terrorism and the threat of war) and those encountered by the disempowered (poverty, hunger, underdevelopment).

The President's statement as well as directives guided South Africa's participation in the work of UNGA59 as a whole on each of the almost 180 items on the agenda of the General Assembly, which set out South Africa's policy positions.

The much anticipated Report of the High-Level Panel on Threats, Challenges and Change entitled "A more secure world: our shared responsibility" was released on 2 December 2004. This Report provided an analysis of the global threats faced by the international community today and provided specific recommendations to address these threats better. The Department prepared detailed positions on the recommendations of the Panel that formed the basis of deliberations and decisions taken by Cabinet in this regard.



President Thabo Mbeki, United Nations Secretary General Kofi Annan during the Commemoration of the Golden Jubilee of the Asian-African Conference, Bandung, April 2004.

The Secretary General of the United Nations subsequently released his Report, titled "In larger freedom: towards development, security and human rights for all," to UN Member States on 21 March 2005. The Report includes a wide-ranging agenda for the Reform of the UN and "for decision by Heads of State and Government" at the September 2005 Millennium Review Summit. In general, the Secretary General's Report is based on the various UN reports and inputs from Member States over the past few months, most notably the Millennium Project Report and the Report of the High-Level Panel on Threats, Challenges and Change.

One of the most important developments in preparation for the 2005 Millennium Review Summit is the African Union's development of common African positions on the various elements of UN reform for engagement with other Member States. Minister Dlamini Zuma participated in the de-

velopment of "The Common African Position on the Proposed Reform of the United Nations," also called the Ezulwini Consensus, which was formally adopted at a meeting of the AU Executive Council from 7 - 8 March 2005. South Africa is bound by the common positions outlined in the Ezulwini Consensus, which it actively promoted in preparing for the 2005 Millennium Review Summit by the UN General Assembly, which is continuing.

Other activities in the United Nations General Assembly

South Africa was elected one of the vice-chairpersons in the bureau of the Financial and Budgetary (Fifth) Committee of the General Assembly



and therefore played a leading role, together with other prominent African States, in ensuring that African priorities were adequately addressed in the UN's priorities, programmes, and budgets. South Africa and Nigeria also served as the co-ordinators of the African Group in the Fifth Committee.

The main issues considered by the Committee that South Africa focused on included: The Biennial Programme Plan of the Secretariat for 2006 - 2007 (which will form the basis for the Secretary General's proposed 2006 - 2007 regular budget); an enhanced UN security structure; the resource requirements of the UN peacekeeping operations in Burundi, Haiti, Côte d'Ivoire, Timor Leste and Sierra Leone; revised appropriations for the International Tribunal for Rwanda (ICTR) and the International Tribunal for the former Yugoslavia (ICTY); a review of the reform of the UN Human Resources Management system; elements related to the scales of assessment; and the reports and findings of the external and internal UN oversight bodies, including the reform of two of these bodies.

South Africa's assessed contribution to the regular budget of the United Nations for 2004 was US\$4 074 216.00. Its contribution to the UN peacekeeping budget was US\$2 041 038.00, while its contributions to the International Criminal Tribunals for Rwanda and the former Yugoslavia, amounted to US\$194 524.00 and US\$270 926.00 respectively. South Africa is one of the few UN member states that have met their financial obligations to the Organisation in full, on time and without precondition. As a result, South Africa has consistently appeared on the UN Secretary General's "Roll of Honour" of coun-

tries that have paid their dues timeously.

During 2004, South Africa was successfully elected to a number of bodies and structures in the UN system to ensure its continued participation in the multilateral system of governance. These included the United Nations Economic and Social Council (ECOSOC), the Commission for Social Development and the Permanent Forum on Indigenous issues.

One of the most important successes in 2004 was the election of Judge JBM Moloto (of the South African Land Claims Court) to the International Criminal Tribunal for the former Yugoslavia (ICTY). Former Minister of Environmental Affairs and Tourism, Mr Valli Moosa, was also elected as the new president of the World Conservation Congress (IUCN). Another South African appointed to a senior position in the United Nations system was Dr C van der Burgh, who was appointed as the Chief of the Africa and Middle East Branch of the United Nations Office on Drugs and Crime (UNDCP) in Vienna.

GLOBAL GOVERNANCE: SOCIO-ECONOMIC ISSUES

Millennium Development Goals (MDGs)

The achievement of the targets and objectives of the United Nations Millennium Declaration (2000), i.e. the Millennium Development Goals (MDGs), by every country and every region, before 2015, is of critical importance. In this regard, South Africa is in the process of finalising its country report to the UN, which will highlight the extent to which the MDGs have been

achieved in South Africa. The South African Statistician-General has been charged with the responsibility of co-ordinating this programme nationally. A further development in this regard was the release by the UN Secretary-General on 17 January 2005 of the Millennium Project Report co-ordinated by Professor J Sachs.

The South African Country Team under the auspices of Statistics South Africa has examined the recommendations in the Sachs Report. Most of these were taken into consideration and incorporated in the country report endorsed by Cabinet in July.

The main thrust of the recommendations contained in the Sachs Report relate to the empowerment of women, and the role agriculture plays, particularly in rural areas, where the role of women is central. Successfully combating all communicable diseases through quick-win solutions such as malaria bed nets could save millions of lives and should be seriously considered by every country. The report makes an impassioned plea to the developed countries to demonstrate tangible commitment by engaging in meaningful partnerships with the developing countries to meet all eight MDGs.

The Sachs Report observes that Africa seems to be the only region that is off-track in terms of meeting the MDGs and strongly recommends that the special needs of Africa be addressed.

World Trade Organisation (WTO)

The main outcome of the Fourth WTO Ministerial Conference, held in Doha in November 2001, was an agreement to launch a new round

of multilateral trade negotiations, which would ensure that measures were oriented towards development and poverty alleviation. The Doha Declaration has given members of the WTO the mandate to engage in negotiations on a variety of issues concerning market access.

Since the failure to agree on a framework for negotiations at the Fifth WTO Ministerial Conference in Cancun in September 2003, it was clear that the 1 January 2005 deadline for the Round was going to be missed.

The focus in 2004 therefore was on getting negotiations back on track, therefore members engaged in a range of efforts in this regard.

South Africa played an active role in efforts to get negotiations back on track, mainly through its role in the G20, Cairns and African negotiating groups in Geneva and through participation in informal mini-Ministerial Meetings in London (April 2004) and Paris (May 2004), a G20 Ministerial Meeting in June 2004 in São Paulo, and the ACP and G90 Ministerial Meetings early in July 2004 in Mauritius.

With a self-imposed deadline of the end of July 2004, after two weeks of intensive negotiations the General Council of the WTO, agreed on 1 August 2004 on a negotiating package or Doha Work Programme, dubbed the "July Package." This effectively re-launched the Doha Round and regained credibility for the rules-based multilateral trading system. This package entailed the modalities that would guide negotiations on agriculture (the most important issue of the Doha Development Agenda), non-agricultural (industrial) market access, services, and trade facilitation.

The next (Sixth) WTO Ministerial Conference will be held from 13 - 18 December 2005 in Hong Kong, where members will have to agree on the outlines of an agreement, which would allow them to finalise the Doha Round in 2006.

The term of Director-General Supachai Panitchpakdi ends on 1 September 2005, therefore 2004 also saw the start of the process to appoint a new Director-General.

The Bretton Woods Institutions (BWIs)

The Bretton Woods Institutions (BWIs), made up of the World Bank Group and the International Monetary Fund (IMF), continue to play a central role in achieving the sustainable development agenda of developing countries, most notably those in sub-Saharan Africa and the rest of the continent.

The Development Committee of the IMF and the World Bank, which Finance Minister Trevor Manuel chairs, warned that, based on current trends, most developing countries would inevitably fail to meet most of the Millennium Development Goals (MDGs). The Committee called on developed countries to show strong leadership by delivering on the promises made at the Monterrey Financing for Development Conference (FfD) in 2002, where donor countries and international agencies pledged to match improved reform efforts in developing countries with increased financial aid and support.

Led by the National Treasury, South Africa continued to play an active role in the G20, a group

of countries that seeks to promote global financial stability as well as much-needed reform of the international financial architecture. South Africa has also promoted the reform agenda of the BWIs. Given the importance of this reform, developing countries have placed the issues of voice and participation firmly on the agendas of the BWIs. These debates span a range of concerns that may be broadly grouped into finance (voting power and capital contributions) and governance (participation and representation) considerations. The most significant aspect of the voice debate arises from the increasing disparity in voting power between developed country and developing country shareholders in the BWIs. Governance reforms revolve around concerns of balanced participation and representation by developed and developing countries in the key decision-making processes and bodies of the Bank and Fund. However, the political nature of the requirements has meant that progress in this regard has been slow.

As usual, the high-level dialogue between the United Nations Economic and Social Council (ECOSOC) with the BWIs and the World Trade Organisation took place immediately after the 2004 Spring Meetings of the World Bank and the IMF. The meeting addressed the impact of private investment and trade-related issues on financing for development. The role of multi-lateral institutions in achieving the MDGs and the issue of debt sustainability were discussed in six round-table meetings, one of which Finance Minister Manuel chaired, under the overall theme of "Coherence, co-ordination and co-operation in the context of the implementation of the Monterrey Consensus."

Eleventh Session of the United Nations Conference on Trade and Development (UNCTAD)

The Eleventh Session of the United Nations Conference on Trade and Development (UNCTAD XI) was held in São Paulo, Brazil, from 11 - 18 June 2004. Trade and Industry Minister Mandisi Mpahlwa led the South African delegation until his departure on 13 June 2004, when Minister Thoko Didiza assumed the leadership until 15 June 2004, with Deputy Minister Lindiwe Hendricks leading the delegation until the close of the Session. The Deputy Minister for Science and Technology, Mr Derek Hanekom, and the Deputy Minister of Environmental Affairs and Tourism, Ms Rejoice Mabudafhazi, also formed part of the delegation and participated in several high-level panel discussions. The Department of Foreign Affairs co-ordinated the inter-departmental preparatory process for South Africa's participation in UNCTAD XI.

During UNCTAD XI, South Africa's profile was enhanced through participation in high-level discussions at the Group of 77 and China (G77), G20, SACU-MERCOSUR and Global System of Trade Preferences (GSTP) Ministerial Meetings. South Africa's position was informed by the preliminary work done in Geneva in the context of the G77. Most notably, the G77 successfully defended UNCTAD's mandate on conducting research and policy analysis on macroeconomic issues, which was a major issue of concern for most developing countries, including South Africa. The issue of "Policy Space", to enable developing countries to adjust their policies in changing international circumstances and in the light of new international obligations created by in-

ternational agreements, was also accepted for the first time in an international forum and thus gaining political recognition.

South Africa continued to support UNCTAD's mandate of addressing countries' most significant global economic needs, given the growing importance of regional and interregional initiatives, through assistance and capacity-building and by ensuring functional and coherent linkages within multilateral systems through consensus-building. UNCTAD XI reaffirmed the vital role that UNCTAD continues to play within the multilateral arena, particularly in providing analytical support to developing countries on pivotal issues of development in a globalising world economy. The role of UNCTAD as a forum for consensus and confidence-building, and for technical co-operation was also endorsed and strengthened.

Follow-up to the WSSD

The United Nations Commission on Sustainable Development (CSD), which meets annually in New York, is responsible for overseeing the implementation of the WSSD.

South Africa chaired the First Session of the CSD (CSD 11) after the Johannesburg Summit in April 2003, which established a new work programme for the Commission based on two-year cycles. The first year of each cycle would entail a review of progress made on specific thematic issues, followed by a year for reviewing and reformulating policy.

CSD 12 took place in New York from 19 - 30 April 2004. The main outcome of CSD 12 was a Chair's





Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma during the launch of WSSD book, 'Ten Days in Johannesburg'. Pictured here with former Minister of Environmental Affairs, Valli Moosa and former Director-General Chippy Olver.

Summary of Progress Made in meeting the Millennium Development Goals (MDGs) and the Johannesburg Plan of Implementation (JPOI) targets on the thematic issues of water, sanitation and human settlements, which laid the basis for the CSD 13 policy session in April 2005. The Chair's Summary, moreover, identified specific constraints on and challenges concerning implementation.

In preparation for CSD 13, an Intergovernmental Preparatory Meeting (IPM) was held in New York from 28 February - 4 March 2005 at officials' level. Drawing on the obstacles, lessons learned and best practices identified and discussed at CSD 12, the Secretary-General of the United Na-

tions submitted three reports, with each one addressing one of the thematic areas of water, sanitation, and human settlements for consideration by the IPM. The outcome of the IPM was reflected in a Chair's Text, which was expected to form the basis of negotiations at the policy session (CSD 13) in New York in April 2005.

Officials from the Department of Foreign Affairs continue to participate in the Interdepartmental Task Team on follow-up to the WSSD.

World Summit on the Information Society (WSIS)

It is widely acknowledged that information communication technologies (ICT) play a pivotal role in socio-economic development as defined by NEPAD and as an instrument for achieving the Millennium Development Goals. To give effect to this objective, the Department of Foreign Affairs actively participates in the World Summit

on the Information Society (WSIS). The WSIS will take place in two phases. The first phase of the World Summit on the Information Society (WSIS) took place in Geneva in 2003. The second phase of the Summit will take place in Tunisia from 16 - 18 November 2005 and will address the process of implementing the Plan of Action. The first Preparatory Meeting of the second phase of the WSIS took place in Hammamet, Tunisia, from 24 - 26 June 2004, with the aim of reviewing the issues of the Information Society that should form the focus of the Tunis phase of the WSIS, and of agreeing on the structure of the preparatory process for the second phase. It was decided that the two outstanding issues, namely Internet Governance and the Financial Mechanisms, would be discussed in open-ended Working Groups, which would be inclusive and transparent. South Africa plays a leading role in the discussions of the Internet Governance Working Group, which will endeavour to formulate a definition of Internet Governance, and to address other issues related to the Internet, namely Spam, security, cyber-crime and the use of indigenous languages. It is widely agreed that the Tunis phase will be the Summit of Solutions.

Climate Change

The Tenth Session of the Committee of the Parties (COP 10) of the United Nations Framework Convention on Climate Change (UNFCCC) took place in Buenos Aires, Argentina from 6 - 17 December 2004. COP 10 took place against the background of the required number of ratifications and the entry into force of the Kyoto Protocol on 16 February 2005.

The Kyoto Protocol to the UNFCCC sets out spe-

cific and binding international commitments for the reduction of greenhouse gas (GHG) emissions. The Protocol, however, still excludes some major GHG emitters but includes the required number of Annex 1 Parties to the Convention (resulting in 55% coverage of Annex 1 countries' carbon dioxide emissions).

The entry into force of the Kyoto Protocol signals the commencement of discussions on the second commitment period (post-2012) scheduled for 2005 and has provided a new dynamic and momentum to the international debate on climate change. In global terms, the greatest challenge, besides meeting the commitments already agreed to, is to engage major emitters that have not yet ratified the Kyoto Protocol.

SOCIAL DEVELOPMENT

In the area of social development, world summits and international conferences built and expanded common international understanding of development issues. They also served to reinforce and mobilise political commitment and to provide benchmarks for measuring progress in promoting human development.

UN Commission for Social Development

The Forty-third Session of the UN Commission for Social Development took place in New York from 7-18 February 2005. It was chaired by South Africa (Ambassador DS Khumalo, Permanent Representative to the United Nations, New York). The Session focused on the review and appraisal of the outcome of the World Summit for Social Development (Copenhagen, 1995) and





Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma hosted the Saulridge High School girls during the 'Take a Girl Child to Work Day'.

UN Commission on Population and Development

98

the Twenty-fourth Special Session of the General Assembly (Geneva, 2000). The relevant United Nations plans and programmes of action pertaining to the situation of social groups (World Programme of Action for Youth, Madrid International Plan of Action on Ageing; Tenth Anniversary of the International Year of the Family and Beyond) were also discussed. Priority themes were poverty eradication; full employment; and social integration. A "Declaration on the Tenth anniversary of the World Summit for Social Development" was adopted. The text reaffirms the Copenhagen Declaration and Programme of Action, while recognising the mutually reinforcing nature of these goals with the Millennium Development Goals (MDGs).

The Thirty-eighth Session of the UN Commission on Population and Development took place in New York from 4 - 8 April 2005. The theme was "Population, Development and HIV/AIDS, with Particular Emphasis on Poverty". South Africa was elected as one of 12 African states to serve on the Commission, for the next four years and was approached during the Thirty-eighth Session to bid to host the next IUSSP International Population Conference, in 2009. In preparation for the above Session, South Africa participated in: The Southern African Ministers' Conference on Population and Development (Maputo, May 2004); and The African Ministers' Conference on Population and Development (Dakar, June, 2004). The South African government hosted a national Joint Population Conference in October 2004 at which South Africa re-committed

itself to the implementation of the ICPD Programme of Action.

The Family

During 2004, the United Nations celebrated the Tenth Anniversary of the International Year of the Family. The Department co-ordinated South Africa's participation in several conferences:

World Family Summit

The World Family Summit took place in Sanya, China, from 6 - 9 December, 2004. The Summit provided a platform for promoting the implementation of the Millennium Development Goals (MDGs) through the family, which is the basic economic, political, socio-cultural and sustainable unit of society. The Summit adopted a Sanya World Family Declaration that was submitted to the United Nations as a family policy programme for the coming decade.

Fourth World Congress on Family Law and Children's Rights

The Fourth World Congress, which took place in Cape Town from 20 - 23 March 2005, evaluated the progress made in the 15 years since the UN Convention on the Rights of the Child was adopted, and explored the challenges ahead in securing rights for children (in the family context) in the 21st century. Speakers included Ms Graça Machel, Co-ordinator of the UN Study on the Impact of Armed Conflict on Children; Ms Carol Bellamy, Executive Director: UNICEF, and Ms Mary Robinson, Executive Director: Ethical Globalisation Initiative.

International Conference on Families

An International Conference on Families took place in Durban from 1 - 4 March 2005. South Africa hosted the closing event of the celebrations marking the Tenth Anniversary of the International Year of the Family. The Conference set the tone for the implementation of the AU Plan of Action for Families in Africa. Dr Zola Skweyiya, Minister of Social Development, delivered the keynote speech. The Conference adopted the Durban Family Declaration.

The Aged: The Madrid Plan of Action

The UN Second World Assembly on Ageing, held in Madrid in 2002, was a turning point in international policy debate and action on ageing. The Assembly recognised ageing as a global development phenomenon and supported the inclusion of ageing on the international development agenda. South Africa participated in the following conferences on ageing:

- Africa Regional Conference on Ageing, Johannesburg, 18 - 20 August 2004, where an action plan for the aged was adopted.
- The Seventh Global Conference on Ageing, Singapore, 5 - 7 September 2004. This forum was an important occasion for South Africa to remain involved in the debate regarding the impact of ageing policies and programmes since the UN Second World Assembly on Ageing in 2002. The Conference theme, "Global Ageing: Sustaining Development", highlighted the wellbeing of older persons

globally. South Africa was invited to bid to host the Ninth Global Conference on Ageing in 2009.

Youth

Preparations are under way for the commemoration this year of the twentieth anniversary of the International Year of Youth. The progress made ten years after the adoption of the "World Programmes of Youth for the year 2000 and Beyond" is also to be assessed.

UNESCO: African Heritage Experts meeting and the creation of an African Fund

South Africa hosted African Heritage Experts from all regions of the continent who gathered in Somerset West from 14 - 18 March 2005 to discuss the state of African World Heritage and to finalise an African Position Paper and a ten-year strategic plan for the conservation and management of African World Heritage. Experts from Nigeria, Benin, Zimbabwe, Egypt and South Africa had drafted a first version of the document. The African Position Paper is both a vision and a 10-year action document with specific recommendations designed to enhance the preservation and promotion of Africa's heritage, as well as the sustainable usage thereof in promoting economic development and the eradication of poverty.

Parallel to this, on 16 and 17 March 2005, a workshop of African heritage experts, the Development Bank of Southern Africa, the Institute for Heritage studies in Benin, the Congolese Heritage Institute, the Nordic World Heritage

Foundation, and the German World Heritage Foundation, considered the establishment of an African World Heritage Fund. The results of these two meetings were tabled at the Twenty-ninth Session of the World Heritage Committee held in Durban in July 2005. They will also be submitted to the African Ministers of Culture in September 2005 and to the African Union Special Summit on Culture and Education in January 2006.

UNESCO: South Africa to host the Twenty-ninth World Heritage Committee Meeting in Durban, 10 - 19 July 2005

Signatories to the 1972 UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage, popularly known as the World Heritage Convention, at the Twenty-eighth Session of the World Heritage Committee held in Suzhou, China in July 2004, elected South Africa as Chairperson and host country for its Twenty-ninth Session, which was held in Durban in July 2005

Forty African States Parties to the Convention resolved to draft an African Position Paper and a 10-year Plan of Action to deal with challenges facing Africa in conserving its World Heritage. It was agreed that South Africa's hosting of the Twenty-ninth Session was an African event that provided an opportunity not only to give profile to pertinent issues related to the conservation of Africa's heritage, but also an opportunity to link Africa's cultural and natural heritage with the socio-economic development of the continent.



UNESCO: Drafting of a new Convention on the Protection of Cultural Contents and Artistic Expression

In September 2004, former Minister Kader Asmal was elected to chair the UNESCO Intergovernmental Meeting to draft a new Convention on the Protection of Cultural Content and Artistic Expression. The Intergovernmental Committee met three times, in September 2004, and in February and May 2005, and the proposed draft convention, if finalised, is to be presented to the UNESCO General Conference in October 2005, for adoption. The Convention seeks to protect national cultural goods, including film production, radio, traditional properties, book publications, and music, by way of national policies, subsidies and support for indigenous cultural goods. African and the G77 countries are strongly in favour of the Convention, and of it being finalised in time for adoption in October 2005 by the UNESCO General Conference.

South Africa recognises the right to protect all cultural and artistic expressions.

HUMAN RIGHTS

South Africa continues to be a major and influential player in the development of international human rights law. South Africa is one of the leading countries at the United Nations who continually evaluate the effectiveness of existing human rights treaties and propose additional instruments in a process of setting norms and standards with the view to updating and strengthening such treaties. South Africa strongly believes that international human rights law, like other bodies of law, is a dynamic law, which is in a state of progressive development. It should constantly be updated to ensure maximum protection of victims as well as adequate remedies to victims in cases of actual violations.



The mandate of the UN Commission on Human Rights (UNCHR) is to promote and protect universally recognised human rights and to contribute to the elimination of their violations.

For the past two years, South Africa has been involved actively in the elaboration of the following human rights instruments:

- The Convention of the Rights and Dignity of Persons with Disabilities,
- The Convention on Involuntary Disappearances, and
- Optional Protocol to the International Covenant on Economic, Social, and Cultural Rights.

Together with members of the African Union, South Africa is also spearheading a process that will initiate the elaboration of complementary standards to update and strengthen the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD). This process is undertaken within the framework of the mechanisms established to follow up the WCAR hosted by South Africa during September 2001.

As a practical demonstration of South Africa's commitment to upholding essential human rights values, the South African Cabinet adopted a decision on 31 October 2002 to extend an open invitation to all the Special Mechanisms of the UNCHR to visit South Africa as and when necessary for in loco assessments of the country's overall performance regarding the observance, realisation and enjoyment of all human rights without any form of discrimination. To this end, the following mandates have already visited South Africa:

- The Special Rapporteur of the CHR on the

Sale of Children, Child Prostitution and Child Pornography (September 2003), and

- The Special Rapporteur on Prisons and Conditions of Detention in Africa (ACHPR) (April 2004).

In the above context, numerous other mandates of the UNCHR have been requested and are due to visit South Africa in the near future. These include:

- The Special Rapporteur of the CHR on Indigenous Issues,
- The Special Rapporteur on the Right to Food,
- The Special Rapporteur on Extreme Poverty, and
- The Working Group on Arbitrary Detentions.

In fulfilment of the principal objective of consolidating the African Agenda, the Department has played a pivotal role in the deliberations of the African Group in the context of the UNCHR and the UN General Assembly, to advance the interests of the African Union and its organs, as well as the objectives of NEPAD, within the UN system.

The promotion of the agenda for development of the countries of the South and for a more humane and equitable world has been pursued at international level. South Africa also plays a meaningful role in the process of deepening the core values of democracy, good governance and the rule of law, both at national, regional, and international levels, through its membership and active participation in the following Democracy Forums:

- Community for Democracies;
- International Institute for Democracy and



- Electoral Assistance;
- Human Security Network; and
- Progressive Governance in the 21st Century.

Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma with Swiss Foreign Minister Micheline Calmy-Rey during her visit to South Africa.

The Department has actively pursued interaction with domestic stakeholders, the Ministries and Departments of Justice and Constitutional Development, and Local and Provincial Government, as well as the South African Commission on Human Rights, to guide the development and implementation of domestic and international global agreements, such as the Durban Declaration and Programme of Action adopted at the World Conference on Racial Discrimination (WCAR).

The Beijing Declaration and Platform for Action

Ten years after the Fourth World Conference on Women took place in Beijing, policy makers and experts from around the world gathered in New

York from 28 February to 11 March 2005 to take stock of progress made in advancing gender equality and the empowerment of women and girls, as part of the United Nations Commission on the Status of Women's Forty-ninth Session. The Beijing Platform for Action of 1995 offered a global framework for countries to end discrimination against women and close the gender gaps in 12 critical areas, including health, education, employment, political participation, and human rights. The Commission on the Status of Women in New York in 2005 adopted 10 wide-ranging resolutions on improving women's status, including six new texts on: gender mainstreaming in national policies and programmes; the possible appointment of a special rappor-





Deputy Minister of Foreign Affairs Aziz Pahad received a cheque for Tsunami disaster relief on behalf of the Red Cross.

teur on discrimination against women; trafficking; integrating a gender perspective in post-disaster relief, particularly in the aftermath of the Indian Ocean tsunami disaster; indigenous women; and women’s economic advancement. It adopted four traditional texts on: women, the girl child, and HIV/AIDS; the International Research and Training Institute for the Advancement of Women (INSTRAW); the situation of women and girls in Afghanistan; and the situation of and assistance to Palestinian women.

Earlier in the session, which focused on gaps and challenges in implementing the Beijing agenda, the 45-member functional Commission of the Economic and Social Council held a ministerial-

level debate that culminated in the consensus adoption of a declaration, by which governments emphasised that the full implementation of the Beijing commitments was essential to achieving the internationally agreed development goals, including the Millennium Development Goals. The outcome of the Ten-Year Review and Appraisal will be a vital input into the United Nations General Assembly’s High-Level Millennium Review in September 2005.

Secondment of experts to the Special Rapporteur to Africa on violence against women

Following a declaration on joint action on the promotion of Women’s Rights by South African Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma, and Swiss Foreign Minister, Ms Micheline Calmy-Rey, , it was agreed in November 2004 to second experts on violence against women from South Africa and Switzerland to the office

of the Special Rapporteur on Women's Rights of the African Commission on Human and People's Rights, Ms Angela Melo.

Disability

The Department of Foreign Affairs participated in the UN proceedings of the Ad Hoc Committee on the International Integral Convention on the Promotion and Protection of the Rights and Dignity of Persons with Disabilities tasked with elaborating a draft convention on protecting the rights of persons with disability. South Africa prepared input that was incorporated as part of the draft-working document produced by the Working Group on Disabilities established by the Ad Hoc Committee on Disabilities. South Africa represented Africa on the UN Bureau of the Ad Hoc Committee on Disability that oversees all administrative logistics of meetings of the Ad Hoc Committee on Disabilities. South Africa is the facilitator of Article 14 on the Right to Privacy, Home, and the Family of the draft Convention on the Promotion and Protection of the Rights and Dignity of Person with Disabilities.

HUMANITARIAN AFFAIRS AND DISASTER MANAGEMENT

Disaster Management

The Department played an active role in facilitating South African assistance to a number of countries affected by natural and complex human disasters during 2005. During March 2004, an emergency relief flight to Madagascar was co-ordinated after tropical cyclones struck that country. Four South African Air Force Oryx helicopters distributed almost 300 metric tons

of food and other relief supplies to isolated communities. Additionally, a South African Air Force Casa fixed-wing light cargo aircraft delivered food supplies, spares, and equipment, and transported crews to different locations around Madagascar. During July and August 2004, the delivery of 120 tons of relief supplies and medicines to various locations in Darfur, Sudan was co-ordinated. The Department funded the transport costs of the relief goods, which were donated by the Gift of the Givers Foundation and the Africa Muslim Agency. This was followed by an operation to spray about 270 000 hectares of locust-infested areas in Mali at the request of the President of Mali to President Mbeki, during September 2004. In October 2004, South Africa donated US\$ 1 million to the Caribbean Disaster Emergency Response Agency as South Africa's humanitarian support for the relief of families and communities affected by Hurricane Ivan, which devastated large areas in the Caribbean. On 26 December 2004, the Department became involved in the tsunami disaster that struck South East Asia and parts of East Africa. An operations room that was set up at the Union Buildings co-ordinated emergency rescue flights to Phuket and the subsequent relief and humanitarian operations in the region including Indonesia, Sri Lanka, the Maldives, Seychelles, and Somalia.

At regional level and in preparation for the Kobe Conference on International Disaster Management, South Africa hosted the African Regional Consultation Conference on Disaster Reduction from 2 - 3 June 2004. The main recommendations flowing from the June Conference were the need for better institutional arrangements for disaster risk-reduction as a regional, nation-



al, and sub-regional priority, improved identification and assessment of disaster risks, and increased public awareness and education regarding disaster management.

The Department co-ordinated South Africa's participation in the World Conference on Disaster Reduction in Kobe, Japan, in January 2005. The process involved obtaining inputs from all stakeholders within the country and developing a South African position in line with the decisions taken at the African Regional Consultation Conference on Disaster Reduction. The Chief Directorate also co-ordinated the participation by MECs and other disaster management officials from the Provinces. The resulting document, "The Hyogo Framework For Action 2005 to 2015" was tabled at the meeting of the Inter-Departmental Disaster Management Committee on 19 May 2005.

Humanitarian Assistance

In addition to disaster management, the Chief Directorate co-ordinated the provision of humanitarian assistance worth R8 425 million for the 2003/4 financial year to a number of international causes. Humanitarian assistance was provided to a number of UN agencies to address the most critical needs of vulnerable groups, particularly the needs of women, war-displaced children, refugees, and internally displaced persons on the African continent.

Food Security in Southern Africa

In response to an UN Emergency Humanitarian Appeal for Southern Africa, South Africa donated R100 million during 2004. The donation

was provided in response to the serious food security situation in southern Africa, largely because of protracted dry spells. The Department worked closely with the national Department of Agriculture in co-ordinating South Africa's donation. The R100 million is to be utilised in partnership with the World Food Programme and the Food and Agricultural Organisation to address the immediate food security needs of affected areas, but, essentially, to provide vulnerable communities with the means of achieving greater independence in food production. Therefore, the bulk of the funding, approximately 70%, was earmarked for the purchase of agricultural inputs as a means to achieving greater sustainability.

Implementation of International Humanitarian Law (IHL)

The Chief Directorate played an active role in promoting International Humanitarian Law by co-hosting the Fourth Annual Seminar on International Humanitarian Law with the International Committee of the Red Cross in Pretoria from 15 - 17 June 2004. Countries from the Southern Africa Development Committee (SADC), as well as Madagascar and Kenya participated with the principal aim of ensuring that the principles of International Humanitarian Law are prioritised and implemented in a regional context and of strengthening regional capacity in the field.

South Africa is recognised as a leader in the field, specifically in respect to the ratification of International Humanitarian Law Treaties and the adoption of domestic legislation to give effect to the international Landmine Ban Treaty.

Human Security Network (HSN)

Minister Dlamini Zuma participated in the Sixth Ministerial Meeting of the Human Security Network (HSN), held in Bamako from 26 - 31 May 2004. The Human Security Network is an international forum for discussing issues that range from the control of small arms, to international crime, food security, and human rights.

MIGRATION, REFUGEES AND INTERNALLY-DISPLACED PEOPLE

The United Nations High Commissioner for Refugees (UNHCR)

The UN High Commissioner launched the Convention Plus Initiative with the objective of establishing more effective and equitable systems for addressing and resolving refugee problems globally. The Initiative focuses on the question of burden sharing between donor and host countries, as well as on achieving durable solutions to refugee situations through the drafting of generic multilateral agreements that could be applied to specific refugee situations. South Africa and Switzerland co-chaired the Convention Plus meeting on the irregular secondary movement of asylum seekers and refugees. Through its participation at this level, South Africa could ensure that the views and concerns of the developing countries were adequately addressed and incorporated into the Convention Plus process.

The Deputy Minister of Home Affairs, Mr Malusi Gigaba, attended the UNHCR Executive Committee meeting during December 2004 and delivered a statement on behalf of South Africa. The South African Permanent Mission in Geneva

also served on the Executive Board Bureau and, as Rapporteur, chaired the negotiations concerning the conclusions and decisions adopted by the Executive Board.

Tripartite Commission for the Voluntary Repatriation of Angolan Refugees from South Africa

The signing of the Memorandum of Understanding (MoU) between the Government of Angola and UNITA during April 2002 heralded a new era of peace in Angola and paved the way for the voluntary repatriation of Angolan refugees and asylum seekers. During December 2003, the South African Government, the Angolan Government, and the UNHCR signed an agreement to establish the Tripartite Commission for the Voluntary Repatriation of Angolan Refugees from South Africa. The first meeting of the Tripartite Commission, held in Pretoria from 6 - 7 May 2004 decided to commence with the registration process during June 2004. Of the approximately 13 626 Angolan refugees and asylum seekers in South Africa, it is estimated that 4 000 will avail themselves of the opportunity presented by the Tripartite Voluntary Repatriation Process to return to Angola before the end of December 2005.

Global Commission on International Migration (GCIM)

The GCIM was created in response to the report "Strengthening of the UN: an agenda for further change", which the UN Secretary General presented to the United Nations General Assembly during September 2002 and which identified migration as a priority issue for the

new millennium. The GCIM objectives include placing migration more prominently on the international agenda, identifying and analysing the gaps and shortcomings in current approaches to international migration and making policy recommendations to stakeholders, most notably the UN Secretary General. Dr Mamphela Ramphele of South Africa accepted the invitation to co-chair the Commission with Mr Jan O Karlsson of Sweden.

South Africa participated in work of the Commission as part of the core group of states, together with representatives from Australia, Brazil, Canada, Egypt, Italy, Mexico, Morocco, the Philippines, Sweden, and Switzerland.

The GCIM Report on the Africa Regional Hearing held in Cape Town from 28 February to 1 March 2005 highlighted the following salient migration-related issues that currently confront Africa:

- the need to attain the Millennium Development Goals and to restore Africa's competitiveness in the global economy, so that the continent's citizens do not feel obliged to migrate;
- the need to reinforce the rule of law and to combat xenophobia, so that Africa's migrants can enjoy a safer and more dignified life;
- the need to gain a better understanding of the gender dimensions of migration in Africa, taking into account the growing number and the particular situation of migrant women;
- the need to address the relationship between migration and health in Africa, especially the link with HIV/AIDS and the recruitment of health sector personnel by

the world's richest countries;

- The need for capacity-building in African states to enable them to collect better migration data to formulate and implement more effective migration policies, and
- The need for better inter-state co-operation and co-ordination on migration matters in Africa, including the conclusion and implementation of regional and sub-regional protocols on the free movement of people.

In her opening address, the South African Minister of Home Affairs, Ms Nosiviwe Mapisa-Nqakula, expressed her support for the Commission's objective of raising the profile of the migration debate on the global agenda. The Minister also cautioned against emphasising security at the expense of development when setting the international migration agenda.

International Organisation for Migration (IOM)

South Africa served on the Executive Board of the IOM where it participated, among others, in the negotiations on the IOM's annual budget. South Africa also financially supported IOM projects in the southern African region, such as the Migrations Dialogue for Southern Africa (MIDSA). The Deputy Director-General for Immigration at the Department of Home Affairs, Mr Arthur Fraser, presented a statement on behalf of the South African Government at the Eighty-eighth Session of the IOM Council during December 2005, in which he emphasised the fact that Africa viewed migration as a development issue.



INTERNATIONAL LAW

The decade of South Africa's democracy coincided with a decade of profound change in the world and in Africa. The fall of the Berlin Wall in 1989, which terminated the Cold War and the bipolar world order, corresponded with events in South Africa that resulted in the attainment of democracy in 1994. The trend towards unilateralism has challenged several fundamental principles of international law resulting in ongoing developments in this field. It is the task of the Office of the Chief State Law Adviser (International Law) (hereinafter referred to as "the Department's Legal Office") to advise the Department and Government of these developments and challenges with the view that they be taken into account in the formulation of foreign policy. The radical transformation of world politics over the past 10 years has presented new opportunities for international law. A redefinition of international security has resulted in a sharpened focus on

Deputy Minister Aziz Pahad attended and addressed the Department's Law Symposium held at the University of South Africa (Unisa) on 6 July 2004.

human security. The increased interdependence between states in an increasingly complex world require inter-governmental co-operation and regime creation, with diplomacy and international law being the key instruments for this change. In Africa, the continent's multilateral systems have been overhauled and new ones introduced. International law was the basis of the transformation of the Organisation of African Unity into the African Union; the restructuring of the SADC and the creation of NEPAD. The contribution to the formulation of international law and the enhancement of respect for the provisions thereof remain strategic objectives of the Department. South Africa's enhanced role as a major player in international relations further emphasises



that respect for and adherence to international law underpins the Government's foreign policy. It was against this background that the Department's Legal Office provided advice and assistance to the Department and the Government as a whole during this past year.

As its contribution to the celebrations of the decade of democracy, the Department's Legal Office at the Department of Foreign Affairs hosted a symposium under the title "A Decade of Developments in International Law". It took place at the University of South Africa on 8 July 2004. Deputy Foreign Minister Aziz Pahad opened the symposium. Contributions by esteemed academics and practitioners of international law from South Africa and abroad focused on developments with regard to multilateralism over the last decade, the African Union, the Southern African Development Community (SADC) and the New Partnership for Africa's Development (NEPAD), the International Court of Justice, the implementation of international law by the Constitutional Court, and human rights and the rule of law, particularly in Africa. A message from Ambassador Hans Corel, former Under Secretary-General of the United Nations (Legal Counsel) was also read. The contributions of the speakers were published in the 2004 South African Yearbook on International Law.

The Department's Legal Office also dealt successfully with the complaint lodged by Mr GA Prince against South Africa at the African Commission on Human and Peoples' Rights. The African Commission on Human and Peoples' Rights considered the complaint lodged by Mr Gareth Anver Prince against South Africa on 29 May 2004, during its Thirty-fifth Ordinary Session in Banjul, The Gam-

bia. Mr Prince alleged that his rights to freedom of religion, human dignity and the free choice of occupation, protected in terms of the African Charter on Human and Peoples' Rights, had been violated by South Africa. One of the Law Advisers who appeared on behalf of the South African Government before the Commission, elaborated on the reasons why the Commission should not come to a different finding on this matter from that of the South African Courts. The Commission concluded that the South African Government did not violate the Charter.

The Department's Legal Office was also involved, together with representatives of the Presidency and several government departments, in reviewing civil society contributions to South Africa's position regarding negotiations for the draft Protocol to the African Charter on Human and Peoples' Rights and on the Rights of Women in Africa. The Department's Legal Office drafted a Report on the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa that served before the Parliamentary Portfolio Committee on Justice on 27 October 2004. The Report contained a number of reservations and interpretative declarations with regard to the Protocol on aspects thereof that either are in conflict with the South African Bill of Rights or may cast doubt on the primacy of the South African Bill of Rights within South African domestic law, which Parliament approved formally.

The Department's Legal Office made written and oral presentations to the International Court of Justice (ICJ) on the legal consequences arising from the construction of the wall by Israel, the occupying Power, in the Occupied Palestinian

Territory, including in and around East Jerusalem, as described in the report of the Secretary-General, considering the rules and principles of international law, including the Fourth Geneva Convention of 1949, and relevant Security Council and General Assembly resolutions. On 9 July 2004, the International Court of Justice (ICJ) delivered its Advisory Opinion on the question of the legal consequences of the construction of a wall by Israel in the Occupied Palestinian Territory. The ICJ rejected all the arguments raised by Israel in its Written Submission and found, by a 14: 1 majority that it had jurisdiction to hear the matter, the construction of the wall was a violation of the prohibition to acquire territory by the use of force and that it interfered with the Palestinian right to self-determination, that a number of human rights of the Palestinians were violated and by way of relief, ordered that Israel should cease forthwith the construction of the wall and dismantle it and that it must make reparation for damage caused to natural and legal persons.

The Department's Legal Office provided legal inputs on counter-terrorism initiatives in various fora and for various Desks including participating in the meetings of the Interdepartmental Counter Terrorism Committee; participating in negotiations in the Ad Hoc Committee on Measures to Eliminate International Terrorism in the UN Sixth Committee; participating in various counter terrorism meetings hosted by the AU; and providing inputs for principals participating in numerous bilateral and multilateral counter-terrorism meetings. The Department's Legal Office also provided updates and briefings for the principals at the New York Mission on the Counter Terrorism Bill.

As in the past, the Department's Legal Office was involved extensively in providing legal advice on the consequences of the invasion of Iraq. Legal opinions were prepared on almost all aspects of the invasion, including the legal status of an escrow account established in the early 1990s when certain assets of the then Iraqi Government were frozen in accordance with SC resolution 661.

The Department's Legal Office also played a crucial role in the establishment of the International Criminal Court and South Africa's involvement in the implementation thereof. The Department's Legal Office was directly involved in the organisation of a visit by the International Criminal Court (ICC) to South Africa. The Prosecutor and Deputy Prosecutor and three other officials of the International Criminal Court (ICC) visited South Africa from 24 – 28 January 2005. The aim of the visit was to brief the South African Government on the situations being investigated by it and to establish contacts and put in place networks in order to ensure closer co-operation in future. The ICC delegation met with Deputy Minister van der Merwe, the Deputy Minister of Defence, and senior officials of the Departments of Justice and Constitutional Development, Defence, the SAPS, SASS, Interpol, Foreign Affairs and the National Prosecuting Agency.

The Department's Legal Office participated in a meeting on the elaboration of amendments to the Convention on the Suppression of Unlawful Acts against the Safety of Maritime Navigation. This Convention is one of the 12 counter-terrorism Conventions. At the initiative of the United States, the Convention is being amended to strengthen the counter-terrorism provisions as



The Deputy Director-General of Multilateral Security Governance, Abdul Minty.

well as to strengthen the measures related to the transport of nuclear, chemical, and biological weapons.

The Department's Legal Office is involved in various rounds of negotiation concerning environmental law such as climate change, for example. The Department's Legal Office participated in a workshop organised by the International Seabed Authority for the establishment of environmental baselines at deep seafloor cobalt-rich crusts and deep seabed polymetallic sulphides mine sites in the international seabed area, for the purpose of evaluating the likely effects on the marine environment of exploration and exploitation. The objective was to assist the Au-

thority's Legal and Technical Commission, which recently completed new regulations on prospecting and exploration for these mineral deposits in the Area, by proposing draft guidelines for the assessment of environmental impacts from such mineral resource activities. This is in accordance with the Convention on the Law of the Sea, which provides the mandate of the Authority not only to organise and control mining activities in the Area, but also to ensure the protection and preservation of the marine environment. A legal adviser from the Department's Legal Office, who is also the current chairperson of the Legal and Technical Commission, presented a paper titled "Aspects of the draft regulations on prospecting and exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts relating to the protection of the international seabed environment."

This Department's Legal Office is the leading source of information concerning treaties and

international law, and deals with a large number of inquiries daily. Treaty and Information Management Services played a vital role in this regard. It delivered a virtual information service on the Departmental Intranet and on the homepage of the Department's Legal Office.

Manuals dealing with the services offered by the Department's Legal Office, the procedures for the conclusion of agreements and the binding of international agreements were compiled and published for the benefit of its clients in the Department and government in general, while a series of information sessions on agreement procedures were also offered. The Department's Legal Office makes presentations on various aspects of international law to many government departments. An information workshop on the procedures for the conclusion of international agreements was held at the end of November 2004 and attended by over 200 representatives from all government departments.

GLOBAL GOVERNANCE: SECURITY ISSUES

Concrete Actions to Combat International Terrorism

South Africa remains committed to the combating of international terrorism within the framework of the United Nations and contributes to the efforts of regional and other multilateral organisations in this regard (e.g. the AU, SADC, NAM, and the Commonwealth). Although not a member of the Security Council, South Africa actively participated in the Open Debates of the United Nations Security Council on international terrorism. During these Debates, South Afri-

ca's position that the international campaign against terrorism should not push the eradication of poverty and underdevelopment off the international agenda was advanced.

In co-operation with other government departments and institutions, the Department continued strengthening efforts to ensure full compliance with South Africa's international obligations in combating international terrorism, in accordance with relevant United Nations Security Council resolutions. This was done through regular meetings of the Inter-Departmental Counter-Terrorism Working Group (Working Group) chaired by the Department.

The Working Group continued to co-ordinate South Africa's implementation of the various United Nations Security Council resolutions, including the compilation of South Africa's National Reports to the Security Council. In January 2005, South Africa submitted its National Report on measures to implement resolution 1540 (2004) on weapons of mass destruction and terrorism to the Security Council.

All the National Reports submitted by South Africa on the implementation of the Security Council resolutions on terrorism have been posted on the UN website (www.un.org) together with those submitted by other Member States.

A team from the Security Council's Al-Qaeda and Taliban Sanctions Committee (appointed to monitor States' implementation of the Security Council measures against Al-Qaeda, the Taliban and associates, individuals and entities) paid a successful visit to South Africa from 31 January – 1 February 2005. The purpose of



the visit was to explain to the Government the work of the Al-Qaeda/Taliban Sanctions Committee, to discuss South Africa and the Committee's efforts in the implementation of the sanctions, and to share experiences and challenges for the better implementation of the measures in place.

Compliance with UN Security Council Resolutions, including Implementation of Sanctions Regimes

The Department co-ordinated all actions required to ensure that South Africa fully complied with UN Security Council resolutions and sanctions regimes in terms of national policy. In this regard, South Africa's interaction with the Security Council itself, as well as the various structures established to monitor the different UN Security Council sanctions resolutions, was facilitated. South Africa complied fully with the obligations imposed on UN Member States in terms of UN Security Council resolutions, including the various sanctions regimes.

Disarmament and Non-Proliferation

South Africa continued to actively participate in meetings of the International Atomic Energy Agency (IAEA). This included participation in the annual General Conference (GC) of the IAEA and the IAEA Board of Governors meetings. Some of the most important issues considered by the Board included the implementation of Nuclear Non-Proliferation Treaty (NPT) Safeguards Agreements, including in the Islamic Republic of Iran and the DPRK. South Africa played a significant key role in bridging the gap between divergent views and approaches thereby faci-

tating the adoption by consensus of important resolutions on Iran.

Since 2002, the question of the nuclear programme in Iran has continued to dominate discussions at meetings of the International Atomic Energy Agency (IAEA) Board of Governors. In this context, South Africa continued to emphasise the need for the Board to distinguish between the legal obligations of Iran under its NPT Safeguards Agreement with the IAEA and the voluntary confidence-building measures it has undertaken, including the decision to suspend its enrichment activities temporarily. South Africa also played an active role in bridging the gap between divergent views, thereby facilitating the adoption by consensus of relevant Board resolutions on Iran. In the context of the Paris Agreement and the ongoing negotiations between the EU3 (the United Kingdom, Germany and France) and Iran, South Africa has worked with all parties involved to find a lasting solution to the current impasse. South Africa believes that there is no need for a confrontation over the matter, which can be resolved through dialogue and negotiations.

South Africa has also established a close working relationship at various levels with a number of countries involved in investigations into the so-called AQ Kahn network, as well as the relevant experts at the IAEA. South Africa's own investigation into the activities of individuals that were allegedly involved in the Kahn network is regarded as a major achievement in the campaign against the proliferation of weapons of mass destruction. The successful prosecution of those involved in the contravention of relevant South African non-proliferation legislation is ex-

pected to be the first of its kind internationally in the context of the Kahn network. South Africa will continue to co-operate closely with the IAEA, relevant governments and others involved in the investigations into the illicit international network to ensure its complete elimination.

Relevant South African nuclear experts participated in various IAEA technical meetings and expert meetings that hold potential benefits for not only the nuclear industry in South Africa, but also for accelerated economic growth on the African continent. South Africa also hosted various inspections undertaken by the IAEA in accordance with South Africa's Safeguards Agreement and the Additional Protocol with the Agency.

South Africa actively participated in the third Preparatory Committee meeting of the 2005 NPT Review Conference and in the preparations of the New Agenda Coalition (NAC) for the meeting. Issues that South Africa pursued at the Preparatory Committee included nuclear disarmament, security assurances, nuclear non-proliferation, and the peaceful uses of nuclear energy.

South Africa successfully chaired the 2004 meetings of Experts and States Parties of the Biological and Toxins Weapons Convention (BWC). These meetings focused on, among others, enhancing international capabilities for responding to, investigating and mitigating the effects of cases of alleged use of biological or toxin weapons or suspicious outbreaks of disease. The 2004 Meeting of States Parties managed to adopt a more substantive final document that could be used as a basis for further work to strengthen the BWC.

South Africa was also an active participant in the Second Continental Experts Meeting that developed a Common African Position on Anti-Personnel Landmines during September 2004, in preparation for the First Review Conference of States Parties to the Convention. The Common African Position took stock of the most significant development since the First Continental Experts Meeting in Kempton Park in 1997, namely that of the adoption and entry into force of the Landmine Ban Treaty. The Common African Position on Anti-Personnel Landmines was subsequently adopted at the AU Ministerial Meeting in New York on 23 September 2004.

The Common African Position served as a strong basis for African participation at the First Review Conference of States Parties to the Landmine Ban Treaty in Nairobi, Kenya, leading to the adoption of a 70-point Action Plan, identifying the mine action priorities for the period 2004 - 2009, as well as the Nairobi Declaration on 3 December 2004.

South Africa also continued participating actively in the UN Open-ended Working Group on an International Instrument for the Identification and Tracing of Illicit Small Arms and Light Weapons.

Transnational Organised Crime

The issues of Transnational Organised Crime, including the scourge of Trafficking in Persons, especially Women and Children, and Illicit Drug Trafficking and Corruption, have dominated the debates globally. South Africa is a State Party to the United Nations Convention against Transnational Organised Crime and its three related



Protocols on Trafficking in Persons, Trafficking in Migrants, and the Protocol on Firearms. In addition, South Africa is a State Party to the United Nations Convention against Corruption. Its implementation and adherence to those Conventions remains a challenge. South Africa, as one of the first 30 countries to ratify the United Nations Convention against Transnational Organised Crime and its three supplementary Protocols, participated in the first Conference of the Parties in Vienna in October 2004. During that meeting, the reporting and implementation of the Convention and its Protocols were negotiated. The Department of Foreign Affairs will continue to participate in the activities of South Africa's Interdepartmental Committee on the Implementation of the Convention.

Globally, the view is held that corruption is a facilitator of most forms of organised crime. During the Thirteenth Session of the Commission on Crime Prevention and Criminal Justice, South Africa added its voice to that of the African Group by mentioning that corruption was a major threat to sustainable development, good governance and the rule of law. South Africa's commitment to combating corruption was reflected in its ratification of the United Nations Convention against Corruption on 22 November 2004.

The combating of Trafficking in Persons has gathered considerable momentum due to increasing political awareness and commitment over the last few years. This scourge has also affected South Africa negatively. The Department of Foreign Affairs initiated attendance by related national government departments of an Asia Pacific regional meeting in Brisbane, Australia. To

gain a better understanding of the role that regional co-operation plays in implementing the United Nations Protocol on Trafficking in Persons, the South Africans familiarised themselves with the methods and modalities pertaining to the functioning of sub-regional co-operation. The South Africans benefited from discussions on issues such as awareness raising, and the sharing of information on law enforcement. The importance of proper border and visa systems, and the verification of identity was highlighted. The need for effective national legislation to criminalise traffickers, the importance of appropriate national protection and assistance to the victims of trafficking, as well as issues related to asylum management enjoyed attention.

The Department facilitated and, in many instances, co-ordinated the promotion of South Africa's position on Transnational Organised Crime, Drug Trafficking, Corruption and Trafficking in Persons in various multilateral forums. South Africa, as a member, participated in the Forty-eighth Session of the United Nations Commission on Narcotic Drugs. South Africa also participated in the Thirteenth Session of the Commission on Crime Prevention and Criminal Justice, thus reflecting the country's commitment to participating in global policy-making pertaining to the above-mentioned issues.

As a member of South Africa's National Preparatory Committee for the Eleventh United Nations Crime Congress, which took place in Bangkok, Thailand from 18 – 25 April 2005, the Department assisted in an advisory capacity in drafting South Africa's Country Report for the Congress, ensuring that matters on the international agenda were reflected in the Report.

During the Thirteenth Session of the United Nations Commission on Crime Prevention and Criminal Justice, South Africa supported the viewpoint of the Chairperson of the Group of African States that the investment of development partners in criminal justice sectors, in particular in Africa, was disproportionately modest in relation to its importance. The disparity between the broad range, the number of mandates of the crime programmes and the availability of sufficient resources to carry out the work has remains an unresolved issue.

The Kimberley Process Certification Scheme (KPCS) for rough diamonds

The KPCS is a tripartite international technical negotiating forum comprising states, known as Participants, and the diamond industry and civil society, respectively known as Observers. The KPCS is a voluntary scheme, which seeks to stem the flow of rough diamonds used by rebels to finance armed conflict that is aimed at overthrowing legitimate governments and to protect the legitimate diamond trade, upon which the economies of many countries depend. This is accomplished through the implementation of an international certification scheme for rough diamonds, based on a system of internal controls, regulated by national legislation, and on internationally agreed minimum standards. A voluntary system of industry self-regulation underpins the Scheme.

Canada chaired the KPCS in 2004 and hosted a Plenary meeting in Gatineau, Ottawa, in October 2004.

Section II of the Administrative Decision on the

Implementation of Peer Review, which provides for review visits to be undertaken by the Kimberley Process to Participants who volunteer to this end, was adopted at the Sun City Plenary Meeting of the Kimberley Process in October 2003. . Based on a combination of self-reporting and the use of 'review visits' and 'review missions', this peer review mechanism helps guarantee that the provisions of the KPCS are effectively implemented by all Participants. South Africa contributed meaningfully to the implementation of the peer review mechanism during the period under review, by leading a review mission, that had been appointed to investigate indications of significant non-compliance with the Scheme, to the Republic of Congo in June 2004. South Africa also participated in a review visit to the Democratic Republic of Congo in October 2004, and led an ad hoc expert mission to Liberia and a review visit to Sierra Leone in February 2005. South Africa also hosted a highly successful review visit in September 2004, where national compliance with the KPCS passed close international scrutiny. During 2004, a substantial number of Participants volunteered to receive a review visit. The overwhelmingly positive response of Participants to invite such visits underscores both the effectiveness of the peer review system as adopted at Sun City, as well as the commitment of Participants to provide assurances to each other and to the wider international community that the KPCS is being implemented effectively.

South Africa participated actively in the standing bodies of the KPCS on which it serves namely the Working Group on Monitoring, the Working Group on Statistics, and the Participation Committee. In addition, South Africa assumed





**Deputy Minister of Foreign Affairs
Aziz Pahad with his Palestinian counterpart
Deputy Minister Abdullah Abdullah at the
Diplomatic Guesthouse, Pretoria.**

the Chair of the Committee of Rules of Procedure early in 2005 and was appointed to serve on the ad hoc working group on the review of the KPCS, which was established at the Gataineau Plenary in October 2004.

118

Although the KPCS is in the early stages of implementation, the Scheme is already having a concrete and positive impact on the international trade in rough diamonds and on the fortunes of countries affected by conflict diamonds. According to a report from the Canadian Chair to the 2004 Plenary, the Scheme now encompasses all significant diamond-producing countries, accounting for an estimated 99.8% of global production. The KPCS is also

helping to channel more diamonds into official government mechanisms in countries affected by conflict diamonds, such as Angola, the Democratic Republic of the Congo, and Sierra Leone. The ongoing progress achieved in international implementation of the KPCS to-date continues to bear testimony to what can be achieved through multilateralism.

Iraq

During the period under review, the Department of Foreign Affairs continued to monitor developments in Iraq closely, notably the appointment of a new Iraqi Government in June 2004, followed by Iraqi elections in January 2005, aimed at establishing a representative government in that country.

South African interests in Iraq continued to be handled by its Embassies in Jordan and Kuwait, in view of the fact that there was no

South African Diplomatic Mission in the country. The Deputy Minister of Foreign Affairs, Mr. Aziz Pahad, met with an Iraqi delegation during the NAM and AASROC meetings in Durban in August 2004. A decision was taken in 2004 to grant agreement to an Iraqi Ambassador to South Africa.

Middle East Peace Process

The South African Government continued to support international efforts aimed at ending the ongoing Israeli-Palestinian conflict with a view to establishing a viable Palestinian State, existing side by side in peace with the State of Israel.

To this effect, Deputy Minister Aziz Pahad participated in the meeting of the Non-Aligned Movement (NAM) Committee on Palestine in May 2004 in Malaysia. The mandate of the Committee among others is to “work with the various forces who are influential in the Middle East conflict for the achievement of a full, durable and comprehensive peace in the Middle East.”

Similarly, the South African Government hosted a NAM Ministerial meeting on Palestine in Durban in August 2004.

In July 2004, the South African Government welcomed the Advisory Opinion of the International Court of Justice (ICJ) on the Separation Wall being constructed by Israel on occupied Palestinian territory, to the effect that such construction was contrary to international law. This followed high-level South African participation in the ICJ proceedings on the Separation Wall earlier in the year.

South Africa also hosted the United Nations Africa Meeting in Support of the Inalienable Rights of the Palestinian people at the request of the United Nations in Cape Town, from 29 June - 1 July 2004. Guided by the theme, “Achieving the inalienable rights of the Palestinian people—the key to peace in the Middle East,” South Africa focused on strengthening the peace camps in Israel and Palestine in order to promote peace, security and stability in the region.

In November 2004, following the death of Palestinian President Yasser Arafat, South Africa held a memorial service in his honour in Pretoria, which was addressed among others by Deputy President Jacob Zuma. President Thabo Mbeki attended President Arafat’s funeral.

In addition, the South African Government hosted the commemoration of the International Day of Solidarity with the Palestinian People on 29 November at UNISA. The Department helped organise and fund the local commemoration of the event. The event is organised yearly, principally by the Embassy of Palestine in South Africa, in consultation with the UN Office in Pretoria and the Department of Foreign Affairs.

The commemoration of this event coincided with the visit to South Africa of a Palestinian delegation, which included a senior Palestinian Foreign Ministry official and a Legal Adviser to the PLO, Ms Butto. The delegation participated in the commemoration.

The South African Government continued to assist the new leadership of Palestine with the Palestinian national elections, by providing election monitors under the auspices of the In-





President Thabo Mbeki with Vice President Zeng Qinghong of the Peoples Republic of China during his official visit to South Africa, August 2004.

120

dependent Electoral Commission. Mr Dumisani Sithole, Chairperson of the Parliamentary Portfolio Committee on Foreign Affairs, led the delegation sent to observe the Palestinian Presidential Election, held on 9 January 2005. Dr Brigalia Bam, Chairperson of the Independent Electoral Commission (IEC), was part of the delegation and assisted with technical advice and expertise.

Similarly, the South African Government effectively engaged the Israeli Government on bilateral relations and on the Middle East Peace Process.

In this context, the Director General of Foreign

Affairs, Dr Ayanda Ntsaluba, visited Israel during August 2004 for bilateral dialogue with senior Israeli Foreign Ministry officials. His visit was reciprocated when the Israeli Foreign Ministry Deputy Director-General for Africa, Ms Miriam Ziv, met with Dr Ntsaluba and other senior Foreign Affairs officials during March 2005 in Cape Town.

During September 2004 a high-level South African Government, delegation, led by President Thabo Mbeki and Foreign Minister Dr Nkosazana Dlamini Zuma, met in Pretoria with a senior delegation of the governing Likud party of Israel, led by the Israeli Deputy Minister of Trade, Industry and Labour, Mr Michael Ratzon. The delegations exchanged views on the Israeli-Palestinian conflict, as well as on the state of bilateral relations. The visit took place under the auspices of the Spier Presidential Peace Initiative, which aims to share the South African negotiating experience of the early 1990s with Israelis and Palestinians

alike with a view to ending the Israeli/Palestinian conflict.

The Israeli Deputy Prime Minister and Minister of Trade and Industry, Mr Ehud Olmert, visited South Africa during October 2004, on which occasion an agreement on the promotion and mutual protection of investments was signed with the South African Minister of Trade and Industry, Mr Mpahlwa.

In January 2005, the Department, through the South African Embassy in Tel Aviv, facilitated a Business Seminar in that city entitled "Doing Business with South Africa as a gateway into Africa."

Iran

During September 2004, the Secretary General of the Iranian National Supreme Security Council, Dr H Rouhani, paid a visit to South Africa for discussions on Iran's Nuclear Programme dispute with the International Atomic Energy Agency. Following a meeting between Dr Rouhani and President Mbeki, it was announced that South Africa would continue its efforts to assist in the attainment of a peaceful solution to the dispute, that was acceptable to all parties involved.

SOUTH-SOUTH CO-OPERATION

Strengthening South-South co-operation for increased market access and overall trade and investment benefits, while also promoting exchanges on the use of appropriate technologies.

The African Union and NEPAD are the two most important South-South initiatives in which

South Africa is engaged. There are, in addition, other important organisations, movements and institutions, which are essentially South-South in nature and which merit mention. These are: The Non-Aligned Movement (NAM), the Group of 77 and China, the India-Brazil-South Africa Dialogue Forum (IBSA), the Asian-African Sub-Regional Organisations Conference (AASROC), and the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC).

Non-Aligned Movement

South Africa is the immediate past chair of the Non-Aligned Movement (NAM) and in this capacity has remained active in the Movement as a member of the NAM Troika. Through the Troika, South Africa diligently supported initiatives aimed at the promotion of the centrality of multilateralism and the UN Charter in the resolution of international disputes. South Africa has also remained committed to promoting the Movement as a forum for close South-South co-operation and a voice against the ongoing marginalisation and impoverishment of the South.

In further pursuit of the aforementioned goals, South Africa hosted the XIV NAM Ministerial Conference of the Movement in August 2004. Ministerial conferences are held with the purpose of reviewing developments since a preceding Summit and to discuss matters that have become urgent. Mindful of the urgent need to formulate a response from the South to the continuous threat to multilateralism, the Conference was held in Durban, with the theme "Challenges for Multilateralism in the 21st Century". It led to the adoption of the Durban Declaration on Multilateralism. Apart from the latter dec-

laration, a Basic Final Document, a Declaration on Palestine and a Declaration on the Gatumba Massacre, were also adopted.

South Africa remains active and supportive of the Movement's traditional and long-standing solidarity with the Palestinian people. As a member of the NAM Committee on Palestine, South Africa supported all initiatives of the Movement aimed at the realisation of the inalienable rights of the Palestinian people, including their right to return to their homeland. In this regard, a South African delegation under the leadership of Deputy Minister Pahad attended a meeting of the Committee on Palestine in Putrajaya, Malaysia in May 2004 and in August 2004 Minister Dlamini Zuma and Deputy Minister Pahad attended a Committee on Palestine Meeting in the margins of the XIV NAM Ministerial Conference.

The Group of 77 and China and the Second South Summit

The Group of 77 and China (G77) is the principal forum for co-ordinating the promotion of the economic interests and development agenda of the countries of the South. The G77 celebrated its 40th anniversary in 2004. The outgoing chair, Qatar, announced plans to host the Second South Summit, a G77 meeting at Head of State and Government level, which took place from 13 - 16 June 2005. The Second South Summit considered progress made with the implementation of the "Havana Programme of Action," which was adopted at the first South Summit in Havana, Cuba, in 2000. This review resulted in recommendations for improved implementation mechanisms, as well as improved

institutional machinery for the revitalisation of the G77.

The 2004 annual meeting of G77 Ministers took place in New York during the Fifty-ninth Session of the UN General Assembly. The meeting provided a useful platform from which to review the ongoing challenges facing South-South cooperation and to explore ways and means of consolidating the spirit of solidarity that unites the Group.

DEVELOPMENT OF RELATIONS WITH ASIA

South Africa is China's main trade partner in Africa, accounting for 20, 8% of the total volume of China-Africa trade. China has set up more than 80 companies in South Africa since 1998. While Chinese foreign direct investment (FDI) to South Africa amounted (cumulatively) to about US\$ 199.3 million, South African FDI into China amounted to about US\$ 700 million (excluding offshore investments from South African corporations such as SAB Miller and Anglo American). The complementary nature of the two economies provides the impetus for the growth of trade. At the same time, bilateral trade amounts to only a very small percentage of both the Peoples' Republic of China (PRC) and South Africa's international trade profile, suggesting that there is still enormous potential for an increased exchange of goods and services. Total bilateral trade between the PRC and South Africa reached R29, 6 billion in 2004 with a balance in favour of the PRC (Source: Department of Trade and Industry).

From 26 - 29 June 2004, the Vice President of the



The Minister of Agriculture and Land Affairs Thoko Didiza exchanging agreements with the Chinese Minister for Inspection and Quarantine during the Second South Africa-PRC Binational Commission, June 2004.

PRC, Mr Zeng Qinghong, paid an official visit to South Africa to co-chair with Deputy President Jacob Zuma the Second Meeting of the PRC-South Africa BNC.

The two countries expressed their support for an early start to Free Trade Agreement negotiations between China and the Southern African Customs Union. China expressed appreciation for South Africa's recognition of China's Market Economy Status. A Sub-Committee on Education was inaugurated to further co-operation, and China confirmed the establishment of a Chinese Language Centre at Stellenbosch University with immediate effect.

At the conclusion of the BNC, Naledi Pandor, Minister of Education in South Africa, and Minister ZHOU Ji, Minister of Education in the PRC, signed an Agreement on Education Co-operation, and Minister Trevor Manuel and Ambassador LIU Guijin signed an Exchange of Letters

concerning grant aid for a human resources project in South Africa. Thoko Didiza, South Africa's Minister of Agriculture, and Minister LI Changjiang, Minister of State General for Quality Supervision, Inspection and Quarantine, signed an MoU on a Sanitary and Phytosanitary Implementation Mechanism regarding the export of South African agricultural products to China.

In July 2004, the PRC Deputy Prime Minister, Ms Chen Zhili, visited South Africa to promote Chinese culture.

In September 2004, Deputy President Jacob Zuma led a government delegation to the PRC to further strengthen the warm relations





President Thabo Mbeki, Vietnamese Prime Minister Phan Van Khai and Minister Essop Pahad during an official visit, Union Buildings, Pretoria, November 2004.

between the two countries. Deputy President Zuma and Vice-President Zeng reviewed the decisions of the South Africa-PRC BNC that took place in Pretoria in June 2004. Discussions included the necessity to strengthen co-operation between the PRC and Africa through the China-Africa Co-operation Forum and the importance of stronger co-operation on South-South relations to advance the agenda of developing countries. South Africa and China have concluded 38 agreements to date and three are pending.

Notwithstanding the absence of diplomatic relations, South Africa and Taiwan continue with trade, scientific, cultural and other relations.

Bilateral trade figures between South Africa and Taiwan have increased by 31% from US\$1.3 billion to US\$1.7 billion in 2004. Indications are that the positive trade surplus with Taiwan in 2005 will continue to grow. Total trade between South Africa and Taiwan shows growth of 39%, with South Africa having a trade surplus of US\$383 million. Exports to Taiwan increased by more than 40% in 2004. Taiwan imported more than US\$800 million in gold from South Africa in 2004.

The President of India, Dr Abdul Kalam, visited South Africa from 14 - 18 September 2004. This was the first ever State Visit to South Africa by a President of India and served to maintain the high level of the Strategic Partnership between India and South Africa.

The legal framework of relations between India and South Africa consists of a total of 25 agreements entered into since 1993, the last being

a Memorandum of Understanding on Information and Communications Technologies, which was signed during the visit of President Kalam on 15 September 2004. It is envisaged that this MoU will enhance co-operation between the two countries in the field of ICT. A further eight agreements are currently under discussion.

India is considered a strategic partner of South Africa, and a trading partner of growing importance. Total trade between the two countries amounted to R8.25 billion in 2004/05, with imports from India at R4.54 billion and exports to India at R3.71 billion. India currently ranks as South Africa's 19th most important export market and 15th most important import market. During President Kalam's visit in September 2004 a target was set to, at least, double trade by 2006.

The establishment of a CEOs' Forum in October 2004, with the blessing of the two governments and chaired by high-profile business persons such as Mr Ratan Tata and Mr Patrice Motsepe, should be seen as a signal to the markets in both countries that increased contact and economic convergence are key elements for increased bilateral trade and investment. The second CEOs' Forum meeting was scheduled for May 2005.

A decision was made in 2004 to open a micro-mission in Colombo. South Africa views Sri Lanka as an important political and economic partner in South Asia, and South Africa will continue to encourage the Sri Lankan Government and the LTTE to find a lasting peace solution. Deputy Minister Sue van der Merwe held a number of bilateral meetings with Sri Lankan cabinet ministers in August 2004 during the

IOR-ARC meeting, which Sri Lanka hosted.

Malaysia has been active in the past financial year in terms of providing training to South African nationals under the MTCP (Malaysian Technical Co-operation Programme). Some of these training modules were degree courses. The Department of Foreign Affairs works in collaboration with the DPSSA (Department of Public Service and Administration) to disseminate information on training courses to other departments and the public.

A number of delegations from South Africa visited Malaysia in the past financial year. The visits were aimed at exchanging information in specific fields, such as technology, health matters, education etc. The delegations included ministerial delegations, senior government officials and the private sector.

The Registrar of Medicines lead a delegation to Malaysia in September 2005, to follow up on issues discussed during a visit to Malaysia by the Minister of Health in July 2004.

A delegation from the Justice Department visited their counterpart department in Malaysia on 2 - 7 October 2004 to assess and determine best practises that could be applied appropriately in the Department of Justice and its related institutions.

Deputy President Jacob Zuma visited Malaysia in August 2004 as the leader of the South African delegation to attend the Lankawi Smart Partnership Dialogue.

A Cabinet Office Exposure Visit to Malaysia



took place when a delegation led by Dr Anne Letsebe, the Head of the Cabinet Office, visited Malaysia in December 2004. The aim of the visit to Malaysia was to learn about and exchange experiences on the structure, functioning and decision-making, monitoring and evaluation systems and processes of the Cabinet with specific reference to the roles of officials serving the Cabinet, including capacity building for officials. The delegation had an opportunity to learn about vertical co-ordination across levels of government to ensure the implementation of government policy.

Indonesia provided training courses to South African nationals at degree level and invited applications from South Africans wanting to pursue studies particularly in the field of Islamic studies. Other courses include veterinary training and micro finance.

A delegation of Justices of the Constitutional Court of Indonesia visited South Africa on a working visit during November 2004 and met their South African counterparts, including the South African Chief Justice of the Constitutional Court and the Rector of Wits University, to discuss issues of common interest.

126

Officials of the Department arrived in Manila in December 2004 to establish an Embassy in the capital of the Philippines. Work on the establishment of permanent Chancery accommodation commenced in February 2005. The Presidential Adviser on Mining to the President of the Philippines led a two-person delegation to South Africa in February 2005 to attend the Mining Indaba held in Cape Town.

Dr A Sooklal, Deputy Director-General for Asia and the Middle East, visited Thailand in September 2004 to meet senior officials from the Department of Foreign Affairs and other government departments. The visit also presented him with an opportunity to address an audience at Assumption University on the status of the AU as well as on developments concerning NEPAD.

The Prime Minister of Vietnam, Mr Phan Van Khai, visited South Africa in November 2004. During the visit, the following bilateral agreements were signed:

- Joint Declaration between the Government of the Republic of South Africa and the Government of Vietnam on Partnership for Co-operation and Development.
- Agreement concerning the establishment of an Inter-Governmental Partnership Forum for Economic, Trade, Scientific, Technical and Cultural Co-operation; and
- Joint Announcement on the establishment of the Joint Trade Committee. During the recently-concluded Asia-Africa Summit 2005 held in Jakarta, Indonesia from 22 - 24 April 2005, President Mbeki and President Tran Duc Luong of Vietnam met at the sidelines of the Summit.

The bilateral agreements will further strengthen relations between South Africa and Vietnam.

The South African mission in Vietnam was invited to participate in the Vietnam-Africa Trade and Investment Development Co-operation Seminar held in Hanoi in October 2004. The seminar was an attempt to promote South African interest in Vietnam.

Minister of Public Service and Administration, Geraldine Fraser-Moleketi led a delegation to

Singapore in June 2004 to attend an annual conference on Public Administration hosted by the Government of Singapore. In June 2004, the Singapore Ministry of Foreign Affairs, under its Singapore Co-operation Programme (SCP), presented an International Trade Promotion Course for South African diplomats based at Missions in Asia. The course aimed to develop trade promotion capacity in the Department of Foreign Affairs, given that one of the primary focus areas of South African foreign policy is the creation of wealth. The course will be repeated annually.

In the aftermath of the tsunami disaster that struck the South and Southeast Asia region on 26 December 2004, some 2900 South Africans were reported missing. With the assistance of its missions in the region, the Department of Foreign Affairs traced the missing citizens. The Department also assisted with the identification of 14 South Africans who died in Thailand because of the tsunami and facilitated the cremation of their mortal remains or return thereof to South Africa. Assistance was also provided in identifying and cremating the mortal remains of a Zimbabwean who died in Thailand

In the first three days following the tsunami, the Department fielded some 10,000 phone calls from concerned family members seeking information regarding loved ones who had been holidaying in regions of South and Southeast Asia hit by the tsunami.

The South African Government also helped facilitate an emergency rescue flight to Phuket in Thailand to bring back South Africans injured and stranded because of the tsunami.

The South African Government, through the Minister of Health and the Minister of Water Affairs and Forestry, participated in the ad hoc ASEAN conference held in Jakarta on 6 January 2005 to discuss the co-ordination of tsunami relief efforts as well as the subsequent UNOCHA (United Nations Office for the Co-Ordination of Humanitarian Relief) International Conference held in Geneva on 11 January 2005.

The South African National Disaster Management Centre oversaw South African humanitarian and relief efforts concerning the tsunami disaster in the South and Southeast Asia region.

The Department of Foreign Affairs made available R15million to assist with the South African Government's tsunami disaster relief efforts in the affected region. Of this, some R2 million was used to cover the costs of a South African Disaster Victim Identification team comprising pathologists from the Department of Health as well as forensic experts from the South African Police Service, which, at the request of Interpol, assisted with the identification of tsunami victims in Thailand and the Maldives. Both in Thailand as well as the Maldives, the team was assisted in its work by officials from the South African Embassy: Bangkok, and the South African High Commission: New Delhi.

The remaining R13 million was used to defray the additional costs associated with the provision of South African assistance to tsunami relief efforts. In the case of Indonesia, the South African Government contributed some 50% towards the costs of the Nature Link airlift, which



Deputy Minister of Foreign Affairs Sue van der Merwe with her Australian counterpart, Bruce Billson, during bilateral talks.

flew in and distributed humanitarian relief supplies in the province of Sumatra and in particular the Aceh region.

In the case of Sri Lanka, helicopters were chartered to fly in supplies of water purification tablets and to transport humanitarian relief workers to the worst-affected areas.

In addition, a team of water sanitation experts from the Department of Water Affairs and Forestry flew to the Maldives and Sri Lanka to undertake an assessment of water sanitation facilities with a view to their rehabilitation.

South Africa sent relief and rescue teams, as

well as doctors and specialists, to assist in the worst-affected areas namely the Aceh region of Indonesia and Thailand. The South African government co-ordinated, facilitated and liaised with members of the South African public, the private sector and NGOs in regard to the collection of financial contributions, and the transportation of relief supplies such as food, water, and tents. Many South Africans, either as individuals or as members of various NGOs, also contributed towards South African relief efforts in the region.

The Indonesian President as well the Governments of the Maldives and Sri Lanka have expressed appreciation for South African efforts to assist the tsunami-affected region.

The Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma, directed that South Africa strengthen her relations with the Pacific Islands. As developing countries in the South, they have

much in common with South Africa, and the establishment of relations with them forms part of one of South Africa's major foreign policy objectives - that of increased South-South Co-operation. As a result, a Roving Ambassador to the Pacific Islands was appointed with effect from 1 August 2004. The Ambassador will be accredited to the Independent State of Papua New Guinea, the Republic of the Fiji Islands and the Solomon Islands. An advance team visited the Republic of the Fiji Islands in March 2005 to explore the feasibility of opening a Mission there before the end of 2005. The High Commissioner in Canberra, Australia, has been accredited to the Cook Islands, Federated States of Micronesia, the Republic of Marshall Islands, the Republic of Vanuatu, and the Independent State of Samoa.

Japan remains an important partner for South Africa in Asia. South Africa's bilateral relations with Japan are conducted within the framework of an annual Partnership Forum. The Seventh Session of the South Africa-Japan Partnership Forum was held in Tokyo from 30 September - 1 October 2004. A Joint Programme of Action was agreed upon by both parties and embodied the outcomes. Both sides agreed that the Partnership Forum needed to be strengthened, thus signalling the importance that Japan and South Africa attach to their relationship. It is noteworthy that a Councillor responsible for Science and Technology was appointed to the Mission in Tokyo in 2004. This significant step ensures closer co-operation between South Africa and Japan in an area in which Japan is a recognised leader.

From 14 - 15 June 2004, South Africa and South Korea held the second session of the Policy Con-

sultative Forum. The key objective of the Policy Consultative Forum has been to enhance bilateral relations between the two countries. Three working groups were formed to discuss issues in areas of trade, investment and sport; communications, minerals and energy. The outcomes of the meetings heralded a positive outlook on future co-operation between our countries. A follow-up Policy Consultative Meeting was planned for mid-2005.

In September 2004, a delegation of senior officials from the Departments of Foreign Affairs, Trade and Industry, and Science and Technology visited the Democratic People's Republic of Korea to honour a long-standing invitation. A Letter of Intent on mutual co-operation between the two Foreign Ministries was signed.

In March 2005, Deputy President Jacob Zuma hosted Mr. Yang Hong Sop, Vice-President of the Presidium of the Supreme People's Assembly of the Democratic People's Republic of Korea (DPRK). The visit exposed the North Korean delegation to the various sectors in South Africa where co-operation would be possible, such as science and technology, trade, and mining.

South Africa established diplomatic relations with the Central Asian States of Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and the Kyrgyz Republic more than a decade ago. Although political and economic factors continue to place a limit on the current extent of relations, there is scope for South Africa in the oil and mining sectors and related technology. In order to explore these, a Mission was opened in Almaty, Kazakhstan, and an ambassador appointed with effect from June 2005.

Relations between South Africa and Australia, as well as New Zealand, are on a sound footing. The visit to Australia and New Zealand by South African Foreign Affairs Senior Officials in October 2004 went a long way towards consolidating this relationship. On 7 February 2005, the Deputy Minister of Foreign Affairs, Ms Sue van der Merwe, held bilateral talks with her Australian counterpart, Mr Bruce Billson, in Pretoria.

Australia is South Africa's third largest trading partner in Asia, after Japan and China. Trade relations between the two countries are valued at R11, 4 billion. The merger in the 1990's of Australian BHP Billiton and Gencor created the largest mining company in the world.

In terms of South-South Co-operation, New Zealand is a strong ally of South Africa, especially in terms of multilateral relations. South Africa and New Zealand are both members of the Valdivia Group, which aims to promote the enhancement of scientific co-operation and Southern Hemisphere views in international environmental meetings.

The two countries enjoy a close working relationship within the context of the Antarctic Treaty and Indian Ocean Fisheries, and interact within the context of the WTO and the Cairns Group. South Africa and New Zealand also work closely on Commonwealth issues, particularly those affecting Africa.

The Branch Asia & the Middle East held a Business Seminar in Cape Town during February 2005 in co-operation with the Cape Town Chamber of Business. The purpose of the seminar was to introduce the South African business

community to the opportunities that may be available in Asia and the Middle East. The seminar was well attended by Middle Eastern and Asian diplomats based in South Africa and by members of the Cape Town business community. Speakers at the seminar included a delegate from MIH Holdings as well as representatives from the Western Cape Provincial Government and the Cape Town Regional Chamber of Commerce and Industry. Ambassadors from the diplomatic Missions of China, the Philippines, Iran, and the UAE also gave presentations on the business potential in their respective countries.

South Africa's Minister of Communications visited Bahrain during March 2005 to attend a Summit on Information Technology. It is believed that the Minister also held bilateral discussions with her Bahraini counterpart during the IT Summit.

The Minister of Foreign Affairs, Dr. Nkosazana Dlamini Zuma, paid an official visit to the Islamic Republic of Iran during December 2004, for the convening of the Eighth South Africa-Iran Joint Bilateral Commission (JBC). In her capacity as the official leader of the South African delegation, Minister Dlamini Zuma co-chaired the JBC. The Minister of Health, Dr. Manto Tshabalala Msimang, who accompanied Minister Dlamini Zuma, led the official South African Health Delegation that included two Members of the Executive Council (MECs) from the Mpumalanga and Limpopo Provinces respectively. On 14 December 2004, the South African Minister of Health and her Iranian counterpart signed an Agreement on Co-operation in the Field of Health between Iran and South Africa.



During February 2005, officials from the Iranian Central Bank visited South Africa and met with the Deputy-Governor of the South African Reserve Bank and representatives of South African commercial banks.

Kuwaiti companies are increasingly focusing on South Africa as an investment destination. During 2004/2005, investments totalling US\$ 500mn were announced, mainly in the tourism sector. On a political level, relations were consolidated by a visit to Kuwait by the Minister of Foreign Affairs, Dr NC Dlamini Zuma in December 2004.

Qatar Airways held a gala banquet in Johannesburg at the end of January 2005 to launch the new Qatar-Johannesburg-Cape Town air service officially that commenced on 16 January 2005. Qatar, which possesses the world's largest gas reserves, has attracted a major investment from Sasol, which is involved in the construction of a gas-to-liquid plant in the country

President Thabo Mbeki with the Foreign Minister of India Natwar Singh (extreme left), the Foreign Minister of Brazil Celso Amorim and Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma during the IBSA forum held in Cape Town in March 2005.

In May/June 2004, a successful first meeting of the South Africa-Saudi Arabia Joint Economic Commission took place in South Africa. During the meeting, a South African-Saudi Business Forum was established in terms of a Memorandum of Understanding with a view to diversifying economic bilateral relations between the two countries.

During January 2005, a journalist from the Jeddah-based Arab News toured South Africa as a guest of South African Tourism, which resulted in some positive news coverage for South Africa in Saudi Arabia.



In February 2005, a small South African delegation under the leadership of the South African Ambassador to Saudi Arabia attended the international Anti-terrorism Conference, held in Riyadh, Saudi Arabia.

In March 2005, a group of Saudi athletes came to South Africa to train the Universities of Pretoria and North West in preparation for the forthcoming Islamic Games.

During March 2005, the Minister of Health of the United Arab Emirates, acting as Special Envoy, met with President Mbeki in Cape Town. During the meeting, he extended an invitation on behalf of the Prince of Dubai for President Mbeki to attend the opening ceremony of the Second Festival of Civilisations and Cultures of the World Sahara People in Dubai during April 2005.

South Africa participated in the Defence Exhibition held in Dubai in February 2005, at which the South African-manufactured Rooivalk combat helicopter was one of the exhibits.

Enhancing the capacity of IBSA and promoting its programmes.

The India/Brazil/South Africa Dialogue Forum (IBSA) remains of strategic importance to all three countries as a powerful global forum to drive South-South co-operation, the agenda of the South, and to champion the needs of the developing world.

The Minister of Foreign Affairs, Dr Dlamini Zuma, the Minister of External Affairs of India, Mr Natwar Singh, and the Foreign Minister of Brazil, Mr Amorim, met in Cape Town from 10

- 11 March 2005 for the Second Meeting of the Trilateral Ministerial Commission of the IBSA Dialogue Forum. The Foreign Ministers reaffirmed their determination to play a constructive role in international affairs, to maintain friendly relations with all countries, to support a strong multilateral system as a means towards addressing issues of global concern and in particular the pre-eminent role of the United Nations in the maintenance of international peace and security and the promotion of sustainable development.

The Ministers agreed to work together, within the UN processes in New York, towards the successful conclusion of the Millennium Review Summit scheduled to take place from 14 - 16 September 2005.

Furthermore, the Ministers reviewed the work of the Sectoral Working Groups and adopted their reports. While appreciating the progress made thus far, they recognised that greater scope existed for further intensifying co-operation amongst the three countries. The Ministers decided to initiate trilateral co-operation in two additional sectors, namely Agriculture and Culture.

The Ministers further welcomed the decision on the establishment of the IBSA website, which would facilitate interaction on, and follow-up of, IBSA decisions. The website was operational by the end of June 2005.

The Ministers welcomed the launch of the IBSA Business Council. It was agreed that the Business Council and the Working Group would have an active working relationship, and would

collaborate in areas such as Small, Medium and Micro Enterprises.

The Ministers also welcomed the preparations for the IBSA Education Ministerial Meeting to be held in New Delhi during 2005, to discuss thematic areas previously identified in the New Delhi Plan of Action.

The Ministers agreed that an IBSA seminar on Economic Development and Social Equity held in Rio de Janeiro from 3 - 5 August 2005 would emphasise a new paradigm for South-South dialogue and co-operation, and seek to promote a better understanding among IBSA members of their national policies and strategies in order to encourage economic and social co-operation.

The next Trilateral Ministerial Meeting will be held in Brazil in 2006

Hosting the Asian-African Sub-Regional Organisations Conference (AASROC)

In his capacity as Chair of the African Union, President Mbeki, in his address to the Eighth ASEAN Summit held in Cambodia, in November 2002, called on the ASEAN leaders to co-operate with Africa on NEPAD and other matters of common interest. In response to the call, the President of Indonesia, Megawati Soekarnoputri, announced that Indonesia would host the first Asian-African Sub-Regional Organisations Conference (AASROC) to coincide with the Forty Eighth Anniversary of the Asian-African Conference of 1955 as a platform for Asia-Africa co-operation. She invited South Africa to co-host the AASROC

conferences in preparation for a Summit-level Asia Africa Meeting in 2005, to coincide with the commemoration of the Golden (50th) Jubilee of the Bandung Conference. President Mbeki welcomed the announcement and accepted the invitation.

During the past financial year, a number of meetings were held in preparation for the 2005 Asian-African Summit, following on the AASROC I conference held from 29 - 30 July 2003 in Bandung, Indonesia. An Asian-African Ministerial Working Group Meeting was held in Durban on 24 March 2004, followed by the AASROC II Conference, which was also held in Durban on 20 - 21 August 2004. In preparation for the Asia Africa Summit to be held in April 2005, a Senior Officials' Meeting took place in Jakarta from 30 - 31 March 2005.

At AASROC I, the principles for closer co-operation between the countries of the two continents were confirmed. A recommendation for the establishment of a New Asian-African Strategic Partnership (NAASP) during the 2005 Asian-African Summit was made at AASROC II. It also defined the parameters of the New Strategic Partnership in preparation for further discussion at Heads-of-State-level in Indonesia in April 2005. A number of studies were commissioned to identify the areas of concern that the NAASP needed to focus on. It was agreed that economic issues, trade, investment and human resources development were the areas of primary focus.

SOUTH-NORTH DIALOGUE

Dialogue with the developed countries of the



North continues to be a high priority for the Department. Without the co-operation of the developed countries, little progress is possible on such crucial issues as global trade and reform of the global financial architecture. The North still provides the bulk of global market opportunities as well as most foreign direct investment. The developed countries are also the major source of Official Development Assistance (ODA). In 2004/05, the main South-North relationships continued to be the G8, the EU, the USA, Japan, the World Economic Forum (WEF), the Commonwealth, and the OECD.

The Group of Eight (G8)

Since 2002, Africa has been given a special place on the agenda of the annual Summit of the Group of Eight countries (G8). The 2004 Summit at Sea Island, Georgia, was no exception.

Following an invitation from the Chair, United States President George W Bush, President Mbeki, and the Presidents of Nigeria, Ghana, Senegal, Algeria, and Uganda held discussions with G8 leaders on Thursday, 10 June 2004, to discuss issues of importance to Africa.

The African leaders re-emphasised the need for the partnership between Africa and the G8, particularly the efforts aimed at poverty reduction. They also briefed the G8 leaders on progress made in various African initiatives, including the launch of the AU Peace and Security Council, progress made in respect of reviews undertaken under the African Peer Review Mechanism, Agricultural Development, and concerns of the African continent regarding the logjam in multilateral negotiations.

G8 leaders endorsed the "G8 Action Plan Expanding Global Capability for Peace Support Operations" to train and equip some 50 000 – 75 000 peacekeepers and police by 2010, citing in particular security needs in Africa. Following a commitment by President Bush to ensure that AGOA III was passed as soon as possible, on 14 June 2004 the United States House of Representatives voted to extend AGOA, thus prolonging the special arrangement by 7 years to 2015.

African leaders made a strong appeal for the cancellation of all their debt, and G8 leaders agreed to seek a two-year extension to the expiring HIPC-initiative. G8 leaders also adopted the plan for a "Global HIV Vaccine Enterprise". This plan complements the EU's declaration of 4 June 2004 to commit an extra US\$75 million (R480 million) to help eradicate polio in Africa.

It was announced that a comprehensive review of progress with the implementation of the G8 Africa Action Plan was to be conducted in 2005. The Prime Minister of the United Kingdom stressed that the work of the United Kingdom Commission for Africa would focus on developing a holistic response to issues of trade governance, peace and security, human development, and resource flows.

Organisation for Economic Co-operation and Development (OECD)

South Africa has formally indicated an intention to enter into a more structured relationship with the OECD. In line with the decision taken by Cabinet, national Departments have been encouraged to actively explore the work of and pursue application for Official Observer Status in



President Thabo Mbeki with Commonwealth Secretary-General Don Mckinnon, during his visit to South Africa.

those individual OECD Committees that are relevant to their portfolios. A programme of policy alignment to the OECD would allow for gradual alignment of South Africa's economic and social policies with those of the OECD agreements and instruments, so that a possible future decision to become a full member would not require any major adjustments.

Following the visit by Minister ZST Skweyiya, Minister of Social Development, to the OECD in Paris in 2004, the Department of Social Development (DSD) formally applied for Regular Observer status in the OECD Committee for Employment, Labour and Social Affairs. The Department of Social Development (DSD) intends to use its Observer Status to tap into the OECD's extensive expertise and best practice models in the areas of social policy and social security, as well as co-operation in specific areas.

The Department of Public Service and Adminis-

tration has embarked on a process of acceding to the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Convention binds parties to full transparency in international commercial dealings, and seeks to root out corrupt business practices.

The Ministers of Trade and Industry and of Public Enterprises participated in the Annual OECD Ministerial Council Meeting held in May 2004. (South Africa had been invited to participate in the Ministerial Council meeting for the past four years). South Africa's participation ensured its access to intensified dialogue among trade policy-makers to ensure concrete post-Doha



Development Agenda (DDA) results.

World Economic Forum (WEF)

The WEF remains an important forum for dialogue between political and business leaders, and civil society. Its Annual Meetings in January and the Africa Economic Summits in June have proved to be important events in keeping Africa on the global agenda.

In 2004, for the first time in many years, the Africa Summit was held outside South Africa; it took place in Maputo from 2 – 4 June. President Mbeki, the Heads of State of Mozambique, Zambia, about 20 Ministers, and Deputy Ministers, mostly SADC members, attended. NEPAD featured prominently and in general it was acknowledged that patience was required in implementing the priority projects.

The WEF Africa Competitiveness Report was also released at the Summit. The Report placed South Africa third behind Botswana and Tunisia; South Africa was placed fourth in the last report and seventh in 2000. Indications received at the Summit were that South Africa was the largest investor in Africa.

It was announced in Maputo that South Africa would host the 2005 Summit.

The Annual Meeting from 26 - 30 January 2005 in Davos, Switzerland, with the theme of "Taking Responsibility for Tough Decisions," played an important role in re-focusing attention on Africa. President Mbeki, Mrs Mbeki as a member of the Board of the Schwab Foundation, as

well as Ministers Mpahlwa, Manuel and Didiza participated.

The meeting successfully placed the issues of Africa's renewal, poverty eradication, and development high on the international agenda. In dealing with the challenges of poverty eradication, its urgency, the need to identify new sources of funding and fast-track the disbursement of existing funds were emphasised. Issues included in the Commission for Africa Report, such as climate change, debt relief and aid, were also discussed, thus prompting a focus on Africa that continued through the rest of 2005.

The Commonwealth

Foreign Ministers of the Commonwealth met in the margins of the Fifty-ninth Session of the United Nations General Assembly (UNGA) and finalised the new format for Commonwealth Heads of State and Government Meetings (CHOGMs), which were introduced during the CHOGM in Malta in 2005. The new format aims at an enhanced role for Ministers and a longer Retreat for Heads of Government.

The Commonwealth Secretary-General attended the 2004 inauguration of President Mbeki and passed through South Africa on various occasions for visits to African countries. In March 2005, in transit for the inauguration of the President of Namibia, the Secretary-General met with President Mbeki to discuss various issues related to Africa.

South Africa, through participation in the London meetings of the Commonwealth Executive Committee and Board of Governors, has re-



President Thabo Mbeki welcoming President Joseph Kabila during a state visit to South Africa.

mained a leading advocate within the Commonwealth for the African Agenda and implementation of the development mandate given to the Commonwealth Secretariat by the Abuja Heads of Government Meeting (CHOGM) in 2003.

POLITICAL AND ECONOMIC RELATIONS

Southern Africa

Bilateral relations between South Africa and the countries of the Southern African region have strengthened, with increasing levels of political and economic co-operation. Much progress has been made with reference to the implementation of protocols of co-operation and harmonisation specifically between the countries of the Southern Africa Development and Economic Community (SADC). While the negotiation of a free-trade agreement between the South African Customs Union and the USA is ongoing,

negotiation with the European Free Trade Area (EFTA) drew to a successful close by the end of the year.

Angola

South Africa continued assisting Angola with regard to post-conflict reconstruction and development. Senior South African government officials, led by the Director-General of Foreign Affairs, Dr Ayanda Ntsaluba, visited Angola during June 2004, while the Deputy President, Jacob Zuma, engaged the Angolan government on the Great Lakes region and on reviewing progress on bilateral and multilateral issues of mutual interest, during August 2004. South Africa is providing technical assistance to Angola



in preparing for elections, which are expected to occur during 2006. In February 2005, the Angolan Prime Minister, Mr Fernando da Piedade Dias dos Santos, visited South Africa for the ratification of agreements on a bilateral investment protection and promotion agreement as well as co-operation agreements in the areas of defence, electricity and power supplies, and social re-integration.

Botswana

During March 2003, President Mbeki paid a State Visit to Botswana. South Africa entered into an agreement with that country to establish a Joint Permanent Commission for Co-operation to pursue mutual interests in the areas of water affairs, agriculture and livestock, mining and tourism, environmental co-operation, financial arrangements, transportation, and infrastructure development. During the year under the contents of this agreement were engaged further.

Democratic Republic of the Congo (DRC)

South Africa continued to assist the DRC with post-conflict reconstruction and development, and with the organisation of democratic general elections. The South African government departments of Foreign Affairs, Home Affairs, Public Service and Administration, and Provincial and Local Government, the South African Police Service, and the Independent Electoral Commission engaged their DRC counterparts on a series of issues, including governance and administration, and peace and security. These departments have deployed personnel in the DRC on a flexible basis, following the conclusion of a needs-analysis for the organisation of elections in the DRC.

President Mbeki and the President Joseph Kabila of the DRC officially launched the Bi-National Commission between South Africa and the DRC, in the DRC, in August 2004. On that occasion, the countries entered into five agreements pertaining to co-operation in the areas of health, public administration, diplomatic consultations, economic co-operation and the mutual promotion and protection of investments. A Defence Co-operation Agreement and a Memorandum of Understanding on Practical Assistance in the integration of the Armed Forces were signed in June 2004. The DRC's National Assembly adopted the Law on Nationality on 25 September 2004 and legislation to regulate elections was promulgated in December 2004, which enabled the DRC's IEC to begin preparations for democratic elections in that country.

Relations were also strengthened with this country, when South Africa hosted a delegation of Senior Officials in August 2004. During these meetings, discussions were held on a number of issues, including trade relations, with a view to the establishment of the Joint Co-operation Commission between the two countries. It is expected that South Africa will open its first Embassy in the DRC during 2005.

Lesotho

South Africa and Lesotho have agreed to engage in a strategic partnership to assist Lesotho in accelerating economic development in order to raise that country's status from that of a Least Developed Country. South Africa also continues to co-operate with Lesotho in the Lesotho Highlands Water Project to meet Lesotho's electricity needs and to provide approximately 780 million cubic metres of water to South Africa per annum.



Malawi

Malawi held its third democratic presidential and parliamentary elections on 18 May 2004. President Mbeki attended the inauguration of Malawi's new President, Bingu wa Mutharika, on 22 May 2004. Negotiations are underway between South Africa and Malawi to establish a Joint Permanent Commission for Co-operation between the two countries.

Mozambique

The Fourth Joint Permanent Commission for Co-operation between South Africa and Mozambique is scheduled to take place in South Africa in November 2005. The emphasis of the meeting will be on increased co-operation in various fields between the two countries. The South Africa-Mozambique Heads of State Economic Bilateral Forum, chaired by the two Presidents, met on 15 April 2005, and focused primarily on co-operation in macro-economic projects in Mozambique. This co-operation has

The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and her Rwandan counterpart Charles Muragande during the Third Session of the South Africa-Rwanda Joint Commission of Co-operation.

resulted in the Maputo Corridor Logistics Initiative, launched on 18 February 2004, which has facilitated a more effective transportation route between the two countries. President Mbeki attended the official inauguration of the Natural Gas Project in Mozambique on 1 July 2004. In addition, the Airports Company of South Africa (ACSA) has been chosen as the preferred bidder for the management and operation of the Maputo International Airport. ACSA estimated an outward directed investment of about US\$ 34 million and initiated operations at the beginning of 2005.

The South African National Defence Force rendered further logistical support to Mozambique



during the country's third democratic presidential and parliamentary elections in December 2004. President Mbeki attended the inauguration of Armando Emilio Guebuza as President of Mozambique on 2 February 2005

Namibia

On 15 and 16 November 2004, Namibia held presidential and parliamentary elections. Senior officials from the Department of Foreign Affairs formed part of a SADC observer team, which visited Namibia to monitor the elections at the invitation of the Namibian government. On 21 March 2005, President Mbeki attended the inauguration of the newly-elected President of Namibia, Mr Hifekepunye Pohamba. Earlier that month, President Mbeki bade farewell to Namibia's first President and founding father, Dr Sam Nujoma, during Dr Nujoma's brief visit to South Africa.

Swaziland

A Joint Bilateral Commission for Co-operation between South Africa and Swaziland was established on 20 December 2004 in Swaziland to institutionalise bilateral relations between the two countries. Swaziland has made considerable progress towards the development of a new constitution, the adoption of which is expected during 2005.

Tanzania

Tanzanian Prime Minister, Frederick Sumaye, visited South Africa from 19 - 22 October 2004, to consolidate bilateral relations with South Africa.

Zambia

In October 2004, President Mbeki attended Zambia's Fortieth Independence Day celebra-

tions. A team of senior South African officials visited Zambia from 20 - 22 October 2004, to assist in reactivating the 1996 General Agreement on Economic, Social, Scientific, Technical and Cultural Affairs. Negotiations are underway to establish a Joint Permanent Commission of Co-operation between South Africa and Zambia. South Africa continued to encourage the different political parties to seek an amicable solution to the political and socio-economic challenges facing Zambia.

Zimbabwe

South Africa sent a National Observer Mission to Zimbabwe to observe its sixth parliamentary election, held on 31 March 2005. South African observers also participated in the SADC Observer Elections Mission. Both election observer teams declared the Zimbabwean Parliamentary election credible and reflective of the will of the people of Zimbabwe.

East Africa

South Africa's high-level engagement with the region of East Africa was characterised by its commitments in support of regional conflict management and resolution, as well as peace building and national reconciliation processes. South Africa's bilateral relations with the countries of the region have strengthened significantly and are underpinned by the opening of three new diplomatic Missions in Bujumbura (Burundi), Moroni (Comoros), and Asmara (Eritrea). South Africa's trade with countries in the region has also shown sustained growth. Bilateral economic relations with Kenya, Mauritius, and Uganda have shown significant expansion, both in trade flows and in foreign direct invest-



ment (FDI) by South African business interests. South Africa has also significantly expanded its interaction with the Sudan and Somalia in the context of supporting processes led by the Intergovernmental Authority on Development (IGAD) and the AU on post-conflict reconstruction and national reconciliation in these two countries.

With regard to the Indian Ocean Islands in particular, there has been a concerted effort to solidify and strengthen political, economic, and cultural interaction between these countries and South Africa. It is envisaged that bilateral relations with these countries will be structured in the form of Bi-lateral Co-operation Agreements.

Following the tsunami of 26 December 2004, which caused devastation in the Indian Ocean region, South Africa provided direct humanitarian relief to Somalia and the Seychelles and simultaneously investigated the possibility of

Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma paid a courtesy call on Eritrean President Isaias Afwerki during her visit to Eritrea.

assisting in the rehabilitation of the fishing industry in Somalia.

Burundi

In Burundi, South Africa will continued with the leading role that it has assumed in managing the successful implementation of the Arusha Peace and Reconciliation Agreement. Throughout 2004/05, South African Deputy President Jacob Zuma, the Facilitator of the Burundi Peace Process, continued engaging successfully with the Burundian role-players in addressing outstanding issues concerning power sharing, and provided impetus to the Burundi Peace Process. In this regard, under the auspices of the Burundi Independent National Electoral Commission





Minister Nkosazana Dlamini Zuma paid a courtesy call on the President of Chad Idriss Deby (far right) during her visit to Chad.

(CENI), a successful Constitutional Referendum was held on 28 February 2005. In addition, CENI also announced the electoral calendar with National Legislative Elections scheduled for 4 July 2005 and Presidential Elections for 19 August 2005.

142

Rwanda

The political situation in Rwanda can be regarded as stable and vibrant with considerable progress having been made especially in the areas of national reconciliation and nation-building. Co-operation between South Africa and Rwanda focuses on the post-conflict reconstruction of that country. In this regard, Minister Dr Nkosazana Dlamini Zuma hosted her counter-

part Dr Charles Murigande for the Third Session of the South Africa-Rwanda Joint Commission of Co-operation (JCC) from 27 - 29 July 2004. In an effort to strengthen this bilateral structure further, the Implementation Monitoring Committee (IMC) was established at Directors-General level, to provide the necessary co-ordinating, planning and monitoring framework to manage the effective implementation of approved programmes in addition to ensuring delivery of crosscutting training and human resources capacity-building programmes.

Comoros

The Comoros could be described as relatively stable, but the political situation remains fluid. There has been considerable progress in stabilising the Union of Comoros since the groundbreaking Fomboni Agreement of 17 February 2001 and the subsequent signing of the Beit Salam Agreement of 2003, under the Chairmanship of President Mbeki. The efforts of the coun-

tries of the region, assisted by South Africa as a Co-ordinator and the AU Troika, have yielded some significant outcomes. An AU delegation of senior officials led by South Africa visited the Comoros from 18 - 22 January 2005 to evaluate progress with the process of national reconciliation following the signing of Transitional Agreement of 2003. The delegation's mandate was also to prepare for the Fourth AU Ministerial Committee Meeting of the countries of the Region and the Troika on the Comoros.

The Fourth Ministerial Committee Meeting of the countries of the region and the AU Troika on the Comoros, under the chairpersonship of the Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma, took place from 6 - 7 May 2005 in Moroni. The Committee consulted with civil society, representatives of the Union of Comoros Government and the Islands' authorities including President Azali and the Presidents of the three autonomous islands. Achievements include among others the establishment of a Constitutional Court, the Inauguration of the National Assembly and autonomous Islands Assemblies, and the promulgation of several organic laws.

Kenya

South Africa remains committed to supporting the Kenyan government in its efforts towards constitutional reform. Closer interaction between members of Parliament in Kenya and their South African counterparts has also been proposed. This interaction would enable South Africa and Kenya to share ideas in relation to transitional dynamics.

Uganda

South Africa and Uganda announced the inten-

tion to establish a Joint Permanent Economic Commission to strengthen bilateral relations further.

Ethiopia and Eritrea

The Joint Bilateral Commission between South Africa and Ethiopia was launched successfully in March 2004, followed by a series of meetings between senior officials from both sides to expand and strengthen bilateral co-operation in the areas of capacity-building, trade and investment, science and technology, and arts and culture, among others. The process to establish a framework for South Africa's bilateral relations with Eritrea was also started.

The stalemate between Eritrea and Ethiopia over the demarcation of the disputed border territories remains unresolved. Military confrontation diminished due to the ably managed sectoral commissions. Bilateral engagements by prominent AU member states, such as South Africa, Nigeria, and Algeria, continue to promote efforts to facilitate a dialogue between the two countries. Minister Dr Nkosazana Dlamini Zuma visited Eritrea in July 2004 and subsequently engaged with Ethiopia on this issue, in the context of AU efforts to assist in normalising bilateral relations between Ethiopia and Eritrea.

The Sudan

South Africa's bilateral relations with the Sudan are expanding rapidly. The process to establish a Bi-National Commission was started with a view to accelerate different areas of practical co-operation, and to support post-conflict reconstruction in the Sudan.

Following the official visit to Sudan by Presi-



dent Mbeki at the end of 2004, and the signing of the Comprehensive Peace Agreement (CPA) on 9 January 2005 by the Government of Sudan (GoS) and the Sudanese People's Liberation Movement/Army (SPLM/A), South Africa remained engaged with the peace processes there, and advocated an inclusive approach to the constitutional process in the Sudan and a comprehensive approach to the regional conflicts.

The DFA-SPLM-UNISA Capacity and Institution Building Project for South Sudan was launched on 5 February 2005 in South Sudan with the active participation of a delegation of senior South African government officials, led by Deputy Minister Pahad. This was also the first orientation and training session of senior SPLM/A cadres. A further orientation / capacity building / training visit by a large SPLM delegation, led by the First and Second Vice-Chairmen, took place in South Africa from 28 March – 8 April, during which the delegation interacted with a wide range of government departments and other relevant institutions.

The AU Committee on the Post-Conflict Reconstruction of the Sudan, chaired by South Africa, met in Cape Town on 18 February 2005 at Ministerial level, to discuss the implications of the CPA on the post-conflict reconstruction efforts, the needs of both the GoS and the SPLM, as well as possible areas of support from the AU and its member states. Ministers from member countries of the Committee visited North and South Sudan from 22 – 26 March 2005 and a comprehensive African Strategy for Post-Conflict Reconstruction in the Sudan, with clear and time-bound actions, was finalised, as along with

a consolidated African position for the international donors' pledging conference held from 11 - 12 April 2005 in Oslo. The Committee mandated Minister Dlamini Zuma, as Chairperson of the Committee, to lead its delegation to the Oslo Conference.

The security situation in Darfur remained tense, with regular clashes between Government forces, allied militias, and rebel groups. The AU-led peace process in Abuja between the parties to the conflict is continuing. South Africa has deployed 39 military observers, 241 protection force members and 101 civilian police members in Darfur as part of the AU Mission to the Sudan (AMIS). The proportions of the humanitarian crisis in Darfur increased during 2004 and the beginning of 2005, with increasing numbers of internally displaced persons.

Somalia

The culmination of the Mbagathi Peace Process led by Kenya in the declaration of a Transitional Federal Government (TFG) in October 2004 heralded a breakthrough in Somalia's protracted crisis of statelessness and civil strife. The TFG provides a real opportunity for the people of Somalia to move towards national unity and reconciliation.

The Department, on instruction from President Mbeki, conducted a fact-finding mission to Nairobi in February 2005 to determine the needs and future requirements of the TFG. A process of identifying entry points, through a developmental approach, for lending support to Somalia in the context of IGAD and the AU, which could have a positive impact on the post-conflict reconstruction of that coun-

try, commenced. This support would include, among others, the development of a national reconciliation strategy for Somalia and assistance with capacity-building for the new government, in consultation with the Somali leadership and IGAD members.

Central and West Africa

With regard to West Africa, at the request of the African Union (AU) and in close collaboration with the United Nations (UN) and the Economic Community of West African States (ECOWAS), South Africa played a key role in efforts to promote the resolution of the crisis in Côte d'Ivoire. President Mbeki was asked to undertake an AU mediation role in Côte d'Ivoire, which resulted in the Pretoria Agreement, that aimed at restoring peace and stability to the country, and would allow presidential elections to be held in October 2005. It is expected that South Africa's direct involvement in Côte d'Ivoire will continue for now. South Africa also supported the ECOWAS position on restoring Togo to constitutionality following the death of President Eyadema.

Bilateral co-operation on the promotion of peace, stability, and security in Africa was discussed and strengthened during the Official Visit to Cape Verde by South Africa's Deputy President Jacob Zuma in August 2004 and the Working Visit to South Africa by President Yahya Jammeh of The Gambia in September 2004. During the working visit of President Blaise Compaore of Burkina Faso to South Africa in July 2004, the situation in Côte d'Ivoire was discussed, as well as South African support for their hosting the Special AU Summit on Labour and Employment late in 2004.

With regard to South Africa's structured bilateral relationships with the West African region, the inaugural session of the South Africa-Mali Joint Commission of Co-operation (JCC) was held in Pretoria in August 2004 followed by the Sixth Annual Session of the South Africa-Nigeria Bi-national Commission (BNC) in Durban in September 2004, while a Joint Commission of Co-operation (JCC) and a Joint Commission on Bilateral Co-operation (JCBC) were established with Ghana and Senegal respectively during a visit to those countries by Minister Dr Nkosazana Dlamini Zuma in November 2004.

In Central Africa, South Africa's first resident High Commissioner to Cameroon presented his credentials in October 2004, marking the start of a closer relationship with Cameroon. Minister Dr Nkosazana Dlamini Zuma led a Ministerial delegation to Chad in November 2004, and a General Co-operation Agreement was signed with that country in December 2004. Once implemented, this Agreement will open the door to a number of joint projects in Chad, related to transport, communications, and the energy sector.

South Africa has closely monitored the Central African Republic's (CAR) progress towards democratic elections, with the first round held in March 2005. Once the second round has been concluded and a democratically elected government is in place, South Africa will investigate ways of helping democracy, national reconciliation, and good governance take root in the CAR. Progress towards a more open society in São Tomé and Príncipe was also monitored and supported. Relations are expected to strengthen in the short term.



**The Minister of Foreign Affairs
Dr Nkosazana Dlamini Zuma meets with the
Jamaican Minister of Foreign Affairs and Foreign
Trade Keith Knight in Kingston during the
SA-Jamaica-AU Diaspora Conference.**

146

Substantial progress was made in strengthening bi-lateral relations with the Republic of Gabon. During the visit of the Acting Minister of Foreign Affairs of Gabon in March 2005, the Protocol for Regular Diplomatic Consultations, a Trade Agreement and the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income were signed. A number of other Agreements that were initialled are expected to be signed into operation during the course of the upcoming financial year.

The involvement of South African nationals in an attempt to overthrow the Government of Equatorial Guinea dominated relations with that

country during the course of 2004. It is expected that Senior Officials from Equatorial Guinea will visit South Africa during 2005 to begin implementing the General Co-operation Agreement signed in 2003.

South African trade exports to West Africa increased slightly from R 5, 3 billion in 2003 to R 5, 8 billion in 2004, while imports from the region increased significantly from just over R 3 billion in 2003 to R 5, 4 billion in 2004. This resulted in an increase in total trade with the region from R 8, 3 billion in 2003 to R 11, 3 billion in 2004, representing 1,8% of South Africa's total foreign trade during 2004 of R601 billion.

South Africa's trade with its main trading partners in the region, such as Nigeria, Ghana, and Mali, increased significantly during 2004. In addition, trade with countries in post-conflict situations such as Sierra Leone and Liberia also rose sharply for the first time in the past decade, as

a direct result of the return of stability in these countries. The continued trend of lower trade with traditional trading partner Côte d'Ivoire reflects the ongoing political instability experienced in that country since late in 2002.

Nigeria, followed by Ghana, Côte d'Ivoire, Mali, and Guinea remained South Africa's largest trading partner in West Africa. South Africa's total trade with that country was up by another R 2, 8 billion from 2003, having represented 71% of South Africa's total trade with the region in 2004. Due to the sharp increase in South African imports from the region (up from R3 billion in 2003 to R5,4 billion in 2004), our trade surplus with West Africa fell from R 2,2 billion in 2003 to R 362,5 million in 2004. Nigeria remained the only country in the region with which South Africa had a trade deficit, which amounted to R 2, 2 billion in 2004.

Trade with the countries of Central Africa has not yet reached its full potential, with only Cameroon, the Gabon, and the DRC falling within the ranks of the top 50 South African trading partners. With its considerable potential for yielding oil, it is expected that trade and investment with the region will increase. Nonetheless, South African companies are already active in the region and are, for example, important players in the telecommunications sector. There are also promising opportunities for ventures in the health, hospitality, housing and tourism sectors in São Tomé and Príncipe, Cameroon, and other countries in the region.

North Africa

Bilateral relations with countries in North Africa

continue to improve. Unfortunately, the Arab Maghreb Union (AMU) remains non-operational, and interlocutors are attempting to reactivate this very important building block of the African Union.

Tunisia appears to be looking at South Africa as a strategic partner in its desire to create an axis between the south and north of the continent and to engage jointly in bilateral projects in Africa. The State Visit by President Mbeki to Tunisia from 12 - 13 October 2004 provided an excellent platform for reinforcing bilateral relations with Tunisia and increasing co-operation in all spheres as well as assessing progress made in implementing existing agreements.

The Fourth Session of the RSA/Algeria Bi-National Commission (BNC) was held in South Africa on 5 October 2004. The BNC was a success, and the Pretoria Plan of Action adopted. During the Session, several bilateral agreements were signed. Minister Dr Nkosazana Dlamini Zuma is expected to lead a delegation to Algeria during 2005 to review the implementation of the Pretoria Plan of Action.

Minister Dr Dlamini Zuma visited the Sahrawi Arab Democratic Republic on 7 April 2005, and announced that South Africa would provide humanitarian assistance for projects related to nutrition, water, and sanitation.

Deputy President Jacob Zuma visited Libya from 9 - 10 March 2005, accompanied by a Ministerial and business delegation. Libyan Prime Minister Dr Shukri Ghanem accepted an invitation from Deputy President Jacob Zuma to visit South Africa in July 2005. A meeting of the Joint Bilateral



Commission is envisaged to take place in 2005 in South Africa in order to strengthen bilateral relations with Libya further. The President attended the AU Summit in Sirte from 4 - 5 July 2005.

The Third Ordinary Session of the AU Conference of Ministers of Trade was held in Egypt from 5 - 9 June 2005. In an effort to strengthen bilateral economic relations, the Minister of Minerals and Energy, Phumzile Mlambo Nguka, led a successful business delegation to Egypt in April 2005. Eskom is also in the process of increasing co-operation with Egypt.

Minister Dr Nkosazana Dlamini Zuma visited Mauritania in January 2005 and conducted political and economic bilateral discussions with her counterpart Minister Mohamed Vali Ould Bella, before signing an agreement titled A Framework for Co-operation, with an emphasis on economic development and trade between the two countries. In this regard, anticipated future areas of co-operation include agri-business, mining (iron ore), oil, and tourism.

Morocco remains an important trading partner in North Africa. To consolidate economic relations with Morocco, the two countries exchanged draft agreements on the avoidance of double taxation. Minister Dr Nkosazana Dlamini Zuma is keen to strengthen co-operation with Morocco in all fields.

Latin America and the Caribbean

South Africa has sought to strengthen bilateral relations with Mexico, the Central American, Andean Community and Caribbean region since

1994. Resident South African Embassies have been established accordingly in Cuba, Peru, Jamaica, Mexico, and Venezuela, whilst Mexico, Colombia, Cuba, Peru, Trinidad and Tobago, and Venezuela have established resident Embassies in South Africa, signifying an expansion and deepening of relations.

Relations with Cuba received priority attention with co-operation projects being co-ordinated through the Joint Bilateral Commission. Priority areas include Human Resource Development in the fields of health, education, housing and water affairs and forestry. The respective Foreign Ministries used the Consultative Mechanism as the ideal platform to review bilateral and multi-lateral relations. The excellent bilateral relations continue to cement relations enhanced by the consistent exchange of high-level visits.

In keeping with the African Union's decision, South Africa has been prominent in the quest for enhanced Afro-Diaspora Solidarity. The South African, African Union and Caribbean Diaspora Conference held in Kingston, Jamaica, during March 2005, provided specific guidelines on how to take South Africa's relationship with the Caribbean forward. The Conference adopted the Programme of Action in terms of which:

- The AU and CARICOM should continue to develop a concrete mechanism for the institutionalisation of relations between the two bodies.
- The African and Caribbean Governments should explore and develop concrete measures for promoting linkages between the two regions in the f priority areas of trade and investment; science and technology; education; culture; travel/



Deputy Minister of Foreign Affairs Aziz Pahad with his Cuban counterpart Mr A Moreno briefing the media following conclusion of the SA-Cuba Consultative Mechanism discussions at the Diplomatic Guest house in Pretoria.

transportation, and youth exchanges.

- African and Caribbean organs of civil society should explore and develop concrete measures for promoting linkages and collaboration between the two regions.
- Africa and the Caribbean, through their regional organisations, should explore ways of harmonising international diplomacy in particular by using the forthcoming UN Millennium Review Summit and the World Trade Organisation Doha Development Round, to advance the agenda set out in this Declaration.

The South African Government will increase its focus on strengthening relations with the Caribbean region over the next few years. The Dominican Republic and Suriname are opening diplomatic Missions in South Africa. South Africa signed a Bilateral Co-operation Agreement with The Bahamas during the Second Inauguration of President Mbeki and the First Joint Bilateral Commission Meeting between these two countries, scheduled to take place during 2005, will

focus on co-operation in the fields of education, tourism and trade.

President Liverpool of the Commonwealth of Dominica, as well as the Vice-President of Peru, Mr David Waisman, attended the Inauguration of President Mbeki, while Vice-Presidents Lage and Lazo of Cuba paid separate visits to South Africa, where they met with President Mbeki, Deputy President Zuma, and Foreign Minister Dlamini Zuma.

Alongside Cuba, Colombia is the most active Latin American member of the Non-Aligned Movement. Their support for the revitalisation of the Movement makes them South Africa's





Deputy Minister of Foreign Affairs Aziz Pahad with his Russian Counterpart Mr Safonov following conclusion of bilateral talks, Diplomatic Guest House, Pretoria.

natural partners among countries of the South in the search for consensus and solutions to global problems.

Mexico, Venezuela, and Peru are also important partners in promoting the Agenda of the South. The institutionalisation of formal partnerships with these countries received extensive attention during the period under review.

South Africa's relations with the countries of the Southern Cone of South America go back several decades in some cases, but only came into their own with the democratisation of South Africa in 1994. Since then, political, economic and technical co-operation has burgeoned. Argentina,

Brazil, Chile, Paraguay and Uruguay all maintain resident Embassies in South Africa, with South African Embassies situated in the former three countries and non-residential accreditation to the latter two from Buenos Aires. Normal relations now exist between South Africa and all of the countries of South America, with issues relating to South-South co-operation or technical co-operation enjoying dominance.

An example of this is the successful Third Meeting of the Brazil-South Africa Joint Commission held in Brazil in 2004. The Foreign Minister of Brazil and South Africa, Ambassador Celso Amorim, and Dr Nkosazana Dlamini Zuma, co-chaired the Joint Commission during which fruitful discussions were held on matters ranging from bilateral and multilateral political issues of the day, to technical co-operation in a variety of different fields. The Meeting provided further practical evidence of the solid relations that exist between the two countries as well as

the importance that both accord to co-operation in the context of the South.

Reciprocal visits to the Southern Cone countries and South Africa by political leaders and technical experts are ongoing and contribute to addressing any unfortunate remaining misperception of distance between South Africa and its Western neighbours.

Economic co-operation between South Africa and Mexico has increased substantially with growing South African investment, not only in Mexico, but also in central American countries such as Honduras and El Salvador. Trade with our foremost trade partners in South America, namely Brazil, Argentina and Chile, continues to grow and will receive increasing attention in the year ahead in terms of efforts to increase South African exports in a bid to diminish the increasing trade deficit with that area.

During the year under review, further discussions were held in an effort to establish a CHAM-SA-Latin American Business Forum. Consideration is also being given to the creation of joint Chambers of Commerce in various countries in the southern part of South America, with whom trade continues to grow. In addition, the signing in December 2004 of a Preferential Trade Agreement between the Southern African Customs Union (SACU) and MERCOSUR/L is expected to benefit trade between the various countries of our respective regions. The countries constituting MERCOSUR/L – Brazil, Argentina, Uruguay and Paraguay as full members, and Chile, Bolivia, Peru, Mexico and Venezuela as associate members – account for a joint regional GDP well in excess of US\$ 1 trillion. Negotiations between that influential grouping and SACU are expect-

ed to continue towards an eventual full Free Trade Agreement.

Economic Relations

North America

The United States remains the largest single foreign investor in the South African economy since 1994 and the largest trading partner, taken as an individual country, as well as the largest donor of official development assistance.

Through its interactions with South Africa and its partners in this region, the United States has continued to support the implementation of NEPAD; regional peace, security, and stability initiatives; and economic development and co-operation.

Economic priorities regarding the United States are two-fold: participation in the Southern African Customs Union (SACU)-US Free Trade Negotiations, which, once completed would have the potential of encouraging new investment; and continuing to support the extension by the US Congress of the lifespan and key textile provisions of the Africa Growth and Opportunity Act (AGOA) of the US Congress.

The SACU-US FTA negotiations are important both in the context of encouraging United States support for economic development and co-operation, and supporting the implementation of NEPAD. South Africa is benefiting from AGOA substantially in terms of increased exports to the United States. In this regard, the proposed free-trade agreement between SACU and the United States could serve to stimulate



further investment into South Africa and the region through the expansion of AGOA benefits beyond its final expiry date.

Since 1994, bilateral trade between South Africa and Canada has grown steadily and is currently around R4 billion per annum. Mining remains the mainstay of the economic relationship between the two countries with Canada being the largest foreign investor in the South African mining sector. Well over 50% of bilateral trade is linked closely to the mineral sector. Existing business and investment links in the mining sector provide a good base for expanding and strengthening contact between the mining industries of the two countries. Canadian mining companies are also active in exploration world wide, particularly in Africa, which opens the way to further co-operation with the South African mining sector in the form of joint ventures in third countries. The South African wine and tourism industries have also improved their organisational ability in Canada and strong growth is expected in these fields. The balance of bilateral trade between South Africa has generally been in Canada's favour, although it swung in South Africa's favour in 2004.

Since 1994, investment from Canada has increased steadily, with Canada being the largest foreign investor in the mining sector. A number of Canadian mining houses have invested in South Africa, an example being Placer Dome's purchase of the Western Areas Mine. Seventy-eight Canadian companies are invested in South Africa. Mining, agro-processing, and information technology appear to present the best opportunities for future investment. A Foreign Investment Protection Agreement (FIPA)

has been signed, but not ratified. In an attempt to move the issue forward, Canada has drafted a revised FIPA that is now being considered by DEpartment of Trade and Industry (dti).

The establishment of the South African Consulate-General in Toronto at the beginning of 2004 is expected to boost the growing trade and investment between South Africa and Canada further.

Central Europe

Deputy President Jacob Zuma, accompanied by the Minister of Science and Technology, Deputy Ministers of Foreign Affairs, Trade and Industry as well as Agriculture and Land Affairs, paid an official visit to Poland and Romania in September 2004 to strengthen political and economic relations.

Trade and economic interaction between South Africa and countries in Central Europe has continued to develop steadily, with trade balances with individual countries being mostly in South Africa's favour. When considering bilateral trade between South Africa and Central European countries it is found that the South African export figures are often grossly understated because goods are channelled through Western European ports and therefore recorded as export to the countries in which the ports are located.

The continued strengthening of the rand in the year under review obviously had a negative impact on South Africa's trade flows and volumes, but our Missions are constantly pursuing additional prospects for niche markets and trade

based on comparative advantage, as bilateral trade flows with these countries have not yet reached their full potential. Analyses undertaken tend to indicate that South African trade will benefit from the accession of eight countries in the region to the European Union in May 2004.

To enhance South Africa's capacity to pursue its objectives in Central Europe further, Honorary Consuls were appointed in Croatia and the Slovak Republic.

Expanding relations in new markets and increasing dialogue with Central and Eastern Europe

Central Europe

During the year under review, the following engagements took place:

- In August 2004, South Africa and Croatia signed a Trade Agreement to promote trade relations.
- South Africa and Romania signed a MOU on the Statute of the Joint Commission for Economic and Technical Co-operation in September 2004.
- Deputy President Jacob Zuma addressed a high-level business meeting in Warsaw in September 2004.
- Deputy Minister Aziz Pahad visited Croatia in September 2004 and addressed the Croatian national Chamber of Commerce.
- The Vice-President of Bulgaria, Mr A. Marim, paid an official visit to South Africa to enhance bilateral political and economic relations. Three agreements were signed in the fields of culture, police co-opera-

tion, and health. Both countries ratified a double taxation agreement.

Eastern Europe

Russia

Relations between the Republic of South Africa and the Russian Federation have developed considerably since 1994. Because of the establishment of the Joint Intergovernmental Committee on Trade and Economic Co-operation (ITEC) between South Africa and the Russian Federation, bilateral political relations have been enhanced to strategic level. President Mbeki and Cabinet have also identified Russia as one of South Africa's international strategic partners. Political dialogue at Ministerial levels was regular. These visits included countries such as the Russian Federation, Turkey, Bosnia and Herzegovina and Serbia and Montenegro.

South Africa has expanded its bilateral relations with the Russian Federation considerably, especially in the fields of science and technology and minerals and energy. The Joint Military Commission also held its bilateral consultations during 2004/05.

During the Fourth ITEC Session in Pretoria in November 2004, a mechanism for monitoring and ensuring effective implementation of the decisions between sessions of ITEC was established. A Task Team, intended to promote business-to-business linkages between South Africa and the Russian Federation in the strategic mining and minerals sectors, was also appointed under the Chairmanship of the Director-General of the Department of Minerals and Energy (DME), Advocate Sandile Nogxina.



Cape Town Waterfront, one of the biggest tourist attractions in South Africa.

Following the recommendation of the co-chairs of ITEC, the Director-General led a task team on minerals to Russia during January 2005. The following milestones were reached:

- Renova was assessed as a potential technical partner (including social investment and responsibility) in the South African Kalahari manganese project.
- The scope of participation by Russian companies in the South African mining industry was broadened.
- Modalities of joint ventures in the field of platinum group metals were explored.
- Possibilities for joint and strategic collaboration in the beneficiation of precious metals were assessed.

Russia's strong knowledge-base and wealth of research in the field of science and technology is one of the main areas of co-operation between South Africa and the Russian Federation. For example, the two countries are co-operating on astronomy projects that could result in substantial monetary investment in South Africa. The next round of talks on the Agreement on the Exploration and Use of Outer Space for Peaceful Purposes is due to take place during 2005/06.

The Russian Federation has taken up approximately 10% of the total Southern Africa Large Telescope (SALT) portfolio at a cost of around US\$2 million. The contribution earned the Russian side observing shares at a rate of 3.1% per US\$ 1 million.

Turkey

Relations between South Africa and Turkey

have grown exponentially since the official visit of Deputy President Zuma to Ankara in October 2003. The official visit of Turkish Prime Minister Recep Tayyip Erdogan in March 2005 illustrated the growing economic importance of relations between the two countries. Two successful business summits and exchange visits contributed to bilateral trade during 2004 totalling over US\$1 billion. The conclusion of the Trade and Economic Co-operation, Customs and Double Taxation Agreements during Prime Minister Erdogan's visit is expected to contribute to continued growth in trade, economic and investment relations between the two countries.

There has been progress in normalising military technical and military industrial relations especially in relation to a macro-humanitarian mine-removal project in Turkey. Discussions are also underway regarding the PBMR Nuclear reactor, the restoration of air links, and the expansion of bilateral tourism between the two countries.

Expanding tourism opportunities

World Tourism Organisation

As one of the five growth sectors of the South African economy, the promotion of tourism is a priority in the Department of Foreign Affairs and is recognised as an important component of the Department's role (through the work of our Missions) in addressing the core objectives of South Africa's development - to grow the Gross Domestic Product (GDP), alleviate poverty, create jobs and promote transformation.

As a member of the World Tourism organisation (WTO), South Africa aims to play a more

prominent role in promoting the development of responsible, sustainable, and universally accessible tourism, with the aim of contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms.

Within a South African context, there is strong evidence that the initiatives outlined in the International Tourism Growth Strategy are yielding results. This is illustrated by the growth in the number of tourists arriving to South Africa. According to South African Tourism statistics, almost 6.7 million foreigners visited South Africa in 2004, which translates into growth of more than four million arrivals since 1994.

To continue the success of South Africa's tourism industry and the successful implementation of the Tourism Growth Strategy, through its Missions abroad the Department is enhancing deeper co-operation with other national departments Department of Environmental Affairs and Tourism, the Department of Trade and Industry, and the Department of Arts and Culture and stakeholders such as South African Tourism and the Tourism Business Council of South Africa (TBCSA).

Asia and Australasia

Tourism from Asia and Australasia is an important source of income for South Africa, therefore opportunities in new and existing markets must be explored further. Important events, such as the Cricket World Cup, gave exposure to South Africa. This interest should be expanded further during the build-up to the 2010 Soccer World Cup.



Owing to the growing strength of the economies in Asia, a middle class is emerging in massive markets such as China and India, which means that people in such countries have a substantial disposable income to spend on travel. South Africa is not capitalising on such opportunities. For example, South African Airways, discontinued its flights to Bangkok at a stage when interest from that market was growing. At present, there are no direct flights, to either Thailand or Mainland China, while Approved Destination Status (ADS) has been granted for tourists from the Mainland of China. Direct flight capacity to India has increased and, axiomatically, so has the number of tourists to South Africa from that country, with India providing the largest number of visitors from Asian nations in 2004. India was also the only Asian country that South African Tourism identified as a priority market.

Central Europe

Although from a very low base, and still almost insignificant in comparison to Western Europe, tourism from Central European countries to South Africa continued to increase over the past year. South Africa's decision to waive visa requirements for tourist visits by ordinary passport holders for a number of countries in the region undoubtedly contributed to this increase.

South Africa's diplomatic Missions in Budapest, Prague, Sofia, and Warsaw regularly and successfully participated in exhibitions, fairs, and shows to promote South Africa as a reliable trading partner and a long-haul tourist destination.

America

Increasingly, travellers from the United States prefer South Africa as a tourist destination, given that there are reliable links between the two countries, and because South Africa is seen as a relatively safe destination. Furthermore, co-operation between countries in the SADC region has raised the profile of not only South Africa, but the region as a whole, as an attractive tourist destination.

Canada

There is huge potential to grow the number of tourists from Canada to South Africa. There are a number of obstacles to this, however. There is a need for marketing material and a dedicated budget for promoting tourism. Employees from the Department who are based at the Missions in Canada need training to provide them with strategic direction in promoting tourism. In addition, the absence of direct flights discourages travel between Canada and South Africa. Nevertheless, in the year under review, South Africa's Missions in Canada efficiently provided tourism information packages and handled the increased number of tourism enquiries made by telephone. Good working relationships were developed with the Canadian Tourism Commission and TOPAC (Tour Operators Promoting Africa in Canada), which has a joint marketing agreement with South African Tourism and South African Airways. Negotiations between the Department of Transport and their Canadian counterparts have been initiated to develop a bilateral air services agreement and to investigate the feasibility of a direct airline route between South Africa and Canada to boost tourist numbers.



The Framework Agreements for FTAs with China, India, MERCOSUR, and the USA

Economic mechanisms such as Free Trade Agreements (FTAs) to be negotiated with China, India, and Singapore, prescribe close co-operation between all role-players with a view to assessing and identifying where South Africa would have a strategic advantage in niche markets.

During 2004, SACU mandated FTA negotiations with China. The Department of Foreign Affairs has supported, and will continue to support the Department of Trade and Industry in developing a framework agreement to serve as a framework for the negotiations.

Significant progress was made in negotiating a framework agreement for a Free Trade Agree-

Minister of Environmental Affairs and Tourism Marthinus van Schalkwyk with his counterpart from the Netherland during bilateral talks at the Union Buildings, Pretoria.

ment between India and the Southern African Customs Union (SACU). On 1 July 2004, the SACU Council of Trade Ministers endorsed the decision taken by the Committee of Ministers that a Free Trade Agreement be negotiated with India. In taking the negotiating process forward, at a meeting in September 2004 in Windhoek, the parties agreed to conclude a limited scope agreement providing for exchange of tariff concessions by 2005 on a select list of products of export interest to the two sides (Preferential Trade Agreement). That a Free Trade Agreement should be concluded within reasonable time was also agreed.



Bilateral Agreements signed between 1 April 2004 and 31 March 2005

Date signed	Country	Title
AFRICA		
2004-10-06	Algeria	Agreement on Educational Co-operation. (Higher)
2004-10-06	Algeria	Agreement on Educational Co-operation. (National)
2004-10-06	Algeria	Executive Programme in the Field of Sport for the Years 2004 - 2006
2004-10-06	Algeria	Memorandum of Understanding concerning Co-operation in the Field of Health
2005-02-17	Angola	Agreement concerning Co-operation in the Field of Electricity
2005-02-17	Angola	Agreement for the Reciprocal Promotion and Protection of Investments
2005-02-17	Angola	Agreement of Co-operation in the Field of Social Protection and Re-Integration. Entered into force: 17.2.2005
2005-02-17	Angola	Protocol on Defence Co-operation
2004-08-13	Benin	Joint Communiqué On the working Visit of Deputy President Jacob Zuma. (Not an agreement)
2004-07-13	Burkina Faso	Agreement on a Framework of Co-operation. Entered into force: 13.7.2004
2004-07-13	Burkina Faso	Memorandum of Understanding on Co-operation. Entered into force: 13.7.2004
2004-05-05	Burundi	Memorandum of Understanding contributing resources to the African Union Mission in Burundi (AMIB). Entered into force: 5.5.2004
2004-12-07	Chad	General Co-operation Agreement
2004-06-18	DRC	Agreement on Defence Co-operation. Entered into force: 18.6.2004
2004-06-18	DRC	Memorandum of Understanding on Practical Assistance on the Integration of the Armed Forces of the DRC in accordance with the terms of the Defence Co-operation Agreement signed between them. Entered into force: 18.6.2004
2004-08-31	DRC	Agreement for the Reciprocal Protection and Promotion of Investments
2004-08-31	DRC	Agreement on Health Matters
2004-08-31	DRC	Memorandum of Understanding on Co-operation in the Field of Public Administration. Entered into force: 31.8.2004
2004-08-31	DRC	Memorandum of Understanding on Economic Co-operation
2004-08-31	DRC	Protocol for regular Diplomatic Consultations. Entered into force: 31.8.2004
2004-11-30	DRC	Memorandum of Understanding on Co-operation in Immigration and Population Matters. Entered into force: 30.11.2004
2004-11-30	DRC	Memorandum of Understanding on Co-operation on Matters relating to Elections. Entered into force: 30.11.2004
2005-03-22	Gabon	Protocol for regular Diplomatic Consultations. Entered into force: 22.3.2005
2004-11-02	Ghana	Agreement on the Establishment of a Joint Commission for Co-operation. Entered into force: 2.11.2004
2004-11-02	Ghana	Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains
2004-10-08	Guinea	Agreement on Co-operation in the Field of Education. Entered into force: 8.10.2004
2004-08-10	Kenya	Agreement regarding Scientific and Technological Co-operation
2004-08-10	Lesotho	Addendum to the Bilateral Monetary Agreement of 1 April 1989
2004-10-09	Lesotho	MOU for the Implementation of the Geochemical Mapping Project. Not a formal agreement between the governments
2005-03-08	Namibia	Agreement regarding Scientific and Technological Co-operation. Entered into force: 8.3.2005

Date signed	Country	Title
2004-07-05	Rwanda	Memorandum of Understanding concerning Military Co-operation
2004-07-28	Rwanda	Agreement on the Waiver of Visa or Permit Requirements for holders of Diplomatic and Official/Service Passports.
2004-07-28	Rwanda	Memorandum of Understanding with regard to Co-operation in Training, Legislation, in the use of Information Technology and Exchange of Information in Immigration. Entered into force: 28.7.2004
2004-09-15	Saharawi Arab Dem. Republic	Joint Communique on the Establishment of Diplomatic Relations. Entered into force: 15.9.2004
2004-12-30	Sudan	Memorandum of Understanding on Political Consultations and Co-operation. Entered into force: 30.12.2004
2004-07-09	Tunisia	Agreement regarding the Waiver of Visa Requirements for the holders of Diplomatic and Special or Official Passports
2004-07-09	Tunisia	Programme of Co-operation in the Field of Sport for the years 2004 - 2005
2004-10-13	Tunisia	Agreement concerning the Programme of Co-operation in the Fields of Arts and Culture for the years 2004 - 2007
2004-10-13	Tunisia	Memorandum of Understanding on Co-operation in the Field of Employment
AMERICAS		
2004-04-30	Bahamas	General Co-operation Agreement
2004-11-10	Cuba	Agreement on the Employment of Cuban Technical Advisors by the relevant South African Provincial Departments of Housing. Entered into force: 10.11.2004
2005-02-04	Cuba	Letter of Intent on Education
ASIA		
2004-06-29	China People's Rep. of	Agreement on Co-operation in the field of Education. Entered into force: 29.6.2004
2004-06-29	China People's Rep. of	Exchange of Notes to Implement the Human Resources Co-operation Project. Entered into force: 29.6.2004
2004-06-29	China People's Rep. of	Memorandum of Understanding on Sanitary and Phytosanitary Consultation Mechanism. Entered into force: 29.6.2004
2004-06-29	China People's Rep. of	Protocol of Phytosanitary Requirements for Export of Citrus Fruit. Entered into force: 29.6.2004
2004-09-15	India	Memorandum of Understanding on Co-operation in the Field of Communications and Information Technologies. Entered into force: 15.9.2004
2004-11-24	Japan	Exchange of Notes concerning the Supply of Sound Equipment to the South African State Theatre. Entered into force: 24.11.2004
2004-11-24	Vietnam	Agreement concerning the Establishment of an Inter-Governmental Partnership Forum for Economic, Trade, Scientific, Technical and Cultural Co-operation. Entered into force: 24.11.2004
2004-11-24	Vietnam	Joint Announcement on the Establishment of the Joint Trade Committee.
2004-11-24	Vietnam	Joint Declaration on Partnership for Co-operation and Development.
EUROPE		
2004-04-29	Bulgaria	Convention for the Avoidance of Double taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Entered into force: 27.10.2004
2004-12-02	Bulgaria	Agreement on Co-operation in the fields of Arts and Culture
2004-12-02	Bulgaria	Agreement on Police Co-operation. Entered into force: 2.12.2004
2004-08-20	Croatia	Bilateral Trade Agreement
2004-12-14	Finland	Agreement on Finland's support to the Higher Education Sector in South Africa. Entered into force: 14.12.2004



Date signed	Country	Title
2004-11-16	Flanders (Belgium)	Declaration of Intent to enhance co-operation in the fields of Small, Medium and Micro Enterprises
2004-11-17	Germany	Agreement on Audio-Visual Co-Productions. Entered into force: 4.1.2005
2004-04-02	Ireland	Declaration of Intent
2004-11-11	Norway	Agreement regarding Mutual Assistance between their Customs Administrations
2004-09-15	Romania	Agreement on Scientific and Technological Co-operation
2004-09-15	Romania	Memorandum of Understanding on the Statute of the Joint Commission for Economic and Technical Co-operation
2004-11-20	Russian Federation	Agreement on Co-operation in the Peaceful uses of Atomic Energy. Entered into force: 20.11.2004
2005-03-18	Russian Federation	Agreement concerning Protection of Classified Defence and Defence-Industrial related Information. Entered into force: 18.3.2005
2004-06-14	Sweden	Specific Agreement on Swedish - South African Culture Partnership Programme 2004 - 2008. Entered into force: 14.6.2004
2005-03-03	Turkey	Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
2005-03-03	Turkey	Agreement regarding Mutual Assistance between their Customs Administrations
2004-08-02	United Kingdom	Memorandum of Understanding concerning the Provision of Personnel to Advise on Aspects of Democratic Defence Management and Peace Support Operations. Entered into force: 2.8.2004
2004-08-02	United Kingdom	Supplementary Arrangement concerning the Provision of Support during Exercises, Training and Operations. Entered into force: 2.8.2004
2005-02-28	United Kingdom	Memorandum of Understanding on Bilateral Co-operation in the Field of Sport and Recreation
MIDDLE EAST		
2004-08-31	Iran	Extradition Treaty
2004-08-31	Iran	Treaty on Mutual Legal Assistance in Criminal Matters
2004-10-13	Iran	Memorandum of Understanding on Co-operation in the Field of Housing. Entered into force: 13.10.2004
2004-12-14	Iran	Agreement on Co-operation in the Field of Health. Entered into force: 14.12.2004
2004-12-14	Iran	Protocol to the Agreement on Co-operation in the Field of Health regarding Employment of Iranian Health Professionals in South Africa. Enters into force: 14.3.2005
OTHER		
2004-09-16	African Union	Host Agreement on the Seat of the Pan-African Parliament
2005-03-09	African Union	Memorandum of Understanding contributing South African Police Service monitors to the Civilian component of the African Union Mission in Darfur Region of the Republic of Sudan. (AMIS) Entered into force: 9.3.2005
2004-11-26	Southern African Development Community	Memorandum of Understanding concerning the Implementation of Phase 2 of the Southern African Development Community Hydrological Cycle Observing System: Consolidation and Expansion if SADC-HYCOS. Entered into force: 26.11.04 (Environment)
2004-07-20	United Nations	Memorandum of Understanding relating to Co-operation in the United Nations On-Line Network of Regional Institutions for Capacity Building in Public Administration and Finance. Entered into force: 20.7.2004

Multilateral Conventions/Agreements *ratified or accede to* since 1 April 2004

Date signed	Country	Title
1990-06-26	Multilateral	Convention on Temporary Admission. (Istanbul Convention) RSA acceded: 18.5.2004
1992-11-27	Multilateral	Protocol of 1992 to amend the International Convention on Civil Liability for Oil Pollution Damage, 1969. RSA acceded: 1.10.2004
1992-11-27	Multilateral	Protocol of 1992 to amend the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971. RSA acceded: 1.10.2004
1997-09-17	Multilateral	Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. (Montreal Amendment) RSA acceded: 11.11.2004
1999-06-26	Multilateral	Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures. RSA acceded: 18.5.2004
1999-12-03	Multilateral	Amendment to the Montreal Protocol on Substances that deplete the Ozone Layer. (Beijing Amendment) RSA acceded: 11.11.2004
2003-07-11	Multilateral	Protocol of the Court of Justice of the African Union. RSA ratified: 17.12.2004 (AU)
2003-07-11	Multilateral	Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa. RSA ratified: 17.12.2004 (AU)
2003-10-31	Multilateral	United Nations Convention Against Corruption. RSA ratified: 22.11.2004

LIST OF COUNTRIES AND TERRITORIES WITH SOUTH AFRICAN DIPLOMATIC MISSIONS AND THEIR NON-RESIDENTIAL ACCREDITATIONS

(Total number of diplomatic missions as at March 2005 = 109)

COUNTRY	MISSION	HEAD OF MISSION	NON-RESIDENTIAL ACCREDITATION TO
AFRICA - 36 missions in 34 countries			
Algeria	Algiers	Ambassador	Sahrawi Arab Democratic Republic
Angola	Luanda	Ambassador	
Botswana	Gaborone	High Commissioner	
Burundi	Bujumbura	Ambassador	
Cameroon	Yaoundé	Ambassador	
Comores	Moroni	Ambassador	
Congo, Democratic Republic of	Kinshasa	Ambassador	
	Lubumbashi	Consul-General	
Congo, Republic of	Brazzaville	Ambassador	



COUNTRY	MISSION	HEAD OF MISSION	NON-RESIDENTIAL ACCREDITATION TO
Côte d'Ivoire	Abidjan	Ambassador	Benin; Burkina Faso; Niger; Togo; Sierra Leone; Liberia
Egypt	Cairo	Ambassador	Lebanon
Equatorial Guinea	Malabo	Ambassador	
Eritrea	Asmara	Ambassador	
Gabon	Libreville	Ambassador	Central African Republic; Chad*; São Tomé & Príncipe
Ghana	Accra	High Commissioner	
Kenya	Nairobi	High Commissioner	
Lesotho	Maseru	High Commissioner	
Libya	Tripoli	Ambassador	
Madagascar	Antananarivo	Ambassador	
Malawi	Lilongwe	High Commissioner	
Mali	Bamako	Ambassador	
Mauritius	Port Louis	High Commissioner	Seychelles
Morocco	Rabat	Ambassador	
Mozambique	Maputo	High Commissioner	
Namibia	Windhoek	High Commissioner	
Nigeria	Abuja	High Commissioner	
	Lagos	Micro Mission	
Rwanda	Kigali	Ambassador	
Senegal	Dakar	Ambassador	Cape Verde; Guinea*; Guinea-Bissau; The Gambia; Mauritania
Sudan	Khartoum	Ambassador	
Swaziland	Mbabane	High Commissioner	
Tanzania	Dar es Salaam	High Commissioner	
Tunisia	Tunis	Ambassador	
Uganda	Kampala	Ambassador	
Zambia	Lusaka	High Commissioner	
Zimbabwe	Harare	Ambassador	

* Plans for the opening of new missions in Africa in the next financial year: Chad (N'djamena); Guinea (Conakry)

AFRICA MULTILATERAL - 1 mission in 1 country

Ethiopia	Addis Ababa	Ambassador	Djibouti
----------	-------------	------------	----------

AMERICAS & CARIBBEAN - 16 missions in 11 countries

Argentina	Buenos Aires	Ambassador	Paraguay; Uruguay (micro mission)
Brazil	Brasilia	Ambassador	
	Sao Paulo	Consul-General	
Canada	Ottawa	High Commissioner	
	Toronto	Consul-General	
Chile	Santiago	Ambassador	
Cuba	Havana	Ambassador	Dominican Republic

COUNTRY	MISSION	HEAD OF MISSION	NON-RESIDENTIAL ACCREDITATION TO
Jamaica	Kingston	High Commissioner	Bahamas; Barbados; Belize; Grenada; Guyana; Haiti; St Kitts & Nevis; St Lucia; St Vincent & The Grenadines; Suriname; Trinidad & Tobago*
Mexico	Mexico City	Ambassador	Costa Rica; El Salvador; Guatemala; Honduras; Nicaragua
Peru	Lima	Ambassador	Bolivia; Ecuador; Panama
United States of America	Washington DC	Ambassador	
	Chicago	Consul-General	
	Los Angeles	Consul-General	
	New York (CG)	Consul-General	
Uruguay	Montevideo	Micro Mission	
Venezuela	Caracas	Ambassador	Colombia
* Plans for the opening of new missions in the Caribbean in the next financial year: Trinidad & Tobago (Port-of-Spain)			
ASIA & MIDDLE EAST - 29 missions in 25 countries/territories			
Australia	Canberra	High Commissioner	Cook Islands; Marshall Islands; Micronesia; New Zealand; Samoa
China	Beijing	Ambassador	Korea (North); Mongolia
	Shanghai	Consul-General	
Hong Kong	Hong Kong	Consul-General	
India	New Delhi	High Commissioner	Bangladesh; Maldives; Nepal; Sri Lanka*
	Mumbai	Consul-General	
Indonesia	Jakarta**	Ambassador	
Iran	Tehran	Ambassador	
Israel	Tel Aviv	Ambassador	
Japan	Tokyo	Ambassador	
Jordan	Amman	Ambassador	
Kazakhstan	Almaty	Ambassador	
Korea (South)	Seoul	Ambassador	
Kuwait	Kuwait City	Ambassador	
Malaysia	Kuala Lumpur	High Commissioner	Brunei Darussalam
Oman	Muscat	Ambassador	
Pakistan	Islamabad	High Commissioner	
Palestine	Ramallah	Ambassador	
Philippines	Manila	Ambassador	
Qatar	Doha	Ambassador	
Saudi Arabia	Riyadh	Ambassador	Bahrain; Yemen
	Jeddah	Consul-General	
Singapore	Singapore	High Commissioner	
Syria	Damascus	Ambassador	
Taiwan	Taipei	Representative	
Thailand	Bangkok	Ambassador	Cambodia; Laos

COUNTRY	MISSION	HEAD OF MISSION	NON-RESIDENTIAL ACCREDITATION TO
United Arab Emirates	Abu Dhabi	Ambassador	
	Dubai	Consul-General	
Vietnam	Hanoi	Ambassador	
Roving Ambassador resident in Pretoria: Fiji*; Papua New Guinea; Solomon Islands			
* Plans for the opening of micro missions in Asia in the next financial year: Fiji (Suva); Sri Lanka (Colombo)			
** Timor Leste to be non-residentially accredited from Jakarta			
EUROPE - 25 missions in 23 countries			
Austria	Vienna	Ambassador	Slovakia; Slovenia
Belgium	Brussels	Ambassador	Luxembourg
Bulgaria	Sofia	Micro Mission	
Czech Republic	Prague	Ambassador	
Denmark	Copenhagen	Ambassador	Lithuania
Finland	Helsinki	Ambassador	Estonia
France	Paris	Ambassador	Monaco
Germany	Berlin	Ambassador	
	Munich	Consul-General	
Greece	Athens	Ambassador	Bulgaria (micro mission); Bosnia & Herzegovina; Cyprus; Former Yugoslav Republic of Macedonia (designate); Serbia & Montenegro
Hungary	Budapest	Ambassador	Croatia; Romania
Ireland	Dublin	Ambassador	
Italy	Rome	Ambassador	Albania; Malta; San Marino
	Milan	Consul-General	
Netherlands	The Hague	Ambassador	
Norway	Oslo	Ambassador	Iceland
Poland	Warsaw	Ambassador	
Portugal	Lisbon	Ambassador	
Russian Federation	Moscow	Ambassador	Belarus
Spain	Madrid	Ambassador	Andorra
Sweden	Stockholm	Ambassador	Latvia
Switzerland	Berne	Ambassador	Holy See (Vatican); Liechtenstein
Turkey	Ankara	Ambassador	Azerbaijan; Kyrgyzstan; Tadjikistan; Turkmenistan; Uzbekistan
Ukraine	Kiev	Ambassador	Armenia; Georgia; Moldova
United Kingdom	London	High Commissioner	
MULTILATERAL - 2 missions			
Switzerland	Geneva	Representative	
United States of America	New York	Representative	



Supporting the bid for the Square Kilometre Array (SKA)

South Africa has been involved in the development and exploitation of space technology since the dawn of the Space Age in 1957. The Department of Science and Technology has identified astronomy and space science as a key strategic focus. In support of this, the Department of Foreign Affairs has identified the bid to host the SKA as one of its strategic priorities.

The SKA is a \$1 billion international project to create the world's largest radio telescope with a receiving surface of one million square metres, which would make it one hundred times larger than the biggest receiving surface now in existence. The length and breadth of the antennae array are determined by its design and require siting remote antennae in parts of Namibia, Botswana, Mozambique, Mauritius, Madagascar, and possibly Kenya, Zambia and Gabon, in order to provide the long baselines required by the SKA's design.

The Sutherland telescope project in the Northern Cape.

The involvement of the region, including, but not limited to those hosting remote sites, provides a platform for development through NEPAD. It addresses the need to enhance synergies and co-ordinate the scientific endeavours of different African countries, and facilitates the establishment of regional centres of excellence to co-ordinate research and development in Science and Technology. The November 2003 NEPAD Declaration of African Ministers of Science and Technology committed countries, in principle, to providing diplomatic, regulatory, technical and logistical support for the bid given the potential to build scientific capacity within Africa.

Government, scientific and regulator represent-



atives from Botswana, Madagascar, Mauritius, Mozambique, Namibia, and South Africa met in Pretoria, South Africa, from 25 - 26 October 2004 to discuss regional partnership in support of South Africa's bid to host the SKA. The workshop explored the specific details of collaboration between South Africa and identified partner countries in southern Africa that had been invited to host remote stations, and considered the formalisation of arrangements to constitute a regional southern African SKA Partnership for the bid. Discussions and commitments were also made concerning the exchange of information, joint measurement activities, collaboration in regional research and human resource development, and regional industrial participation in the SKA process.

The Department of Foreign Affairs assists in visits by the technical team to the proposed sites in neighbouring countries to assess the requirements and implications of hosting a remote station. The Department of Foreign Affairs is also assisting in the finalisation of bilateral Memoranda of Understanding to facilitate the identification and collection of information on remote station sites that is necessary for the bid document.

166

The bids of all competing nations must be submitted to the International SKA Steering Committee by December 2005. Bids are expected from Argentina, Australia, China, and the United States of America. The International SKA Steering Committee was established in Manchester, United Kingdom, in 2000 at the meeting of the International Astronomical Union through a Memorandum of Understanding. It is anticipated that lobbying will commence in earnest

after the December deadline. Given that its bid will be presented as a southern Africa partnership proposal, South Africa is viewed as a strong contender.

South Africa has engaged several Steering Committee members at bilateral level during high-level visits and consultations. Indications of support have been encouraging and countries have expressed willingness to assist South Africa with preparations for the bid. For example, Russia has offered support in the form of engineers and scientists who would perform a range of tasks over the period leading up to the decision (in 2006) by the SKA Steering Committee. Other areas of co-operation with Russia related to the bid include the following:

- A visit by three leading astronomers to South Africa during 2005/2006 in order to assist South Africa with preparations for its bid to host the SKA project is planned.
- Russia has invited South Africa to become a member of the World Space Observatory (WSO). In this regard, the South African side would provide ground support for the WSO (located in the Cape Town International Space Station).
- South Africa has formalised its co-operation with the Joint Institute on Nuclear Research (JINR) in Dubna, Russian Federation. To this end, South Africa will co-operate with the JINR on specific joint projects, which will be to South Africa's benefit.

The mission in Brussels has engaged members of the European 'Radio Astronomy' community as well as the European Commission. The focus during these interactions has been on:

- South African participation in the Sixth Framework Programme (FP6)-funded SKA design study project, and
- Assisting members of the South African SKA Steering Committee in constructing the South African SKA Demonstrator – the Karoo African Telescope.

Implementing the International Programme for the 10-Years of Freedom Celebrations

Many countries and peoples, their civil society organisations, and business and private sectors played an important role in the attainment of freedom in South Africa. Often these people and organisations teamed up with either the Anti-Apartheid Movement or leaders of the struggle to express solidarity with the cause of eradicating Apartheid and bringing freedom and democracy to South Africa. As a result, and because of the successful multiparty negotiations that preceded the 1994 elections, there was a great deal of optimism and goodwill towards South Africa throughout the world.

As we approached our 10 Years of Democracy anniversary, President Thabo Mbeki initiated the idea of holding a major conference in London - the London Conference - that would focus on South Africa's transition, report on the achievements and successes of the new South Africa, identify challenges for the decades ahead, strengthen the relationship with those who supported our struggle, and attract new friends and partners.

The London Conference was a huge success and yielded positive political outcomes: the Conference unearthed a great spirit of support within

the participants and focused their collective effort. The London Conference was attended by 13 Cabinet Ministers and provided an opportunity for them to explain what problems they had faced when they took office, what achievements they had made since then, and their visions for the future.

Several other events ranging across the economic, cultural, religious, and social sectors and celebrating the many aspects of the new South Africa also took place during the course of the year.

The London Conference essentially launched the programme for the 10 Years of Freedom Celebrations hosted by South African embassies and consulates in their countries of accreditation during 2004. There were extensive celebrations in Austria, Belgium, and Switzerland and current and former Cabinet Ministers and high profile South African personalities (political, business, sport, religious) often attended the events.

The focus of the events spanned the spectrum of sectors and included themes such as:

- Political – focusing on either the progress South Africa had made during the last ten years or on the challenges that lay ahead, and highlighting the many issues that the new South Africa continued to address such as those concerning the youth, women, human rights, democracy, and justice. Examples of this category of events include:
- The new South Africa 10 Years after the end of Apartheid – held in Rome;
- South Africa 10 Years of Freedom – Switzerland is Celebrating;





Minister Nkosazana Dlamini Zuma with Princess Magriet in attendance at the photo exhibition organised by the South African Embassy in The Hague in collaboration with the city of Den Haag.

- The Reverse Boycott Campaign – held in London;
- The African Court for Human and Peoples’ Rights – held in The Netherlands;
- South African Women’s Day – their achievements and role in the struggle – held in Austria;
- A wreath laying ceremony conducted by Minister Dlamini Zuma at the Dulcie September Memorial, held at her home in the Paris district of Acrueil, France, and
- A High-Level Panel discussion on South Africa that was held in France.

Economic – focusing on the progress South Africa has made in developing the economy and creating a better life for all. Missions also iden-

tified and used opportunities arising in their countries of accreditation to promote economic relations, trade, foreign direct investment, tourism and other areas of economic co-operation as part of the effort to convert the goodwill towards South Africa into tangible economic outcomes that could help address our domestic challenges. Examples of events in this category included:

- Poverty in the World – A Challenge to Globalization – held in Italy
- Participation in the Forum Barcelona 2004 that brought together civil societies from around the world to reflect on the challenges confronting the contemporary world
- A VIP Business Breakfast – during a visit by President Mbeki to the Netherlands
- Participation at tourism and trade fairs held in Italy, Switzerland, Germany, Portugal, and Denmark.

Cultural – where the focus was on a celebratory spirit where, South African talent, culture, food, music, dance, film, art, crafts, skills and the country's heritage were showcased simultaneously. Examples of events in this category include:

- The 'UShaka' oratorium held in Italy, Spain, Hungary and Vienna;
- The South African week of music and cuisine, opened by South Africa's goodwill Ambassador, Miriam Makeba, that was held in Italy;
- A photographic exhibition Moving in Time and performance of South African music and dance in The Netherlands;
- Participation at the Venice and Cannes Film Festivals, and at the Radiokulturhaus in Vienna;
- Jazz and other music festivals held in Brussels, Finland, Denmark, Greece, Romania, Croatia, Vienna, the United States of America, and Spain, and the performance of
- South African productions such as Play Syringa Tree, and Asinamali in Vienna, and Moving into dance 'Mophatong held in Finland.
- Commemorative Publications being published in China, Thailand and Taiwan
- A major NEPAD Seminar hosted by the Embassy in Thailand
- A very successful and well-publicised celebration took place in Singapore, comprising street vendor arts & crafts exhibitions all over Singapore, a food & wine festival, performing artists, an exhibition focusing on South Africa's economic achievements, and business seminar, among others.
- Trade and Investment Seminars and a major NEPAD conference held in Australia;
- A South African Film Festival in Hong Kong

- A South African pavilion at the Dubai International Shopping Festival in January and February 2004
- The Missions in India were particularly active in celebrating 10 Years of Democracy. They hosted the:
 - South African Food Festival, Fashion and Film Festival hosted by South African Consulate: Mumbai
 - Musical Performances by Vusi Mahlasela and band, and Hugh Masekela and band
 - A dance performance featuring Siwela Sonke Dance Company
 - A visit to South Africa by journalists from The Times of India, the Asian Age and the Indian Express to generate positive media coverage for South Africa
 - Women's Day celebrations with a visit to New Delhi by the Women United Group celebrating ten years of freedom, and a
 - National Day function with a 10th anniversary theme featuring South African food, wine, music and cultural performances.
- In addition, the South African High Commission: New Delhi participated in the India International Trade Fair, where promotional publications and trade material were made available and a South African beer festival was held.
- The mission in Seoul arranged a cultural, fashion and tourism extravaganza.
- The Mission in Japan arranged for the renowned jazz musician, Sadao Watanabe, to perform at the North Sea Jazz Festival in Cape Town at Easter.

HUMAN RESOURCE DEVELOPMENT

Facilitating support and transfer of skills to South Africa and Africa

United States

The United States is the largest donor country with regard to official development assistance, with South Africa as a top recipient.

Consultation between the South African Government, through the Department of Finance and the United States of America Agency for International Development (USAID), on the alignment of USAID programmes with South Africa's domestic developmental priorities is ongoing, and is reviewed annually. USAID programmes in South Africa focus on:

- Assistance programmes promoting good governance and best practices in South Africa;
- Strengthening the capacity of educational institutions;
- Improving the delivery of primary health care;
- Technical assistance and scholarships to improve economic capacity in the country; and
- Improving quality and access to housing in South Africa.

Under the current co-operation agreement, R234 million will go directly towards government. This amount represents 56% of USAID's total annual budget of R546 million to South Africa.

Other areas of focus included:

Co-operation in the military sphere in the form of joint research into military medicine and the African Contingency Operations Training Assistance programme (ACOTA), which is aimed at en-

hancing South Africa's capacity for peace-keeping and humanitarian assistance intervention;

Support for NEPAD within the United States Administration and Congress and business sector with particular focus on the implementation of infrastructure development projects as a high priority;

Building local capacity for research and effective delivery in the continuing battle against communicable diseases including malaria, tuberculosis and especially HIV and AIDS through the United States of America Presidential Emergency Programme for AIDS (PEPFAR) that has committed US\$ 2.8 billion for the 2005 financial year.

Establishment of research and development co-operation in the field of nuclear energy

United States support for South Africa, the region and Africa's (AU and NEPAD) social and economic objectives is an important long-term priority. Areas of synergy between Africa and developmental initiatives on the part of the United States are diverse, as illustrated by the US Millennium Challenge Account (MCA) and PEPFAR fund for example.

Canada

The thrust of Canada's extensive development co-operation in South Africa is aimed at developing skills and building capacity. The two countries have developed a Country Development Programme Framework (CDPF), which is the first of its kind. Canadian funding for the technical assistance programme of this Frame-

work amounts to about R500 million over a five-year period. The focus of this programme is on fostering social upliftment, policy development, welfare transformation, and training programmes. The Canadians have also made a significant contribution towards good governance and education in the South African Provinces through a twinning programme that links six Canadian Provinces to six South African Provinces. This twinning programme ended in September 2004, but co-operation in identified areas will continue in terms of the CDPF between South Africa and Canada. Contact and co-operation also exists between nearly all South African Government Departments and their Canadian counterparts. Much of this co-operation is dedicated to strengthening capacity. The recent International Policy Statement issued by the Canadian Government states that Canada's foreign aid would grow each year while flowing primarily to 25 countries where it was most likely to make an impact. By 2008/09 assistance to Africa is expected to double from its 2003/04 level.

Italy

The Executive Programme for Scientific Co-operation between Italy and South Africa was renewed for a further three years. During the period under review, the Film Co-Production Agreement was implemented.

In addition, the Augusta Helicopter development programme continued, and involved South Africans in the production process. The assembly is intended to move to South Africa once staff members' skills and capacities have been developed. The programmes on health co-operation involving strategy development, and programme development and implementation

at national and provincial levels was finalised.

Seven projects to the value of R115 million were also finalised in the areas of health management and information systems, health planning, mother-child care information systems, primary health care and integrated child illness management programmes.

France

A programme of co-operation for the development of a French Language and Francophone culture amongst officials in South Africa interacting with French speakers was implemented.

Furthermore, the Toulouse high-level/post-graduate aviation training programme (Institute of Aeronautics and Space), which is a spin-off of South African Airways' acquisition of aircraft from Airbus, was initiated. This is a 3-year programme that hosts trainees from Denel, South African Airways and the South African Civil Aviation Authority (SACAA). In terms of the acquisition agreement, the participating companies pay 30% of the costs and the French Government pays for the balance. The programmes accept only four students per annum.

The Viticulture Training Programme took place in Burgundy. This programme has been running for four years and involves a group of 10-15 South Africans from previously disadvantaged backgrounds receiving advanced training in viticulture.

Spain

South African officials were invited to participate in Spanish programmes for Africa, namely VITA (health sectors) and NAUTA (fisheries but



not accepted yet). The Department of Health is considering the latest invitation. South African diplomats were invited to participate in the Spanish Development Agency's annual two-week diplomatic training course. Two groups of diplomats participated in 2003 and 2004 respectively.

Romania

South Africa signed an Agreement on Science and Technology Co-operation with Romania in September 2004.

Hungary

A Joint Committee on Science and Technology established in terms of an Agreement on Science and Technology signed in 1997 meets regularly to develop programmes.

Poland

During the reporting period, the annual bilateral meetings on scientific co-operation focusing on the building of the Southern African Large Telescope (SALT) took place.

London

Homecoming Revolution Seminar – Creating a Business in South Africa. The South African High Commission in London hosted the Homecoming Revolution Seminar from 14 - 15 May 2005. The Mission's support for this initiative follows the President's State of the Nation Address where a call was made for skilled South Africans to return home to assist in building the economy. The Seminar covered subjects such as creating jobs at home, the South African economy, gaps in the market, social investment, and Black Economic Empowerment (BEE) requirements.

The Hague

In accordance with its Business Plan, the Mission facilitated numerous visits by South African delegations with a view to boosting the transfer of skills. The most important of these visits in 2004 was possibly that of Minister Zola Skweyia and a delegation with a view to setting up a social security system in South Africa with the support of the Dutch Social Security Bank. Other areas covered by visits included housing, education, agriculture, BEE, and tourism.

Belgium

The transfer of skills is an important element of development co-operation with Belgium and of both development and economic co-operation with Flanders. Flanders has more than 40 projects in South Africa.

The official visit of President Mbeki to Belgium in November 2004 and the signing of the Declaration of Intent to establish a Joint Commission and a MoU on Defence Co-operation laid the foundation for the two countries to work together for a peaceful and stable Great Lakes Region.

In this regard, joint co-operation projects have been initiated for the reform of both the security sector and the public sector in the DRC, as well as close co-ordination on the Burundi peace process.

Regarding South Africa, a project funded by Belgium in favour of the South African Police Service officially commenced in November 2004. The extension of this co-operation to include an E-learning element is being considered. Furthermore, South Africa also proposed trilateral



President Thabo Mbeki, Foreign Affairs Minister Dr Nkosazana Dlamini Zuma and the Belgium Foreign Minister Guy Verhofstadt during the state visit to Belgium.

co-operation between itself, Belgium and the DRC to support the transfer of skills to the Congolese Police Service (PNC).

In the case of Flanders, a development co-operation project in the agricultural sector of Limpopo aims among others at developing entrepreneurship for small-holder farmers. In the area of economic co-operation, two important declarations of intent were signed during the President's visit, namely the Declaration of Intent on Co-operation in the Field of Gemmology and Mineral Beneficiation and the Declaration of Intent on Co-operation in the Field of Small, Medium, and Micro Enterprises (SMMEs). Subsequently, several working group meetings were held to identify specific areas of co-operation, inclusive of diamond beneficiation. The transfer of skills is an important facet of both Declarations of Intent. This also applies to training programmes implemented by the Flanders Chambers of Commerce, which predate the

Declarations and which have shown encouraging results concerning honing entrepreneurial skills in the SMME sector.

Lastly, it should be pointed out that numerous bursaries, scholarships and ad hoc training programmes are offered to South Africans on an ongoing basis. One example is the training programme regularly presented by the Port of Antwerp that has benefited a significant number of South Africans.

European Union (EU)

President Mbeki raised the challenge of applying the lessons learned from the EU's Regional





President Thabo Mbeki meets European Union President Jose Emanuel Jose Barroso during the state visit to Brussels.

Policy to South Africa's development needs, especially the Second Economy, in his summit meetings in November 2004 with President Mr Jose Emanuel Jose Barroso, European Parliament President, Mr Josep Borrell Fontelles, and leaders of the main political groups in the EU Parliament and in his historic address to the EU Parliament.

The Trade, Development and Co-operation Agreement (TDCA) between South Africa and the EU became operational on 1 May 2004 with the ratification of the agreement by all EU member states. The full implementation of the TDCA will bring about further opportunities for capacity building and skills transfer.

South Africa and the EU agreed that development programmes should focus on the fight against poverty. In this regard, the main objectives are equitable access to and sustainable provision of social services; equitable and sustainable economic growth; deepening democracy; and regional integration and co-operation. The following crosscutting issues are integrated systematically in development programmes: HIV/AIDS; capacity building; civil society and other non-state actors involved; governance; environment; and gender. The European Commission's development assistance to South Africa is set at 885,5 million for the period 2000 - 2006.

Human resource development, inclusive of addressing constraints on women's participation in skills development, is an important component of the objective of equitable access to and sustainable provision of social services. In this regard, the EC supports the Government's hu-

man resource development strategies that aim to foster the development of a fully functioning education and training system that will contribute to the social upliftment of the poor by developing skills required for a response to the societal and economic needs of the country. The contribution of the EC focuses on addressing the nation-wide backlog in schools infrastructure and services; support for improving the quality of the Further Education and Training bands of the Qualifications Framework; and the impact of the HIV/AIDS pandemic on the education sector. For the EC, capacity building is not limited to training; it includes mentoring and the improvement of systems.

Under the objective of equitable and sustainable economic growth, the EU focuses, among others, on skills development and improved access to economic opportunities through access to information and expertise, for example.

South Africa's scientific and technological co-operation with the EU continues to grow from strength to strength, as evidenced by South Africa's successful participation in FP6, permitted by the SA-EU Science and Technology Co-operation Agreement.

Switzerland

A Memorandum of Understanding was signed between the Communities of Basel and Pretoria on 24 September 2004 which consolidated the Mutual Learning Partnership Project between the two communities. Science & Technology links established when a Swiss Science Delegation paid a visit to South Africa in October 2004.

The Swiss Science Delegation led by Dr Charles Kleiber, State Secretary for Science and Research visited South Africa from 1 - 6 November 2004. The main objectives of the visit were to study the potential for scientific and technological co-operation and to identify some areas and institutions with which co-operation could be envisaged.

Finland

Co-operation between the Department of Correctional Services and the Finnish Criminal Sanctions Agency aims to build co-operation in the field of prison matters and to benefit both parties.

Norway

In September 2004, the Ambassador in Oslo visited the Norwegian Centre for Telemedicine (NST) at the University of Tromsø to facilitate links with the Nelson Mandela School of Medicine at the University of KwaZulu-Natal. The two institutions have since been in contact and are willing to collaborate on: tele-ultrasonography training programme for midwives; pilot projects using televideo diagnostic tools in rural hospitals; the provision of second opinion services from Norway for rural hospitals; and, support of Medical Informatics and Telemedicine training programmes.

The Embassy in Oslo was instrumental in the decision of the Norwegian Government to declare Cape Town a gateway to the Norwegian research station, Troll, in Antarctica. As a result, the Norwegians will use Cape Town for the procurement of logistical requirements by, including storage, and air- and vessel services for Norwegian operations at Troll. All logistical supplies



will be bought from Cape Town, which will generate wealth and much-needed jobs in South Africa. The Embassy further engaged the Norwegian Government on the kind of activities to be staged in South Africa to mark the Norwegian centennial anniversary. All these activities have positive effects on development and are conducive to the transfer of skills and capacity-building.

UNEP/GRID Arendal and the UNU/Global Virtual University (GVU) in Kristiansand, south west of Norway, have collaborated with the University of Pretoria to establish an E-learning programme. During the Ambassador's visit, GRID Arendal undertook to establish a bursary fund for African students in conjunction with the United Nations Environmental Programme.

The Embassy in Oslo held discussions with the University of Bergen in January 2005 to bolster co-operation in academic research with universities of the South, particularly the involvement of students from previously disadvantaged communities in South Africa. Following these discussions, the Embassy engaged the Norwegian Ministry of Education and the Centre for International Co-operation in Higher Education (SIU) regarding the stalling of the scholarship programme, which Minister Kristine Clement announced in 2004, to give more South African students the opportunity to take up higher education studies in Norwegian institutions of higher learning.



PROGRAMME 3: Public Diplomacy and Protocol

AIM: The aim of this programme is to market South Africa's Foreign Policy Objectives, project a positive image of South Africa and Africa, and provide State Protocol services. Activities are organised into two sub-programmes, namely Public Diplomacy and Protocol.

PUBLIC DIPLOMACY: addresses media liaison, engagements with national stakeholders, and the promotion of South Africa's policies and programmes at international level.

PROTOCOL: responsible for incoming and outgoing state visits, intergovernmental and provincial protocol services, protocol ceremonial; managing Presidential and Diplomatic guesthouses; facilitating international conferences; and managing diplomatic immunities and privileges.

OUTPUT AND SERVICE DELIVERY TRENDS:

PROTOCOL

South Africa's international profile continued to grow during the reporting period with a concomitant increase in the volume of interaction at all levels with the international community. Consequently, the demand on the services of State Protocol also expanded.

The number state and official visits to and from South Africa increased from that of previous years; State Protocol facilitated the funerals of several dignitaries; the Department hosted or facilitated a number of international conferences and summits; the diplomatic community in South Africa increased resulting in increased

demand for service in terms of administrative support.

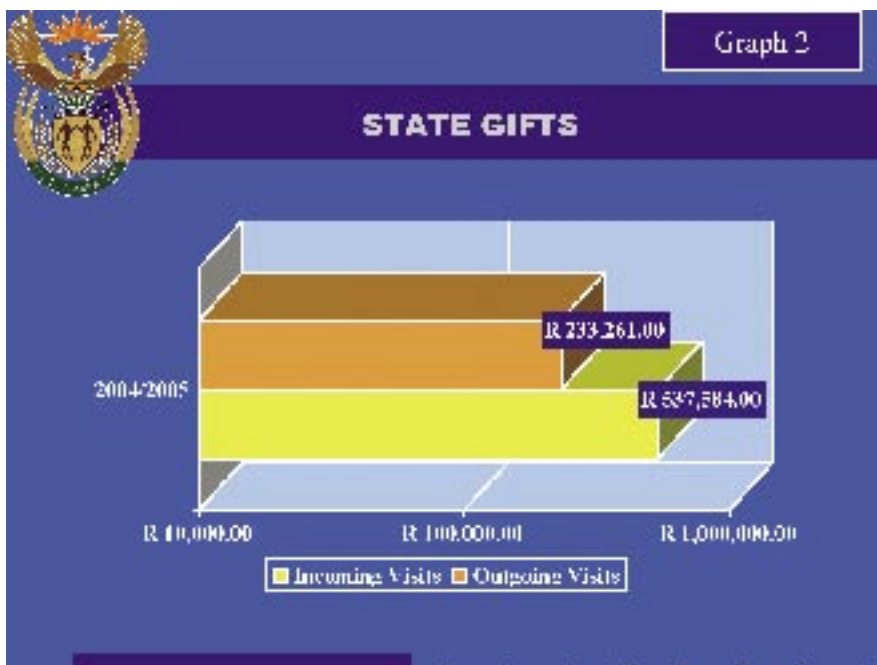
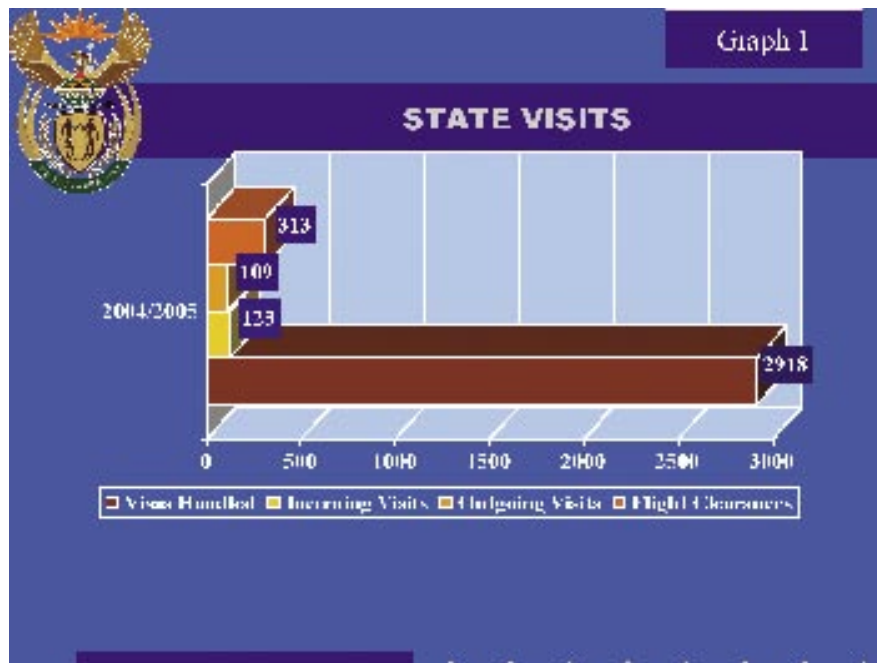
All these activities placed considerable pressure on the Department's State Protocol section, but with strengthened management capacity in the Branch, there was a greater focus in terms of planning and execution of tasks. There has also been a concerted drive to fill vacant posts in the Branch, which has alleviated the acute shortages in capacity to some extent.

State visits

The Department's State Visits manages and coordinates all incoming and outgoing visits by Heads of State/Government, their Deputies and Ministers of Foreign Affairs, their Deputies and Heads of Regional Organisations.

During the past financial year, State Visits managed logistics for 232 incoming and outgoing visits.

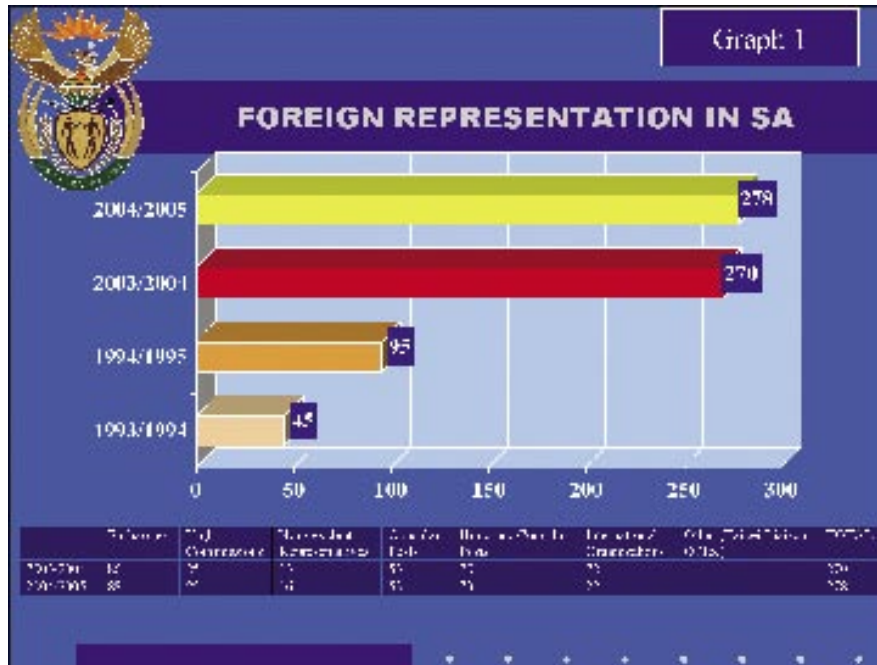
One of the core responsibilities of the State Visits is to provide direct protocol support to the President, the First Lady, the Deputy President, the Foreign Ministers and her deputies. State Visits also provided logistics and protocol assistance pertaining to transit visits and international visits by former Heads of State.



Diplomatic immunities and privileges

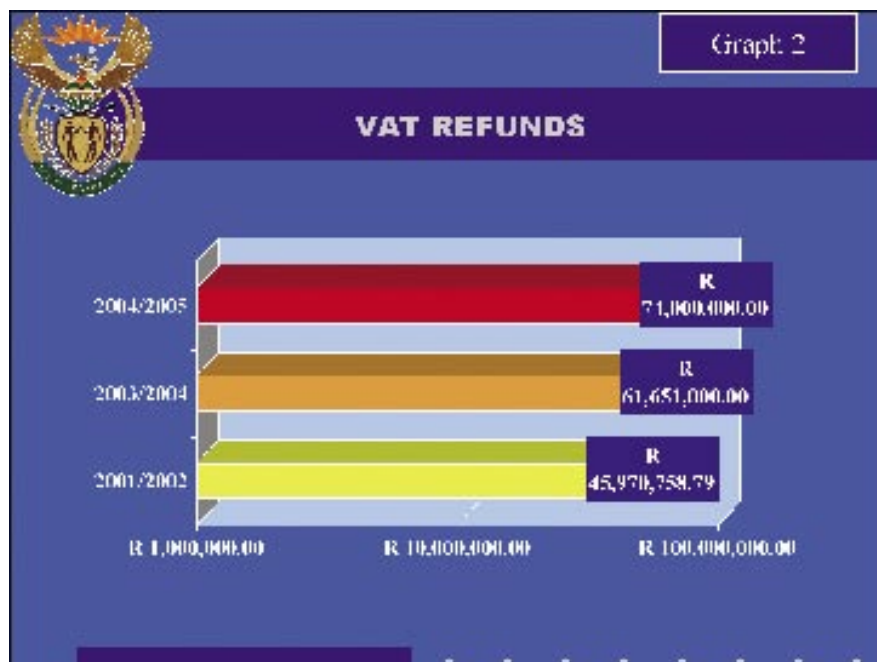
The Department regulates accredited diplomatic and international communities according to the Diplomatic Immunities and Privileges Act, 2001 (Act 37 of 2001). It also encompasses bilateral co-operation agreements and multilateral treaties governing the immunities and privileges of international representatives and international development programmes.

Graph 1 below illustrates growth in the accredited diplomatic community in the decade since the first democratic elections in 1994.

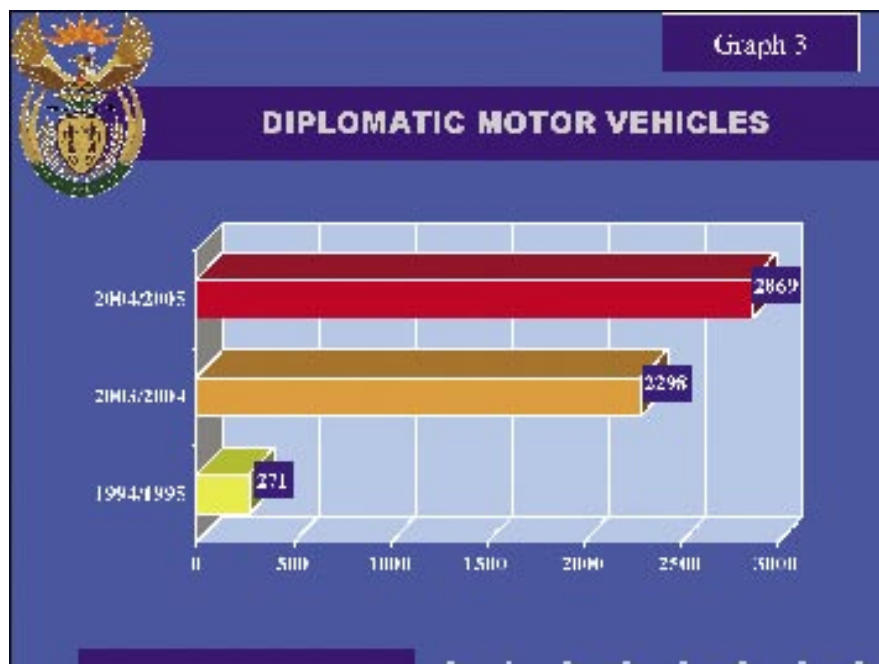


The following trends affecting the scope of the Department's functions were noticeable during the 2004/05 reporting period:

- Bilateral and multilateral representation is increasingly operating from South Africa with a local, regional, and continental mandate. This is also evidenced by the vast increase in VAT refunds paid out on goods and services by the South African Revenue Services. **(See Graph 2)**



- The International Finance Corporation transferred its functions from Washington to South Africa and upgraded the Office to a Sub-Sahara Office in South Africa.
- The World Bank relocated the loan Department from Washington to South Africa.
- The European Investment Bank established an office in South Africa.
- The UNDP established a regional Service Centre in South Africa.
- A satellite MONUC liaison office was established in South Africa.
- The South African Bureau of Standards aligned international minimum standards for vehicles imported to South Africa resulting in the majority of foreign representatives and missions now acquiring locally manufactured vehicles. **(See Graph 3)**

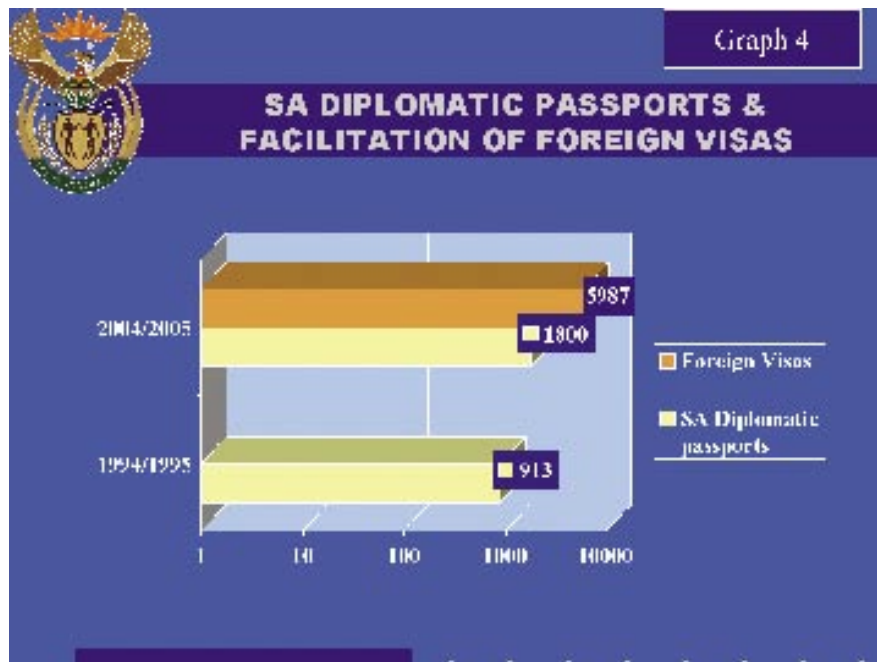


South African Diplomatic Passports and foreign visas for holders of Diplomatic and Official Passports (See Graph 4)

- The South African Navy visited Germany for the Joint Project Team for the South African Naval Vessels under construction at Blohm and Voss GmbH in Hamburg.
- The South African National Defence Force deployed troops for peace operations in the Democratic Republic of Congo and in Burundi.
- The South African Police Service assisted with peace operations in Côte d'Ivoire (Ivory Coast).
- The Department of Home Affairs and the Public Service Commission assisted in compiling a Population Register for the coming national election

in the Democratic Republic of Congo.

- Representatives from the Ekurhuleni-Sedibeng Health Region of the Gauteng Provincial Government undertook a study tour to Canada.
- National Members of Parliament visited Australia and New Zealand to acquaint themselves with the regulatory environment in those countries in view of the planned establishment of a single Financial Services Regulator in South Africa.



International Conferences

Summits, conferences and other state events

Since 1994, the Department has developed the capacity to organise very large summits and conferences. During 2004/05, this capacity was employed in arranging the logistics for the following:

- UN African Meeting on Palestine, Cape Town, June 2004
- SADC Organ on Politics, Defence and Security, Sun City, July 2004
- Ministerial Conference of the NAM, Durban, August 2004
- Ministerial Meeting of AASROC, Durban, August 2004
- NEPAD Summit of Heads of State, Johannesburg, October 2004
- Heads of Mission Conference, Somerset West, February 2005
- Trilateral Ministerial Meeting of IBSA, Cape Town, March 2005
- Africa Diaspora Conference, Kingston Jamaica, March 2005



The State Protocol Lounge at the Johannesburg International Airport.

On 7 July 2004, the AU Summit agreed that South Africa would host the Pan African Parliament. The Second Session of the Parliament was hosted in a temporary facility at Gallagher Estate from 16 September - 3 October 2004. At the same time, work started on the construction of an office building and chamber at a new Parliamentary Precinct at Gallagher Estate to house the Parliament for five years. The office building was completed on 15 March 2004 and the Chamber will be completed early in 2006.

Intergovernmental and Provincial Protocol

The Department's Intergovernmental and Provincial Protocol section acts as liaison between the second and third spheres of Government on international and intergovernmental relations as well as protocol-related matters.

It is also responsible for co-ordinating protocol

training for the National Council of Provinces (NCOP), Premiers, Speakers of Provincial Legislature and its members, Members of the Executive Council, Executive Mayors, Mayors, 184 Municipal Councils, Houses of Traditional Leaders, International Dignitaries and the South African Local Government Association. In the past financial year, the Department co-ordinated 96 visits by stakeholders, as listed below:

- In June 2004, Mr Sbu Ndebele, Premier of KwaZulu-Natal, visited the People's Republic of China at the invitation of the Chinese Ambassador to South Africa. In China, he visited Fijuan Province and the Government of Shanghai Municipality.
- The Premier of the Western Cape Prov-



ince, Mr Ebrahim Rasool, visited Dubai in the United Arab Emirates, as part of his international introduction to the international community. He subsequently visited the United Kingdom and Turkey to address the MUSAID International Trade Fair Congress and the Eighth International Business Forum Congress.

- Premier Mbazima Shilowa of Gauteng Province visited England, France, and Spain to investigate various strategic matters pertaining to the proposed Gauteng Rapid Rail Link.
- Premier Nosimo Balindlela of the Eastern Cape Province visited Lower Saxony in Germany from 19 - 27 August 2004 to re-vamp a twinning agreement between the Eastern Cape and Lower Saxony signed by the former Premier of the Eastern Cape.
- Premier Nosimo and Premier Beatrice Marshoff of the Free State attended the Women's Day celebration in the United Kingdom at the invitation of the High Commission.
- Mr T Makwetla, Premier of Mpumalanga Province, visited Germany from 20 - 24 March 2005 to consolidate relations between Mpumalanga and North Rhine Westphalia. The two provinces have a twinning arrangement.
- Members of the Executive Councils (MECs) visited Switzerland, the United States, Thailand, Sri Lanka, India, the United Kingdom, Slovakia, Austria, Germany, Singapore, Hong Kong, China, Spain, Italy, and The Netherlands. The purpose of the visits varied from the attendance of international conferences to promoting trade and investment.
- Members of Portfolio Committees went to Australia-Brazil, and Singapore on study tours and to attend conferences. Councillors and senior officials from the provinces also undertook study tours.

The second and third spheres of Government accounted for 12 incoming visits, which the Department co-ordinated.

Ceremonial

The Department's Protocol Ceremonial is re-vamping its image continuously in line with its vision to provide a world class, uniquely South African, protocol service.

Protocol Ceremonial has three focus areas, namely, the State Protocol Lounges, the Guest Houses, and Ceremonial, the latter which performs event management and diplomatic administration functions.

The State Protocol Lounges at Johannesburg and Cape Town International Airports underwent major renovations and saw the introduction of vibrant new uniforms and top-of-the-range vehicles. This world-class image embodies standards of service excellence that are to be benchmarked against international standards of best practice. These changes are an extension of the professional image that the Department wishes to portray.

The State Guest Houses section has introduced African-fusion menus and will be implementing an internship programme shortly, sourcing the best Hotel Management students to add a fresh and innovative dimension to the management of the Guest Houses.

In terms of events, the tide is turning as the Ceremonial section has raised its service standards and now offers our principals and clients an even more professional and efficient operation.



This is evidenced by the fact that there is an increasing demand for our services both hands-on and advisory, within not only the Department but also by sister Departments and other agencies. In the past financial year, with a staff of six individuals, State Protocol Ceremonial successfully managed 70 events ranging from cocktail functions to international conferences and peace talks.

PUBLIC DIPLOMACY

During the reporting period, the Department undertook media research and prepared speeches for a number of strategic events. These included speeches for the Budget Vote Speech, presentations at the South-Africa Union-Caribbean Diaspora Conference held in Jamaica, the India-Brazil-South Africa Ministerial Trilateral Commission, the Asian-African Ministerial Meeting in Jakarta Indonesia, the Forty-ninth Session of the Commission on the Status of Women, as well

The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma addressing a press conference following a bilateral meeting with leaders of Equitorial Guinea at the Media Centre Union Buildings, Pretoria, July 2004.

as meetings of the NAM and the AASROC.

The Department continued with the management of the Department's official web-site: www.dfa.gov.za. One of the developments was the inclusion of the Department's Foreign Service Code on the web-site so that Missions may access to it. The Department also contributed to the Government's Batho Pele Gateway Project and continued to monitor and provide feedback to the 35 Mission web-sites by South African Missions abroad. . The monitoring is necessary to ensure that the Mission web sites appear as consistent in format, linkages and functionality as possible in order to promote the image of the Department in an uniformed way.



The Department responded promptly to various enquiries regarding scam letters, consular and trade issues that were sent to the web-site's e-mail. In addition, the Department undertook the following activities:

- Additions to the Department's web-site and Intranet: 3012
- Updates to the Diplomatic Representations Lists: 2000
- Information Disseminated to Missions and Head Office (Bua News, Cabinet Statements, Letter from the President, EU Newsletter, Commonwealth News; World Bank News, ISS Seminars, Speeches and Media Statements): 800
- E-mail Enquiries: 412
- Updates to the NAM Web-sites: 15

During the reporting period, the Department's libraries dealt with the following:

- Queries = 1 689
- Magazines distributed = 1 529
- United Nations documents received = 12 608
- Orders = 1 082.

In its ongoing communication and publicity initiatives, the Department produced and distributed various information publication materials. These included, but not limited to, the report-back to the public on the activities undertaken during the 2003/04 financial year through the production and distribution of the Annual Report document, as well as publicising the Department's strategic intent for the 2004/05 financial year through the Strategic Plan (March 2004) document.

With the growth in the role of South Africa in the global arena the Department continued to provide both audio-visual and photographic documentation of the activities of our Principals with the coverage of incoming visits and strategic outgoing visits of President Thabo Mbeki, Deputy President Jacob Zuma, and Minister Dr Nkosazana Dlamini Zuma abroad. To highlight these engagements to the public the footage was distributed to local and international print and audio-visual media on an ongoing basis, usually within one hour of an event taking place.

During the reporting period, the Department continued to provide the Missions with the '10 Years of Freedom celebration' production material as well as the technical support/ advice in using these material. In addition, the Department made available various video programmes from the Film Resource Unit as well as photographs, in hard copy and on compact disk, to the South African Missions abroad for use during the celebrations and other publicity events.

Departmental activities like the annual year-end party and Conferences were also documented in both audio-visual and photographic forms. The South African National Anthem and the AU Anthem were transferred to separate CD's for official use by South Africa's Missions abroad and foreign representative offices in Pretoria.

Furthermore, the Department undertook the following marketing and publicity activities:

10 Year Celebrations

- Procured and distributed promotional material requested by various Missions for their celebrations. These ranged from

Golf-shirts, hats, pins and paper bags and pens all branded with the 10-Year of Freedom logo.

- Cultural Expressions: Assisted in identifying SA Artist requested by various Missions for their celebrations. These ranged from dance forms, music genres, and visual arts.

SAA Ticket sponsorship

- Secured SAA sponsorship for SA artists to enhance Mission's planned activities for their 10 years Celebrations programme.
- Co-ordinated and facilitated Missions' requests, regarding departures and arrivals of performing artists.

Cervantino Festival

- Assisted with the disbursement and co-ordination of the sponsored SAA flight tickets to artists identified by DAC to participate at the festival in November 2004.

Presidential Inauguration April 2004

- Formed part of the Catering Committee that co-ordinated all aspects of the two VIP's luncheons held at the Union Buildings and Bryintirion , ranging from identifying and briefing caterers and other suppliers, assessments of catering, venue related issues, décor and logistical co-ordination on the day.
- Procurement and distribution of golf shirts and caps for support staff working on the project.

International Fair: 30 October 2004

- Co-ordinated, planned and organised the hosting and participation of twenty two resident Missions in South Africa, Govern-

ment Departments, sponsors and crafters in partnership with the City of Tshwane. An amount of R53 034.84 was raised through participation fees, entrance fees and sale proceeds. Funds were disbursed to nine charities at a payout function held on 23 March 2005.

Olympic Games Athens – August/ September 2004

- The Department assisted with marketing duties at the Hospitality Centre and served as a link between the Mission and the National Olympic Committee of South Africa (NOCSA).

Exhibitions & Conferences

The Department:

- Facilitated and secured book, tourism, photographic and education exhibitions in July 2004 on behalf of the Dar Es Salaam Mission.
- Assisted with arrangements concerning the performing artists for the Maputo Prayer Service, held on 10 December 2004.
- Assisted in procuring South African artefacts to be sold at the Bethlehem Fourth Annual Christmas Market, 8 November 2004.
- Assisted with the showcasing of arts, crafts, Alf Kumalo's photographic exhibition, and South African cuisine by Dorah Sithole and performances by various South African artists in Memphis in May and in New Orleans.
- Assisted with identifying a guest speaker for the Wine, Spirits & Food Festival Jamaica, from 2 - 3 November 2004.
- Assisted with identifying fashion designers for the Berne, (Tourism Fair in Switzerland in June 2004.



Deputy Minister of Foreign Affairs Sue van der Merwe presenting a trophy to Counsellor Mirinko Roas of the Croatian Embassy for the best stall at the 8th international Fair, held in Pretoria.

- Assisted with the procurement of conference material and African shirts branded with the NAM/AASROC logo for the NAM/AASROC conference held from 17 – 20 August 2004.
- Pan African Parliament (PAP),
- Assisted with the procurement and distribution of conference material, bags, folders, notepads, pens, and clothes in September 2004.
- Arranged payment for the venue décor.
- South African, African Union, and the Caribbean Diaspora Conference 16 - 18 March 2005 in Jamaica:
 - Assisted with the procurement of conference material and shirts.
 - Facilitated the showcasing of the Apartheid Museum exhibition during the conference.

- Africa Public Service Day: June 2004
 - Co-ordinated the Department's of Foreign Affairs' participation in sporting codes and an exhibition in June 2004
- SA/DRC Bi-National Commission in April 2005:
 - Procured and distributed conference material for the desk.

International Marketing Council

- Introduced the IMC kit (banners, tattoos, bandannas, T-shirts, drums, pins and South African storybooks) to all Missions abroad.
- Procured and distributed the kit to Missions that placed orders.

2005 World Expo AICHI, JAPAN

- The Department played a supportive role to the Department of Trade and Industry (dti), which is leading the 2005 World Expo on behalf of South Africa, in all aspects of the planning, logistics and implementation of the project. Drafted

- the human resources plan for the project, which the dti adopted and implemented for all officials participating in the project.
- Two officials from the Department of Foreign Affairs were appointed to work at the expo for three months each together with other officials from the dti and other government departments.
 - The Department rendered assistance with the procurement and shipment of promotional material from South Africa for the Expo's planned Freedom Day Celebration activities.
 - Gifts were presented to VIPs children and other guests who visited the South Africa Stand.

2010 Fifa World Cup Bid

- The Department co-ordinated the hosting of a gala dinner in Addis Ababa in honour of South Africa's bid to host the 2010 World Soccer Tournament being successful. The Minister of Foreign Affairs hosted the gala dinner with sponsorship from SAA, Telkom, the Post Office, and the 2010 Bid Committee.
- The Department handled the procurement and distribution of VIP gifts for all guests attending the gala dinner.

Foreign Journalists' Visit to South Africa

- The Department assisted with the co-ordination of the itinerary for the visit by foreign journalists and organised and co-ordinated meetings for the Foreign Journalist programme.

Uganda/South Africa Student Exchange Programme

- The Department assisted the Limpopo Department of Education facilitate

the Uganda/South African student exchange programme.

- South African students visited Uganda in June 2004 and Ugandan students paid a reciprocal visit to South Africa in August 2004.

16 Days of Activism for No Violence Against Women & Children: held at the Union Buildings in December 2004

- Deputy Minister Sue van der Merwe hosted the function and delivered the keynote address to invited guests
- The Department assisted with performing artists and co-ordinated the reading of the pledge by school children.

Year-end Function: December 2004

- The Deputy Minister hosted and addressed the function.
- The Department assisted with booking the venue, caterers, décor, gifts, and performing artists and the co-ordination of the day programme.

Minister's Opening of Parliament Banquet: 12 February 2005

- The Department planned and co-ordinated the hosting of the banquet for the Minister at Vergelegen Estate in Somerset West in the Western Cape Province.
- Tasks ranged from reconnaissance meetings with all role players including sponsors, (BMW & Anglo-American), invitations, venue arrangements, catering, gifts, décor, and performing artists.

Heads of Mission (HOM) Conference 2005

- The Department:
- Was responsible for the image and branding of the conference (pull-up screens and visual presentations).

- Facilitated the entertainment programme for the duration of the conference, (welcome dinner sponsored by South African Tourism and South African Airways, viewing of a film about Sophiatown and an evening jazz session at the Mannenberg Café for all delegates attending the conference.
- Assisted with the procurement of the conference package, promotional material, and an exhibition showcasing our products and those of our sponsors.
- Arranged for crafters to exhibit their latest crafts to all delegates and for future events arranged by Missions.
- Co-ordinated the closed day-long seminar at the Presidential Guesthouse for officials of the Department of Foreign Affairs held on 8 March 2005.
- Co-ordinated an open day seminar and gala dinner held on 9 March 2005 at the Sandton Convention Centre. At a dinner attended by 400 people, the Minister honoured former, present, and future women Ambassadors and High Commissioners for their work.
- Planned and organised for décor, gifts, catering, invitations, a performing artist and sound equipment for both seminars and the gala dinner.

IBSA – March 2005

The Department:

- Planned and co-ordinated the gala dinner hosted by the Director-General at the (CPICC).
- Assisted with conference material, (branded folders, writing pads) performing artists, and food.
- Undertook tasks that ranged from reconnaissance meetings with all role players, invitations, venue arrangements, catering, gifts, décor, and performing artists.
- The Director-General hosted invited guests to an evening's entertainment at Mannenberg Café.

International Women's Day: 8-9 March 2004

The Department:

- Planned and co-ordinated the venue, décor, set-up and logistical elements of the two-day International Women's Day Conference held from 8 - 9 March 2004.

Budget Vote Speech 2005

The Department:

- Co-ordinated the luncheon hosted by the Minister after she had delivered her budget vote speech.
- Arranged the booking of the venue, branding and décor, catering, the distribution of the Department of Foreign Affairs' strategic document, and performing artists.

South Africa Weeks

The Department:

- Facilitated the services of a bead artist, painter, and a performing group for the Mission in Copenhagen, Denmark, from 15 – 19 November 2004.
- Assisted the South African Mission in Algiers with the procurement of generic pull-up screens and South African dolls.

PROGRAMME 4: International Transfers

AIM: This programme provides for the payment of fees and contributions to various international organisations.

Contribution to multilateral development and co-operation

The transfer payments provided and paid for during the reporting period are reflected in the annual financial statements section of the Annual Report (please refer to the Financial Statements contents page).





PART 4: REPORT OF THE AUDIT COMMITTEE



In terms of its obligations according to Treasury Regulation 3.1.12, the Audit Committee reports as follows on certain events as well as its actions and findings in respect of the financial year ended 31 March 2005.

1. APPOINTMENT OF AUDIT COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

An Audit Committee for the Department has been established in accordance with the requirements of Sections 38 (1)(a)(ii) and 77 of the Public Finance Management Act. Currently the Audit Committee comprises 5 members with the majority of the members being from outside the public service. During the year under review the capacity of the Audit Committee was increased from 3 to 5 members. The two vacant posts were filled by appointing two new Audit Committee members, Advocate N Gomomo and Mr E Cousins. The chairperson of the Audit Committee is from outside the public service.

The Audit Committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. The Audit Committee also meets on an "ad hoc" basis to consider specific matters. The Audit Committee furthermore met with the Office of the Auditor-General and the Director-General during the year under review. The Chairperson of the Audit Committee met on several occasions, individually, with the Head of Internal Audit and key Internal Audit staff. During the current year 12 meetings, including meetings for specific purposes, were held and were attended as follows:

Name of Member	Number of Meetings attended
Ms BL Mthembu (Chairperson)	11
Ms SW Magojo (Member)	9
Mr Z Jojwana (Member)	9
Adv N Gomomo (appointed September 2004)	2
Mr E Cousins (appointed September 2004)	3

2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has complied with its responsibilities arising from section 38(1)(a)(ii) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter read in conjunction with the Internal Audit Charter, has regulated its affairs in compliance with these charters and has discharged all its responsibilities as contained therein.

3. THE EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control, including the ICT environment, were subjected to evaluation by both Internal Audit and Office of the Auditor-General (external audit), and in various cases the quality of the implementation and execution of adequate control and work procedures were not yet of an acceptable standard. This is evident from reported instances of non-conformity with prescribed internal control and best practice. Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. The effect of these instances has been included in the annual financial statements and the report

of the Accounting Officer. Some of these issues were also emphasised in the Auditor-General's report for the year ending 31 March 2004, and required concerted efforts by the Audit Committee for rectification.

The Audit Committee together with Internal Audit developed a comprehensive detailed plan as an intervention measure to remedy the matters of emphasis and the qualification of the annual financial statements, reported by the Auditor-General in the 2003/4 financial year. Issues were prioritised in accordance with their materiality and fundamental effect on the overall management of the department. The plan includes Management's contribution of the details of action on the plan, scheduled target dates for implementation, monitoring and evaluation of the plan and agreed KPIs. The issues identified include:

- Establishment of integrated treasury cash flow management functions with strong emphasis on integrated foreign currency management and budgeted cash flow management,
- Re-engineering and restructuring of strategic financial management functions with focus on migration to and implementation of the accrual accounting system,
- Formalisation of appropriate policies and procedures,
- Asset management, including fixed asset register and supply chain management,
- Strategic management of missions, co-ordination with other departments and overall training and professional development, and
- Capacity building for the Financial Management Function

Management implemented measures that were monitored on a regular basis by the Audit Committee to ensure that planned targets were achieved.

The following achievements were noted during the year under review:

1. The department has entered in agreements with commercial banks to manage the treasury cash flow management on behalf of the department.
2. An integrated electronic Fixed Asset Register has been acquired by the Department for the purposes of managing fixed assets. The Department has commenced with the tagging of each asset item by utilising barcodes and the compilation of the electronic fixed asset register.
3. The Departmental Management Committee approved and formalised a number of policies for the efficient and effective functioning of the Department.
4. A comprehensive re-designing and re-engineering of the overall training and professional development strategy of mission staff was undertaken.
5. The Office of the Chief Financial Officer was separated from Corporate Services to allow dedication of the CFO to strategic financial management.

The Audit Committee also pioneered and championed the process to rectify the qualification of the 2004 financial statements by devoting considerable attention to resolving the issues that led to the Auditor General qualifying the 2004 annual financial statements. The Department, with the leadership and dedicated support of the Director-General, assistance of the National Treasury, co-operative effort of the Chief Financial Officer and the entire management, resolved

the matters that led to the qualification.

Going Forward

The Audit Committee has decided to develop and implement a comprehensive and integrated intervention programme to enhance the operations and strategic management of the Department during the 2005/6 financial year. This is aimed at the attempt to resolve all matters of emphasis identified by the Auditor-General in the 2004/2005 audit report. The following issues have been identified for dedicated attention:

- Re-engineering of the Department ICT infrastructure as well as the acquisition and development of integrated information and management systems.
- Restructuring and management capacity building to develop appropriate and adequate strategic financial management for the Finance Function.
- Improve the quality and content of the monthly and quarterly management and performance reports.
- Motivate and encourage the culture of risk management and compliance to policies and procedures.
- Review and enhancement of the Human Resources Function and development of the Human Resources Business Unit.

4. QUALITY OF IN YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT

The Audit Committee is not satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Account-

ing Officer and the Department during the year under review. Full details of the financial management and position of the Department are not provided in these reports. The Accounting Officer and the Chief Financial Officer are currently developing a more comprehensive financial reporting framework in compliance with statutory requirements such as the PFMA and the Treasury Regulations.

5. INTERNAL AUDIT

Internal Audit was effective for the year under review and achieved 90% of its annual operational plan targets. The capacity of Internal Audit has been comprehensively increased and consolidated through the filling of further internal audit positions. The Internal Audit strategic and annual operational plans were considered and approved by the Audit Committee. All Internal Audit work performed as well as Internal Audit reports and quarterly progress reports were reviewed by the Audit Committee.

The Fraud Prevention Policy and Strategy were formalised and a Fraud Prevention Implementation Plan was developed. The department has commenced with the development of a Fraud Awareness Manual. The rollout of the implementation plan will commence early in the 2005/6 financial year.

The Internal Audit Unit developed a comprehensive Risk Management Strategy, which has been reviewed, approved and formalised by both the Audit Committee and Management of the Department. A comprehensive, departmental-wide risk assessment was conducted in accordance with the requirements of the Public



Finance Management Act. A strategic risk profile of the Department was developed. Both the Audit Committee and Departmental Management accepted the results of the risk assessment. The results of the risk assessment were used to direct Internal Audit effort and also to enhance the management function of the Department. Control self assessment schedules will be developed for the relevant managers.

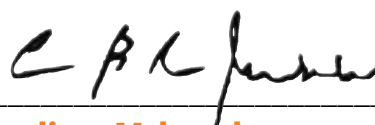
6. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the report;

- Reviewed the Auditor-General's management letter and management's response;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General 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-General.



Londiwe Mthembu
Chairperson of the Audit Committee

PART 5: ANNUAL FINANCIAL STATEMENTS



	Page
Management Report and Approval	3 – 19
Report of the Auditor-General	20 – 24
Statement of Accounting Policies and Related Matters	25 – 30
Appropriation Statement	31 - 39
Notes to the Appropriation Statement	40 - 41
Income Statement (Statement of Financial Performance)	42
Balance Sheet (Statement of Financial Position)	43
Statement of Changes in Net assets/ Equity	44
Cash Flow Statement	45
Notes to the annual financial statements	46 - 59
Disclosure Notes to the Annual Financial Statements	60 - 63
Statement of Conditional Grants Paid to Municipalities - Annexure 1A	64
Statement of Transfers to Departmental Agencies and Accounts - 1B	65
Statement of Transfers to Public Corporations and Private Enterprises -Annexure 1C	66
Statement of Transfers / Subsidies to Foreign Government and International Organisations - Annexure 1D	67 - 68
Statement of Transfers / Subsidies to Households - Annexure 1E	69
Statement of Gifts, Donations and Sponsorships - Annexure 1F	70 - 72
Statement of Financial Guarantees - Annexure 2	73 - 79
Claim - Annexure 3	80
Physical Assets Movement Schedule - Annexure 4	81 - 83
Intangible Asset Movement Schedule - Annexure 5	84 - 85
Inter-Governmental Receivables - Annexure 6	86 - 87
Inter-Departmental Payables - Annexure 7	88
African Renaissance and International Co-operation Fund (Annexure A)	Separate table of content



ACCOUNTING OFFICER'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1 GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 INTRODUCTION

The Department of Foreign Affairs (department) is responsible for the formulation, application and execution of all aspects of South Africa's foreign policy as entrusted to the Minister of Foreign Affairs (minister). Liaison with foreign governments on matters of international relations is conducted through South Africa's accredited representatives. The head of a South African mission abroad acts as the representative of the head of state.

In line with the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended) (PFMA) and the Treasury Regulations, the Department submitted its strategic plan for the medium term expenditure framework (MTEF) period 2004/05 to 2006/07. The following strategic priorities were identified for implementation during the year under review:

- Facilitate the reform of the Global Governance systems;
- Consolidate the African Agenda;
- Promote South-South Co-operation;
- Enhance Political and Economic Relations;
- Facilitate Human Resources Development; and

- Provide efficient and effective support services.

In order to align the resources of the Department to its strategic priorities and to enable the Department to comply with the new monitoring, evaluation and reporting processes introduced by government, the programmes are structured as follows:

- *Administration* provides for the overall policy development, execution and management of the Department.
- *Foreign Relations* promote relations with foreign countries, and participate in international organisations and institutions, in pursuit of South Africa's national values and foreign policy objectives.
- *Public Diplomacy and Protocol* promotes South Africa's foreign policy objectives; both domestically and internationally, project a positive image of South Africa and Africa, provides for the State protocol services and makes provision for the inauguration of the President of South Africa when required.
- *International Transfers* provides for the payment of membership fees to international organisations.

This report seeks to assist in measuring the extent to which the Department's resources allocated for the 2004/05 financial year were utilised in terms of the PFMA.

1.2 REVENUE

During the year under review, the Department received total revenue of **R 2,584** billion made

up of voted funds and non-voted funds, explained below as follows: -

(i) Annual Appropriation – R2,547 billion

The Department received a budget allocation of R2,547 billion for the 2004/05 financial year after adjustment estimates. During the last financial year, the Department received an allocation of R2,329 billion, which was reduced by R356 million suspended by National Treasury in lieu of envisaged savings. Therefore, the actual budget increase based on the appropriated budget amounts to 9.36%. The budget increase of R218 million (R2,547 less R2,329) can be attributed to the strengthening of the rand against the major currencies; rollovers and funding which were received for specific projects. In view of the appreciation of the rand, National Treasury revised the foreign exchange forecast against the major currencies. The new rates resulted in the saving of approximately R136 million. However, an agreement was reached with National Treasury to fund NEPAD, Pan African Parliament as well as SADC and the balance of R45 million would be declared as savings at the end of the financial year.

The Department received additional funding for the following projects, which are regarded as once off:

- Presidential inauguration – R60 million; and
- 10 Years Freedom Celebrations – R20 million.

(ii) Departmental Revenue – R 37 million

Other revenue relates to revenue received in

respect of *ad hoc* activities, as the Department does not have any income-generating programmes. The missions in other countries are allowed to reclaim value-added tax (VAT). The other revenue is in respect of proceeds from sale of equipment, interest received, stale cheques written back, etc., detailed in note 3 of the Annual Financial Statements.

In addition, the Department transfer funds to missions for their operations. The funds are transferred at spot rate and the balances at year-end are re-valued at the closing rate, which can result on foreign exchange gains or losses. In the previous financial year, the department reported a difference between the cashbook balances in the mission and the PMG account 8033-128-9. To resolve the problem as explained in note 9 the National Treasury approved that the difference be paid to the Revenue fund. In addition, during the year under review, R2,9 million was realised as foreign exchange gains.

1.3 EXPENDITURE

Spending trends

South Africa maintains diplomatic relations with countries and organisations through 105 missions located throughout the world. Therefore the bulk of its expenditure is incurred in foreign currencies. This poses a major risk with regard to budgetary controls as the Department has no control over the fluctuation of the Rand against major foreign currencies. Due to this unpredictable or uncontrollable situation, the Department can either overspend or underspend its budget. However, the Department has reached an understanding with the National

Treasury to use the fixed exchange rates determined by the Treasury for budget purposes. Therefore, if there is a difference between the actual performance of the Rand and the budgeted rate, the allocated budget is adjusted accordingly. In the event of a depreciation of the Rand (lower than the fixed rate determined by the National Treasury) the adjustment estimate process is the only avenue available for the Department to be provided with resources to compensate for exchange rate losses.

During the year under review, the Rand performed fairly well as against major foreign currencies and during the adjustment estimates the new rates were determined, which resulted in a savings of approximately R136 million. However, an agreement was reached with National Treasury to fund NEPAD (R45, 5 million), Pan African Parliament (R 42 million) as well as SADC (R3, 5 million) and the balance of R45 million would be declared as savings at the end of the financial year. However, should either depreciation or appreciation of the Rand take place after the adjustment estimate process, the Department has to fund such losses from within its allocated resources or reflect such savings in the Annual Financial Statements.

During the adjustment estimates the following rates for major currencies were used:

Currencies	Budget Foreign Currency	Budget Foreign Exchange Rate	Budget Rand Amount	Adjustment estimates Foreign Exchange Rate	Average Rand Value	Foreign Exchange Rate Savings
	Million		R' 000		R' 000	R' 000
US \$	80,5	8.20	660 000	6.88	554 000	106 000
EUROS	30,6	9.50	291 000	8.77	269 000	22 000
POUND	4	13.50	53 000	12.57	49 000	4 000
YEN	384	0.14 3229	55 000	6.41	60 000	(5 000)
SFR	9	6.24	56 000	5.27	47 000	9 000
TOTAL			1 115 000		979 000	136 000

The recent movements of the Rand have therefore had a major impact on the budget of the Department. Over the years the expenditure on the vote as a whole has been increasing by an annual average rate of 5%. However, there was a considerable jump during the

2001/02 financial year of approximately 27% compared to previous financial years as well as an increase of 14.73% in the 2002/03 financial year and a drop of 10.70 % in the previous year. During the year under review, the expenditure has increased by 10.53 % as against the previous year. In overall, the Department has recorded savings amounting to R193,7 million, as shown in the table below:

ANALYSIS OF UNDER/ (OVER) EXPENDITURE PER PROGRAMME				
PROGRAMME DESCRIPTION	VOTED 2004/05	ACTUAL EXPENDITURE	SAVINGS (EXCESS)	EXPENDITURE as % of
	R'000	R'000	R'000	VOTE
1: Administration	492 437	425 617	66 820	86.43 %
2: Foreign Relations	1 598 119	1 510 540	87 579	94.51 %
3: Public Diplomacy and Protocol	157 108	140 846	16 262	89.64 %
4: International Transfers	298 985	275 924	23 061	92.28 %
TOTAL	2 546 649	2 352 925	193 724	92.39 %

During the year under review, the Department utilised 92,39 % of the total budget allocated for the 2004/05 financial year, which compares favourably to the 91,42 % spent during the last financial year. However, adding the R45 million savings as a result of the exchange rate and R94 million, which has been requested for the rollover, the Department spending is approximately 97.85 %. The under expenditure can be attributed to the following reasons:

(i) Programme 1: Administration

During the year under review, the capital projects of the Department were included under Programme 1. The savings realised can be attributable to the capital projects not completed as well as personnel expenditure. The department has already requested the roll over of funds, in this regard.

(ii) Programme 2: Foreign Relations

As mentioned above, the bulk of expenditure for the Department is incurred abroad through our Missions in different currencies. The savings reported are largely due to the favourable fluctuation of the rand. In addition, the savings can be attributable to the delay in

the opening of missions as well as vacant posts, which could not be filled during the reporting period.

(iii) Programme 3: Public Diplomacy and Protocol

During the year under review, the department received an amount of R60 million for the Presidential Inauguration and an amount of R8 million was not spent. The balance of savings is attributable to the vacant posts not filled.

(iv) Programme 4: International Transfers

The savings in the transfer payments can be attributable to the revision of the scale of assessment for the UN contributions (revised lower) as well as the impact of the favourable exchange rate. The Department does not have control on the final determination of assessments for a particular financial year.

1.4 CASH FLOW

Annual Appropriated Funds received

In the cash flow statement, an amount of R2 689 615 000 has been reflected as annual appropriated funds received whereas the Department received an Annual appropriation of R 2 546 649 000 as reflected in the income statement note 1. The difference of R142 966 000 is due to a refund from National Treasury. As reported in the previous financial year that National Treasury suspended an amount of R 356 million in lieu of envisaged savings. During the last financial year the department reflected a receivable of R142 966 000 (note 17) split hereunder as follows:

	R' 000
Opening balance	73 098
Transfer from income statement (148 864)	
Paid during the year	(67 200)
Closing balance	(R142 966)

During the year under review, the Department approached National Treasury to return the amount, which was suspended in excess of savings realised and was duly refunded.

2. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS WERE MADE

Transfer payments primarily arise from obligations undertaken by South Africa at international, regional and sub-regional multilateral levels. The payments, which are made by the Department, generally take the form of:-

- Membership dues to organisations such as the UN, the AU, the SADC, the Commonwealth, etc.
- Contributions to peacekeeping operations of the UN.
- Meetings of state (parties to international treaties) of which South Africa is a member, and in which South Africa has participated.
- Voluntary pledges that South Africa has made to international organisations for the purpose of humanitarian assistance, technical assistance, etc.

In the context of the UN, South Africa's assessed contributions to the regular budget are calculated at 0,41% of the total budget, while peacekeeping contributions are calculated at a 'developing country discounted rate' of 20% of 0,41% of the total cost of each specific UN peacekeep-

ing operation. Contributions to other UN organisations, treaty bodies, etc. are determined on the basis of the calculation for South Africa's contribution to the UN regular budget as adjusted to the membership of the particular organisation or body. With regard to the AU, South Africa's scale of assessment is at 8.25% of the total budget. South Africa also contributes 20% to the budget of SADC.

The Development Bank of Southern Africa (DBSA) was requested to establish and host the NEPAD secretariat, for the implementation of NEPAD. NEPAD is a pledge by African leaders to eradicate poverty and to place their countries on a path of sustainable growth and development, and to participate actively in the world economy and body politic. The South African contribution to the NEPAD secretariat is channelled through the Department of Foreign Affairs.

During the financial year under review, the department through the Humanitarian Aid programme contributed to the fighting of the locust plague experienced in the West African region. The project was to equip the affected countries with insecticide, its transport to the region as well as the spraying aircraft. This was done to ensure that the locust infestation was stopped from spreading and save as much as possible of the next harvest of crops including millet, sorghum and maize, which was to coincide with appearance of new swarms.

With regard to accountability, these organisations and institutions prepare detailed financial statements, which are subject to auditing and public scrutiny. The detailed list of the transfer

payments is per note 8 of the Annual Financial Statements.

3. SERVICES RENDERED BY THE DEPARTMENT

(i) Consular services

Consular services reflect the mandate of the South African government to provide assistance and protection to its citizen's abroad. Consular matters can be summarised as services provided by the Department in terms of the 1963 Vienna Convention on Consular Relations.

Consular services rendered to the public include visitation of injured, hospitalised and detained/imprisoned South African citizens abroad. These consular services involve mission personnel abroad having to travel to destinations where these services have to be rendered. During the year under review, the Department was involved in providing assistance to South African citizens involved in various human disasters, with particular reference to Tsunami disaster, which affected the Asia and East Africa as well as South African citizens detained abroad.

(ii) Agency services

Agency services are services rendered on behalf of other government departments, which are either not represented abroad or only represented at some missions. These departments include Home Affairs, Justice, Welfare, Transport, Agriculture, the South African Revenue Services and Trade and Industry. The directorate primarily supports the Department of Home Affairs with services that include passport processing,

visas, work and study permits. Where the services being rendered require a fee, collection and payment are managed according to the relevant department's requirements and in accordance with Treasury Guidelines and Regulations.

In addition, the Department is the custodian of the QED payroll system, which is used to process allowances payable to transferred officials, including those of other departments. This service to other departments takes place on an agency basis. The Department therefore incurs the expenditure on a recoverable basis.

(iii) Legalisation functions

A large percentage of the work at head office involves the legalisation/authentication of official documents for use abroad. The documents are either affixed to an Apostille (where countries are party to the Hague Convention of 1961) or to a Certificate of Authentication. Between 1000 and 1500 documents are handled/processed by the legalisation section per month. During the year under review, the department has undertaken a study to determine the possibility of charging for the service, which is in line with other countries.

(iv) African Renaissance and International Co-operation Fund

The Department, in consultation with the National Treasury, is responsible for the administration of the African Renaissance and International Co-operation Fund (fund).

The fund is under the control of the Director-General: Foreign Affairs who, as the accounting

officer, keeps records and accounts of all payments into and out of the fund. An Advisory Committee was appointed to make recommendations to the Ministers of Foreign Affairs and Finance on the disbursement of funds, as provided for in the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000). Due to the urgency of some of the projects as well as the lengthy process to be followed to finalise the projects, the Department had to utilise its own funds after the approval of the Director-General or the Minister. This is done with a view of claiming it back from the fund once a letter of concurrence has been received from the Minister of Finance. This has resulted in the opening of control accounts (Payables and Receivables) in the books of the Department and the fund. This arrangement poses a risk to the Department, as the amount owed by the fund is not enforceable in the event that the Minister of Finance does not issue the letter of concurrence.

The financial statements of the fund are attached as **Annexure A**.

4. CAPACITY CONSTRAINTS

The Department is responsible for co-ordinating and leading the entire spectrum of South Africa's interaction with the world. Its activities are therefore multifunctional, varied and complex. In addition, the improvements in government processes, amongst others, the implementation of the PFMA, which aimed to modernise budget and financial management practices in departments in order to maximise the capacity of departments to deliver services to all stakeholders (citizens, customers' etc) is a challenge.

The following are key challenges facing the department and some interventions have been identified for implementation in a phased manner and progress made is tabled below as follows:

(i) Management and Financial Skills

The changed practices from a situation that was one-dimensional, financial processes that were generally controlled by prescribed bureaucratic rules and regulations that stifled managerial efficiency, inhibiting innovation and often resulting in poor decision-making have required staff to be capacitated in various management disciplines. This is to ensure that the quality of management processes improves for the attainment of the department's objectives.

The real challenge is therefore the lack of management skills to implement the PFMA as well as other supporting regulations. In its forward planning strategy, the Department has put processes in place to address this critical issue.

During the year under review, the decentralisation of some corporate services functions to branches was implemented, which will assist the managers in respective units to discharge their management responsibilities. The Decentralised units are also responsible, through line function managers to co-ordinate the operations of the missions, as the missions report directly to business units in all respects.

Within the context of the transformation of the Foreign Service Institute, proposals have been made to include the finance modules in all programmes. The Department is also organising

the conducting of a leadership course for senior managers. During the year under review, the department has filled all the critical posts in the finance division.

(ii) Information Communications Technology

As reported in the previous financial year, the Department identified an urgent need to transform its current ICT infrastructure and to develop common information technology applications, networks, data-base and security, and network management capabilities to facilitate the achievement of its strategic objectives. The development of the Master Systems Plan has been completed and signed off. An implementation plan for recommended IT enablers have been developed. During the year under review, the department started the implementation of the following projects:

- Windows 2003 Server: Active Directory
- Business Intelligence/Data warehousing
- DIAP & CAS Workflow Systems

To optimise the capabilities of implemented technology and increase the return on investment in order to further the achievement of the Department's foreign policy objectives, a major ICT objective has been developed to modernise the Department's Information Communications Technology and ensure its optimum utilisation. It is the department's intention to explore innovative strategies in managing its business processes, and establishing procedures that will enable an integrated approach with its local and international customers thus providing more efficient and cost effective service.

During the year under review, the Department prioritised the filling of posts in the ICT Chief Directorate as well as Regional Centres abroad. Furthermore, the Department continued with the development of the phase 2 of an electronic financial system for the Missions.

5. CORPORATE GOVERNANCE ARRANGEMENTS

During the year under review, the Department continued with its endeavours and efforts to subscribe to and comply with the principles of good corporate governance. In pursuance thereof, the Department has adopted the principles of good governance as detailed in the King 2 Report, relevant legislation and other literature on this subject. The Department furthermore ensures that departmental policies, practices and processes are in compliance with the principles enshrined in the Constitution and the Public Finance Management Act and that these policies, practices and processes are valid, fair, transparent, adequate, efficient and effective. Furthermore departmental policies, processes and practices are benchmarked against international best practices and comply with the principles of economy, efficiency and effectiveness.

(i) Policies, Processes and Procedures

The existence of a valid, approved set of policies, processes and procedures are critical for the promotion of good corporate governance. During the year under review, the Department has commenced with the reviewing of existing policies, processes and procedures and compiling policies, processes and procedures where these were either inadequate or non-existent. Fur-

thermore, during the financial year, a comprehensive review and re-haul of the Administrative Code of the Department has commenced. It is envisaged that this process will continue during the new financial year.

(ii) Risk Management Approach

The existence of an adequate and effective system of internal controls is necessary for management and the Department to obtain reasonable assurance that strategic objectives as well as goals and targets will be accomplished. The Department follows a risk-based approach to the systems of internal controls. During the year under review a comprehensive, departmental wide risk assessment was undertaken in accordance with the Department's approved Risk Management Strategy. A Strategic Risk Profile reflecting those risks that impact on the strategic objectives of the Department was compiled and accepted by both the Management and the Audit Committee of the Department. The Department has adopted Control Self Assessment as a management tool in the Total Risk Management approach and Control Self Assessment come into operation during the new financial year. During the year, the Risk Management Directorate has commenced with the assessment of operational risks for individual business units and directorates as part of Control Self Assessment and the Risk Management Strategy.

(iii) Fraud Prevention

As reported during the last financial year, the Management and the Audit Committee accepted the Fraud Prevention Policy and Strategy of the Department. During the current financial



year, the Policy and Strategy were extensively reviewed and presented to Departmental Management. Furthermore, the Department has established the Fraud Prevention Control Committee for the purposes of implementing the Policy and Strategy. The PFMA Sub-directorate has been tasked as the functional arm of the Fraud Prevention Control Committee. A draft Fraud Awareness Manual has been developed and is currently being reviewed by the Fraud Prevention Control Committee. It is envisaged that an extensive rollout of the Fraud Prevention Plan will commence during the new financial year after the Fraud Awareness Manual is completed.

The National Anti-Corruption and Fraud Prevention Hotline was implemented and activated by the Office of the Public Service Commission during the year under review. The Fraud Awareness Manual and the Fraud Prevention Plan encourages Departmental employees to utilise the National Anti-Corruption and Fraud Prevention Hotline for the purposes of reporting fraud, corruption and other irregularities.

(iv) Internal Audit

The Internal Audit Unit continues to play an important role in the corporate governance mechanism of the Department. The Unit was strengthened during the year with the appointment of staff members at the middle management level. Furthermore the post of the Director: Internal Audit was advertised and it is envisaged that this post will be filled early in the new financial year and will further strengthen the Internal Audit Unit.

The Unit has conducted a number of internal

audits, performance audits and special investigations during the year and has offered the Department comprehensive recommendations for improvement, where relevant and necessary. The Unit was also involved in disciplinary cases initiated by the Department.

During the year under review, the Internal Audit Unit conducted a comprehensive departmental-wide risk assessment, the results of which have been accepted by both the Audit Committee and Departmental Management.

(v) Continuous Updating of Good Corporate Governance Principles

The Department has also implemented measures to ensure that management and departmental staff members are continuously updated on good corporate governance principles. In pursuance thereof, Corporate Governance is included in the training offered to newly appointed Heads of Mission. Corporate Governance is also included as part of the Internal Audit matters as a standing item in the Departmental Management Committee meetings. Departmental Management Committee members are continuously updated on the latest developments of corporate governance and a presentation was made to the Heads of Mission Conference, which was held in February 2005.

6. PERFORMANCE INFORMATION

The Department has developed its strategic plan for the next MTEF period, which articulates the strategic priorities of the Department. The plan includes all statutory requirements as defined in chapter 5 of the PFMA and chapter 1, part III B of

the new Public Service Regulations (2001).

To enhance service delivery and performance, measurable objectives, performance indicators and time frames have been developed.

(i) Performance management system

The performance management and development system is a management tool for the effective monitoring of individual performance to ensure that departmental goals are achieved in line with its strategic plan. The department's performance management system is well integrated into the Strategic Planning process of the Department, and encourages a cascading effect of priorities and goals from the Departmental Strategic Objectives to the Business unit level and down to the individual's performance agreement.

During the year under review, the department ensured that all employees have signed performance agreements and their activities are ultimately tied to the broader organisational goals. However, the implementation of the PMDS still poses some challenges with particular reference to compliance. The Department has gone to some lengths in embedding the PMDS and rewards, and recognition for employees during the year under review was based on the performance appraisal outcomes.

(ii) Systems of implementation and monitoring

The Minister, Deputy-minister and Director-general monitor the implementation of policy and the strategic plan by ambassadors at missions abroad and by senior officials of the Department. Branches of the Department and the pro-

gramme managers at chief director level determine regional priorities and objectives, which are aligned to the Department's strategic plan and priorities. Directorates and missions abroad implement business plans, which are country and region-specific. This level monitors implementation performance through a system of quarterly reports to head office on progress, supported by weekly and regular interaction and reports on the substance of the set objectives. The monitoring of progress and performance is further enhanced by the following systems:

- Head office business unit, business plans and quarterly reports;
- Mission business plans and quarterly reports;
- Six-monthly reviews of the operating environment and priorities;
- A performance management system at all levels; and
- A departmental in-house six-monthly/annual strategic review.

These systems are further integrated and coordinated by a process of departmental management committees to ensure a coherent and focused approach. As part of the Strategic monitoring process, the Department engaged in midterm reviews to determine the extent to which goals were achieved. This was an intense process that involved Branches and Business Units, including Missions abroad identifying achievements and gaps. During the year under review, a Heads of Mission conference was held in February 2005 to brief management on the new policy directions. The outcomes of the mid-term review informed what was done for the remainder of the year, while outcome of the year end review have been integrated into the 2005/06 Strategic Plan.



7. NEW/PROPOSED ACTIVITIES

The Department's project to acquire a suitable and sustainable working environment for its total Head Office staff complement has advanced through a number of milestones during the year under review. A detailed feasibility study was concluded and submitted to the National Treasury for approval. This feasibility study identified a suitable site for the project, proved the project to be in the best interest of the organisation and defined the scope of the project.

The project will namely include:

- a) the provision of office accommodation for the full Head Office staff complement, together with appropriate staff wellness facilities necessary for the Department to fulfil its mandate;
- b) a training facility to replace the present FSI;
- c) sufficient conference facilities for the many local and international conferences hosted by South Africa through the Department;
- d) the upgrading of the existing diplomatic guest house; and
- e) the construction of a new guest house on the selected site.

14

The feasibility study furthermore proved the project to be affordable and viable to be implemented via a Public Private Partnership. Treasury Approval 1 in respect of the feasibility study was received in November 2004, which approval paved the way for the commencement of the procurement process. This procurement process aims to select a Private Party with which the Department will enter into a long term (approximately 25 year) concession agreement to

finance, design, construct, operate and maintain the Head Office facility. After receipt of Treasury Approval 2A, the Department issued a "Request for Qualifications" bidding document to test the market's responsiveness to and interest in the project. Six bids were received in response to the RFQ and after careful evaluation, three short listed consortia were selected and announced.

The second stage of the procurement process, which entails the issuing of a Request for Proposals to the three short listed bidders, will commence upon receipt of Treasury Approval. It is envisaged that this process, which will culminate in the signing of a concession agreement with the Private Party and the start of the construction, will be concluded within the 2005/6 financial year.

8. FOREIGN CURRENCY SYSTEM

The Department incurs the bulk of its expenditure in various currencies through its missions abroad. The Department developed a Foreign Currency System (FCS) to:

- (i) record funds transferred to missions;
- (ii) record expenditure incurred by missions in various currencies; and
- (iii) convert such expenditure into RSA Rands.

The development of this system was necessitated by the fact that FMS/BAS could not manage multiple bank accounts as well as various foreign currencies. The only control account, which interfaces with BAS, is the FCS-Interface Account that deals with the expenditure incurred at the missions. To transfer the funds abroad, an agreement was reached between

National Treasury and DFA to open a second PMG Account number 8033-128-9 at the South African Reserve Bank. Funds are transferred to the missions through commercial banks. Once the amount is transferred, the Commercial Bank is reimbursed through the PMG Account 8033-128-9.

The amount transferred to the mission is regarded as an advance in both the Mission books of account and the FCS. The bank PMG Account 8033-128-9 will in turn be overdrawn by the same amount. Once the Mission spends the money, the expenditure is processed to the FCS, which interfaces with BAS. It is only at this point that the amount is taken out of the Departmental PMG Account to reimburse the PMG Account 8033-128-9. Amounts not spent remain in the Mission bank account and the PMG Account 8033-128-9 should reflect an overdraft of the same amount. Therefore, in theory the cash book balances in the missions should equal the value of overdraft in the PMG Account 8033-128-9. However, these accounts will always not balance due to the timing difference between:

- (i) transferring funds spent in the Missions for a particular month into PMG Account 8033-128-9, which amount is reflected as payable in BAS-FCS Interface Account; and
- (ii) funds transferred from the PMG Account 8033-128-9 but not yet received in the missions.

With the implementation of the PFMA, the Department acknowledges the limitation of the FCS, hence the department has put processes to replace this system by October 2005. During the year under review, the department has

managed to reconcile the control accounts in the FCS with the control accounts in BAS. The Department also stopped the use of the PMG Account 8033-128-9 for the transfer of funds to the missions. All transfers are processed directly to the Departmental PMG Account. In order to control the funds transferred as well as the expenditure incurred by the Missions the Department opened a control account in BAS.

The department also streamlined its processes for transferring of funds abroad and concluded the appointment of banks to effect the transfer of funds to our missions abroad.

9. OVERDRAFT ACCOUNT (PMG Account 8033- 128-9)

As indicated above, the Department stopped the use of this account, however this account reflects an overdraft balance of R59 million. The reconciliation of this account was not completed due to missing documents, which relates to period June 1995 to December 1996. In theory the balance in this account should reflect and carry the difference of the amounts advanced (transferred) to the missions and the actual expenditure incurred by the missions. The position as at 31 March 2004 was as follows:

	R' 000
Actual Cash-on-hand at Missions	R68 433
Overdraft balance of the PMG Account	<u>R62 451</u>
Surplus Cash at Missions	<u>R5 982</u>

In order to resolve the qualification of the 2003/04 Annual Financial Statements, the Department approached National Treasury to approve the following recommendations:



- The overdraft balance of R59,215 million (R62,451 million less R3,236 million confiscated), which reflects that portion of transfers to missions that have not been expended, and accounted for as actual expenditure be reimbursed to the South African Reserve Bank by being deducted from further advances to missions. Thus the cash-on-hand at missions will also be reduced by R59,215 million.
- The surplus balance of R5,982 million, which represents gains in terms of foreign exchange rate fluctuations and interest received on credit balances held by mission banking accounts, be paid into Revenue Fund. In this way, it will be ensured that the surplus cash-on hand is properly accounted for.

The Department has received the approval from National Treasury to implement its recommendations. The balance in the South African Reserve bank will be cleared in the next financial year.

10. SCOPA RESOLUTIONS

The table below summarises the Standing Committee on Public Accounts (SCOPA) resolutions under implementation, as contained in SCOPA seventy-seventh report, 2003 on the report of the Auditor-General on the financial statements of the department for the year ended 31 March 2002 [RP206/2002]:

Reference to previous audit report and SCOPA resolutions	Subject	Findings in progress
<p>(1) Resolution - audit report 2001/02</p> <p>The Committee recommends that:</p> <ul style="list-style-type: none"> • the department resolves the matter with other departments as speedily as possible; • a progress report on the matter be furnished to Parliament within 60 days after the tabling of this report in Parliament • the Auditor-General reports thereon in his next report on foreign affairs 	Receivables- Interdepartmental balances	<p>The resolution is under implementation.</p> <p>Please refer to paragraph 11 of the Accounting Officer's report.</p>
<p>(2) Resolution - audit report 2001/02</p> <p>The Committee recommends that:</p> <ul style="list-style-type: none"> • the department indicates the nature and impact of the corrective steps it intends to take to rectify the situation; • the Auditor-General reports thereon in his next report. 	Computer audit	<p>The resolution is under implementation.</p> <p>Please refer to paragraph 4(ii) of the Accounting Officer's report.</p>

Apart from the above-mentioned, there have been no other SCOPA resolutions since the 2001-02 audit report.

11. RECEIVABLES

The bulk of the amounts owing by other departments relate to foreign allowances and accommodation expenses in respect of employees of partner departments. In this regard, the Department incurs the expenditure on a recoverable basis. However, due to the lack of on-line financial systems, the Department is facing difficulties in forwarding claims to partner departments on a monthly basis. This situation severely impacts on the cash-flow management of the Department. The Department has put some processes in place to deal with this matter, including requesting departments to pay their accounts in advance.

During the year under review, the department made a concerted effort to manage the partner department's accounts. The results of these efforts are reflected in the decrease of the closing balances from R216 million in the 2003/04 financial year to R164 million in 2004/05 financial year.

Although the Department has an agreed process with the Departments to verify these debts, it would be prudent to make a provision for non-recovery, as other departments may in some cases be proved to be correct. Therefore a provision of R 40 million has been made.

12. MANAGEMENT OF FIXED ASSETS

During the year under review, the Department engaged in a process of constructing a proper

asset register for all its components. However, it was a challenging task since the costs of the assets were expensed fully in the year of purchase. As a consequence of the above, it was impossible to allocate all values to assets per invoice amount. Therefore, in some cases an average amount was used by using the cost, reflected in the income statement for the financial years starting 2002/03. All the assets of the Department have been uniquely identified with barcodes and linked to the official using that asset for control purposes.

13. PROGRESS WITH FINANCIAL MANAGEMENT IMPROVEMENTS

The Department has been able to implement the provisions of the Public Finance Management Act and continued to focus in improving internal controls. The following key initiatives were implemented:

(i) Issues raised by the Office of Auditor General

The department under the guidance of the Audit Committee embarked on a structured processes to address the issues raised by the Office of Auditor General in the previous report. External consulting services were utilised to develop the Asset Register and the reconciliation of six mission accounts. The majority of the issues raised were resolved by using internal resources. It is important to mention that the Department would not have been able to achieve this success without the unwavering support of the National Treasury, with particular reference to the Office of the Accountant-General.

(ii) Treasury Management

The bulk of the Department expenditure is incurred abroad in various foreign currencies. The missions abroad on a monthly basis submit the request for funds to Head Office. During the year under review, the Department has restructured the Treasury Unit and formally appointed three banks to manage this service. Each bank is responsible for a particular region.

(iii) Management of Missions

During the year under review, the Department hosted regional conferences with corporate service staff to keep them informed of the new developments in the finance environment and what is expected of them in order to maximise the capacity of the Department to deliver on its objectives.

The Department has also developed a management score card for the missions which will assist both the Head of Mission and Business Units in the management of the missions. The said score card will be implemented in the 2005/06 financial year.

(iv) Re-engineering of Strategic Financial Management Functions

During the year under review, the Department commenced with the process of reviewing the operations of the CFO' unit to ensure its ability to meet the requirements of the PFMA. In this regard, the Foreign Service Institute has been removed from the Office of the CFO. The Department has managed to fill vacant funded posts within the Finance Chief Directorate more especially at management level, towards the end of the financial year.

14. CONTINGENCY LIABILITIES

(i) Housing and motor finance guarantees

This relates to the financial guarantees made to commercial banks in respect of employees when they purchase a dwelling or a vehicle in terms of the housing policy or motor finance scheme. In the event that an employee fails to meet his/her obligations to the bank, the Department either deducts the guarantee amount in instalments from that employee's salary or against his/her pension. In addition, if the employee resigns from the service, the Department notifies the bank concerned and terminates the guarantee.

(ii) Financial guarantees

The Department of Water Affairs and the Lesotho Highlands Development Authority, through the Department of Foreign Affairs of the respective countries, entered into a water treaty agreement in terms of which the Lesotho Highlands Development Authority was to supply water to South Africa.

In order for the Lesotho Highlands Development Authority to meet this challenge, it had to improve its infrastructure. The Lesotho Highlands Development Authority then applied for a loan from the Development Bank of South Africa. As part of the agreement, the Department stood surety for the loan. It is important to report that all the repayments have been kept up to date.

15. EVENTS AFTER REPORTING DATE

At the time of reporting, no material events affecting the operations of the Department

occurred except for the approval by National Treasury to repay the bank overdraft of R59,215 million (R62,451m less R3,236m already repaid) and the Cash Surplus at the missions amounting to R5,982 million. Details of the bank overdraft and cash surplus are reported fully under note 9 of the Accounting Officer's report.

Approval

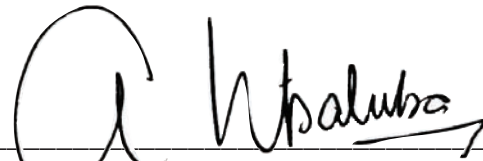
The financial position of the Department as at 31 March 2005 and the results of its operations are set out in the attached financial statements:

- Appropriation statement
- Notes to the appropriation statement
- Statement of Financial Performance
- Statement of Financial Position
- Statement of changes in Net Assets
- Cash flow statement
- Notes to the Annual Financial Statements
- Disclosure Notes to the Annual Financial Statements
- ANNEXURES
- **Annexure 1A** : Statement of Conditional Grant Paid to Municipalities
- **Annexure 1B** : Statement of Transfers to Departmental Agencies and Accounts
- **Annexure 1C** : Statement of Transfers

to Public Corporations and Private Enterprises

- **Annexure 1D** : Statement of Transfers to Foreign Govt. and Inter. Organisations
- **Annexure 1E** : Statement of Transfers/ Subsidies to Households
- **Annexure 1F** : Statement of Gifts, Donations and Sponsorships Received
- **Annexure 2** : Statement of Financial Guarantees Issued
- **Annexure 3** : Claims
- **Annexure 4** : Physical Asset Movement Schedule
- **Annexure 5** : Software and Other Intangible Asset Movement Schedule
- **Annexure 6** : Inter-Governmental Receivables
- **Annexure 7** : Inter-Departmental Payables – Current

The Accounting Officer has approved the above-mentioned financial statements.



Dr Ayanda Ntsaluba
Director-General:
Department of Foreign Affairs



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 3 – DEPARTMENT OF FOREIGN AFFAIRS FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 25 to 88, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,

- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Foreign Affairs at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Inadequate debt management

The department's accounting and internal control systems were not geared towards a reliable debt management environment. This was evident from the increase in total receivables of 8 per cent from R314,3 million in 2003-04 to R339,5 million in 2004-05, as per note 16 to the financial statements. Furthermore, R76,8 million or 23 per cent of the total amount receivable has been outstanding for more than one year. These receivables include inter-departmental balances, staff debtors and other debtors, which have been outstanding for long periods of time.

Existing policies and procedures were not adhered to and monthly monitoring and follow-up activities were limited. Effective follow-up procedures were also constrained by an inadequate management information system, which could, for example, not provide age-analysis reports for independent review and follow-up by management. Another contributing factor was the inadequate flow of information within the department, as well as between the department and its external parties. The department planned to develop a debt management strategy, which would include a debt management policy, as well as a debt management committee.

With reference to my previous reports, the outstanding inter-departmental balances as disclosed in annexure 6 to the financial statements again require specific mention. The current year's amount owing of R164,7 million decreased by 24 per cent from R216,6 million in 2003-04. The bulk of these outstanding amounts relates to the payment of foreign allowances and accommodation expenses on behalf of other departments, which placed strain on the cash flow of the department.

While the decrease in the amounts owing is positive, the level of balances that remained unconfirmed by partner departments remained of concern, despite the department's efforts to obtain such confirmations.

4.2 Inadequate asset management

During the previous year's audit, I reported that the department did not have adequate systems in place to ensure that a complete and accurate listing of fixed assets was maintained. It was further reported that the Logistical Information System (LOGIS), used to maintain control over computer and transport assets, had not been updated with asset movements.

Although the department made a significant effort to address the previously identified shortcomings, there were a number of areas where controls did not function properly throughout the year under review. The following are the more important areas identified:



- A proper fixed asset register was only completed towards the end of the financial year.
- The department did not perform periodic asset or inventory counts.
- Proper control was not always exercised over the issuing and movement of computer equipment and other assets, while discrepancies identified between the computer asset registers and the physical assets were not followed up and resolved. Obsolete computer equipment and other assets awaiting disposal were not properly stored, which exposed them to further damage and loss.
- Access to storerooms housing high-value assets was not always restricted to authorised personnel only.

The matters mentioned above were the result of a lack of a proper management framework for the management of fixed assets.

4.3 Receivables – African Renaissance and International Co-operation Fund

With reference to the previous years' audit reports, annexure 6 to the financial statements reflects R40,2 million that includes R29,9 million owing by the African Renaissance and International Co-operation Fund (fund). The department effected these payments on behalf of the fund to the Mali Trust Fund, which had been managed by Sports and Recreation South Africa, to enable the hosting of

the twenty-third Africa Cup of Nations soccer tournament.

Contrary to section 5 of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000), these payments were not regularised by the advisory committee and had been made without concurrence by the Minister of Finance. According to the department, the Minister of Finance is unable to issue a letter of concurrence for the expenditure incurred on behalf of the fund until the accounts of the Mali Trust Fund have been audited. The audit of the Mali Trust Fund has been completed and an audit report was due at the time of finalising this report.

The arrangement whereby the department utilises its own money to make payments on behalf of the fund due to the urgency of some projects poses a risk to the department. The amounts owed by the fund may not be enforceable in the event that the Minister of Finance does not issue a letter of concurrence.

4.4 Clearing of control/suspense accounts

Transactions from control/suspense accounts were not cleared and reallocated to the correct ledger accounts on a monthly basis, as required by Treasury Regulations. The outstanding balances in the control/suspense accounts were also not supported by age analyses. A similar finding was made in my previous report.

This matter was exacerbated by the introduction of the new standard chart of accounts (SCOA), which resulted in changes to the presentation and layout of financial information and the classification of expenditure, while reducing the number of accounts to be mapped to the annual financial statements.

The implementation of SCOA has proven to be problematic for the department and resulted in various control/suspense accounts not being cleared on a regular and timely basis. Although policies and procedures existed in this regard, they were not always followed.

4.5 Follow-up of the information systems audit of the general controls

A review of the adequacy of actions taken by management to address the control weaknesses previously reported was completed in July 2005.

Some progress had been made in addressing the previously reported control weaknesses. However the following control weaknesses had not been adequately addressed:

- Procedures such as change management, user account management, incident and problem management, backup and recovery and network security administration had not been developed.
- The physical and environmental con-

trols in the server rooms were still considered inadequate.

- The logical access security and user monitoring controls at the network level were still considered inadequate.
- The disaster recovery plan had not been developed and implemented.

These control weaknesses could be attributed to the lack of documented and approved information systems environment procedures and guidelines.

4.6 Late submission of the financial statements

In terms of section 40(1)(c) of the PFMA, the accounting officer must submit financial statements within two months after the end of the financial year to the Auditor-General for auditing.

While the financial statements were submitted within two months, the department withdrew them to effect material/significant amendments and issued a new set on 4 July 2005. The accounting officer reported the fact and the reasons for the withdrawal of the financial statements to the Minister of Foreign Affairs and the National Treasury, as required by section 40(5) of the PFMA. The withdrawal and subsequent submission of a new set of financial statements is regarded as a late submission in terms of the PFMA.



5. APPRECIATION

The assistance rendered by the staff of the department during the audit is sincerely appreciated.

S. A. Fakie

SA Fakie
Pretoria

29/08/2005



STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. REVENUE

Appropriated funds

Voted funds are the amounts appropriated to the department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the Statement of Financial Performance, on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised



upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the Statement of Financial Performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets are recognised as revenue in the Statement of Financial Performance, on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance, on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the Statement of Financial Performance on receipt of funds. Where amounts are expensed

before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. EXPENDITURE

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the payment is made. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when money is paid to the fund. No provision is made for medical benefits in the Annual Financial Statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonuses that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is made. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land are recognised as an expense in the Statement of Financial Performance when the payment is made. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.



Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure, is defined as: Expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

Expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. TRANSFERS AND SUBSIDIES

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the payment is made.

5. EXPENDITURE FOR CAPITAL ASSETS

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

6. INVESTMENTS

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. RECEIVABLES

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are

recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance. The Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, consists of cash on hand and balances with banks, short-term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. PAYABLES

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

10. LEASE COMMITMENTS

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the

Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting. Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. ACCRUALS

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. CONTINGENT LIABILITIES

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department, or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or



service potential will be required to settle the obligation; or

- the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial Position, but the information is disclosed as part of the disclosure notes.

13. COMMITMENTS

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. CAPITALISATION RESERVE

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. RECOVERABLE REVENUE

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance

with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

16. COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow statement, as this would involve reclassification of amounts dating back to the 2002/03 year-end.

17. EXPENDITURE INCURRED ABROAD IN FOREIGN CURRENCY

For expenditure incurred at missions abroad, the Rand value of cost is determined by the spot rate of exchange upon transfer of funds and the cost incurred in foreign currency. Mission cash-book balances are re-valued using daily spot rate of exchange upon each transfer of funds. Transactions processed against balance sheet items, at missions abroad are valued at historical rate of exchange.

Appropriation Statement for the year ended 31 March 2005

Appropriation per Programme

	2004/05						2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. Administration										
Current payment	329,679	-	78,225	407,904	360,531	47,373	88.4%	262,286	261,345	
Transfers and subsidies	-	-	5,588	5,588	5,185	403	92.8%	-	-	
Expenditure for capital assets	78,945	-	-	78,945	59,899	19,046	76%	121,712	81,159	
2. Foreign Relations										
Current payment	1,612,347	-	-96,119	1,516,228	1,414,376	101,852	93.3%	1,464,542	1,307,130	
Transfers and subsidies	12,696	-	-	12,696	17,516	-4,820	138.0%	-	-	
Expenditure for capital assets	69,195	-	-	69,195	78,648	-9,453	114%	84,845	84,845	
3. Public Diplomacy and Protocol										
Current payment	126,241	-	12,306	138,547	124,217	14,330	89.7%	78,168	78,168	
Transfers and subsidies	16,497	-	-	16,497	13,063	3,434	79.2%	-	-	
Expenditure for capital assets	2,064	-	-	2,064	3,566	-1,502	173%	1,470	477	
4. International Transfers										
Current payment	298,985	-	-	298,985	275,924	23,061	92.3%	-	-	
Transfers and subsidies	-	-	-	-	-	-	0.0%	315,556	315,556	
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-	
Subtotal	2,546,649	-	-	2,546,649	2,352,925	193,724	92.4%	2,328,579	2,128,680	
Statutory Appropriation										
Current payments	-	-	-	-	-	-	0.0%	-	-	
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-	
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-	
Total	2,546,649	-	-	2,546,649	2,352,925	193,724	92.4%	2,328,579	2,128,680	
Reconciliation with Statement of Financial Performance										
Prior year unauthorised expenditure approved with funding										
Departmental receipts				37,376				49,737		
Local and foreign aid assistance										
Actual amounts per Statement of Financial Performance (Total Revenue)				2,584,025				2,378,316		
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes										
Other payments in Appropriation Statement, not accounted for in the Statement of Financial Performance										
Local and foreign aid assistance										
Prior year unauthorised expenditure approved										
Prior year fruitless and wasteful expenditure condoned										
Actual amounts per Statement of Financial Performance										
Expenditure					2,352,925				2,128,680	

Appropriation Statement for the year ended 31 March 2005

Appropriation per Economic classification

	2004/05						2003/05		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	1,138,101	-	-	1,138,101	1,011,746	126,355	88.9%	1,227,721	953,354
Goods and services	935,053	-	-	935,053	889,012	46,041	95.1%	577,275	693,237
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	33	-	-	33	365	-332	1106.1%	-	4
Transfers & subsidies									
Provinces & municipalities	10,868	-	-	10,868	15,678	-4,810	144.3%	-	-
Departmental agencies & accounts	5,566	-	-	5,566	5	5,561	0.1%	-	-
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	298,985	-	-	298,985	275,924	23,061	92.3%	315,556	315,556
Public corporations & private enterprises	11,236	-	-	11,236	8,329	2,907	74.1%	-	-
Non-profit institutions	7,111	-	-	7,111	11,752	-4,641	165.3%	-	-
Households	-	-	-	-	-	-	0.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment on capital assets									
Buildings & other fixed structures	27,296	-	-	27,296	27,296	-	100.0%	100,685	72,750
Machinery & equipment	106,649	-	-	106,649	102,955	3,694	96.5%	107,342	91,190
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	5,751	-	-	5,751	9,863	-4,112	171.5%	-	2,589
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	2,546,649	-	-	2,546,649	2,352,925	193,724	92.4%	2,328,579	2,128,680

Detail per programme 1 - Administration for the year ended 31 March 2005

Programme per subprogramme	2004/05					2003/04			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
1.1 Minister									
Current payment	791	-	-	791	791	-	100.0%	749	809
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-
1.2 Deputy Minister (s)									
Current payment	1,286	-	-	1,286	1,296	-10	100.8%	610	958
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-
1.3 Management									
Current payment	18,193	-	-	18,193	11,338	6,855	62.3%	10,192	24,156
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	149	-	-	149	511	-362	343.0%	-	805
1.4 Corporate Services									
Current payment	309,409	-	78,225	387,634	347,106	40,528	89.5%	250,735	235,422
Transfers and subsidies	-	-	5,588	5,588	5,185	403	92.8%	-	-
Expenditure for capital assets	78,196	-	-	78,196	56,703	21,493	72.5%	121,312	79,782
1.5 Government Motor Transport									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	600	-	-	600	2,685	-2,085	447.5%	400	572
Total	408,624	-	83,813	492,437	425,615	66,822	86.4%	383,998	342,504

Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	157,338	-	-	157,338	113,358	43,980	72.1%	128,051	108,714
Goods and services	174,204	-	83,813	258,017	247,319	10,698	95.9%	134,235	152,579
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	33	-	-	33	365	-332	1106.1%	-	4
Transfers & subsidies									
Provinces & municipalities	288	-	-	288	410	-122	142.4%	-	-
Departmental agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	5,000	-	-	5,000	4,253	747	85.1%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	300	-	-	300	522	-222	174.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payments for capital assets									
Buildings & other fixed structures	27,296	-	-	27,296	27,296	-	100.0%	100,685	72,750
Machinery & equipment	38,414	-	-	38,414	22,229	16,185	57.9%	21,027	5,868
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	5,751	-	-	5,751	9,863	-4,112	171.5%	-	2,589
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	408,624	-	83,813	492,437	425,615	66,822	86.4%	383,998	342,504

Detail per programme 2 - Foreign Relations for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
2.1 Africa Bilateral									
Current payment	305,720	-	-	305,720	314,350	-8,630	102.8%	487,095	438,718
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	22,701	-	-	22,701	29,353	-6,652	129.3%	30,456	44,328
2.2 Africa Multilateral									
Current payment	70,196	-	-	70,196	99,450	-29,254	141.7%	245,644	194,506
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	3,710	-	-	3,710	2,880	830	77.6%	13,471	7,972
2.3 Americas									
Current payment	224,931	-	-	224,931	199,006	25,925	88.5%	215,386	175,834
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	7,074	-	-	7,074	9,443	-2,369	133.5%	8,123	8,888
2.4 Europe									
Current payment	603,107	-	-	603,107	411,042	192,065	68.2%	386,122	383,679
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	13,156	-	-	13,156	16,415	-3,259	124.8%	26,469	19,477
2.5 Asia and Middle East									
Current payment	404,547	-	-96,119	308,428	387,707	-79,279	125.7%	108,503	14,495
Transfers and subsidies	12,696	-	-	12,696	17,516	-4,820	138.0%	-	-
Expenditure for capital assets	20,490	-	-	20,490	16,991	3,499	82.9%	2,764	231
2.6 Multilateral									
Current payment	3,846	-	-	3,846	2,821	1,025	73.3%	21,792	99,898
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	2,064	-	-	2,064	3,566	-1,502	172.8%	3,562	3,949
2.7 Europe									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	1,694,238	0	-96,119	1,598,119	1,510,540	87,579	94.5%	1,549,387	1,391,975

Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current									
Compensation to employees	937,671	-	-	937,671	861,736	75,935	91.9%	1,062,521	814,717
Goods and services	677,700	-	-96,119	581,581	554,146	27,435	95.3%	402,021	492,413
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies									
Provinces & municipalities	130	-	-	130	3,995	-3,865	3073.1%	-	-
Dept agencies & accounts	94	-	-	94	5	89	5.3%	-	-
Universities & Technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	6,236	-	-	6,236	4,076	2,160	65.4%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	6,236	-	-	6,236	9,440	-3,204	151.4%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Capital									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	66,171	-	-	66,171	77,142	-10,971	116.6%	84,845	84,845
Biological or Cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	1,694,238	-	-96,119	1,598,119	1,510,540	87,579	94.5%	1,549,387	1,391,975

Detail per programme 3 - Public Diplomacy and Protocol for the year ended 31 March 2005

Programme per subprogramme	2004/05				2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
3.1 Protocol Matters									
Current payment	42,417	-	12,306	54,723	39,573	15,150	72.3%	42,912	50,533
Transfers and subsidies	15,922	-	-	15,922	11,273	4,649	70.8%	-	-
Expenditure for capital assets	619	-	-	619	2,974	-2,355	480.5%	1,189	376
3.2 Public Diplomacy									
Current payment	23,824	-	-	23,824	33,798	-9,974	141.9%	19,351	17,514
Transfers and subsidies	575	-	-	575	1,790	-1,215	311.3%	-	-
Expenditure for capital assets	1,445	-	-	1,445	592	853	41.0%	281	101
3.3 Presidential Inauguration									
Current payment	60,000	-	-	60,000	50,846	9,154	84.7%	15,905	10,121
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	144,802	-	12,306	157,108	140,846	16,262	89.7%	79,638	78,645

Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current									
Compensation to employees	43,092	-	-	43,092	36,652	6,440	85.1%	37,149	29,923
Goods and services	83,149	-	12,306	95,455	87,547	7,908	91.7%	41,019	48,245
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies									
Provinces & municipalities	10,450	-	-	10,450	11,273	-823	107.9%	-	-
Dept agencies & accounts	5,472	-	-	5,472	-	5,472	0.0%	-	-
Universities & Technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	575	-	-	575	1,790	-1,215	311.3%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Capital									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	2,064	-	-	2,064	3,584	-1,520	173.6%	1,470	477
Biological or Cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	144,802	-	12,306	157,108	140,846	16,262	89.7%	79,638	78,645

Detail per programme 4 - International Transfers for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
4.1 Current payment Transfers and subsidies Expenditure for capital assets	298,985	-	-	298,985	275,924	23,061	92.3%	315,556	315,556
Total	298,985	-	-	298,985	275,924	23,061	92.3%	315,556	315,556
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current	-	-	-	-	-	-	0.0%	-	-
Compensation to employees	-	-	-	-	-	-	0.0%	-	-
Goods and services	-	-	-	-	-	-	0.0%	-	-
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	-	-	-	-	-	-	0.0%	-	-
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Dept agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Universities & Technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	298,985	-	-	298,985	275,924	23,061	92.3%	315,556	315,556
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Capital	-	-	-	-	-	-	0.0%	-	-
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	-	-	-	-	-	-	0.0%	-	-
Biological or Cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	298,985	-	-	298,985	275,924	23,061	92.3%	315,556	315,556

Department of Foreign Affairs - Vote 3
Notes to the Appropriation Statement for the year ended 31 March 2005

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 11 (Transfers and subsidies) and Annexure 1 (A-K) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 8 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after virement):

4.1 Per programme:

	Voted Funds after virement	Actual Expenditure	Variances R'000	%
--	----------------------------	--------------------	-----------------	---

Administration

	492,437	425,615	66,822	13.57%
--	---------	---------	--------	--------

The savings relate to capital projects that could not be completed as well as personnel expenditure

Foreign Relations

	1,598,119	1,510,540	87,579	5.48%
--	-----------	-----------	--------	-------

The savings relate mainly to favourable fluctuation of rand in relation to major currencies

Public Diplomacy and Protocol

	157,108	140,846	16,262	10.35%
--	---------	---------	--------	--------

The savings is attributable to the vacant posts not filled.

International Transfers

	298,985	275,924	23,061	7.71%
--	---------	---------	--------	-------

The scale of assessment for the UN contributions was revised favourable and the stronger rand resulted into savings referred above.

4.2 Per economic classification:

R'000

Current expenditure

Compensation of employees	1,011,746
Goods and services	889,012
Interest and rent on land	-
Financial transactions in assets and liabilities	365
Unauthorised expenditure approved	-

Transfers and subsidies

Provinces and municipalities	15,678
Departmental agencies and accounts	5
Universities and technikons	-
Public corporations and private enterprises	275,924
Foreign governments and international organisations	8,329
Non-profit institutions	-
Households	11,752

Payments for capital assets

Buildings and other fixed structures	27,296
Machinery and equipment	102,955
Heritage assets	-
Biological assets	9,863
Software and other intangible assets	-
Land and sub soil assets	-



Department of Foreign Affairs - Vote 3
Statement of Financial Performance for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1.	2,546,649	2,328,579
Departmental revenue	2.	37,376	49,737
Drawings debited by Treasury/Not drawn by department	1.	-	-355,642
TOTAL REVENUE		2,584,025	2,022,674
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	1,011,746	953,354
Goods and services	5.	889,012	693,237
Financial transactions in assets and liabilities	6.	365	4
Unauthorised expenditure approved	7.	-	-
Total current expenditure		1,901,123	1,646,595
Transfers and subsidies	8.	311,688	315,556
Expenditure for capital assets			
Buildings and other fixed structures	9.	27,296	72,750
Machinery and Equipment	9.	102,955	91,190
Software and other intangible assets	9.	9,863	2,589
Unauthorised expenditure approved	7.	-	-
Total expenditure for capital assets		140,114	166,529
TOTAL EXPENDITURE		2,352,925	2,128,680
NET SURPLUS/(DEFICIT)		231,100	-106,006
Add back unauthorised expenditure	7.	-	6,879
NET SURPLUS/(DEFICIT) FOR THE YEAR		231,100	-99,127
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	15.	193,724	-148,864
Departmental revenue to be surrendered to revenue fund	16.	37,376	49,737
Local and foreign aid assistance	3.	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		231,100	-99,127

Department of Foreign Affairs - Vote 3
Statement of Financial Position as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		460,167	420,430
Unauthorised expenditure	7.	19,136	19,136
Cash and cash equivalents	10.	92,646	76,806
Loans	14.	1,046	1,037
Other financial assets	11.	-	-
Prepayments and advances	12.	7,821	9,102
Receivables	13.	339,518	314,349
Local and foreign aid assistance receivable	3.	-	-
Non-current assets		33,644	41,885
Investments		-	-
Loans	14.	33,644	34,010
Other financial assets	11.	-	7,875
TOTAL ASSETS		493,811	462,315
LIABILITIES			
Current liabilities		459,121	417,784
Voted funds to be surrendered to the Revenue Fund	15.	193,724	-142,966
Departmental revenue to be surrendered to the Revenue Fund	16.	53,056	40,091
Bank overdraft	17.	59,215	358,789
Payables	18.	153,126	161,806
Local and foreign aid assistance repayable	3.	-	64
Local and foreign aid assistance unutilised	3.	-	-
Non-current liabilities			
Payables	19.	-	9,238
TOTAL LIABILITIES		459,121	427,022
NET ASSETS		34,690	35,293
Represented by:			
Capitalisation reserve		34,690	35,029
Recoverable revenue		-	264
TOTAL		34,690	35,293

Department of Foreign Affairs - Vote 3
Statement of Changes in Net Assets for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Capitalisation reserve			
Opening balance		35,029	34,076
Transfers		-339	953
Closing balance		34,690	35,029
Recoverable revenue			
Opening balance		264	233
Debts written off		-	-
Debts recovered (included in departmental receipts)		-264	-2
Debts raised		-	33
Prior year adjustment		-	-
Closing balance		-	264
TOTAL		34,690	35,293

Department of Foreign Affairs - Vote 3
Cash Flow Statement for the year ended 31 March 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		2,702,260
Annual appropriated funds received		2,689,615
Statutory appropriated funds received		-
Appropriation for unauthorised expenditure received	7.	-
Departmental revenue received		36,533
Local and foreign aid assistance received	3.	-
Net (increase)/decrease in working capital		-23,888
Surrendered to Revenue Fund		-24,411
Current payments		-1,919,105
Transfers and subsidies paid		-311,688
Net cash flow available from operating activities	20.	<u>447,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		-140,114
Proceeds from sale of capital assets	2.	843
Proceeds from sale of investments	20.	-
Proceeds from sale of other financial assets		7,875
(Increase)/ decrease in loans granted		357
Net cash flows from investing activities		<u>-131,039</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution/dividend to government		-
Increase/(decrease) in loans received		-603
Net cash flows from financing activities		<u>-603</u>
Net increase/(decrease) in cash and cash equivalents		315,414
Cash and cash equivalents at beginning of period		-281,983
Cash and cash equivalents at end of period	10.	<u>33,431</u>



Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds)

	Final Appropriation R'000	Actual Funds Received R'000	Variance over/ (under) R'000	Total Appropriation 2003/04 R'000
Administration	492,437	492,437	-	383,998
Foreign Relations	1,598,119	1,598,119	-	1,193,745
Public Diplomacy and Protocol	157,108	157,108	-	79,638
International Transfers	298,985	298,985	-	315,556
Total	2,546,649	2,546,649	-	1,972,937

Explanation of material variances including whether or not application will be made for a rollover.

Refer to the Accounting Officer's report regarding variances (Note 1.3)

2. Departmental revenue to be surrendered to revenue fund

Description

Tax revenue		-	7,297
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		3,066	1,376
Sales of capital assets		843	701
Recoverable revenue received		-	-
Financial transactions in assets and liabilities	2.1	33,051	40,180
Transfers received consist of:		416	183
Gifts, donations and sponsorships received	ANNEXURE 1F	416	183
Other transfers		-	-
Total revenue collected		37,376	49,737
Less: Departmental revenue budgeted *		-	-
Departmental revenue collected		37,376	49,737

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

2.1 Financial transactions in assets and liabilities

Nature of loss recovered

Cheques written back	124	170
Material losses recovered	81	-
Other	32,846	40,010
	<u>33,051</u>	<u>40,180</u>

3. Local and foreign aid assistance

3.1 Assistance received in cash

Name of donor and purpose	Opening Balance	Revenue	Expendi- ture	Closing balance
Local	-	-	-	-
Foreign				
Local foreign aid payable to RDP fund/donors	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Analysis of balance

Local and foreign aid receivable	-
Local and foreign aid unutilised	-
Local foreign aid payable to RDP fund/donors	-64
Closing balance	<u>-64</u>

4. Compensation of employees

4.1 Salaries and wages

Basic salary	476,126	441,120
Performance award	7,183	3,543
Service Based	2,746	5,784
Compensative/circumstantial	25,222	1,848
Periodic payments	1,073	-
Other non-pensionable allowances	406,700	415,096
	<u>919,050</u>	<u>867,391</u>



Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
4.2 Social contributions			
4.2.1 Short term employee benefits			
Pension		37,271	32,045
Medical		55,371	53,866
UIF		1	3
Bargain council		52	49
Official unions and associations		-	-
Insurance		1	-
		92,696	85,963
4.2.2 Post employment retirement benefits			
Pensions		-	-
Medical		-	-
Insurances		-	-
		-	-
Total compensation of employees		1,011,746	953,354
Average number of employees		3,986	3,558
5. Goods and services			
Advertising		3,958	31,213
Attendance fees (including registration fees)		22,367	141
Bank charges and card fees		3,466	2,010
Bore waterhole drilling		-	-
Bursaries (employees)		435	1,115
Cash discount (temporary)		-	-
Communication		67,822	47,418
Computer services		46,597	3,563
Commission		-	-
Consultants, contractors and special services		15,111	9,387
Courier and delivery services		10,625	8,439
Tracing agents & debt collections		-	-
Drivers licences and permits		125	-
Entertainment		40,841	32,360
External audit fees	5.1	3,822	3,261
Equipment less than R5 000		3,828	-
Firearm handling fees		-	-

Freight service		34,391	24,273
Government motor transport		-	669
Helicopter services		-	7,721
Honoraria (Voluntary workers)		658	1,365
Inventory	5.2	40,254	34,237
Land reform/restitution		-	-
Learnerships		-	-
Legal fees		3,100	4,362
Licence agency fees		-	5,009
Housing		-	636
Maintenance, repair and running costs		82,836	55,718
Medical services		10,013	9,859
Operating leases		187,159	10,680
Mint of decorations/medals		-	-
Personnel agency fees		-	-
Photographic services		-	-
Plant flowers and other decorations		492	14,428
Printing and publications		1,706	998
Professional bodies and membership fees		703	18
Resettlement costs		6,063	4,670
Road laboratories		-	-
Road worthy tests		-	-
School & boarding fees		-	33
Subscriptions		220	-
Storage of furniture		6,829	6,557
System access fees		-	11,665
Taking over of contractual obligations		-	-
Owned and leasehold property expenditure		35,689	165,652
Translations and transcriptions		1,565	4,966
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.3	225,242	147,852
Venues and facilities		30,292	19,310
Protective, special clothing & uniforms		2,803	22,537
Training & staff development		-	1,115
Town & regional planning		-	-
Water research/testing		-	-
Witness and related fees		-	-
Previous years unallocated items		-	-
		889,012	693,237

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

Due to changes in code structure from FAF to SCOA some items (eg municipality rates and taxes; gifts and donations) that were previously classified as goods and services are now classified as transfer payments. Foreign allowances were also classified as goods and services and are now classified as compensation of employees.

	2004/05	2003/04
Note	R'000	R'000
5.1 External audit fees		
Regulatory audits	3,822	3,261
Performance audits	-	-
Other audits	-	-
Total external audit fees	3,822	3,261
5.2 Inventory		
Inventory surcharges	-	-
Medas inventory interface	-	-
Construction work in progress	-	-
Other inventory	-	9,576
Strategic stock	-	-
Domestic Consumables	3,792	3,737
Agricultural	-	-
Learning and teaching support material	-	-
Food and Food supplies	8,358	-
Fuel, oil and gas	4,710	-
Laboratory consumables	-	-
Other consumables	61	2,142
Parts and other maint mat	1,322	-
Sport and recreation	-	-
Stationery and Printing	21,040	18,704
Veterinary supplies	-	-
Restoration and fittings	-	-
Road construction and supplies	-	-
Medical Supplies	971	78
Weapons and armaments	-	-
Total Inventory	40,254	34,237

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
5.3 Travel and subsistence			
Local		126,564	1,806
Foreign		98,678	146,046
Total travel and subsistence		225,242	147,852
6. Financial transactions in assets and liabilities			
Material losses through criminal conduct	6.1	365	-
Other material losses written off	6.2	-	4
		365	4
6.1 Material losses through criminal conduct			
Nature of losses		365	-
Theft and losses		-	-
		365	-
6.2 Other material losses written off in Statement of Financial Performance			
Nature of losses			
Damage goods - WSSD		-	4
		-	4
7. Unauthorised expenditure			
7.1 Reconciliation of unauthorised expenditure			
Opening balance		19,136	12,257
Unauthorised expenditure – current year		-	6,879
Unauthorised expenditure approved by Parliament/ Legislature – current expenditure		-	-
Unauthorised expenditure approved by Parliament/ Legislature – expenditure for Capital assets		-	-
Transfer to receivables for recovery		-	-
Unauthorised expenditure awaiting authorisation		19,136	19,136

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

7.2 Unauthorised expenditure

Incident	Disciplinary steps taken/ criminal proceedings	Total
Excess expenditure - 2000/01	None	6,359
Excess expenditure - 2001/02	None	5,898
Excess expenditure 2002/03	None	6,879
		19,136

8. Transfers and subsidies	Note	2004/05 R'000	2003/04 R'000
Provinces and municipalities	ANNEXURE 1A	15,678	-
Departmental agencies and accounts	ANNEXURE 1B	5	-
Foreign governments and international organisations	ANNEXURE 1D	275,924	315,556
Public corporations and private enterprises	ANNEXURE 1C	8,329	-
Households	ANNEXURE 1E	11,752	-
		311,688	315,556

9. Expenditure for capital assets

Buildings and other fixed structures	ANNEXURE 4	27,296	72,750
Machinery and equipment	ANNEXURE 4	102,955	91,190
Software and other intangible assets	ANNEXURE 5	9,863	2,589
Total		140,114	166,529

52

10. Cash and cash equivalents

Consolidated Paymaster General Account	100	-
Cash on hand	88	2,772
Cash with commercial banks	88,320	68,433
Cash in transit	4,138	5,601
	92,646	76,806

The R33,431m reported on the face of the Cash flow Statement is after deducting the bank overdraft of R59,215m (R92,646-R59,215)

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

	2004/05	2003/04
	Note	R'000
11. Other financial assets		
Description		
Current		
	-	-
Non-current		
Theft & Losses	-	2,042
Disputed Claims	-	-
Logis	-	857
Telkom Control	-	4,341
Rate of Exchange	-	635
	-	7,875
	-	7,875

R10,911m is reclassified as Amount owing by other entities as it relates to amount disputed by Partner Departments. R4,341m has been settled. Logis and Rate of Exchange have been reclassified.

12. Prepayments and advances

Description

Staff advances	-	-
Travel and subsistence	7,821	4,889
Prepayments	-	-
Advances paid to other entities	-	4,213
Claims recoverable	-	-
	7,821	9,102

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

13. Receivables

					2004/05	2003/04
					R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by other entities	ANNEXURE 6	162,229	6,084	36,555	204,868	216,572
Staff debtors	13.1	6,573	1,157	2,474	10,204	11,001
Other debtors	13.2	93,918	17,392	13,136	124,446	86,776
		262,720	24,633	52,165	339,518	314,349

Amounts of R40 million (2004: R50 million) included above may not be recoverable, but has not been written off in the Statement of financial performance. R10,911 million included above under "amounts owing by other entities" relates to claims under dispute. This amount was previously classified as non current assets. The R40 million for provisions for doubtful debt includes this amount. National Treasury will be approached for possible write off of amounts in dispute.

13.1 Staff debtors

(Group major categories, but list material items)

Departmental Debt account	2	2,410
Staff debtors	8,884	6,291
Claims recoverable	-	2,299
Persal Accounts	1,318	-
Dishonoured cheque	-	1
	10,204	11,001

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

	2004/05	2003/04
Note	R'000	R'000
13.2 Other debtors		
Nature of advances (Group major categories, but list material items)		
Detainees	145	26
Debtor Governments	10,000	20,826
Sundry debtors	13,177	1,228
Balance of the vote	-	-
Claims recoverable: Institutions	101,124	64,696
Advance to State Departments	-	-
Subsistence and Transport advances	-	-
	124,446	86,776

14. Loans

Granted to

Rental Deposits: Residences - Landlords	13,630	11,809
Rental Deposits: Offices - Landlords	19,102	21,716
Interest Free Motor Loans	1,958	1,161
Interest Free Loans: Other - Schools abroad	-	362
	34,690	35,047
Current portion of Long Term Loans	1,046	1,037
	33,644	34,010

The department pays rental deposit for both official residences and chancery abroad. This rental deposit is classified as loan because of its long term nature. Loans are also given to staff posted abroad to acquire own vehicles.

15. Voted Funds to be surrendered to the Revenue Fund

Opening balance	-142,966	73,098
Transfer from Statement of Financial Performance	193,724	-148,864
Received from National Revenue Fund	142,966	-
Paid during the year	-	-67,200
Closing balance	193,724	-142,966

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
16. Departmental revenue to be surrendered to revenue fund		
Opening balance	40,091	4,868
Transfer from Statement of Financial Performance	37,376	49,737
Transfer from local and foreign aid assistance**	-	-
Paid during the year	-24,411	-14,514
Closing balance	53,056	40,091

The department paid over R24,411 million to the National Revenue fund out of the R37,376 million collected during the year. The R53,056 million is due to be paid over.

17. Bank overdraft

Paymaster General Account	59,215	358,789
	59,215	358,789

18. Payables – current
Description

		30 Days	30+ Days	Total	Total
Amounts owing to other departments	ANNEXURE 7	87,812	-	87,812	34,775
Advances received	18.1	62,789	-	62,789	95,711
Other payables	18.2	2,525	-	2,525	31,320
		153,126	-	153,126	161,806

Department of Foreign Affairs - Vote 3

Notes to the Annual Financial Statements for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
18.1 Advances received		
Office of Public Service Commission	-	265
Post & Telecommunication	-	278
Labour	5,737	26,981
Trade & Industry	9,624	5,321
Mineral & Energy Affairs	1	146
Transport	-	5,009
Health	20,689	16,226
Public Works	-	19,497
Housing	-	650
Justice	-	911
Agriculture	139	1,084
Welfare & Population Development	-	30
Art, Culture, Science & Technology	387	7,516
Inland Revenue	510	510
South African Police Service	-1,679	-
South African Defence Force	-822	-
Others	-1,517	-
South African Communication Service	-1,296	-
North West Province	154	-
Western Cape Province	2	-
Advance received from state institution	30,860	11,287
	62,789	95,711

18.2 Other payables

Description

(Identify major categories, but list material amounts)

FCS Reconciliation Account	-	11,582
Persal Accounts	1,499	237
Disallowances	-	15,422
Balance of vote	-	-
Other receipts payables	1,026	4,079
	2,525	31,320

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

The FCS reconciliation account which relates to foreign exchange gain has been reconciled and written on to Statement of Financial Performance in the current financial year (refer to Accounting Officer's report note number 9). The disallowances against mission has also been reconciled and is reported as part of receivables in the current financial year.

19. Payables – Non-current

Description					2004/05	2003/04
					R'000	R'000
		One to two years	Two to three years	More than three years	Total	Total
Other payables	19.1	-	-	-	-	9,238
		-	-	-	-	9,238

19.1 Other payables

Description			
African Renaissance Fund		-	9,238
		-	-
		-	9,238

Department of Foreign Affairs - Vote 3
Notes to the Annual Financial Statements for the year ended 31 March 2005

20 Reconciliation of net cash flow from operating activities to surplus/(deficit)	2004/05
	R'000
Note	
Net surplus/(deficit) as per Statement of Financial Performance	231,100
Non-cash movements	
(Increase)/decrease in receivables – current	-25,169
(Increase)/decrease in prepayments and advances	1,281
Increase/(decrease) in payables – current	-8,680
Increase/(decrease) in current liabilities	142,902
Increase/(decrease) in non-current liabilities	-9,238
Surrenders	-24,411
Proceeds from sale of equipment	-843
Capital expenditure	140,114
Net cash flow generated by operating activities	447,056

21. Appropriated funds and departmental revenue surrendered

		2004/05	2003/04
		R'000	R'000
Appropriated funds surrendered	15	-142,966	355,642
Departmental revenue surrendered	16	24,411	14,514
		-118,555	370,156



Department of Foreign Affairs - Vote 3
Disclosure notes to the Annual Financial Statements for the year
ended 31 March 2005

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements.

		2004/05	2003/04
	Note	R'000	R'000
22. Contingent liabilities			
Liable to	Nature		
Motor vehicle guarantees	Employees	ANNEXURE 2 528	292
Housing loan guarantees	Employees	ANNEXURE 2 3,241	3,627
Other guarantees		ANNEXURE 2 329,877	358,152
Claims		ANNEXURE 3 3,047	1,237
Capped Leave Commitments		56,418	54,984
		393,111	418,292

The R192,117,000 that was previously reported as other guarantees was understated, as some projects were not taken into account. The correct figure after taking into account all the projects guaranteed by the department is R358,152,000.

23. Commitments

Current expenditure

Approved and contracted		45,690	-
Approved but not yet contracted		-	-
		<u>45,690</u>	<u>-</u>

Capital expenditure

Approved and contracted		48,603	-
Approved but not yet contracted		-	54,049
		<u>48,603</u>	<u>54,049</u>
Total Commitments		<u>94,293</u>	<u>54,049</u>

Department of Foreign Affairs - Vote 3
Disclosure notes to the Annual Financial Statements for the year
ended 31 March 2005

24. Accruals

			2004/05	2003/04
			R'000	R'000
By economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	-	35	35	-
Goods and services	-	3,340	3,340	1,662
Machinery and Equipment	-	8	8	130
Land and subsoil assets	-	-	-	-
			<u>3,383</u>	<u>1,792</u>
Listed by programme level				
Programme 1: Administration			276	1,372
Programme 2: Foreign Relations			3,041	301
Programme 3: Public Diplomacy and Protocol			66	119
			<u>3,383</u>	<u>1,792</u>

25. Employee benefits

Leave entitlement	11,615	4,948
Thirteenth cheque	10,836	9,331
Performance awards	5,350	4,263
	<u>27,801</u>	<u>18,542</u>

26. Leases

26.1 Operating leases

	Buildings & other fixed structures	Machinery and equipment	Total	Total
Type of financial institution				
Not later than 1 year	259,832	3,544	263,376	221,743
Later than 1 year and not later than 3 years	314,420	3,448	317,868	193,200
Later than three years	158,255	908	159,163	124,559
Total present value of lease liabilities	<u>732,507</u>	<u>7,900</u>	<u>740,407</u>	<u>539,502</u>

Department of Foreign Affairs - Vote 3
Disclosure notes to the Annual Financial Statements for the year
ended 31 March 2005

	Buildings & other fixed structures	Machinery and equipment	2004/05 R'000 Total	2003/04 R'000 Total
26.2 Finance leases				
Type of financial institution				
Not later than 1 year	-	-	-	-
Later than 1 year and not later than 3 years	-	-	-	-
Later than three years	-	-	-	-
	-	-	-	-
Future finance charges	-	-	-	-
Present value of lease liabilities	-	-	-	-
Total present value of lease liabilities	732,507	7,900	740,407	539,502
27. Irregular expenditure				
27.1 Reconciliation of irregular expenditure				
Opening Balance			-	-
Irregular expenditure – current year			-	-
Transferred to Statement of Financial Performance - authorised losses (Condoned)			-	-
Transfers to receivables for recovery (Not condoned)			-	-
Irregular expenditure awaiting condonement			-	-
Analysis				
Current			-	-
Prior years			-	-
			-	-
27.2 Irregular expenditure Incident				
Disciplinary steps taken/criminal proceedings			-	-

Department of Foreign Affairs - Vote 3
Disclosure notes to the Annual Financial Statements for the year
ended 31 March 2005

28. Senior management personnel

The aggregate compensation of the senior management of the department and the number of individuals determined on a full time equivalent basis receiving compensation within this category, showing separately major classes of key management personnel and including a description of each class for the current period and the comparative period. Detail on each type of compensation should be disclosed.

	2004/05	2003/04
	R'000	R'000
- The Minister, Deputy Ministers, Director-General	2,934	2,566
- Deputy Director Generals	6,920	5,661
	9,854	8,227

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1A											
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES											
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2003/04
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	R'000
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	R'000
Tshwane municipality	-	-	-	-	15,678	0.0%	-	-	0.0%	-	-
	-	-	-	-	15,678	0.0%	-	-	0.0%	-	-

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation Act R'000
Departmental agencies	94	-	-	94	5	5.3%	-
	94	-	-	94	5	5.3%	-

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1C											
STATEMENT OF TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES											
(NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE)	TRANSFER ALLOCATION					EXPENDITURE					2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Total Available	R'000	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Public Corporations	-	-	-	-	-	0.0%	-	-	-	-	
Transfers	-	-	-	-	8,329	0.0%	-	-	-	-	
Subtotal	-	-	-	-	8,329	0.0%	-	-	-	-	
Subsidies	-	-	-	-	-	0.0%	-	-	-	-	
Subtotal	-	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	8,329	0.0%	-	-	-	-	
Private Enterprises	-	-	-	-	-	0.0%	-	-	-	-	
Transfers	-	-	-	-	-	0.0%	-	-	-	-	
Subtotal	-	-	-	-	-	0.0%	-	-	-	-	
Subsidies	-	-	-	-	-	0.0%	-	-	-	-	
Subtotal	-	-	-	-	-	0.0%	-	-	-	-	
Total	-	-	-	-	-	0.0%	-	-	-	-	
TOTAL	-	-	-	-	8,329	0.0%	-	-	-	-	

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1D STATEMENT OF TRANSFERS/SUBSIDIES TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS	TRANSFER ALLOCATION				EXPENDITURE			2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Transfers								
African Caribbean & Pacific Commonwealth	2,161	-	-	2,161	1,838	85.1%	2,088	2,088
GLOC	2,400	-	-	2,400	3,367	140.3%	2,400	2,400
AU Membership Fees	30,000	-	-	30,000	31,374	104.6%	14,500	14,500
South Centre	1,000	-	-	1,000	1,007	100.7%	1,000	1,000
UN Human Rights	300	-	-	300	96	32.0%	300	300
UNDP	950	-	-	950	950	100.0%	950	950
OIRARC	120	-	-	120	86	71.7%	65	65
PGTF	50	-	-	50	49	98.0%	50	50
CTBT	3,120	-	-	3,120	2,396	76.8%	1,777	1,777
SADC Membership	15,221	-	-	15,221	25,764	169.3%	8,620	8,620
NEPAD	70,500	-	-	70,500	70,500	100.0%	25,000	25,000
Intern Seabed Authority	286	-	-	286	164	57.3%	286	286
Humanitarian Aid	28,525	-	-	28,525	34,707	121.7%	10,000	10,000
UN Membership fees	76,000	-	-	76,000	44,107	58.0%	76,000	76,000
Africa Renaissance Fund	50,000	-	-	50,000	50,000	100.0%	50,000	50,000
UNDP Rentals	9,000	-	-	9,000	4,352	48.4%	4,400	4,400
G77 TCBC	100	-	-	100	-	0.0%	100	100
BTWC	414	-	-	414	-	0.0%	414	414

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

UNCLOS	500	-	-	500	-	0.0%	500
UN Econ Comm	200	-	-	200	-	0.0%	200
Permanent Court of Arbitration	115	-	-	115	-	0.0%	-
OIOR Research Centre	120	-	-	120	-	0.0%	120
Intern Tribunal Law of the Sea	458	-	-	458	-	0.0%	458
UNICEF	200	-	-	200	-	0.0%	200
UN Technical Coop	100	-	-	100	-	0.0%	100
Asia-African Legal Consultative Organisation (AALCO)	120	-	-	120	89	74.2%	120
BIE	25	-	-	25	-	0.0%	25
World Food Programme	-	-	-	-	-	0.0%	100,000
Total	298,985	-	-	298,985	275,924		306,673
Total	298,985	-	-	298,985	275,924		306,673

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1E									
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS									
NON PROFIT ORGANISATION	TRANSFER ALLOCATION					EXPENDITURE			2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	Final Appropriation Act R'000		
Transfers									
Household	-	-	-	-	11,752	0.0%			-
Subsidies	-	-	-	-	-	0.0%			-
Total	-	-	-	-	11,752				-

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005

ANNEXURE 1F			
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005			
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Received in cash			
SA conference 2003 London	Cash	-	177
Gaberone		-	2
Sao Paulo		-	4
PetroSA	Cash	416	-
Subtotal		416	183
Received in kind			
Several countries	Different- as per 03/04	-	326
Algiers	Wooden costers	-	-
Athens	Liquor & stationery left overs after NOCSA olympic games	1	-
Bamako	Leather Bottle holders, wall clock, Diaries	37	-
Bern	Freedom day celebration	927	-
Brussels	Freedom day celebration	460	-
Doha	2 return tickets	30	-
Kigali	Toyotal land Cruiser, Sculpture, wall hanging, baskets	240	-
Los Angeles	Function in honour of SA's first Oscar Nomination	226	-
Manila	Heritage Day function	48	-
Maseru	Suit hanger, tie, A4 Diary	-	-
Maputo	10th Anniversary celebrations - seats	454	-
Milan	Freedom day celebration	95	-
Munich	Freedom day celebration	43	-

ANNEXURE 1F (Continued)			
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005			
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Muscat	Three inaugural tickets economy class	23	-
Nairobi	Oil painting of Zulu chief in gold frame	6	-
New Delhi	Hugh Masekela concert	130	-
Paris	Painting by SA artists	3	-
Santiago	Embassy's children's art competition	13	-
Stockholm	Celebrations of ten year democracy	600	-
Tehran	Crockery set, sony Ericson,leather brief case	116	-
Warsaw	Freedom day celebration	123	-
Washington	Freedom day celebration	1,266	-
Windhoek	Freedom day celebration	38	-
Los Angeles	Function in honour of SA's first Oscar Nomination	226	-
Los Angeles	Function in honour of SA's first Oscar Nomination	226	-
Manila	Heritage Day function	48	-
Subtotal		5,379	326
		5,795	509
- Group major categories but list material items including name of the organisation			
- Totals do not form part of the totals as on the face of the Statement of Financial Performance			

ANNEXURE 1F (continued)			
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2004			
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Received in cash			
Donations received - SA Conference 2003 London		-	177
Donations received - Gaborone		-	2
Donation received - SaoPaulo		-	4
Subtotal		-	183
Received in kind			
Uniglobe Travel & Tours Tanzania, Pretoria Hotels, Air Tanzania, SAA, Royal Palm Hotel, Sea Cliff Hotel, Holiday Inn, Oysterbay Grill,	Jazz concert - 2 nights holiday, return ticket, artist return ticket, hotel accommodation, dinner	-	71
SAB, Countrywide Wine & Spirit Distr Ltd, KWV International, Protea Hotel	Beverages and wine	-	23
Just Refrigeration Products	2 metre sliding top freezer	-	5
Grupo Dragados & Acerinox	SA Culinary Week	-	120
Mr Robert Grybowski SAA Rep	10th Anniversary celebrations - seats	-	1
RISA Charitable Trust	Hotel Accommodation and meals	-	2
Rutgers State University of New Jersey	Honararium	-	2
National Liberty Museum	Honararium	-	2
SA & Cathay Pacific South African Tourism	Airtickets	-	100
Subtotal		-	326
Total		-	509
- Group major categories but list material items including name of the organisation			
- Totals do not form part of the totals as on the face of the Statement of Financial Performance			

**Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year ended 31 March 2005**

ANNEXURE 2 STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL									
Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2004	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing Balance 31/03/2005	Realised losses i.r.o. claims paid out	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor Vehicles									
Stannic	Motor Finance	292	292	565	329	-	528	-	-
		292	292	565	329	-	528	-	-
Housing									
Standard Bank	Housing loans	504	540	-	57	-	483	-	-
Nedbank Ltd.	Housing loans	378	378	8	-	-	386	-	-
Firstrand Bank: FNB	Housing loans	399	546	18	124	-	440	-	-
ABSA Bank	Housing loans	690	673	18	69	-	622	-	-
Fedility Bank	Housing loans	46	-	-	-	-	0	-	-
BOE Bank (NBS Division)	Housing loans	464	474	64	14	-	524	-	-
FNB/Saambou Bank	Housing loans	898	667	-	115	-	552	-	-
Peoples/ Permanent Bank	Housing loans	259	63	124	-	-	187	-	-
Old Mutual	Housing loans	23	259	-	239	-	20	-	-
VBS	Housing loans	-	23	-	-	-	23	-	-
Hlano Fin Services	Housing loans	4	4	-	-	-	4	-	-
		3,665	3,627	232	618	-	3,241	-	-

ANNEXURE 2 (Continued)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2004	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing Balance 31/03/2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
South African Development Bank	Lesotho Highlands Development Authority for the northern access road project IHT 02021	54,045	28,492	-	6,937	2,626	24,181	-
South African Development Bank	Lesotho Highlands Development Authority for the northern access road project IHT 02022	154,279	89,834	-	16,528	6,506	79,812	-
South African Development Bank	Lesotho Highlands Development Authority Au-thority Katze Bridge Project IHT 02023	2,385	1,081	-	324	116	873	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for northern access road project IHT 01 678	24,805	10,293	-	4,390	2,406	8,309	-

South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Lesotho infrastructure (construction northern access road project) IHT 02 485	41,600	25,425	-	5,028	2,192	22,589	-
South African Development Bank	Loan granted to Lesotho Highlands Authority for Katze-town programme (project 1) IHC 02 024	21,393	16,849	-	4,605	2,953	15,197	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Advanced infrastructure. Upgrading of boarder-post facilities Maputo and Caledonspoort IHT 02 270/2	7,530	5,133	-	1,025	506	4,614	-

ANNEXURE 2 (Continued)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2004	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing Balance 31/03/2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for advanced infrastructure. Upgrading of current roads. IHT 02 214/2	29,059	15,010	-	3,941	1,282	12,351	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for communication system IHK 02 653	1,546	-	-	-	-	-	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Phase 1B Feeder Roads Loan 201 Lhwp	929	929	-	8	-	921	-

South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Phase 1B Feeder Roads Loan 201 - Tranche 1	3,552	3,552	-	39	-	3,513	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Phase 1B Feeder Roads Loan 301 - Tranche 2	47,249	47,249	-	-	-	47,249	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Phase 1B Feeder Roads Loan 302 - Tranche 3	27,030	27,030	-	-	-	27,030	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Phase 1B Feeder Roads Loan 303 - Tranche 4	2,466	2,466	-	-	-	2,466	-

ANNEXURE 2 (Continued)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of	Original	Opening	Guarantees	Guarantees	Released	Guaranteed	Closing	Realised
		Guaranteed capital amount	Balance 01/04/2004	issued during the year	standing as at 31 March 2005	Balance 31/03/2005	during the year	interest out-standing as at 31 March 2005	losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
South African Development Bank	Loan granted to Lesotho High-lands Development Authority for Phase 1B Feeder Roads Loan 304 - Tranche 5	38,773	38,773	-	-	-	-	38,773	-
South African Development Bank	Loan granted to Lesotho High-lands Development Authority for Muel Rein-statement And Enhancement Project Loan 201	1,800	2,676	-	965	905	2,616	-	
South African Development Bank	Loan granted to Lesotho High-lands Development Authority for Muel High-dropower Programme Loan 103 Lhwyp	43,200	25,484	-	9,123	7,980	24,341	-	

South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Muel High-dropper Programme Loan 103 Lhwp	6,835	3,366	-	2,022	397	1,741	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Buthe-Buthe Village Programme Loan 102 Buthe-Buthe 1	14,415	12,244	-	3,516	2,432	11,160	-
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for Lhwp Rdp Construction Comm-Loan 101	2,320	2,266	-	519	394	2,141	-
Total		525,211	358,152	-	58,970	30,695	329,877	-
		529,168	362,071	797	59,917	30,695	333,646	-

Annexure 3

Claims

Liability to

2004/05

2003/04

R'000

R'000

Catlin v Minister of Foreign Affairs	280	280
Vespa - Munich, Germany v Republic of South Africa	12	-
De Souza - Brasilia, Brazil v Republic of South Africa	55	-
Gangat v Minister of Foreign Affairs	2,500	-
Madencilik Metal Ticaret Anonm Sirket (Istanbul) v Government of South Africa	200	200
Smit v Minister of Foreign Affairs	-	75
De'eb v Minister of Foreign Affairs	-	252
Jaquest v Minister of Foreign Affairs (Land court)	-	30
Rajoo v Department of Foreign Affairs	-	400
	3,047	1,237

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year
ended 31 March 2005

ANNEXURE 4
PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers in	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	27,296	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	27,296	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (Infrastructure assets)	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
MACHINERY AND EQUIPMENT	-	102,955	-	-	-	-
Computer equipment	-	20,290	-	-	-	-
Furniture and office equipment	-	54,708	-	-	-	-
Other machinery and equipment	-	13,174	-	-	-	-
Specialised military assets	-	-	-	-	-	-
Transport assets	-	14,783	-	-	-	-
BIOLOGICAL OR CULTIVATED ASSETS	-	-	-	-	-	-

ANNEXURE 4**PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005**

	Opening Balance	Additions	Disposals	Transfers in	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000

LAND AND SUBSOIL**ASSETS**

Land	-	-	-	-	-	-
Mineral and other non regenerative assets	-	-	-	-	-	-
	-	130,251	-	-	-	-

**BUILDINGS AND OTHER
FIXED STRUCTURES**

Dwellings	-	-	-	-	-	-
Non-residential buildings	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (Infra-structure assets)	-	7,561	-	-	-	-
Capital work in progress	-	65,189	-	-	-	-
Heritage assets	-	-	-	-	-	-
	-	72,750	-	-	-	-

**MACHINERY AND
EQUIPMENT**

Computer equipment	-	9,357	-	-	-	-
Furniture and office equipment	-	16,490	-	-	-	-
Other machinery and equipment	-	53,473	-	-	-	-
Specialised military assets	-	-	-	-	-	-
Transport assets	-	11,870	-	-	-	-
	-	91,190	-	-	-	-

**BIOLOGICAL OR
CULTIVATED ASSETS**

-	-	-	-	-	-
---	---	---	---	---	---

**LAND AND SUBSOIL
ASSETS**

Land
Mineral and other non
regenerative assets

-	-	-	-	-	-
-	-	-	-	-	-

-	163,940	-	-	-	-
---	----------------	---	---	---	---



Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year
ended 31 March 2005

ANNEXURE 5
SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Patents, Copyrights, brand names & trademarks	-	-	-	-	-	-
Computer software	-	9,863	-	-	-	-
Mastheads and publishing titles	-	-	-	-	-	-
Recipes, formulas, prototypes, designs and models	-	-	-	-	-	-
Service and operating rights	-	-	-	-	-	-
Airport landing rights	-	-	-	-	-	-
Import/export licences	-	-	-	-	-	-
Fishing Quotas	-	-	-	-	-	-
Utility rights	-	-	-	-	-	-
Mineral extraction rights	-	-	-	-	-	-
Capitalised development costs	-	-	-	-	-	-
	-	9,863	-	-	-	-

ANNEXURE 5 (continued)

SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Patents, Copyrights, brand names & trademarks	-	-	-	-	-	-
Computer software	-	2,589	-	-	-	-
Mastheads and publishing titles	-	-	-	-	-	-
Recipes, formulas, prototypes, designs and models	-	-	-	-	-	-
Service and operating rights	-	-	-	-	-	-
Airport landing rights	-	-	-	-	-	-
Import/export licences	-	-	-	-	-	-
Fishing Quotas	-	-	-	-	-	-
Utility rights	-	-	-	-	-	-
Mineral extraction rights	-	-	-	-	-	-
Capitalised development costs	-	-	-	-	-	-
	-	2,589	-	-	-	-



Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year
ended 31 March 2005

ANNEXURE 6
INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Eastern Cape	-	-	1,168	1,072
Northern Cape	-	-	427	469
Free State	-	-	1,185	613
Limpopo	-	-	3,129	2,617
Mpumalanga	-	-	830	965
North West	-	-	192	1,403
Kwazulu Natal	-	-	1,518	1,091
Gauteng	-	43	3,849	3,896
Western Cape	64	-	2,478	772
Art, Culture	-	-	2,901	6,440
Science & Technology	327	-	2,703	3,597
Welfare	-	406	1,264	30
Agriculture	-	-	6,011	5,002
National Prosecution Authority	-	-	6	190
Justice	-	-	2,825	1,807
Public Service Administration	74	186	1,240	643
Housing	-	583	-176	102
Public Service Comm	-	-	214	179
Environmental Affairs	-	-	-1,360	1,062
Public Works	-	2,422	-1,680	42,464
Health	7,447	-	8,500	31,107
Office of the President	-	-	8,357	6,182
Transport	-	-	1,703	5,582
Minerals and Energy	984	590	1,911	1,071
Office for the Public Enterprises	-	-	-226	-
Trade & Industry	22,844	18,778	4,624	5,679
Water Affairs and Forestry	-	-	1,567	1,234
Home Affairs	-	-	-	-
Labour	-	21,833	4,197	-

ANNEXURE 6 (Continued)
INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Land Affairs	3	-	22	98
National Treasury	-	-	262	257
Finance	-	-	3,790	3,880
Finance Pension	3,864	2,764	4,886	507
Post & Telecommunication	116	-	1,379	1,637
Sport & Recreation	120	-	594	186
South African Comm. Service	-	-	82	84
South African Revenue Service	-	-	3,175	1,211
Police	-	-	18,888	13,466
Education	46	-	-189	85
National Defence Force (combined with a/c "A")	-	-	26,057	11,126
Provincial and Local Affairs	-	-	158	5
Government Printer	-	101	101	-
Central Statistical Services	-	-	3	3
Correctional Services	-	-	152	142
Unsettled claims	-	-	10,910	10,910
Departmental Interface	-	-	-861	-
	35,889	47,706	128,766	168,866
Other Government Entities				
African Renaissance and International co-operation Fund	40,213	-	-	-
	40,213	-	-	-
TOTAL	76,102	47,706	128,766	168,866

The unconfirmed balance above includes R63 million which represents documents/claims that were still not received by the partner departments due to difficulties experienced with geographical spread of the Department. In addition, some Departments made advance payments to the Department of Foreign Affairs to the value of R32 million. These amounts have not been utilised to "offset" the debt owing and have been reported as account payable under note 18.1.

Department of Foreign Affairs - Vote 3
Annexures to the Annual Financial Statements for the year
ended 31 March 2005

ANNEXURE 7
INTER-DEPARTMENTAL PAYABLES- CURRENT

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Amounts included in Statement of financial position				
Current				
National Departments	-	-	-	33,799
Mpumalanga	-	-	-	158
Western Cape	-	-	-	45
Eastern Cape	-	-	-	14
Free State	-	-	-	1
North West	-	-	-	1
Limpopo	-	-	-	46
Department of Finance	-	-	-	673
South African Revenue Service	-	-	-	38
Home Affairs	-	-	87,812	-
Subtotal	-	-	87,812	34,775

**ANNEXURE A
AFRICAN RENAISSANCE AND
INTERNATIONAL CO-OPERATION FUND**

Annual Financial Statements for the year ended 31 March 2005



	Page
Management report and approval	03 - 09
Report of the Auditor-General	10 - 12
Statement of accounting policies and related matters	13 -14
Income statement	15
Balance sheet	16
Statement of changes in net assets/equity	17
Cash flow statement	18
Notes to the annual financial statements	19 - 21
Statement of Local and Foreign assistance paid - Annexure 1	22
Statement of Loans - Annexure 2	23 - 24
Statement of Local and Foreign assistance receivables - Annexure 3	25
Statement of Local and Foreign assistance payables - Annexure 4	26



AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

Report by the Accounting Officer to the executive authority and Parliament of the Republic of South Africa.

1. INTRODUCTION

The African Renaissance and International Co-operation Fund (hereafter referred to as the fund) was established in terms of section 2(1) of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000) and is under the control of the Director-General: Foreign Affairs (DG). The current act replaced the former Economic Co-operation Promotion Loan Fund Act, 1968 (Act No. 68 of 1968) that was repealed on 22 January 2001. The report covers the activities of the fund during the 2004/2005 financial year in terms of the objectives and goals of the act.

2. PURPOSE OF THE FUND

The purpose of the fund is to promote economic co-operation between the Republic of South Africa and other countries by granting loans or rendering of other financial assistance in respect of development projects in such countries. Therefore, the fund will enable the South African government to identify and fund, in a proactive way:

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

Loans or other financial assistance are granted in accordance with an agreement entered into by the country in question and the Minister of Foreign Affairs (hereafter referred to as the minister). Assistance granted is subject to such terms and conditions as may be agreed upon by that country and the minister, acting in each case in consultation with the Minister of Finance.

An Advisory Committee has been established to manage the fund and to also make recommendations to the Minister and the Minister of Finance on the disbursement of funds through loans or other financial assistance. The Advisory Committee consists of the following members:

- the director-general or the delegate of the director-general.
- three officers of the department appointed by the minister.
- two officers of the department of finance appointed by the Minister of Finance.

3. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

3.1 Income

In terms of the act, the fund amongst other sources consists of money appropriated by Par-

liament for the fund. During the year, under review, a transfer payment of R50 million was effected by the Department of Foreign Affairs to the fund.

The interest received from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank. The decrease in interest earned as compared to the last financial year is due to the decrease in the repo rate as determined by South African Reserve Bank.

3.1 Expenditure

During the year under review, an amount of approximately R54 million was utilised to fund the following projects:

(a) **Institution and Capacity building project for Southern Sudan (DFA-SPLM/A-UNISA) – R7, 1 million**

The peace negotiations between the Government of Sudan (GoS) and the people of Southern Sudan represented by the Sudanese People's Liberation Movement/Army (SPLM/A), mediated by the Intergovernmental Authority on Development (IGAD) are still continuing. The GoS and the SPLM/A on 26 May 2004 signed a further three protocols on:

- power-sharing in national government during the transition period;
- the administration of the Abyei disputed area; and
- the administration of the Nuba Mountains and the Southern Blue Nile disputed regions.

The signing of these three key protocols, as well as the Machakos Protocol (20 July 2002), the protocols on Wealth Sharing (7 January 2004) and Security Arrangements (25 September 2003) brings the parties significantly closer to ending Africa's longest running civil war.

The overall objective is to assist in providing the necessary skills to the Southern Sudan leadership that will be responsible for governing and service delivery. This will enable the SPLM/A leadership to participate equitably in the Transitional National Government of the Sudan during the six-year transition period, which in turn, will contribute positively to the process of post-conflict reconstruction of the Sudan.

The project is to provide training in areas of governance, financial management, public administration, diplomacy and international relations, as well as telecommunications and information systems.

The project will also assist in equipping the SPLM/A cadre with the necessary skills for governing and delivering of basic social services to the people of South Sudan as provided for by the Machakos Protocol of July 2002. The training will serve to lay foundation for the work to be carried out by the African Union (AU) Committee on Post-Conflict Reconstruction of Sudan, chaired by South Africa.

The parties to the project agreed that theoretical training for capacity and institutional building would take place in South Sudan as well as in Kenya, while practical training will be provided in South Africa. It was further agreed that University of South Africa (UNISA) will co-ordi-

nate the aspect of the theoretical training. The facilitators will be drawn from UNISA and other South African institutions. The South African government and UNISA are jointly funding the project.

This project supports South Africa's commitment to the African Renaissance and the creation of a better world for all. It is also in line with the vision of the AU to promote peace, security and stability on the continent as a key for the implementation of the development and integration agenda of the AU. The success of the project will not only benefit the people of Sudan, but the Horn of Africa region and the entire African Continent.

**(b) South African Women in Dialogue
– R3,5 million**

South African Women in Dialogue (SAWID), is a South African women's organisation founded by the first lady, Mrs Zanele Mbeki. Its main goal is to define and promote development initiatives by women in the country and abroad, through visioning and acting together. SAWID held dialogues for Burundian and Congolese women in 2003 and 2004, respectively. Due to the success of the dialogues held, SAWID has been requested to hold similar dialogues for the women in the Somali conflict, Great Lakes Region, Cote d'Ivoire and Sudan. To co-ordinate and account for the funds, SAWID set up the Isigodlo Trust.

The purpose of the dialogues is to:

- Exchange strategies regarding South African women's integration within their own political party formations;
- Share experiences across the political

spectrum about how South African women achieved a common women's agenda during the democratisation process leading to the elections of 1994, such as the Women's Coalition and Women's Charter;

- Outline processes that were followed to ensure that South African women were included in key decision-making state institutions; and
- To highlight the dividend of peace for women's development.

(c) Pre-election Public Administration Support Programme for the Democratic Republic of Congo (DRC) – R 3.5 million

Over the past several years South Africa has been one of the leading regional and global partners actively facilitating and supporting the peace process in the DRC. During August 2004 the president visited the DRC with the aim of strengthening ties between the respective countries and to concretise the specific areas of South Africa's support to the Congolese stabilisation efforts. The outcome of the state visit was the generation of an action plan that would support the establishment of an environment for the envisaged democratic elections in June 2005 and that would provide a smooth period of transition. The plan included three strategic areas:

- Stabilisation;
- Building confidence in the state; and
- Developing a governance framework.

The Ministers of Public Services of the DRC and South Africa met on 30 September 2004 and agreed that attention should be given to two specific areas that warranted immediate attention, namely:

- Establishing the size of the current DRC public service by conducting a census of personnel and establishing a personnel database; and
- Developing an anti-corruption framework for the DRC public service and strengthening anti-corruption initiatives.

The purpose of this project was to address some of the critical challenges that faced the DRC public sector:

- The non-availability of reliable database of personnel and salary information;
- Lack of framework or system to monitor the movement of public sector officials and to control personnel;
- Lack of policies and procedures to govern the promotion and appointment of public sector officials and the management of the relevant benefits and pension funds; and
- The general absence of a basic administration systems.

(d) The Zimbabwe Observer Parliamentary Elections – R5 million

At the Southern African Development Community (SADC) Ministerial Troika meeting held in July 2004 in South Africa, the SADC Member States agreed to observe each others' elections. This principle was further strengthened by the adoption of the SADC Principles and Guidelines governing the conduct of democratic election by Heads of States and Government.

South Africa as both the chair of the SADC Organ on Politics, Defence and Security Co-operation and a Member State of SADC had to play a leading role in assisting Zimbabwe to secure a peaceful, free and fair election process.

The objective of the project was to contribute towards the creation of a conducive environment for free and fair elections in Zimbabwe and to ensure that the election outcomes are both successful and legitimate.

(e) Burundi Project – R10 million

The Arusha Peace and Reconciliation Agreement for Burundi that resulted in cease-fire agreements and subsequent Pretoria Agreements was reached through many consultations and compromises by the Burundi role-players. South Africa is committed to the social and economic post-reconstruction and development of Burundi in terms of the objectives of the African Union blueprint for eradicating poverty on the continent New Partnership for Africa's Development (NEPAD).

The transitional government of Burundi, political parties, armed movements and civil societies engaged in peace-building and national reconciliation. The region, AU and international community are playing a critical role in ensuring a successful political settlement and establishment of democratic institutions in Burundi. After a prolonged negotiation and consultation, a National Independent Electoral Commission (NIEC) was established to manage the elections and a draft post-transitional constitution for the referendum was adopted. The Summit of the Great Lakes Regional Peace Initiative on Burundi held in Nairobi, on 15 October 2004 endorsed the electoral calendar proposing election dates at all levels.

South Africa is committed to the facilitation of the entire peace process and supports elections

at all levels, hence funding specific operational areas. This project would assist the NIEC to organise free, fair, transparent and credible elections. The realisation of successful elections would contribute towards the consolidation of the peace process and sustainable democracy in Burundi. The project on the Women for Peace Dialogue was a resounding success.

The project covers the entire peace process to the future of post-conflict reconstruction and development for Burundi. The focus would be on capacity-building, institutional transformation, management training, human resource development and agricultural development.

(f) Post-Conflict Reconstruction and Development (DRC) – R25 million

South Africa's efforts to assist the DRC on its road to peace culminated in the signing in Pretoria of the Global and All- Inclusive Agreement between the belligerents in December 2002 and the endorsement thereof at the final session of the Inter-Congolese Dialogue at Sun City in April 2003. In terms of this agreement, the parties involved committed, among others, to the establishment of a representative transitional government and the holding of elections by June 2005.

The transitional government was established in May 2003 and five institutions in support of democracy: The Independent Electoral Commission, Higher Media Authority, The Commission for Truth and Reconciliation, The Commission for Ethics and Struggle against Corruption, and The National Observatory for Human Rights, were officially established on 28 August 2003. In

May 2004, President Joseph Kabila announced his roadmap of actions to be taken by the transitional government to take the country to elections.

During the state visit to the DRC in August 2004, all the role-players emphasised the continued support of South Africa, particularly during the transitional period leading up to the elections. The constitution was launched in Kinshasa on 16 May 2005 and paved the way for the adoption of an electoral law.

In order to assess South Africa's assistance to the DRC, various government departments and institutions were deployed in the country to finalise material needs on the ground and proposals have been developed. The overall objective of the project is capacitate the DRC government and agencies on issues of governance and the establishment of institutions with a view to promote integration, peace and stability, thereby creating an atmosphere conducive to the holding of elections and post-conflict reconstruction and development. South Africa has pledged the amount of R25 million to kick-start the work as proposed by the government departments and institutions.

3.3 Loans

During the year under review, no loans were issued (Annexure 2). As reported, during the last financial year, the conversion of non-recoverable loans to grants is still being reviewed, since the Minister in consultation with the Minister of Finance has in terms of the Act, the prerogative to convert loans to grants. Therefore, during the period under review, no loans were written off

and / or converted to grants. However, based on payment history a decision has been taken that provision for impairment be made for the loans that are considered irrecoverable. This provision for impairment is estimated at R43,886 million which is the 90% of installments in arrears. The fund is applying the provisions of AC 133 for the first time and this impairment has been disclosed in the annual financial statements in the following manner:

- (a) R12,983 million which relates to the current year provision for impairment was debited against the income statement.
- (b) R30,903 million which related to prior years was charged against accumulated profits.

3.4 Payables

Included in payables is the amount of R52 million, which relates to the amounts paid from the departmental funds whilst waiting for concurrence from the Minister of Finance. This is due to the lengthy process to be followed in obtaining concurrence from the Ministry of Finance. Therefore, due to the urgency of some of the projects, departmental funds were utilised to facilitate

the implementation of the projects. However, during the year under review, the department managed to receive the letters of concurrence with regard to grants paid.

Furthermore, as reported in the last financial year, payables include an amount of R30 million, which were paid for the Mali African Soccer Cup. Sports and Recreation South Africa, through a trust account, managed this project. The Minister of Finance was unable to issue a letter of concurrence for the expenditure incurred until the account was fully audited. The Office of the Auditor-General was mandated to carry such audit, which is not yet finalised.

4. Scopa Resolutions

The table below summarises the Standing Committee on Public Accounts (SCOPA) resolutions under implementation, as contained in SCOPA seventy-seventh report, 2003 on the report of the Auditor-General on the financial statements of the African Renaissance Fund and International Co-operation Fund for the year ended 31 March 2002 [RP206/2002]:

Reference to previous audit report and SCOPA resolutions	Subject	Findings in progress
The Committee recommends that the department submits a report to Parliament within 60 days after the tabling of this report in Parliament indicating the age analysis of the various loans, and the nature of the measures it has taken or intends taking to recover the instalments in arrears.	Long-term loans	The resolution is under implementation. Please refer to paragraph 3.3 of the Accounting Officer's report.

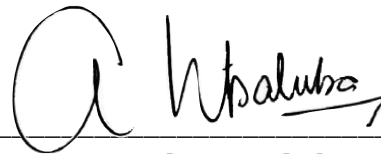
Apart from the above-mentioned, there have been no other SCOPA resolutions since the 2001-02 audit report.

The financial position of the African Renaissance and International Co-operation Fund as at 31 March 2005 and the results of its operations are set out in the attached annual financial statements:

- Income Statement
- Balance Sheet
- Statement of Changes in Equity

- Cash Flow Statement
- Notes to the Annual Financial Statements
- Annexures

The accounting officer has approved the above-mentioned financial statements.



Dr Ayanda Ntsaluba
Director-General:
Department of Foreign Affairs



AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 13 to 26, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 6(1) of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the African Renaissance and International Co-operation Fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Payables – Department of Foreign Affairs

As reported in the previous year's audit report and noted in note 5 to the current year's financial statements, payables include an amount of R165 000 (2003-04: R5,165 million) in respect of transfer payments. These transfer payments include R84 000 (2003-04: R5,084 million) paid to the African Union Peace Fund for the Comoros elections and R81 000 (2003-04: R81 000) paid as South Africa's contribution to the Guinea elections.

These payments were not made in terms of section 5 of the African Renaissance and International Co-operation Fund Act, 2000, which requires, inter alia, regularisation by the advisory committee and the Minister of Finance. Based on my review of the minutes of the advisory committee meetings held during the year, it was noted that the minutes did not contain any approval for these payments. This situation stems from a lack of independent management reconciliations and monitoring of expenditure incurred on behalf of the African Renaissance and International Co-operation Fund (fund) and prompt follow-up of the letters of concurrence from the Minister of Finance.

During the year under review, the Department of Foreign Affairs (department) was successful in obtaining letters of concurrence from the

Minister of Finance for the bulk of the transfer payments, as reported in the previous year. This is commendable and the department planned further measures to improve the follow-up and monitoring of letters of concurrence.

4.2 Payables – twenty-third Africa Cup of Nations soccer tournament

As reported in the previous year's audit report, the payables as per note 5 to the financial statements include R29,9 million owing to the department. The department effected these payments on behalf of the fund to the Mali Trust Fund, which had been managed by Sports and Recreation South Africa, to enable the hosting of the twenty-third Africa Cup of Nations soccer tournament.

Contrary to section 5 of the African Renaissance and International Co-operation Fund Act, 2000, these payments were not regularised by the advisory committee and had been made without concurrence by the Minister of Finance. According to the department, the Minister of Finance is unable to issue a letter of concurrence for the expenditure incurred on behalf of the fund until the accounts of the Mali Trust Fund have been audited. The audit of the Mali Trust Fund has been completed and an audit report was due at the time of finalising this report.

4.3 Long-term loans

The fund inherited loans from the previous Economic Co-operation Promotion Loan Fund. As reported in the previous year's audit report, the instalments in arrears amounted to approxi-

mately R48,8 million or 72,1 per cent (2003-04: R44,1 million or 58,6 per cent) of the total amount outstanding for the period under review.

With the first time adoption of the accounting standard AC 133 Financial instruments: recognition and measurement, a provision for impairment was created since it seemed probable that the fund would not be able to collect all amounts due according to the contractual terms of the loans.

The provision for impairment amounted to R13 million and R30,9 million as a charge against in-

come and the opening balance of accumulated profit, respectively.

5. APPRECIATION

The assistance rendered by the staff of the fund during the audit is sincerely appreciated.



C Benjamin
for Auditor-General

31/07/2005



AUDITOR-GENERAL

AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

1. Basis of accounting

The financial statements have been, unless otherwise indicated, prepared in accordance with Statements of Generally Accepted Accounting Practice, which have been applied consistently in all material respects.

However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the act.

2. Revenue

Revenue from state contributions and interest from investments is accounted for on the accrual basis of accounting. Interest on loans is brought into account in the year in which it is capitalised or accrued. Interest on loans is calculated bi-annually in arrears on the balance outstanding, and where withdrawals were made during the period, from the date of each withdrawal. In accordance with international practice interest is calculated on the basis of a 360 day year, consisting of 12 months of 30 days

each. Interest is not charged on instalments in arrears.

3. Comparative figures

The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the Department may reasonably have available for reporting in terms of the Public Finance Management Act.

4. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised, irregular, and fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered, authorised by Parliament, or set off against future voted funds.

5. Debts written off

In terms of the current act "the Minister may, in consultation with the Minister of Finance and upon recommendation of the advisory committee, write off or convert any outstanding debts owed to the previous Economic Co-operation Promotions Loans Fund".

6. Financial Instruments

The fund's principal financial assets are Cash and Cash Equivalents, Receivables and Long Term Loans granted to other countries. These financial assets are reported at fair value at year end as reduced by provision for impairment.



Financial liabilities are classified according to the substance of the agreement or arrangement entered into. The main financial liabilities of the fund are amounts due to the Department of Foreign Affairs for loans that are awaiting concurrence letters from the Minister of Finance, as well as amounts owed to outside parties in respect of projects approved in terms of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000)

7. Impairment of assets

The carrying amounts of the fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. In arriving at the recoverable amount management uses its judgement. The impairment loss is recognised in the Income statement whenever the carrying amount of an asset exceeds its estimated recoverable amount.

African Renaissance and International Cooperation Fund Income Statement for the year ended 31 March 2005

		31/03/2005	31/03/2004
	Notes	R'000	R'000
Grants and transfers	1	50,000	50,000
Other income	4	19,733	31,649
		69,733	81,649
Financial transactions in assets and liabilities	5	(12,983)	-
Local and foreign aid assistance paid	3	(54,100)	(62,188)
Profit/(loss) from operations		2,650	19,461
Net profit for the year		2,650	19,461



African Renaissance and International Cooperation Fund Balance Sheet for the year ended 31 March 2005

	Notes	31/03/2005 R'000	31/03/2004 R'000
ASSETS			
Non-current assets			
Loans	6	32,138	74,985
Current assets			
Trade and other receivables	7	6,670	6,670
Prepayments and advances	8	2,072	2,072
Local and foreign aid assistance receivable	2	-	54,950
Cash and cash equivalents	9	308,580	239,886
		<u>317,322</u>	<u>303,578</u>
Total assets		<u>349,460</u>	<u>378,563</u>
EQUITY AND LIABILITIES			
Capital and reserves			
	10	243,782	272,035
Non-current liabilities			
Local and foreign aid assistance payable	3	105,678	106,528
Total equity and liabilities		<u>349,460</u>	<u>378,563</u>

African Renaissance and International Cooperation Fund
Statement of Changes in Equity for the year ended 31 March 2005

		31/03/2005	31/03/2004
	Notes	R'000	R'000
Share Capital			
Accumulated profit/(loss)			
Balance at 1 April as originally stated	10	272,035	252,574
Net profit for the year		2,650	19,461
Transfers		(30,903)	-
Balance at 31 March		243,782	272,035
Total Equity			
Balance at 1 April as originally stated		272,035	252,574
Net profit for the year		2,650	19,461
Transfers		(30,903)	-
Balance at 31 March		243,782	272,035



African Renaissance and International Cooperation Fund Cash Flow Statement for the year ended 31 March 2005

	Notes	31/03/2005 R'000	31/03/2004 R'000
Operating activities			
Cash generated from/(utilised in) operations	11	68,694	(18,920)
Interest paid		-	-
Normal tax paid		-	-
Net cash from/(used in) operating activities		68,694	(18,920)
Net cash from/(used in) investing activities	12	-	2,017
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		68,694	(16,903)
Cash and cash equivalents at the beginning of the year	9	239,886	256,789
Cash and cash equivalents at end of the year		308,580	239,886

African Renaissance and International Cooperation Fund
Notes to the Annual Financial Statements for the year ended 31 March 2005

Notes		31/03/2005	31/03/2004
		R'000	R'000
1 Grants and transfers			
National Departments		50,000	50,000
Total		50,000	50,000
2 Local and foreign aid assistance			
Local and foreign aid assistance receivable	Annexure 3	-	54,950
Total		-	54,950
3 Local and foreign aid assistance			
Local and foreign aid assistance paid	Annexure 1	54,100	62,188
Non Current - Local and foreign aid assistance payable	Annexure 4	105,678	106,528
4 Other income			
Refund - Inter-Congolese Dialogue		-	4,950
Refund - Mali Trust		-	1,020
Interest on Loans		1,039	991
Interest on Investments		18,694	24,688
Total		19,733	31,649
5 Financial transactions in assets and liabilities			
Impairment of financial assets		12,983	-
6 Loans			
Non Current Loans	Annexure 2	32,138	74,985
7 Trade and other receivables			
Other receivables		6,670	6,670
8 Prepayments and Advances			
Prepayments		2,072	2,072



African Renaissance and International Cooperation Fund
Notes to the Annual Financial Statements for the year ended 31 March 2005

Notes	31/03/2005	31/03/2004
9 Cash and cash equivalents	R'000	R'000
Cash at bank	308,580	239,886
For the purposes of the cash flow statement:		
Cash and cash equivalents at the beginning of the year	239,886	256,789
 10 Capital and reserves		
Share Capital		
Accumulated profit/(loss)		
Balance at 1 April as originally stated	272,035	252,574
Net profit for the year	2,650	19,461
Prior year effect impairment of financial assets	-30,903	-
Balance at 31 March	243,782	272,035
 Total Equity		
Balance at 1 April as originally stated	272,035	252,574
Net profit for the year	2,650	19,461
Transfers	-30,903	-
Balance at 31 March	243,782	272,035
 11 Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations		
Profit/(loss) before taxation	2,650	19,461
Provision for impairment of financial assets	12,983	-
Operating cash flows before working capital changes	15,633	19,461
Working capital changes	53,061	-38,381
Cash generated from operations	68,694	-18,920
 12 Net cash from/(used in) investing activities		
Redemption of loan	-	2,017
Cash from/(used in) investing activities	-	2,017
 13 Net cash from/(used in) financing activities		
Net cash from/(used in) financing activities	-	-

African Renaissance and International Cooperation Fund
Notes to the Annual Financial Statements for the year ended 31 March 2005

	31/03/2005	31/03/2004
	R'000	R'000
Decrease in Net surplus	12,983	-

Notes

14 First Time adoption of AC133

The fund has adopted the accounting statement AC133 for the first time in 2004/05 financial year. This adoption has affected the valuation of Long-term loans from a book value with no provision for impairment to a fair value method in order to ensure fair presentation. The effect of the change was as follows:

Restatement of opening Accumulated profit

Decrease in accumulated profit	30,903	-
--------------------------------	--------	---



**African Renaissance and International Cooperation Fund
Annexure to the Annual Financial Statements
for the year ended 31 March 2005**

Annexure 1 Statement of local and foreign aid assistance paid

Name of Donor		Purpose	31/03/2005	31/03/2004
Foreign Aid paid			R'000	R'000
Grant	DFA/SPLM/UNISA		7,100	5,165
Grant	Burundi Peace Process		10,000	57,023
Grant	DRC Pre-election Public Support Programme		3,500	-
Grant	South African Woman in Dialogue		3,500	-
Grant	Zimbabwe Elections		5,000	-
Grant	DRC Post Conflict Reconstruction and Development		25,000	-
Total Foreign			54,100	62,188
Total local and foreign aid assistance paid			54,100	62,188

African Renaissance and International Cooperation Fund
Annexure to the Annual Financial Statements
for the year ended 31 March 2005

Annexure 2

Statement of loans

Long term loans	31/03/2005	31/03/2004
	R'000	R'000
Granted to Comoros Islands		
Opening Balance	33,559	33,028
Advances	542	531
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	34,101	33,559
Granted to Gabon		
Opening Balance	6,273	6,273
Advances	-	-
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	6,273	6,273
Granted to Lesotho		
Opening Balance	952	1,357
Advances	-	-
Repayments	-	-405
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	952	952
Granted to Mozambique		
Opening Balance	8,369	8,369
Advances	-	-
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	8,369	8,369



Annexure 2 (Continued)

	31/03/2005 R'000	31/03/2004 R'000
Granted to Malawi		
Opening Balance	14,329	14,134
Advances	219	195
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	14,548	14,329
Granted to Paruguay		
Opening Balance	365	365
Advances	-	-
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	365	365
Granted to Central Africa		
Opening Balance	6,368	6,103
Advances	278	265
Repayments	-	-
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	6,646	6,368
Granted to Swaziland		
Opening Balance	4,770	6,382
Advances	-	-
Repayments	-	-1,612
Less: Amount payable within Twelve months (Incl. in current assets)	-	-
Closing balance	4,770	4,770
Total	76,024	74,985
Less: Provisions for impairment	-43,886	-
Total Long term loans	32,138	74,985

**African Renaissance and International Cooperation Fund
Annexure to the Annual Financial Statements
for the year ended 31 March 2005**

Annexure 3 Statement of local and foreign aid assistance receivable

	Name of Donor	Purpose	31/03/2005	31/03/2004
			R'000	R'000
Local aid receivable				
	Department of Foreign Affairs	Transfer	-	50,000
	Department of Foreign Affairs	Loan- Intercongolese Dialogue	-	4,950
Total Local			-	54,950
Total local and foreign aid assistance receivable			-	54,950



**African Renaissance and International Cooperation Fund
Annexure to the Annual Financial Statements
for the year ended 31 March 2005**

Annexure 4 Statement of local and foreign aid assistance payable

Name of Donor		31/03/2005	31/03/2004
Non Current		R'000	R'000
Local aid payable	Department of Foreign Affairs	51,882	101,363
	SA contribution to AU Peace Fund for the Comores	5,084	5,084
	SA contribution to Guinea Elections	81	81
	DFA/SPLM/UNISA	3,322	-
	Burundi Peace Process	8,943	-
	DRC Pre-election Public Support Programme	3,500	-
	South African Women in Dialogue	3,250	-
	Zimbabwe elections	4,616	-
	DRC Post Conflict Reconstruction and Development	25,000	-
Total Local		105,678	106,528
Total local and foreign aid assistance payable		105,678	106,528