

2003/04

# Annual Report



**the dfa**

Department:  
Foreign Affairs  
REPUBLIC OF SOUTH AFRICA

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Public Diplomacy

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(Separate table of contents and colour)

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## **ABBREVIATIONS OF GOVERNMENT DEPARTMENTS**

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

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

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## **ACRONYMS**

<b>AARSOC</b>	Asia-Africa Sub-regional Organisations Conference
<b>ACHPR</b>	African Commission on Human and Peoples' Rights
<b>ACP</b>	African, Caribbean and Pacific States (see CPA)
<b>AICC</b>	African Institute of Corporate Citizenship
<b>ASEAN</b>	Association of South East Asian Nations
<b>ATCM</b>	The Antarctic Treaty Consultative Meeting

<b>ATS</b>	Antarctic Treaty System	<b>FSI</b>	Foreign Service Institute
<b>AU</b>	African Union (formerly OAU)	<b>G8</b>	Group of eight (USA, UK, Germany, Italy, France, Russia, Japan, Canada)
<b>BEE</b>	Black Economic Empowerment	<b>G20</b>	Group of Twenty
<b>BLSN</b>	Botswana, Lesotho, Swaziland, Namibia)	<b>G77</b>	Group of 77 (and China)
<b>BNC</b>	Binational Commission	<b>GA</b>	General Assembly (United Nations)
<b>CARICOM</b>	Caribbean Community	<b>GCC</b>	Gulf Co-operation Council
<b>CCAMLR</b>	The Commission for the Conservation of Antarctic Marine Living Resources	<b>GCIM</b>	The Global Commission on International Migration
<b>CCW</b>	Convention on Certain Conventional Weapons	<b>GEF</b>	Global Environmental Facility
<b>CD</b>	Conference on Disarmament	<b>GEO</b>	Group on Earth Observation
<b>CDM</b>	Clean Development Mechanism	<b>GFII</b>	Global Forum on International Investment
<b>CERD</b>	United Nations Committee on the Elimination of Racial Discrimination	<b>HCOC</b>	The Hague Code of Conduct against Ballistic Missiles
<b>CHOGM</b>	Commonwealth Heads of State and Government Meeting	<b>HRD</b>	Human Resource Development
<b>CIC</b>	Credit Insurance Committee	<b>HSIC</b>	Heads of State Implementation Committee (Nepad)
<b>COP</b>	Conference Of the Parties	<b>IAEA</b>	International Atomic Energy Agency
<b>CPA</b>	Cotonou Partnership Agreement (EU and ACP)	<b>IBRD</b>	International Bank for Reconstruction and Development (World Bank)
<b>CSD</b>	Commission on Sustainable Development	<b>IBSA</b>	India, Brazil, South Africa Dialogue Forum
<b>CSTP</b>	Committee for Scientific and Technological Policy	<b>ICAO</b>	The Council of the International Civil Aviation Organisation
<b>CSW</b>	United Nations Commission on the Status of Women	<b>ICC</b>	International Criminal Court
<b>CTBT</b>	Comprehensive Nuclear-Test-Ban Treaty	<b>ICJ</b>	International Court of Justice
<b>CWC</b>	Chemical Weapons Convention	<b>ICNRD</b>	International Conference for New or Restored Democracies
<b>DDPA</b>	Durban Declaration and Programme of Action	<b>ICRC</b>	Interim Chemicals Review Committee
<b>DFA</b>	Department of Foreign Affairs	<b>ICT</b>	Information and Communications Technology
<b>DHA</b>	(tourism, economic, multilateral)	<b>ICTR</b>	International Criminal Tribunal for Rwanda
<b>DNA</b>	Designated National Authority	<b>ICTY</b>	International Criminal Tribunal for Yugoslavia
<b>DPRK</b>	Democratic People's Republic of Korea	<b>ILC</b>	International Law Commission
<b>DRC</b>	Democratic Republic of the Congo	<b>ILO</b>	International Labour Organisation
<b>DTI</b>	Department of Trade and Industry	<b>IMF</b>	International Monetary Fund
<b>ECIC</b>	Export Credit Insurance Corporation of South Africa	<b>IMO</b>	International Maritime Organisation
<b>ECOSOC</b>	Economic and Social Council (UN)	<b>INC</b>	Inter-Governmental Negotiating Committee
<b>EEZ</b>	Exclusive Economic Zone	<b>IOC</b>	The International Oceanographic Commission
<b>EIF</b>	Entry Into Force	<b>IOR-ARC</b>	Indian Ocean Rim Association for Regional Co-operation
<b>ERW</b>	Explosive Remnants of War	<b>IPCC</b>	Industrial Participation Control Committee
<b>EU</b>	European Union		
<b>FDI</b>	Foreign Direct Investment		

<b>IRPS</b>	International Relations-Peace and Security
<b>ISA</b>	The International Seabed Authority
<b>ISPS</b>	International Ship and Port Security Code
<b>ITU</b>	International Telecommunication Union
<b>IUU</b>	Illegal Unreported and Unregulated (Fishing)
<b>IWC</b>	International Whaling Commission
<b>JBC</b>	Joint Bilateral Commission
<b>JPOI</b>	Johannesburg Plan of Implementation
<b>JSE</b>	Johannesburg Stock Exchange
<b>KPCS</b>	Kimberley Process Certification Scheme
<b>LDC</b>	Least Developed Countries
<b>MBT</b>	Mine Ban Treaty
<b>MDG</b>	Millennium Development Goals
<b>MEA</b>	Multilateral Environmental Agreements
<b>MERCOSUR</b>	Southern Common Market (Argentina, Brazil, Paraguay, Uruguay)
<b>MISS</b>	Minimum Information Security Standards
<b>MOP</b>	Montreal Protocol on Substances that Deplete the Ozone Layer
<b>MSP</b>	Master Systems Plan (ICT)
<b>MTCR</b>	Missile Technology Control Regime
<b>NAM</b>	Non-Aligned Movement
<b>NCACC</b>	National Conventional Arms Control Committee
<b>NCCC</b>	The National Committee for Climate Change
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NFAR</b>	National Forum Against Racism
<b>NGO</b>	Non-Governmental Organisation
<b>NIPP</b>	The National Industrial Participation Programme
<b>NPT</b>	Nuclear Non-Proliferation Treaty
<b>NSG</b>	Nuclear Suppliers Group
<b>NSI</b>	Nuclear System of Innovation
<b>NSTF</b>	National Science and Technology Forum
<b>ODA</b>	Official Development Assistance
<b>ODIN</b>	Ocean Data and the Information Network
<b>OIC</b>	Organisation of Islamic Conference
<b>PAP</b>	Pan African Parliament
<b>PIC</b>	Prior Informed Consent

<b>PMO</b>	Policy-Making Organ
<b>PMS</b>	Performance Management System
<b>POP</b>	Persistent Organic Pollutants
<b>PSC</b>	Peace and Security Council (AU)
<b>PUSET</b>	Public Understanding of Science and Technology
<b>RECs</b>	Regional Economic Communities
<b>RISDP</b>	Regional Indicative Strategic Development Plan
<b>S&amp;T</b>	Science and Technology
<b>SACU</b>	Southern African Customs Union (SA, BLSN)
<b>SADC</b>	Southern African Development Community
<b>SAIAIF</b>	South African International Affairs ICT Forum
<b>SAMSA</b>	South African Maritime Safety Authority
<b>SANGOCO</b>	South African Non-Governmental Organisation Coalition
<b>SAPO</b>	South African Post Office
<b>SAT</b>	South African Tourism
<b>SC</b>	Security Council (United Nations)
<b>SME</b>	Small and Medium-sized Enterprises
<b>SOLAS</b>	Safety of Life at Sea Convention
<b>TDCA</b>	Trade and Development Co-operation Agreement (with EU)
<b>TICAD</b>	Tokyo International Conference on African Development
<b>TISA</b>	Trade and Investment South Africa
<b>TRIPS</b>	Trade Related aspects of Intellectual Property Rights
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UN PoA</b>	United Nations Programme of Action
<b>UNCED</b>	United Nations Conference on Environment and Development
<b>UNCHR</b>	United Nations Commission on Human Rights
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>UNCLOS</b>	United Nations Convention on the Law of Sea
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation

<b>UNCLOS</b>	United Nations Convention on the Law of the Sea
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNGA</b>	United Nations General Assembly
<b>UN-Habitat</b>	United Nations Human Settlements Programme
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICPOLOS</b>	The United Nations Informal Consultative Process on Oceans and the Law of the Sea
<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>UNSC</b>	United Nations Security Council
<b>UPU</b>	Congress of the Universal Postal Union
<b>USA</b>	United States of America
<b>VLCC</b>	Very Large Crude-oil Carriers
<b>WCAR</b>	World Conference Against Racism
<b>WEF</b>	World Economic Forum
<b>WEHAB</b>	Water, Energy, Health, Agriculture, Biodiversity
<b>WMDs</b>	Weapons of Mass Destruction
<b>WMO</b>	World Meteorological Organisation
<b>WSIS</b>	World Summit on the Information Society
<b>WSSD</b>	World Summit on Sustainable Development
<b>WTO</b>	World Tourism Organisation
<b>WTO</b>	World Trade Organisation

THE PRESIDENCY





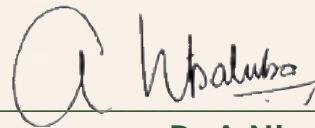
# PART 1: GENERAL INFORMATION

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*President Thabo Mbeki, Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and the Chief of State Protocol Ambassador Billy Modise at the Union Buildings, Pretoria*

**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 2003/04  
Annual Report of the Department of Foreign Affairs.

A handwritten signature in black ink, appearing to read 'A Ntsaluba', written over a horizontal line.

**Dr A Ntsaluba  
Director-General:  
Department of Foreign Affairs**



**Dr Nkosazana Dlamini Zuma**  
**Minister: Department of Foreign Affairs**

## 1.1 INTRODUCTION by the DIRECTOR-GENERAL

South Africa has continued to play a key role in international affairs during the course of the 2003/04 Financial Year. The Department of Foreign Affairs has continued to play its part as a component of the overall efforts of government of reconstructing our country and contributing to a more peaceful and humane world.

We had identified the following key strategic priorities for the 2003/04 Financial Year:

- Consolidation and Implementation of the African Agenda;
- Economic Development and Cooperation;
- South-South Cooperation;
- North-South Dialogue;
- Multilateral Diplomacy;
- Projecting a positive and accurate image of South Africa and Africa.

We have advanced in all these areas.

During the year, we Chaired the AU and also continued after July 2003 as part of the troika. There is no doubting the enor-



mous contribution we made to the overall establishment of this important instrument of Africa's people. Not only did we facilitate the establishment of the Commission but we also played our part in laying the foundation for two of the key institutions of the AU namely, the Pan African Parliament and the Peace and Security Council.

*Director-General of Foreign Affairs  
Dr Ayanda Ntsaluba*

We also continued to support peacekeeping efforts particularly in the DRC and Burundi. Our hosting of the Inter-Congolese Dialogue and our facilitation of the processes which ushered in the period of the transitional government in the DRC and the attendant peace dividend will stand as firm testimony of our country's commitment to the building of a durable peace in our continent. The department also continued to provide support to the Deputy President in his capacity as a facilitator of the Burundi Peace Process. Whatever the occasional setbacks, it is clear that today there is more hope in Burundi than yesterday - and yesterday bears little resemblance to yesterday.

In both the DRC and Burundi, however, more work needs to be done – a clear challenge for us in 2004/05.

Consistent with our government's directive, we continue to expand our presence in Africa with the addition of new missions in Burundi (October 2003), Cameroon (August 2003), Comores (March 2004), DRC/Lubumbashi (September 2003), Madagascar (January 2004) and Sudan (September

2003) during the course of the year bringing our total to 34 as at end March 2004.

Although the European Union remains our biggest trading partner, the trend towards the diversification of our economic activity continues with impressive advances particularly with countries of the South, especially in Asia. Our missions have to consolidate this trend whether it be in the areas of trade, investment or tourism. There remains still enormous scope for expanding trade volumes and tourism especially with regards to Africa and Asia.

It is in this context that this year saw us partnering with Indonesia in establishing the Africa-Asia Subregional Organisations' Conference (AASROC) whose primary focus would be the promotion of interregional trade. We shall support a series of activities of AASROC in the coming year building to the 50<sup>th</sup> Anniversary Summit in Bandung in 2005.

Another major achievement this year in attempting to actualise South-South relationships was the establishment of the IBSA Dialogue Forum. Having been launched

in Brasilia, we successfully participated in the 1<sup>st</sup> trilateral meeting in New Delhi. The programme of action that was adopted presents us with a major challenge so as to ensure that IBSA delivers on the promise it holds.

This year also saw bold initiatives that were aimed at projecting our country and continent. The beginnings of the 10 year celebrations gave focus to these initiatives as did the greater coordination that emerged between the work of various government departments including the Department of Foreign Affairs with other important players such as the IMC and SA-TOUR amongst others.

With all our challenges – ours is a good story. We should share it if only to deal a blow to the pronouncements of the Afro pessimists.

But we must also stay the course in the National project of building a humane, non-racial, non-sexist and people-centred society for in that lies the enormous power of example – our true potent weapon.

The Department of Foreign Affairs, therefore, in contributing to project our country, derives the power of its message from this reality of the unfolding South African story.

In order to support the execution of the broad and expanding operations of the department, this year also saw some attention being paid to the strengthening of our organisation. Key elements of this work included:

- Recruitment of young cadets. This is being continued in 2004/05.
- Strengthening of the management echelon – a task that is also ongoing.
- Commencement of the process of decentralised management which provides for corporate service support located in the Business Units thereby improving overall oversight over the work of our missions abroad. This work is in its early stages but carries great promise for improving efficiency and the quality of support to our officers abroad.
- Human Resource development is an important area for the department. A key instrument used by the department in this regard is the Foreign Service

Institute (FSI). We have commenced with the task of repositioning the FSI. In late 2003 we established a task team that visited similar institutions in a few selected countries. Key lessons learnt are being incorporated in the effort of improving the functioning of our institute. This covers such areas as staffing, type and duration of courses as well as course content. We are also in discussion with other relevant departments to improve the quality of their input.

- The PFMA requires of our department to have an effective system of internal controls that ensures efficient use of resources. During the period under review, our internal Audit Unit was significantly strengthened and elevated to the level of a Chief Directorate. An Audit Committee is also well established. A process has been initiated to further enhance the skills mix in the Audit Committee through new appointments.
- So as to improve overall financial management, a process of targeted selection of skilled personnel has started in addition to the installation of an IT

system aimed at speeding up our ability to reconcile our mission accounts. This work is being accelerated in the 2004/05 Financial Year.

- Our department is acutely aware of its vulnerability hence the need for strengthening overall security. This is an ongoing task which will receive priority attention in the coming year.

Overall, we are strengthening our organisation but more effort and time is needed if we are to live up to the enormous agenda before us.

I wish to place on record my profound and sincere gratitude to Minister Dlamini Zuma and Deputy Minister Pahad for their firm yet understanding stewardship of the department. Their guidance and support gives us the confidence necessary in executing such an enormous task. We celebrate their return to take charge and at the same time warmly embrace our new Deputy Minister Sue van der Merwe.

The Portfolio Committee and the National Council of Provinces have both supported us and yet kept us aware of our accounta-



bility to the people of our country. To them we recommit to nurture our relationship and undertake to do all that is necessary to support them in the discharge of their duty.

The department is blessed by having such a committed Audit Committee under the able leadership of Mrs B Londiwe Mthembu. I thank them for their support.

Finally, I wish to thank the staff of the Department of Foreign Affairs for their warmth, hard work and devotion to our country. Specific thanks to the Senior Management of the department especially Abdul Minty who helped me settle in their midst upon my arrival in the department. I remain conscious of their generous gesture.

*Deputy Minister of Foreign Affairs Aziz Pahad and Foreign Affairs Director-General Dr Ayanda Ntsaluba at a press briefing*



## 1.2 Information on the Ministry: Report of the Minister of Foreign Affairs

The year 2003 has been a very challenging yet exciting one.

At home we commenced a process of reflecting on the road we have travelled since our democratic elections in 1994. This covered both our domestic as well as our international efforts. This was a significant initiative as it looked back on our own experiences while simultaneously piecing together what would be the key elements of our agenda over the next decade.

Out of this rigorous assessment we came to two bold conclusions. First, that while enormous challenges still remain in our effort to build a better life for all our people,

*Minister of Foreign Affairs  
Dr Nkosazana Dlamini Zuma*



we have nevertheless made decisive and bold beginnings. We have undoubtedly been true to our historic mission of turning our country away from the path of hopelessness, despair and hatred which was under-pinned by the system of apartheid, towards a humane, people-centred non-racial and non-sexist democracy characterised by hope, national reconciliation and pride in our common national identity.

Secondly, we have established ourselves firmly as a positive force for peace, sustainable people-centred development and rules based multilateralism in international affairs.

Our country today prides itself for its contribution to the international initiatives to fight the scourge of poverty and underdevelopment. We have supported and played critical roles in such global initiatives as the pursuit for the Millennium development goals, the World Summit for Sustainable Development (WSSD), Monterey financing for development.

On our own continent, the New Partnership for Africa's Development (NEPAD)

programme is now universally accepted as the basis for socio-economic engagement with our continent. The African Peer Review Mechanism (APRM) has been developed as part of the NEPAD process in order to promote democracy, good governance and the attainment of peace and stability.

We have been strong advocates for greater unity of the South. This is what inspired us when together with India and Brazil we formed the IBSA Dialogue Forum. This same commitment has been the basis of our central role in the establishment of Asia-Africa Sub-Regional Organisation Conference (AASROC) which aims at greater inter-regional trade between Africa and Asia.

In Cancun, the countries of the South began to reap the fruits of unity and co-ordinated action as they, through the G20+ made an impactful intervention which asserted the centrality of a fair agricultural dispensation in the current round of trade negotiation.

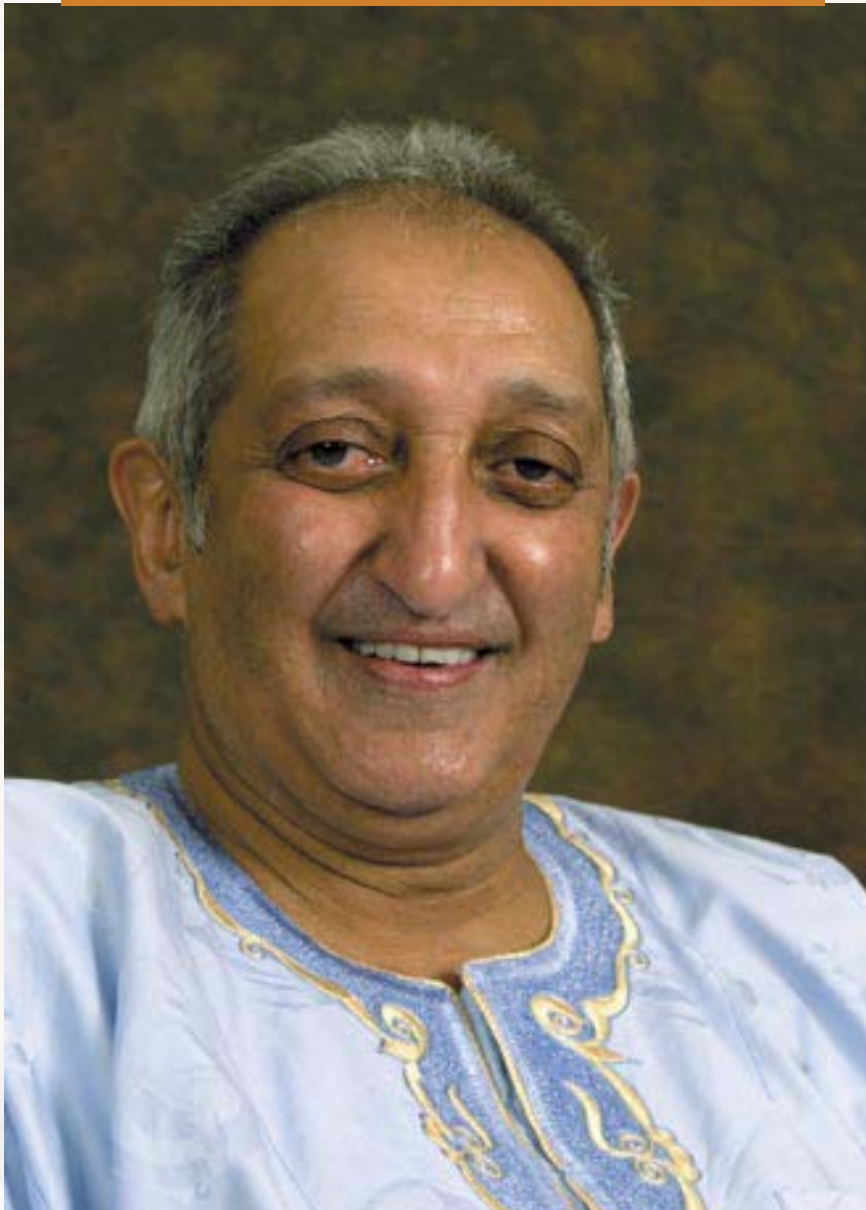
We have continued to make our humble effort towards the preservation of global peace. We continued our contribution

to peace efforts on our continent both in the sphere of preventative diplomacy as well as through supporting peacekeeping efforts. Both our major commitments in Burundi and the Democratic Republic of Congo (DRC) have brought significant hope to these two sister countries.

In Burundi, we now have the reality of a significant scale-down of military action. Adversaries now sit together in government and try to chart the way in the interest of the people of Burundi. The Democratic Republic of Congo (DRC) has seen the installation of a transitional government, providing hope that this important country, which holds such promise for the development of our continent, will turn the corner and bring much needed stability in the Central part of Africa.

Of course, this work is far from done and the struggle for an enduring African peace and prosperity continues!

The year 2003 also saw us firmly locate ourselves in favour of multilateral solutions to the major global challenges facing humanity. Guided by this view, we



advocated a different approach to the issue of Iraq. We also worked in the IAEA to support this body in occupying centre stage on the issue of proliferation of WMD including dealing with Iran.

As the year ended, we supported the initiative of the Secretary-General of the United Nations in establishing the High Level Panel.

The Israeli/Palestinian Conflict remains a serious challenge for all of us. We are guided in our own actions by the respect for the United Nations inspired two - State Solution which rec-

*Deputy Minister of Foreign Affairs Aziz Pahad*

ognises the right of sovereign existence of both an Israeli as well as a Palestinian State – side by side within secure borders based on the 1967 “Green Line”. This is what informed our submission to the International Court of Justice (ICJ) on the Separation Wall. A just solution that saves Palestinians and Israelis alike from the ravages of war is crucial and urgent.

But we also approach this conflict driven by the knowledge that for as long as it exists, there will never be stability in the Middle East and as such any claim to global security and peace will at best remain tenuous and illusory.

Without any doubt, the centre-piece of our foreign policy has been our engagement with our continent. We have transformed ourselves from outcast to a respected, responsible member of the African family. This has been driven by our genuine love for our continent and her people. We need to nurture this engagement and be sensitive in particular to the reality of the disproportionate concentration of economic activity in our country. The year under review saw us conclude our tenure as Chair of the African

Union (AU) – a truly humbling experience. We continued to work as part of the troika and shall continue to devote our effort to the consolidation of this important creation of our people.

As part of strengthening the AU, we paid attention to the work of SADC. As part of the team that led the restructuring effort of SADC, we are happy to witness the conclusion of that process. We are also happy to see the beginning of the implementation of an RISDP that is well aligned to NEPAD. In the coming year we shall devote more attention to the further strengthening of SADC and do all that is possible to play our new role of Chair of the SADC Organ on Politics, Defence and Security Cooperation effectively.

This year also saw the inauguration of the Pan African Parliament and the establishment of the Peace and Security Council.

As we celebrate the honour of being granted the permanent Seat of the Pan African Parliament as well as being in the first group of countries to constitute the Peace and Security Council, we pledge our con-

tinued loyalty to the Cause of the African Renaissance. We are resolved to make our contribution to truly make this the African Century. The time has come for Africa to take its rightful and proud place as an equal on the world stage.

For the sake of South Africa, Africa and the world, let's keep firm on the path we have chosen. It is this path that will bring an end to poverty and underdevelopment, that will empower the African people, bring full emancipation to African women and a bright future for every African child. It is the correct path. Let us travel this path together.

*Deputy Minister of Foreign Affairs Susan van der Merve*





# the dfa

**Department:  
Foreign Affairs  
REPUBLIC OF SOUTH AFRICA**

## 1.3 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

## 1.4 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



*South African Flag*

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 diplomatic relations with countries and organisations through 105 missions in 91 countries abroad, and through the accreditation of 136 coun-

tries and 22 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 serves 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 and the Non-Aligned Movement, 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 envi-

ronment, 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 from the aforesaid 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 development 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.
- 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 agreements 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

The year 2003/04 turned out to be an interesting and challenging one for Human Resources within the Department. In the last financial year report, the Department indicated that it was going to focus on:

- Refining the Performance Management and Development System;
- Filling funded vacancies;
- Addressing Employment Equity requirements through Recruitment and Selection;
- Intensifying our training initiatives;
- Refining job profiles.

Indeed all the above were addressed successfully and the interventions are discussed below. The Department, however, had other Human Resource challenges that it focused on as well and these are also included in this report.

### Performance Management and Development System

The system was further refined to comply fully with the Department of Public Service and Administration requirements. It has a strong element of development competencies and a comprehensive element of rewards and recognition. These are also clearly indicated in the Performance Management and Development Policy. Training was conducted throughout the organisation, at all levels. The response was good. The impact will be measured in the next financial year.

Training for employees in Missions remains a challenge, and various ways and opportunities are used to train them.

### Filling funded vacancies

One of the difficulties the Department faced was operating with limited Human Resources capacity. Due to PSCBS Resolution no. 7 of 2002 the Department was not able to fill funded vacancies. Having complied with the resolution, when the morato-

rium was lifted, 194 posts were advertised and 108 were filled successfully.

### Organisational approach

The Department established dedicated panels with cross-functional representation, ensuring an organisational approach and effect as opposed to silo approach. This ensured that organisational needs were taken care of, and given priority.

### Targeted selection

This is a specific methodology that the Department utilises to enhance the process of identifying suitable candidates. It increases the objectivity of the recruitment and selection process. All panel members were trained in the methodology.

### Competency assessments

To further ensure that the Department is selecting the right individuals, with relevant competencies, the selection process includes competency assessments focusing on the required competencies. This meas-

ure has enhanced the Department's ability to select the most suitable candidates. This streamlined Recruitment and Selection process has been successful and has been incorporated into Department's Recruitment and Selection Policy. The Department is using the process to fill the remaining funded vacancies.

Further, the Department has aligned its recruitment and selection to the process of placing employees in South African Missions. This ensures that returning employees are given an opportunity to apply for promotional posts.

### Employment Equity

The achievement of a representative workforce remains a challenge for the Department. For this reason, the Department used the Recruitment and Selection process to substantially impact on the Employment Equity profile. Of the 108 external appointments, 95 were black.

While the Department is doing relatively well with regard to race, it is not doing so

well on the gender front. The whole organisation has been sensitised and mobilised to address this gap. The Department still has under representation of people with disability, and continues to actively seek out collaborations that will assist it to meet and exceed our target.

The Employment Equity Forum (CWG) has been reconstituted and is now focusing on broader Transformation issues as opposed to just Employment Equity. The CWG has a challenging agenda for the next financial year to address issues of diversity and culture.

### Human Resource Development

The Department increased interventions in the area of training and development. In this regard, the Workplace Skills Plan was implemented. The one interesting and innovative initiative was the implementation of the generic training model/framework for the Department. This model identifies all the necessary training all employees of Foreign Affairs have to go through. The model focuses on both generic and core

competencies and the output is a phased/modular training programme encompassing all the necessary competencies at a basic level. Once employees have been through this programme, they can continue with other specialised training interventions as indicated in their Personal Development Plans. The programme was successfully implemented with new employees who joined the Department in January 2004. It has been very well received and impactful. This program is now going to be compulsory for all new employees, and will be called the "Foundation Course" and will be offered at our Diplomatic Training Institute.

### Other Human Resources Interventions

#### Retention

Human Resources engaged Senior Management on some issues that promote retention e.g. Succession Management; Career Management and Culture. These issues and others that focus on retention will be the Department's focus for 2004/05.

## Resolution No. 7

The Department has fully complied with Resolution No. 7.

### Repositioning of Employee Assistance Programme (EAP)

The Department has successfully repositioned what used to be the Employee Assistance Programme to the Employee Wellbeing Centre (EWC). The latter is more inclusive and focuses on health and wellbeing as opposed to sickness only. It is also proactive rather than reactive. The Employee Wellbeing Centre now has interest-

ing interventions targeting all employees, without any labelling.

The HIV and AIDS Programme remains a key area of attention, as the Department will be mainstreaming it in the Department.

### Foreign Service Dispensation

The Department has now implemented the new Foreign Service Dispensation and has ironed out most implementation difficulties.

The Department also started reviewing the Locally Recruited Personnel Dispensation.

This is for employees employed by DFA in all our Missions in host countries. The objective is to have a uniform approach, with respect for local law. This project will be reported fully in the next annual report.

### Challenges for 2004/05

- Completing job profiles
- Conducting Skills Audit
- Consolidating and implementing retention strategies.
- Transformation and Employment Equity
- Continuous improvement of other Human Resources organisational processes.

## 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			Outlined under Programme 2
Consular Services	South African citizens abroad, NGO's, International Organisations, Other Departments and Private Sector			Outlined under Programme 1
Protocol Services	Presidency, Provinces, Missions Accredited to South Africa			Outlined under Programme 3

**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			Outlined under Programme 2 & 3

**Table 1.3- Service delivery access strategy**

Access Strategy	Actual achievement
Media briefings Official Incoming and Outgoing Visits	Outlined under Programme 3

**Table 1.4 - Service information tool**

Type of information tool	Actual achievement
Print and electronic media Publications and video material DFA website	Outlined under Programme 3

**Table 1.5 - Complaints mechanism**

Complaints Mechanism	Actual achievements
Surveys Toll Free Numbers Service rate cards	N/A

## 2. EXPENDITURE

During the year under review, the Department's objectives were realised through five programmes (**Programme 1: Administration; Programme 2: Foreign Relations, with specific emphasis on the African Union and NEPAD; Programme 3: Public Diplomacy; Programme 4: Foreign Properties; Programme 5: Auxiliary and Associated Services**), however a bulk of personnel expenditure was incurred through the first three programmes.

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, 2003/ 04**

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	203 677 000	108 714 000	3 686 669.34	24 724 000	53.38%	183 020.20
Programme 2	1 391 974 000	814 717 000	14 459 545.25	116 245 000	58.53%	964 162.13
Programme 3	78 645 000	29 923 000	6 708 346.96	1 213 000	38.05%	167 167.59
Programme 4	77 602 000	0	0	9 058 000	0%	0
Programme 5	376 778 000	0	0	38 000	0%	0
Special Functions	4 000	0	0	0	0%	0
<b>Total</b>	<b>2 128 680 000</b>	<b>953 354 000</b>	<b>24 854 561.55</b>	<b>151 278 000</b>	<b>44.79%</b>	<b>589 217.55</b>

**TABLE 2.2 – Personnel costs by salary bands, 2003/ 04**

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Total as per Financial System	953 354 000	44.79%	589 217.55
<b>Total</b>	<b>953 354 000</b>	<b>44.79%</b>	<b>589 217.55</b>

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, 2003/ 04**

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	7 285 105.06	0.76%	4 152 638.32	0.43%	1 549 142.76	0.16%	5 150 142.74	0.54%
Programme 2	125 445 176.26	13.15%	723 045.73	7.58%	899 191.42	9.43%	9 447 859.72	0.99%
Programme 3	19 267 314.99	2.02%	2 640 585.54	0.27%	417 444.53	4.37%	1 241 212.01	0.13%
<b>Total</b>	<b>214 997 596.31</b>	<b>22.55%</b>	<b>7 516 269.59</b>	<b>0.78%</b>	<b>2 865 778.71</b>	<b>0.30%</b>	<b>158 392 264.47</b>	<b>16.61%</b>

**TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2003/ 04**

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	214 997 596.31	22.55%	7 516 269.59	0.78%	2 865 778.71	0.30%	158392264.47	16.61%
<b>Total</b>	<b>214 997 596.31</b>	<b>22.55%</b>	<b>7 516 269.59</b>	<b>0.78%</b>	<b>2 865 778.71</b>	<b>0.30%</b>	<b>158 392 264.47</b>	<b>16.61%</b>

### 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 2004**

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1	998	594	40.48	57
Programme 2	1 520	845	44.40	0
Programme 3	283	179	36.74	0
<b>Total</b>	<b>2 801</b>	<b>1 618</b>	<b>42.33</b>	<b>57</b>

It should be noted that despite the fact that the Department has a vacancy rate of 42.33%, 24.84% posts are regarded as vacant unfunded this therefore implies that more than 50% of the current vacancies should not be regarded as true vacancies. The true vacancy rate is therefore 17.49%.



**TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2004**

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	275	202	26.54	0
Skilled (Levels 3-5)	260	104	60.00	0
Highly skilled production (Levels 6-8)	1 373	697	49.23	13
Highly skilled supervision (Levels 9-12)	643	463	27.99	22
Senior management (Levels 13-16)	248	150	39.51	22
Political Office Bearers	2	2	0	0
<b>Total</b>	<b>2 801</b>	<b>1 618</b>	<b>42.23</b>	<b>57</b>

**TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2004**

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
HOM	105	83	20.95	0
Diplomatic Corps	975	508	47.89	23
Senior Management	178	75	57.86	22
<b>Total</b>	<b>1 258</b>	<b>666</b>	<b>47.05</b>	<b>45</b>

The information in each case reflects the situation as at 31 March 2004. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

## 4. JOB EVALUATION

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 2003 to 31 March 2004**

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)							
Skilled (Levels 3-5)							
Highly skilled production (Levels 6-8)							
Highly skilled supervision (Levels 9-12)							
Senior Management Service Band A							
Senior Management Service Band B							
Senior Management Service Band C							
Senior Management Service Band D							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2003 to 31 March 2004**

Beneficiaries	African	Asian	Coloured	White	Total
Female					
Male					
Total	0	0	0	0	0

<b>Employees with a disability</b>	<b>0</b>
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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 2003 to 31 March 2004 (in terms of PSR 1.V.C.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
<b>Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2002/ 03</b>				<b>0</b>
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 2003 to 31 March 2004 (in terms of PSR 1.V.C.3)**

<b>Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2003/ 04</b>	<b>None</b>
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## 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 2003 to 31 March 2004**

Salary Band	Number of employees per band as on 1 April 2003	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	213	0	10	4.69
Skilled (Levels 3-5)	117	2	4	1.70
Highly skilled production (Levels 6-8)	483	34	16	3.72
Highly skilled supervision (Levels 9-12)	659	52	24	4.24
Senior Management Service	173	12	18	3.46
Political Office Bearers	2	0	0	0
<b>Total</b>	<b>1647</b>	<b>108</b>	<b>72</b>	<b>2.18</b>

**TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2003 to 31 March 2004**

Occupation:	Number of employees per occupation as on 1 April 2003	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Heads of Mission	87	4	5	1.14
Diplomatic Corps	618	8	19	1.77
Senior Management	173	44	9	20.23
<b>Total</b>	<b>878</b>	<b>56</b>	<b>33</b>	<b>2.61</b>

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

**Table 5.3 – Reasons why staff are leaving the department**

Termination Type	Number	% of total
Death	10	13.90%
Resignation	28	38.89%
Expiry of contract	5	6.94%
Dismissal – operational changes	0	0%
Dismissal – misconduct	6	8.33%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	6	8.33%
Retirement	14	19.44%
Transfers to other Public Service Departments	3	4.17%
<b>Total</b>	<b>72</b>	<b>100%</b>
<b>Total number of employees who left as a % of the total employment</b>		<b>4.37%</b>

During the period under review, 72 employees left the Department due to various reasons as reflected in the table 5.3 above and the majority of these employees were from the highly skilled category (i.e. Levels 9-12). However, the Department recruited 108 employees on various levels to provide for the required human resources to fulfil the core business of Foreign affairs. It is important to report that the implementation of Resolution No. 7, which is aimed at the restructuring and transformation of the Public Service affected the recruitment drive of the Department.

**Table 5.4 – Promotions by critical occupation**

Occupation	Employees as at 1 April 2003	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	87	0	0	0	0
Diplomatic Corps	618	18	2.91%	177	28.64%
Senior Management	173	3	1.73%	3	1.73%
<b>Total</b>	<b>878</b>	<b>21</b>	<b>2.39%</b>	<b>180</b>	<b>20.50%</b>

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2003	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)	213	0	0%	172	80.75%
Skilled (Levels 3-5)	117	0	0%	60	51.28%
Highly skilled production (Levels 6-8)	483	15	3.10%	303	62.73%
Highly skilled supervision (Levels 9-12)	659	58	8.80%	392	59.48%
Senior management (Levels 13-16)	173	3	1.73%	4	2.31%
<b>Total</b>	<b>1 647</b>	<b>76</b>	<b>4.61%</b>	<b>931</b>	<b>56.52%</b>

## 6. EMPLOYMENT EQUITY

### 6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2004

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	183	14	29	102	80	11	19	58	<b>496</b>
Professionals	37	6	3	22	23	1	1	22	<b>115</b>
Technicians and associate professionals	106	14	11	107	82	1	8	104	<b>433</b>
Clerks	50	3	4	12	125	18	8	131	<b>351</b>
Service and sales workers	31	4	0	7	11	1	0	0	<b>54</b>
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	<b>0</b>
Craft and related trades workers	0	0	0	0	0	0	0	0	<b>0</b>
Plant and machine operators and assemblers	17	0	0	0	0	0	0	0	<b>17</b>
Labourers and Related workers	54	0	0	0	95	1	0	2	<b>152</b>
<b>Total</b>	<b>478</b>	<b>41</b>	<b>47</b>	<b>250</b>	<b>416</b>	<b>33</b>	<b>36</b>	<b>317</b>	<b>1 618</b>
<b>Employees with disabilities</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>22</b>

### 6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2004

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	3	0	2	0	0	0	<b>10</b>
Senior Management	50	2	9	29	20	4	1	11	<b>126</b>
Professionally qualified and experienced specialists and mid-management	175	27	24	185	125	8	15	143	<b>702</b>
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	92	6	9	25	115	16	15	140	<b>418</b>
Semi-skilled and discretionary decision making	59	4	2	4	46	2	5	9	<b>131</b>
Unskilled and defined decision making	97	2	0	7	108	3	0	14	<b>231</b>
<b>Total</b>	<b>478</b>	<b>41</b>	<b>47</b>	<b>250</b>	<b>416</b>	<b>33</b>	<b>36</b>	<b>317</b>	<b>1 618</b>

**6.3 Recruitment for the period 1 April 2003 to 31 March 2004**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5		1	2	2			2	12
Senior Management	3				1		1		5
Professionally qualified and experienced specialists and mid-management	1								1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	40	1	5	1	30	0	5	2	84
Semi-skilled and discretionary decision making					2				2
Unskilled and defined decision making									
<b>Total</b>	<b>49</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>33</b>	<b>0</b>	<b>6</b>	<b>8</b>	<b>108</b>

**6.4 Promotions for the period 1 April 2003 to 31 March 2004**

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	1	0	1	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	91	16	14	131	74	4	8	112	450
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	61	8	6	18	80	13	11	125	322
Semi-skilled and discretionary decision making	36	2	0	2	16	1	0	4	61
Unskilled and defined decision making	73	0	0	2	94	1	0	2	172
<b>Total</b>	<b>262</b>	<b>26</b>	<b>21</b>	<b>154</b>	<b>264</b>	<b>19</b>	<b>19</b>	<b>243</b>	<b>1008</b>



**6.5 Terminations for the period 1 April 2003 to 31 March 2004**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1								1
Senior Management	6	1	2	6	2				17
Professionally qualified and experienced specialists and mid-management	3	1	1	8	3	1	1	6	24
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	1		2	5	1		5	16
Semi-skilled and discretionary decision making	4								4
Unskilled and defined decision making	6			1	3				10
<b>Total</b>	<b>22</b>	<b>3</b>	<b>3</b>	<b>17</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>11</b>	<b>72</b>

A reduction in termination of services of employees were 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 2003 to 31 March 2004**

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	9			2	1			3	15

## 6.7 Skills development for the period 1 April 2003 to 31 March 2004

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	50	2	5	35	54	3	15	40	<b>234</b>
Professionals									
Technicians and associate professionals	41	4	4	36	66		6	52	<b>209</b>
Clerks	25	3	2		60	14	7	63	<b>174</b>
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations	17				22				<b>39</b>
<b>Total</b>	<b>133</b>	<b>9</b>	<b>11</b>	<b>71</b>	<b>232</b>	<b>17</b>	<b>28</b>	<b>155</b>	<b>656</b>

<b>Employees with disabilities</b>	<b>2</b>								
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## 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 2003 to 31 March 2004**

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>		<b>894</b>			
Male	40	478	8.36%	315 000	7 875
Female	62	416	14.90%	443 000	7 145.16
<b>Asian</b>		<b>83</b>			
Male	3	47	6.38%	68 000	22 666.66
Female	1	36	2.77%	11 000	11 000
<b>Coloured</b>		<b>74</b>			
Male	4	41	9.75%	110 000	27 500
Female	4	33	12.12%	34 000	8 500
White		567			
Male	12	250	4.8%	264 000	22 000
Female	27	317	8.51%	383 000	14 185.18
Employees with a disability	1	22	4.54%	13 000	13 000
<b>Total</b>	<b>154</b>	<b>1 618</b>	<b>9.51%</b>	<b>1 641 000</b>	<b>10 655.84</b>

**TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2003 to 31 March 2004**

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)	59	202	29.20%	279 000	4 728.81	2.29%
Skilled (Levels 3-5)	17	104	16.34%	114 000	6 705.88	1.19%
Highly skilled production (Levels 6-8)	47	697	6.74%	587 000	12 489.36	6.15%
Highly skilled supervision (Levels 9-12)	29	463	6.26%	600 000	20 689.65	6.29%
<b>Total</b>	<b>152</b>	<b>1 466</b>	<b>10.36%</b>	<b>1 580 000</b>	<b>10 394.73</b>	<b>0.16%</b>

**TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2003 to 31 March 2004**

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	0	83	0%	0	0	
Diplomatic Corps	12	516	2.32%	184 000	15 333.33	
Senior Management	1	150	0.66%	47 000	47 000	
<b>Total</b>	<b>13</b>	<b>749</b>	<b>1.73%</b>	<b>231 000</b>	<b>17 769.23</b>	

**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						
Band B						
Band C	1	9	11.1%	47 000	4 700	4.92%
Band D						
<b>Total</b>	<b>1</b>	<b>9</b>	<b>11.1%</b>	<b>47 000</b>	<b>4 700</b>	<b>4.92%</b>

## 8. FOREIGN WORKERS

**TABLE 8.1 – Foreign Workers, 1 April 2003 to 31 March 2004, by salary band**

Salary Band	1 April 2003		31 March 2004		Change	
	Number	% of total	Number	% of total	Number	% change
Africa	645	34.07	693	34.88	48	0.075
Asia & Middle East	445	23.51	480	24.16	35	0.079
Americas and Europe	715	37.77	724	36.44	9	0.013
Multilateral	88	4.70	90	4.52	2	0.023
<b>Total</b>	<b>1 893</b>	<b>100</b>	<b>1987</b>	<b>100</b>	<b>94</b>	<b>0.050</b>

**TABLE 8.2 – Foreign Worker, 31 March 2004 – Bonusses paid to Locally recruited personnel (LRP) employed in missions abroad**

Major Occupation	31 March 2004	
	Expenditure (R'000)	% of Total
Africa	2 277 088	10.73%
Asia and Middle East	4 734 838	22.32%
Americas and Europe	13 530 309	63.78%
Multilateral	672 827	3.17%
<b>Total</b>	<b>21 215 062</b>	<b>100%</b>

## 9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2003 TO 31 DECEMBER 2003

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 2003 to 31 December 2003**

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 (R'000)
Lower skilled (Levels 1-2)	893	83.1	136	14	7	120 000
Skilled (Levels 3-5)	503	74.6	71	7.3	7	86 000
Highly skilled production (Levels 6-8)	1 952	68.8	300	30.9	7	651 000
Highly skilled supervision (Levels 9-12)	2 734	74.2	401	41.3	7	1 659 000
Senior management (Levels 13-16)	378	75.1	62	6.4	6	575 000
<b>Total</b>	<b>6 460</b>	<b>73.9</b>	<b>970</b>	<b>100</b>	<b>7</b>	<b>3 091 000</b>

**TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2003 to 31 December 2003**

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 (R'000)
Lower skilled (Levels 1-2)	428	97.2	16	11.3	27	59 000
Skilled (Levels 3-5)	103	95.1	8	5.7	13	18 000
Highly skilled production (Levels 6-8)	951	98.1	65	46.1	15	306 000
Highly skilled supervision (Levels 9-12)	1 014	97	47	33.3	22	627 000
Senior management (Levels 13-16)	95	97.9	5	3.5	19	142 000
<b>Total</b>	<b>2 591</b>	<b>97.4</b>	<b>141</b>	<b>100</b>	<b>18</b>	<b>1 152 000</b>

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 2003 to 31 December 2003**

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	5 068	24.84
Skilled Levels 3-5)	2 236	21.92
Highly skilled production (Levels 6-8)	11 705	25.61
Highly skilled supervision (Levels 9-12)	16 599	23.51
Senior management (Levels 13-16)	1 482	14.25
<b>Total</b>	<b>37 090</b>	<b>23.42</b>

**TABLE 9.4 – Capped leave, 1 January 2003 to 31 December 2003**

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003
Lower skilled (Levels 1-2)	153	1	65
Skilled Levels 3-5)	80	0	44
Highly skilled production (Levels 6-8)	592	2	49
Highly skilled supervision (Levels 9-12)	1 155	4	77
Senior management (Levels 13-16)	319	1	101
<b>Total</b>	<b>2 299</b>	<b>8</b>	<b>68</b>

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

**TABLE 9.5 – Leave payouts for the period 1 April 2003 to 31 March 2004**

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2003/04 due to non-utilisation of leave for the previous cycle	266 788.19	64	4 168.57
Capped leave payouts on termination of service for 2003/04	2 255 947.06	23	98 084.65
Current leave payout on termination of service for 2003/04	242 690.85	39	6 222.84
<b>Total</b>	<b>2 765 426.10</b>	<b>126</b>	<b>108 476.06</b>

## 10. HIV and 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 and 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 and AIDS workplace programme, and 1 Chief Foreign Affairs Assistant. 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		<ol style="list-style-type: none"> <li>1. Implementation on of HIV and AIDS workplace programme.</li> <li>2. Employee Wellness and performance enhancement</li> <li>3. Employee Wellness related policy development</li> </ol>
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.
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 and 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 and AIDS workplace policy



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 do VCT on request with individuals. Have referred 40 employees for VCT. 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"><li>• Number of peer educators and employees trained.</li><li>• Number of employees utilizing care and support services</li><li>• Number of employees undertaking voluntary counseling and testing</li></ul> 2. Progress reports to Dept 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 2003 to 31 March 2004**

Subject Matter	Date
Policy Steps	2004.03.25

**TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2003 to 31 March 2004**

Outcomes of disciplinary hearings	Number	% of total
Written warning	2	16%
Final written warning	3	25%
Dismissal	6	50%
Case withdrawn	1	9%
<b>Total</b>	<b>12</b>	<b>100%</b>

**TABLE 11.3 – Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Negligence	1	9.09%
Insubordination	1	9.09%
Assault	1	9.09%
Absenteeism	1	9.09%
Breach of Security	1	9.09%
Unauthorised Expenditure	1	9.09%
Unbecoming Conduct	1	9.09%
Theft	2	18.18%
Misuse of government property	2	18.18%
<b>Total</b>	<b>11</b>	<b>100%</b>

**TABLE 11.4 – Grievances lodged for the period 1 April 2003 to 31 March 2004**

	Number	% of Total
Number of grievances resolved		
Number of grievances not resolved	18	100%
<b>Total number of grievances lodged</b>	<b>18</b>	<b>100%</b>

**TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2003 to 31 March 2004**

	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	1	20%
Number of disputes pending	2	40%
Number of disputes resolved	2	40%
<b>Total number of disputes lodged</b>	<b>5</b>	<b>100%</b>

**TABLE 11.6 – Strike actions for the period 1 April 2003 to 31 March 2004**

<b>Total number of person working days lost</b>	
Total cost (R'000) of working days lost	N/A
Amount (R'000) recovered as a result of no work no pay	N/A

**TABLE 11.7 – Precautionary suspensions for the period 1 April 2003 to 31 March 2004**

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	3 months
Cost (R'000) of suspensions	

## 12. SKILLS DEVELOPMENT

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

### 12.1 Training needs identified 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 1 April 2003	Training needs identified at start of reporting period		
			Learnerships	Skills Programmes & other short courses	Other forms of training
Legislators, senior officials and managers	Female	170		49	49
	Male	340		45	45
Professionals	Female	230		31	31
	Male	302		30	30
Technicians and associate professionals	Female	0			
	Male	0			
Clerks	Female	290		41	41
	Male	74			
Service and sales workers	Female	14			
	Male	46			
Skilled agriculture and fishery workers	Female	0			
	Male	0			
Craft and related trades workers	Female	0			
	Male	0			
Plant and machine operators and assemblers	Female	0			
	Male	22			
Elementary occupations	Female	100		19	19
	Male	55		17	17
Other	Female	4			
	Male	0			
<b>Total</b>		<b>1 647</b>		<b>232</b>	<b>232</b>

## 12.2 Training provided 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 1 April 2003	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	170	17	269		286
	Male	340	17	295		312
Professionals	Female	230	8	189		197
	Male	302	4	124		128
Technicians and associate professionals	Female	0				
	Male	0				
Clerks	Female	290	25	255		280
	Male	74	4	81		85
Service and sales workers	Female	14				
	Male	46				
Skilled agriculture and fishery workers	Female	0				
	Male	0				
Craft and related trades workers	Female	0				
	Male	0				
Plant and machine operators and assemblers	Female	0				
	Male	22				
Elementary occupations	Female	100				
	Male	55				
Other	Female	4		39		39
	Male	0		27		27
<b>Total</b>		<b>1 647</b>	<b>75</b>	<b>1 279</b>		<b>1354</b>

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 2003 to 31 March 2004**

<b>Nature of injury on duty</b>	<b>Number</b>	<b>% of total</b>
Required basic medical attention only	2	100%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
<b>Total</b>	<b>2</b>	<b>100%</b>

## 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
Job Profiles & Skills Audit	6	1 year	R735 300
Competency Assessment	6	1 year	R770 000
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
2	12	1 year	R1435 300

**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
Job Profiles & Skills	51	51	6
Competency Assessment	50	50	6

**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



*Foreign Affairs Deputy Director-General Mkuseli Apleni (right) presents an award for participation in the 7th International Fair*

*The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and Foreign Affairs Deputy Director-General Dr Anil Sooklal at an AASROC consultative meeting*



*Foreign Affairs Deputy Director-General Ambassador Mamabolo at the South Africa Tunisia Bilateral meeting in Pretoria*



*Foreign Affairs Deputy Director-General Abdul Minty during a press conference in Pretoria*



*German Chancellor Gerhard Schröder is met by the Chief of State Protocol Billy Modise, the Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and Foreign Affairs Deputy Director-General Ndumiso Ntshinga*





**PART 3:**  
**PROGRAMME PERFORMANCE**

## PART 3: Programme Performance

<b>To be appropriated by Vote</b>	<b>R 2 243 555 000</b>
<b>Statutory appropriations</b>	-
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.

### KEY PROGRAMMES AND OBJECTIVES

#### 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 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: Foreign Properties

**Purpose:** Provide secure, economical housing and office accommodation to all staff members abroad, and maintain immovable properties abroad.

**Measurable objective:** To acquire and maintain South Africa's properties abroad in a cost-effective manner in order to facilitate delivery of foreign policy objectives.

### Programme 5: Auxiliary and Associated Services

**Purpose:** Provide for the payment of membership fees to international organisations, transfer payments, and support services for all officials on transfer abroad, and make provision for the inauguration of the President.

**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;
- 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.

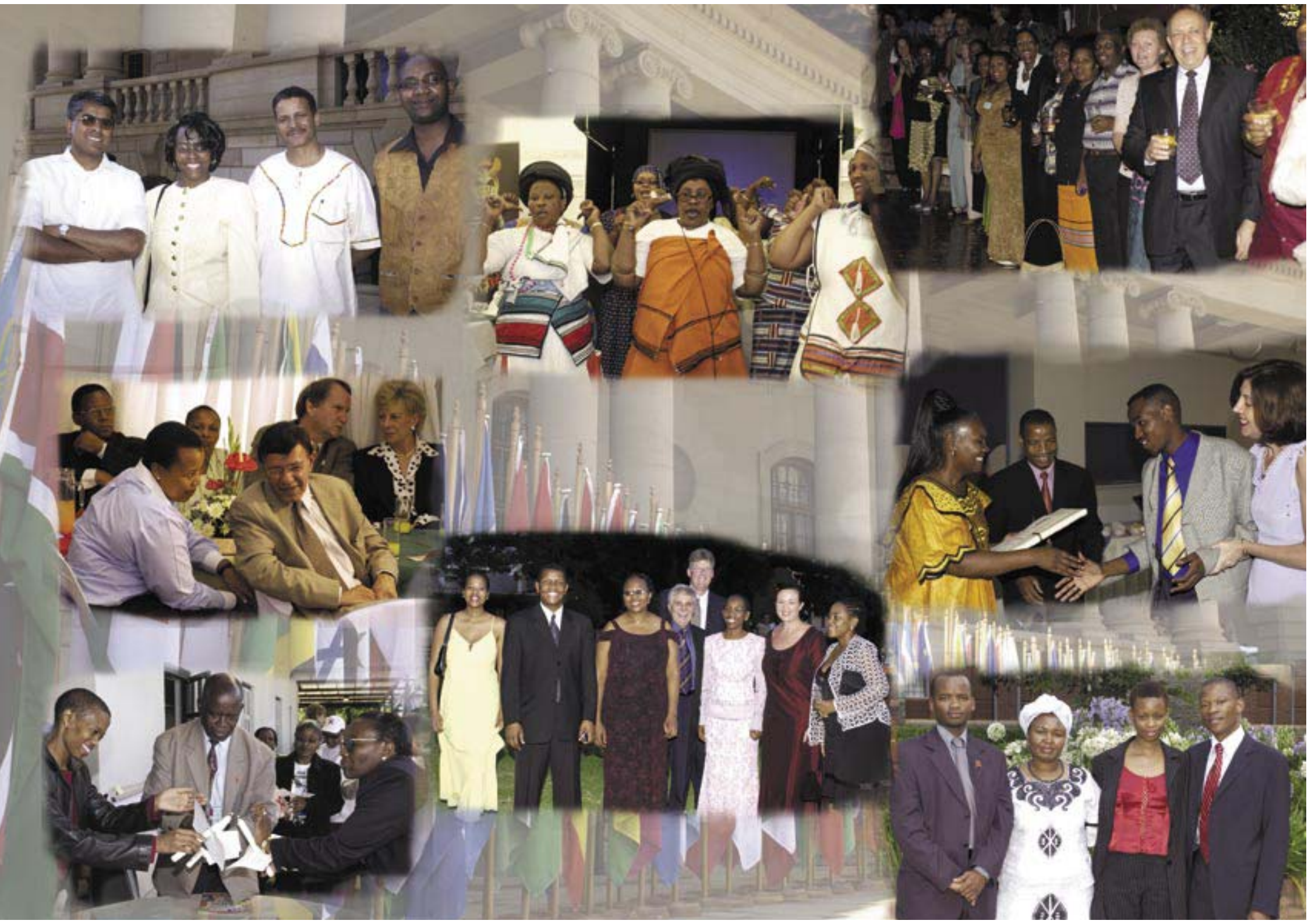
The African continent and, in particular, the Southern African region commands the highest priority for the Department. Our focus is shifting from the conceptualisation of the African Renaissance to its operationalisation through the initiative currently known as "NEPAD" – the New Partnership for African Development. South Africa has taken the lead in developing the NEPAD, and together with key African partners, is in the process of elaborating a programme

of action for its practical implementation and is the host to the NEPAD secretariat. 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 2003-04 financial year:

- Consolidation and Implementation of the African Agenda.
- Bilateral Relations
- South-South Co-operation.
- North-South Dialogue.
- Multilateral Diplomacy
- 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 POLICY DEVELOPMENTS: 2003/04

South Africa's re-entry into the global community has resulted in a new foreign policy



dispensation. There is now wider acknowledgement of the role South Africa plays in global affairs. The country is viewed as a key player in global efforts to normalise international relations, particularly in Africa. South Africa is also involved in creating the conditions for sustainable socio-economic development, peace and good governance. The Department of Foreign Affairs was responsible for playing this role in ways that advance the interests of the developing world and Africa, in order to foster sustainable development of South Africa itself.

These responsibilities were executed through three broad strategic priority areas:

- Strengthening solidarity within the developing world, and building partnerships with the developed world to foster sustainable development
- Promoting good governance, sustainable socio-economic development and poverty eradication in Africa
- Participating in international efforts to seek lasting peace and stability in conflict-ridden areas.

The New Partnership for Africa's Development (NEPAD) and the African Union (AU) are two new institutions established to achieve these ends, particularly in Africa. Through the Department, South Africa has played a central role in both.

#### International co-operation for sustainable development

South Africa continued to play a leading role in articulating the interests of Africa and developing countries in the global economy. Key problematic areas included: disparities and inequalities resulting from globalisation; the marginalisation of Africa in the global economy; the recent weakening of the global economy; and the resurgence of regionalism. The role of multilateral financial institutions and the United Nations (UN) in international economic development was also of interest. The Department was involved in promoting economic co-operation through strengthening multilateralism and inclusive governance in the world economy and its trade system. This included the reform and strengthening of global rules and institutions. Particular emphasis was placed

on: the economic development agenda of the south; the World Trade Organisation (WTO) Doha Development Round; the recommendations of the World Summit on Sustainable Development (WSSD); and championing African interests in other multilateral organisations.

It is recognised that the developed world has a major role to play in the economic development of the developing world. South Africa promoted the interests of developing countries on the international agenda, and mobilised development resources and co-operation to tackle poverty and underdevelopment. Issues included debt relief and the democratisation of international relations. Activities included: high level interactions with developed countries through the G-20, in the context of the International Monetary Fund (IMF) and the World Bank; discussions with the G-8 at their summits; and initiatives at other UN forums.

#### Focus on Africa

Good governance and sustainable socio-economic development in Africa are

fundamental to South Africa's foreign policy. During 2002, South Africa actively participated in the establishment of the African Union (AU). The African Union brings together continent-wide hopes for an Africa free of political conflict, poverty and underdevelopment. Emphasis during the reporting period was on facilitating the establishment and effective functioning of the structures of the African Union.

The New Partnership for Africa's Development (NEPAD) is key to Africa's development, within the broader theme of an African Renaissance. The Department of Foreign Affairs led the establishment of institutional arrangements for the implementation of NEPAD. The Department was also actively involved in implementing current NEPAD priority areas that span countries and regions. These included: bridging the infrastructure gap, especially in information and communications technology (ICT) and

energy infrastructure; human resources development, including education, skills development, and reversing the brain drain; health; agriculture; and the market access initiative.

Within Southern Africa, South Africa was actively engaged in the restructuring of the Southern African Development Community (SADC), to place it in a better position to respond to the changing development challenges facing the region. Particular emphasis was placed on the ratification of the new Southern African Customs Union (SACU) Agreement, the finalisation of the Strategic Indicative Plan for SADC, and the finalisation of the SADC Mutual Defence Pact.

#### Peace and security

The Department is aware of the interconnectedness between socio-economic de-

velopment and peace and stability. Political conflicts in Africa, the Middle East, and other parts of the world continue to undermine efforts to tackle sustainable development holistically. The Department has also noted a shift from the previous risk of super-power nuclear confrontation to other forms of insecurity, often of a more regional or domestic nature. Extremism, civil conflicts, organised trans-national crime, drug trafficking, internally displaced people, and small arms proliferation are all elements that lead to heightened states of tension, and often also to internal and cross-border friction. During the reporting period, the Department has therefore given particular attention to the following priority areas: the development of early warning systems; conflict resolution and post-conflict reconstruction; security co-operation; and the pre-eminence of multilateralism.

## 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 Minister, 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.

### • CORPORATE SERVICES

The following 8 key objectives were identified by Corporate Services in its quest of providing an effective support function to the line objectives of the Department.

#### KEY OBJECTIVES

- Proper implementation of Public Finance Management Act and Public Service Regulations.
- Provision of a stable and adequate Information Communication

- Technology (ICT)
  - Implement Human Resource Development and Performance Management System
  - Attraction and retention of competent people
  - Decentralisation of decision making in order to improve efficiency
  - Improving 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 in support of the Constitutional mandate

## OUTPUT AND SERVICE DELIVERY TRENDS:

Achievements and outputs produced during the financial year 2003/04 are covered under the respective business units as follows:

### Chief Financial Officer (CFO)

The aim of the PFMA is to modernise budget and financial management practices in departments in order to maximise the capacity of departments to deliver services to all its stakeholders (citizens, customers, etc.)

The Department has been able to implement the Act in a sequenced and prioritised manner, focussing on reforms of internal processes, practices and policies, and embarking on qualitative implementation as guided by the National Treasury (GRAP, Procurement Reforms, etc.) The following key initiatives were undertaken in a phased manner and an indication is given of activities during 2003/04:

### Decentralisation

As reported in the previous financial year, the Department embarked on a process to decentralise some corporate services function to Branch level. During the review period the Department managed to select suitable candidates for deployment at Branch level. When the process is complete each Branch will have a staff compliment of four officials from corporate services. These officials will also be responsible for co-ordinating missions operations as the missions report directly to business units within Branches. With this process being completed and an implementation strategy developed the decentralisation process will be implemented during the course of 2004/05 financial year.

### Financial Systems

The AxsPoint software, a product of AX-Sone, was chosen as the preferred financial system to be introduced at our missions abroad. As part of the first phase of implementation, the interim solution, which is spreadsheet based, has been introduced at 80% of our missions. This augurs

### *South African Mission in Berlin*

well for the Department in meeting section 32 reporting requirements of the PFMA. It will also contribute to timeous information being available in order for departmental managers to make informed decisions.

### Financial Training

The changed practices (from a one-dimensional situation, financial processes that were generally centrally controlled by prescribed bureaucratic rules, and regulations that stifled managerial efficiency, inhibiting innovation and often resulting in poor decision-making) has required finance and non-finance departmental staff at senior and lower levels to undergo training to ensure that the quality of financial management and implementation of the PFMA improve. Workshops on the PFMA







are ongoing and have been factored into the Department's overall annual training interventions.

The challenge facing most departments is the lack of skills by finance officials to adequately implement the PFMA. In its forward-planning strategy, the Department intends to address this crucial issue.

#### Normative Measures for Financial Management

In line with the national norms and standards as developed by the National Treasury, the Department has embarked on reviewing its internal procedures, processes and systems in order to facilitate better performance, measurable outcomes, reformed accounting practices, im-

proved disclosure and reporting, and the prudent management of department's assets and liabilities.

Despite chronic capacity constraints, the Department has made good progress in most of the compliance aspects relating to the implementation of the PFMA, e.g:

1. Annual financial statements were compiled and submitted timeously to the Auditor-General;
2. Strategic Plans aligned to the National Strategic Objectives of Government were developed; and
3. An Internal Audit and Audit Committee continued to be operational to giving effect to international good corporate governance practices.

#### Human Resources

Human Resources exists to provide support and ensure that Business Units are in a position to deliver on their objectives. This is achieved through various facilitative processes as outlined under part 2.

## Security

The following achievements for the financial year in respect of the Department Security can be tabled:

The vetting backlog has been addressed whereby all officials posted abroad were vetted prior to their departure on a foreign posting and two vetting officers were appointed and successfully completed their training at the SANDF.

Due to the non-compliance of security measures at Departmental buildings, assessments were done and the upgrading of physical security at Departmental buildings has commenced.

A security committee has been established in the Department. The security committee will serve as a binding mechanism to all stake-holders to ensure the formulation of policies and to enhance delivery with regards to security services in the Department in conjunction with the National Intelligence Agency and South African Police Services.

Approval was granted for the implementation of a new computerised ID card system for the Department. The new computer-

ised ID card system will ensure efficient and effective access control and save on production costs.

A security policy was drafted and forwarded to the National Intelligence Agency for comments and inputs.

## Chief Information Officer

### MSP

The Master Systems Plan investigation was completed and the final draft MSP report was submitted to SITA for certification. The SITA is in the process of developing the data models for the MSP in preparation for certification.

### Presidential and Conference Support

ICT provided data, computer and communications infrastructure at AU Ministerial meeting at Sun City and Sandton City. ICT also provided user support during these events to delegates, the media and Department's staff. Secure, encrypted links were also established to enable secure communications for Department's staff between the various vanues and Head Office

in Pretoria. Support was provided for Presidential and Ministerial overseas visits.

### Mission Computer Upgrades

Mission Relocations: Two missions were upgraded during the relocation of the chanceries. Computer systems were installed at four new missions and at the same time maintenance and repairs visits were undertaken in five other missions and this included the installation of additional equipment.

### Update of Head Office Voice and Data Network

The outdated Token-ring data network that existed in four of the department's buildings in Pretoria and the DFA offices in Cape Town was upgraded to a Cat-5 converged voice and data structured cable installation. The data network was upgraded to an Ethernet network. This project took approximately five months to complete and was completed ahead of schedule and within budget. All departmental building are now running on Ethernet.

### Financial Systems

In 2003 National Treasury changed to the BAS financial system. ICT assisted with this conversion within the department.

SITA approved the procurement of the AxsPoint financial software package for mission financial reporting. Phase One, the development of web access and the development and distribution of standardised spreadsheets to missions, was completed. Missions are now able to report financial data to Head Office in a standard format. The next phase of the development of the mission financial system will continue in 2004.

### Project Support

ICT is providing technical support to Consular Services and to Protocol (DIAP) for the development of their specialist systems. SITA is undertaking the investigations into the business requirements and will propose solutions. ICT will ensure that SITA takes the MSP into account and that common aspects of the systems are considered to reduce duplication.



*Deputy Ministers Nosiviwe Mapisa-Nqakula, Brigitte Mabandla and Nozizwe Madlala-Routledge during President Thabo Mbeki's state visit abroad*

### Other Achievements

The Department's Intranet browser was upgraded to Internet Explorer version Six. The secure e-mail system was introduced within the DFA domain. The Department's anti-virus software was updated and this ensured that the DFA network was not affected by the two major virus attacks experienced on the government network. However, the department's operations were hampered because of the problems experienced as a result of these attacks.

### Consular and Agency Services

The Directorate: Consular and Agency Services strives to provide a world class consular service to South African citizens abroad in accordance with the Batho Pele Principle and in line with the Department's strategic objectives. The following selection of consular interventions are highlighted:

Assistance rendered to 809 South African citizens detained or imprisoned abroad;

Assisted with the return of mortal remains of

109 South African citizens from abroad; General assistance rendered to approximately 144 distressed South African citizens abroad and their relatives in South Africa;

Assistance rendered in 3 364 cases of service of process, evidence on commission, extradition, maintenance orders, etc;

Determined the whereabouts of 73 South African citizens abroad and of 29 foreign nationals in South Africa;

Assisted with 24 social welfare cases, eg. with cases involving abductions and adoptions;

Assisted in dealing with scams and other fraudulent activities, approximately 290 cases;

Legalised/authenticated 16 502 documents;

Coordinated, on behalf of the IEC, with 104 of our missions abroad, making it possible for 1082 South African citizens on Government service and their families to vote.

Facilities were also put in place to make it possible for South African citizens temporarily absent from the Republic to vote at all our missions. Assistance was also rendered to the SANDF, in cooperation with the IEC, with troops deployed on peace missions in Africa amounting to 3400 individuals, as well as the Navy Project Teams based in Hamburg and Kiel amounting to 189 individuals;

Assistance rendered to the British High Commission in respect of their nationals killed in a road accident;

Represented the Department at the Immigration Advisory Board and Chaired the Standing Committee on Foreign Affairs, Trade and Tourism for the period May 2003 to March 2004.

### Foreign Service Institute

#### Transformation & Repositioning

Having realised the challenges facing the FSI, the Department initiated a project to reposition and transform the Institute. This



*President Thabo Mbeki, UN Secretary-General Kofi Annan and President Abdelaziz Bouteflika during the WSSD held in Johannesburg*

is aimed at increasing its capability to become a leading and recognised Training Institute that is well positioned to contribute towards creating outstanding diplomats who will continue taking a leading role on the African continent and in the international arena.

In October 2003 an international scan of diplomatic training in 5 countries around the world was conducted. The purpose of the study was to benchmark for best international practice and to assist the management of DFA in the transformation and repositioning of the Foreign Service Institute so as to enable it to compete favourably with its counterparts, both nationally and internationally.

After the benchmarking exercise was completed the Director-General appointed a Task Team to look into the repositioning of the FSI. The Repositioning Task Team re-designed the training programmes and developed a draft structure for the Institute. According to the re-designed model, all officials returning from missions will undergo

a mid-career refresher course to ensure re-integration at Head Office and to allow them to share their experiences.

#### Unit Standards and Qualifications

The FSI made significant progress in the generation of unit standards and qualifications. The Standards Generating Body (SGB) which was formed and launched in July 2002, with the assistance of DIDTETA (Diplomacy, Intelligence, Defence & Trade Education and Training Authority) commenced with the generation and writing of unit standards in January 2003. Through a rigorous consultative process with relevant stakeholders such as SAQA, DIDTETA and subject matter experts from the Department, the following qualifications have been registered on the NQF:

- National Diploma in Diplomacy
- Advanced National Certificate in Mission Management
- National Certificate in Mission Administration

The above qualifications are in the proc-

ess of being fully converted into Learnership programmes. Draft Learnership programmes have been designed in conjunction with DIDTETA and have been provisionally registered with the Department of Labour.

#### Training

During the period under review the foreign Service Institute offered several training programmes. These programmes provided participants with management, administration, language and leadership skills that would enable them to serve and manage in South African missions competently, and to meet the challenges of global diplomacy. The following training programmes were offered:

- Heads of Mission Orientation programme
- Diplomatic Training programme
- Mission Administration programme
- Mission Foreign Affairs Assistants programme
- English and Foreign Language Training
- Spouses' Orientation programme.



*President Thabo Mbeki, accompanied by Ambassador Sisa Ngombane, Ministers Stella Sigcau, Dr Manto Tshabalala-Msimang and Alec Erwin in Kinshasa, DRC following the opening of the SA Diplomatic Village*

### Co-operation Agreements

During the Sixth Joint Bilateral Commission in July 2003, a Protocol of Co-operation between the Arab Republic of Egypt and the Republic of South Africa was signed by the Ministers of Foreign Affairs of the two coun-

tries. The protocol includes co-operation between the South African Foreign Service Institute and its Egyptian counterpart, the Egyptian Diplomatic Training Institute. The areas of agreement include, inter alia: -

- The exchange of academic curricular between the institutes;

- The exchange of visits between members of both institutes; and
- The exchange of visits between the trainees of both institutes through training trips.

## 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 are applicable to all regions, the emphasis may differ depending on current circumstances or anticipated developments in a particular region.

### PROGRAMME POLICY DEVELOPMENTS

*Foreign Relations* played a significant role in the transition of the Organisation of African Unity (OAU) to the African Union (AU), with South Africa assuming the role of Chair until the July 2003 Maputo Summit. South Africa continues to play a significant role as part of the AU Troika and although it will remain a member until July 2004 it is expected to continue active participation well beyond. The Department participated actively in the process that facilitated the recognition and acceptance of NEPAD as the primary development programme of

the continent including at all major international and regional institutions such as the UN, G8, ASEAN, MERCOSUR, GCC and EU. One of the most crucial aspects of the NEPAD process is to ensure success in the implementation of the African Peer Review Mechanism (APRM). South Africa is among the first group of countries to have agreed to be reviewed.

The programme also provides for South Africa's involvement in peace initiatives, including the management of conflicts on the continent, the development of security structures in the region and at the AU level, and reform of international institutions such

*Presidential political Advisor Billy Masetla (far left) and Ambassador Monaisa (far right) in discussion with President de Menezes of Sao Tome and Principe*

as the UN Security Council. South Africa is currently committed to initiatives in Angola, Burundi, Central African Republic, Comoros, Côte d' Ivoire, DRC Ethiopia, Eritrea, Liberia, Rwanda, Sao Tomé and Principe, Sudan, Western Sahara, Zimbabwe, and the Palestine-Israeli conflict. There has been remarkable progress recorded in various peace processes underway, among the most significant achievements being the following: Burundi, DRC, the Comoron peace processes, the Rwandan and Kenyan presidential and parliamentary elections, democratic elections in Madagascar and the Sudan Peace process.

During 2003/04, new missions were opened in Africa (Antananarivo, Bujumbura, Khartoum, Lubumbashi and Yaoundé) and in Asia (Almaty, Hanoi, Muscat and Shanghai), and in the Middle East (Damascus and Doha).





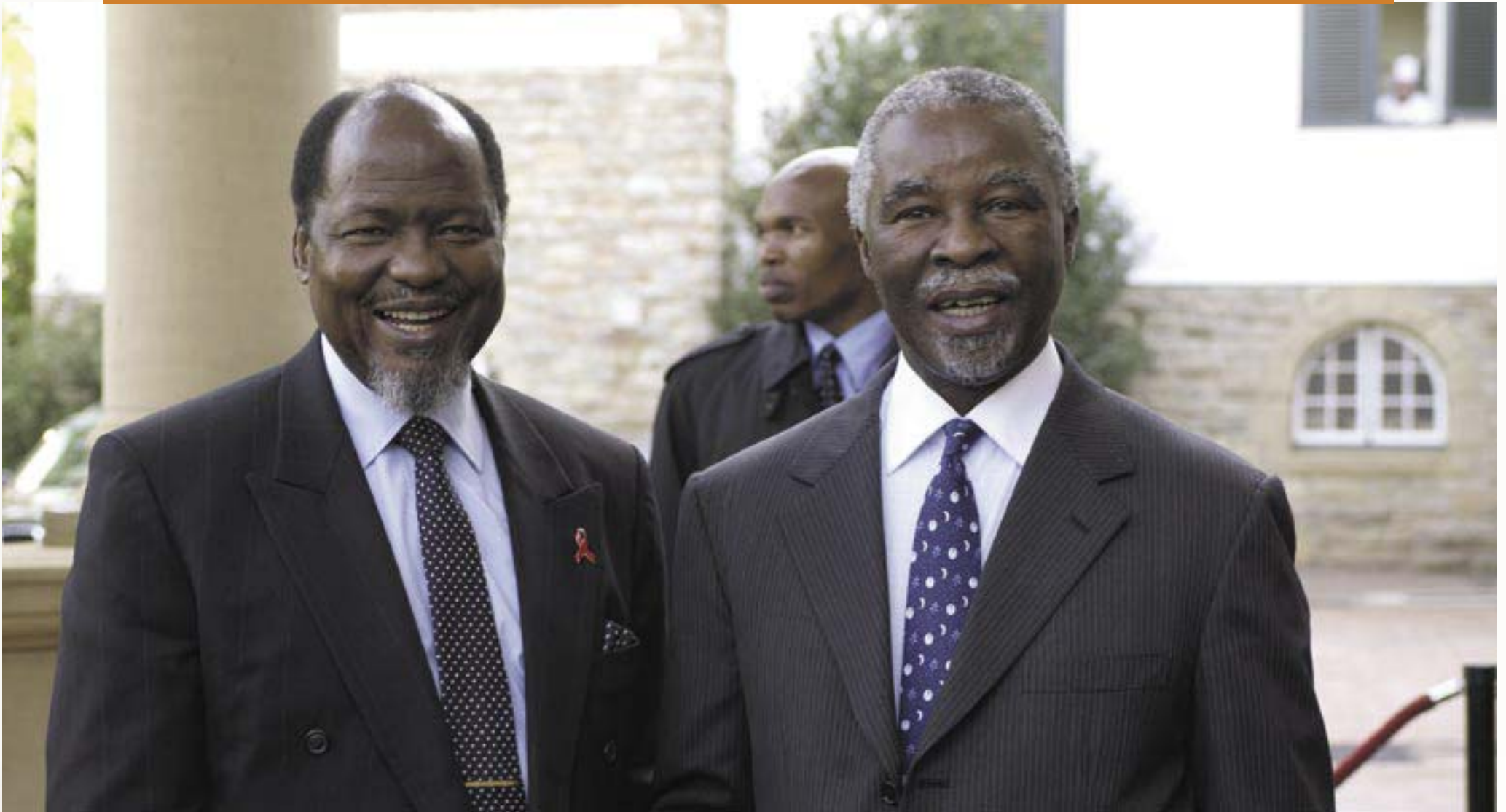
## OUTPUTS AND SERVICE DELIVERY TRENDS:

### • CONSOLIDATION AND IMPLEMENTATION OF THE AFRICAN AGENDA

#### Restructuring of SADC and SACU

The SADC National Contact Point in the Department of Foreign Affairs continued to co-ordinate South Africa's participation in all SADC activities and to facilitate regional integration in Southern Africa.

The National Contact Point was responsible for arranging South Africa's participation in all the major SADC meetings such as the first SADC Integrated Committee of Ministers meeting in May 2003, the HIV and AIDS Summit in July 2003, the SADC Summit in August 2003 and the SADC Council of Ministers meeting in March 2004. The Contact Point also contributed to the good progress made in the establishment of the Trade and Industry, Finance and Investment sector of SADC, with the Trade Protocol being



*President Thabo Mbeki meets President Joaquim Chissano ahead of handing over the chairpersonship of the AU to Mozambique*

implemented to liberalise intra-regional trade. Work has also progressed well in concluding the Finance and Investment Protocol for the region by the end of 2004, with many Memoranda of Understanding (MoU) in place to govern activities related to harmonised macro-economic convergence and the work of regional development finance institutions.

The Department has in the past year also represented South Africa on the SADC Review Committee which was tasked with the institutional restructuring of SADC. As a member of this Committee, South Africa played an important role in the review of SADC institutions and has overseen the implementation of the new SADC structures that are now in operation. The Review Committee has largely completed its mandate and will provide a final report to the SADC Summit in August 2004.

South Africa, through the Department of Foreign Affairs and other relevant departments, contributed towards the development of the SADC Regional Indicative Strategic Development Plan (RISDP), which is the blueprint for the development of the

Southern African region for the next 15 years. The Department also participated in the development and finalisation of the Strategic Plan for the Organ of Politics, Defence and Security (SIPO) and the SADC Mutual Defence Pact. The SADC Summit adopted all three instruments in August 2003.

The Department has facilitated South Africa's ratification of seven SADC Protocols during the past year.

### **Transformation of the Organisation of African Unity (OAU) into the African Union (AU)**

At the Maputo Summit in July 2003, South Africa handed over the Chair of the African Union to Mozambique. South Africa will still be part of the AU troika as outgoing Chair until July 2004.

The main challenge for the first year of the AU was the setting up of its priority structures. Another challenge was the laying of the groundwork for the rest of its proposed structures as enshrined in the Constitutive Act of the AU.

The setting up of the Commission of the AU commenced in July 2003, with the election of former President Konaré of Mali and Mr Patrick Mazimhaka of Rwanda as the new Chairperson and Deputy Chairperson of the Commission respectively. Eight Commissioners were also appointed. It should be noted that five of the Commissioners are female, thereby achieving complete gender parity in the top management of the Commission. The expected process in fully establishing the AU Commission will include the assessment of current staff and the appointment of new staff (already commenced), resulting in a 755 strong Commission.

The Commission has developed a first draft vision, mission and framework on which its programme will be based.

The Peace and Security Council (PSC) of the AU has been established in terms of a Protocol which came into force on 26 December 2003. The sub-structures of the PSC yet to be constituted are:

- the African Standby Force, consisting of five stand-by Brigades, one in each region of the AU,

- the Panel of the Wise, consisting of five eminent persons selected by the Chairperson of the Commission,
- an Early Warning System with national and regional components and,
- a Peace Fund to support the activities of the PSC.

The members of the PSC were elected on 16 March 2004 by the Executive Council of the AU. In accordance with the requirements stipulated in the PSC Protocol, the PSC is comprised of fifteen member states, five of whom will serve for a three-year period, and a further ten, who will serve for a two-year period each. The members are also representative of each of the five regions of the AU. The current members, who were elected to serve three-year terms, are Algeria, Ethiopia, Gabon, Nigeria and South Africa. Cameroon, Congo, Ghana, Kenya, Lesotho, Libya, Mozambique, Senegal, Sudan, and Togo were elected for two-year terms. The historic launch of the PSC took place on 25 May 2004. Members of the PSC will take the Chair on a monthly rotational basis.

Related to the PSC is the development of the Common African Defence and Security

Policy (CADSP) as mandated by the Durban Summit in 2002. The Draft Framework that had been developed was considered by Ministers of Defence and Security. It has since been adopted as a Declaration by the AU Assembly session in February 2004 in Sirte, Libya.

On the "people's organs" of the AU, namely the Pan African Parliament and the Economic, Social and Cultural Council (ECOSOCC), considerable progress has been made. The Pan African Parliament Protocol has been ratified by the requisite 27 member states, and has entered into force. The Inaugural Session of the Pan African Parliament took place from 18 – 20 March 2004. South Africa offered to host the Pan African Parliament.

ECOSOCC, as a meeting of civil society, has been closely followed by the South African Government because of its importance in mobilising civil society and giving them more than a nominal voice in Continental affairs. ECOSOCC comes into being once its statutes have been approved and not by means of a Protocol. A first draft of the ECOSOCC statutes has been

concluded. South Africa launched its own chapter from the sectors outlined by the Draft Statutes.

The Protocol on the Court of Justice was adopted by the Assembly in Maputo and will now have to be ratified. South Africa is in the process of ratifying this Protocol. The Court of Justice will, among other things, adjudicate on the interpretation of the Constitutive Act of the AU. South Africa was actively involved in the process leading to the adoption of the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa on 16 March 2004 in Addis Ababa.

The AU has also concluded discussions on amendments to the Constitutive Act. The amendments are now contained in a Protocol which has to be ratified by member states. South Africa has already ratified this Protocol.

The Executive Council in Maputo confirmed the decision by its 3<sup>rd</sup> Extraordinary Session in Sun City, that the new scale of assessment will include a two-tier floor, one of 0.25% and the other of 0.75%. Member

states' population size, level of indebtedness and GDP, among other factors, will be used to calculate their level of contribution.

The Executive Council agreed on a ceiling of 8.25%. Countries such as South Africa, Egypt, Algeria and Nigeria will fall in this category and will each be responsible for 8.25% of the total budget of the Union per year. The AU budget for 2004 currently stands at USD 43 million.

### **New Partnership for Africa's Development (NEPAD)**

South Africa's focus during the past year has been that of a core driver of the overall NEPAD process. The Department has played a pivotal role in supporting the work of President Mbeki, 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 South Africa and the work of all Government Departments in the NEPAD process.

The Minister of Foreign Affairs has been mandated by Cabinet to lead the NEPAD process in South Africa, along with the Minister of Trade and Industry. A Quartet + two of Directors-General has been established to serve as a strategic management tool for South Africa's engagement in the NEPAD process. The Director-General of Foreign Affairs serves on this Committee.

Furthermore, an African Renaissance Committee (ARC) has been established in the International Relations, Peace and Security (IRPS) Cluster to ensure inter-departmental co-ordination on the consolidation of the African Agenda, encompassing AU, NEPAD, SADC and SACU matters. The Department chairs and provides the Secretariat for the ARC. As such, overall responsibility for the co-ordination of NEPAD at the operational level resides with the Department.

The Department is also a partner with the Department of Trade and Industry in supporting the NEPAD Business Group (SA), chaired by Mr Reuel Khoza of Eskom, and in pursuing business opportunities arising out of the NEPAD process. The Department and the Presidency have assisted in

launching a South African Chapter of the Economic, Social and Cultural Commission. It is designed to feed into the ECOSOCC to be established at the AU level and will be used to engage key civil society stakeholders on NEPAD and the APRM.

South Africa has played an instrumental role in the development of the generic action plans and projects of NEPAD, including the short-term Action Plan for Infrastructure (STAP), the Comprehensive African Agriculture Development Programme (CAADP), the e-Africa Commission programme, the Health strategy, and the Environment initiative. South African Ministers and Directors-General play a leading role with regard to specific priority areas.

As regards the implementation of projects identified under the NEPAD process, South African parastatals and the private sector are playing a critical role. Eskom, for example, is the key player in the implementation of NEPAD energy projects and is already implementing a number of energy inter-connector projects. The Development Bank of Southern Africa (DBSA), the Industrial Development Corporation, Transnet,



*Minister of Trade and Industry Mandisi Mphahlele and Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma, jointly mandated to lead NEPAD in South Africa*

and Telkom are all playing a catalytic role in driving project implementation on the continent and major investments have already been made.

South Africa has been hosting the NEPAD Secretariat since its establishment, as well as the APRM Secretariat, and has been the biggest financial contributor to the budgets of both to date. In addition, it has seconded the Economic Advisor of the President to head the Secretariat and the Steering Committee and has seconded a number of officials, including Departmental officials, on a full-time basis to the Secretariat.

South Africa played a critical role in the development and design of the APRM as an innovative collective expression of the determination of NEPAD leaders to promote good governance, peace and stability in a collaborative, non-punitive approach. South Africa acceded to the APRM in March 2003. South Africa, led by the Department, also actively supports the peace and security element of NEPAD and South African troops are presently involved in peacekeeping missions in the DRC, Bu-

rundi, Ethiopia and Sierra Leone.

In line with its mandate, the Department continued to promote NEPAD in all international fora and to ensure that concrete support for its implementation is forthcoming from the political commitments secured in its support. Critically, this work entails negotiating a new paradigm of partnership with the international community, securing a more equitable international system and environment for Africa and ending the marginalisation of the continent in the era of globalisation. Much progress in this regard has been achieved in interactions with the G8 states, the European Union, the United Nations, the World Bank, the IMF and the OECD.

A major focus of the Department during the year has been on expanding South-South co-operation in support of NEPAD. The Sino-Africa Ministerial in December 2003, the AASROC Ministerial in Indonesia in July 2003 and the establishment of the India-Brazil-South Africa partnership are illustrative of this thrust. As a result of this process of international engagement, the entire international community is now com-

mitted to supporting the implementation of NEPAD and concrete initiatives are being taken in this regard. One such initiative is the offer of a \$200 million line of credit from the Indian government.

Lastly, the Department has been closely involved in the process of operationalising the organs of the AU and ensuring its functioning and effectiveness, as NEPAD's institutional parent body. Furthermore, the Regional Economic Communities (RECs) are the building blocks of the AU and the key implementing agents of the NEPAD programme. The Department has been working within SADC to finalise the restructuring and rationalisation process and the finalisation of the Regional Indicative Strategic Development Programme (RISDP), which is aligned to the NEPAD programme, to ensure the effectiveness of SADC.

## Peace, Stability and Security in Africa

The National Office for the Co-ordination of Peacekeeping Missions (NOCPM)

South Africa's involvement in Peacekeep-

ing Operations has rapidly developed over the last few years and its role and capacity has resulted in high expectations regarding its involvement in various peace operations in Africa.

The South African Parliament adopted a White Paper on South Africa's participation in international peace missions in October 1998. The White Paper provided a comprehensive policy framework on the country's approach and participation in international peace missions. The document also casts peace missions within a wider, peace-building framework that emphasises that peace missions are just one of the numerous options available for engagement. Furthermore, the White Paper states that South Africa's involvement in any peace mission should be based on the country's capacity and on the likelihood of a peace mission's contribution to long-term peace, stability and development in the area of conflict.

The National Office for the Co-ordination of Peace Missions (NOCPM) within the Department was established to meet the various challenges presented by the White Paper.



*SANDF (South African National Defence Force)  
peace keeping force members in the DRC*



The NOCPM also initiates actions pertaining to the country's present and future participation in attempts to resolve conflicts through such means as preventative diplomacy or direct participation in peace missions as mandated by the AU and UN.

During the reporting period South Africa was listed as the eleventh largest Troop Contributing Country (TCC) to the United Nations, a remarkable achievement bearing in mind that the country only became directly involved in UN Peacekeeping operations in 2001.

South Africa's TCC contribution centres on UN Peacekeeping Missions in Africa. In this regard, during the review period there were 1 418 South African National Defence Force members serving in the United Nations Mission in the DRC (MONUC), ten in the United Nations Mission in Ethiopia and Eritrea (UNMEE) and three in the recently created United Nations Mission in Liberia (UNMIL) - a total of 1 431 SANDF members.

An additional 1 500 SANDF members serve in the African Mission in Burundi (AMIB) and four SANDF personnel are seconded to the

Organisation for African Union Mission in Ethiopia and Eritrea (OLMEE). Both these Peacekeeping missions were authorised by the AU but till recently not specifically mandated by the United Nations Security Council as currently the case with AMIB.

## • BILATERAL RELATIONS

The Department continues to play an active role in the expansion and further development of bilateral relations with all nations and peoples, especially in areas and regions where South Africa has not previously been represented.

During the period under review, the expansion of bilateral relations was further consolidated through structured interactions taking place at Presidential or Ministerial level, and through Embassies, High Commissions and Consulates. Furthermore, South Africa pursued relations with strategic countries and partners through Bi-national Commissions, Joint Co-operation Commissions, Partnership Forums and other structured mechanisms. This has enhanced co-operation and relations in fields such as trade,

taxation, aviation, science and technology, culture and tourism. During this reporting period 59 Bilateral Agreements were also concluded.

## Bilateral Relations with Africa

During the period under review, South Africa has seen consolidation of bilateral relations with a number of countries on the continent. Currently, South Africa has thirty-four missions that are fully operational throughout the continent.

## Southern Africa

Southern Africa remained essentially peaceful and stable during the year under review. On the economic front, although Southern African countries co-operated closely through SADC and AU structures, there was also increased bilateral co-operation between South Africa and the countries of the region.

In Angola, efforts aimed at peace and reconstruction have continued unhindered. Both the governing MPLA and opposition UNITA held successful party congresses

in 2003 and the process of reconciliation made visible progress. Since the beginning of 2004, two co-operation agreements have been signed with Angola, one on health and the other on agriculture. During the March 2004 meeting, several draft agreements were initialled and it is expected that they will be signed later in 2004.

South Africa, as is the case with other international role players, is aware of the political, economic and social challenges Zimbabwe is facing. It is becoming more evident that a process of negotiation between the MDC and the ZANU-PF is the only solution to the political challenges facing Zimbabwe. South Africa's efforts spring from the premise that ways and means should be identified and pursued to assist Zimbabweans in their endeavour to find a home-grown solution to their political challenges.

South Africa enjoys cordial relations with Swaziland and both countries are working towards the establishment of a joint bilateral commission for co-operation.

On 29 March 2004, South Africa contributed

R100 million to the World Food Programme, specifically targeted at six Southern African countries (Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe). The Food and Agriculture Organisation (FAO) will draw up the implementation plans.

The third session of the South Africa/Namibia JPC on Defence and Security took place in Pretoria in 2003. The South African Minister of Defence, Mr Mosiuoa Lekota, hosted the meeting, which was also attended by his Namibian counterpart, Mr Erkki Nghimtina, as well as the Namibian Minister of Home Affairs, Mr Jerry Ekandjo.

A number of bilateral meetings between South Africa and Mozambique during 2003 have played an important role in cementing closer relations while simultaneously monitoring the successful implementation of macro-economic projects in Mozambique such as the Temane Natural Gas Project. This project was completed with the first batch of gas transported from Temane to Secunda in February 2004. It is envisaged that the export of gas to South Africa will contribute substantially to rectify-

ing the trade imbalance between the two countries.

Tanzania continued to play a crucial role in the peace and security of the Great Lakes region, especially in the deliberations regarding the Burundi Peace Process, which is being facilitated by Deputy President Jacob Zuma.

Consultations on the establishment of a Presidential Economic Commission between the Governments of South Africa and Tanzania also took place. The Commission would provide the necessary co-operative framework to manage the development and implementation of bilateral projects as well as the Spatial Development Initiatives (SDI's) Programme, in particular the Mtwara and Central Development Corridors, which have been identified as regional NEPAD priority programmes.

On 1 August 2003 the 5<sup>th</sup> Heads of State Economic Bilateral Meeting between South Africa and Namibia was held in Windhoek. The items on the agenda focused primarily on various economic co-operation projects

such as Spatial Development Initiatives (SDI), tourism, energy and the ongoing negotiations between SACU members and the USA. Two bilateral agreements were signed viz. the Natural Gas Trade Agreement and the Treaty for the Establishment of the !Ai-!Ais/Richtersveld Transfrontier Conservation Park.



*The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and her Angolan counterpart Minister JB de Miranda exchange an accord signed in Pretoria*

In line with the agreement signed between Lesotho and South Africa in 2001, a Donor Briefing took place on 10 April 2003 in Maseru. The briefing was aimed at soliciting international funding for various projects in Lesotho, which would promote the objective of assisting Lesotho to graduate out of the classification of Least Developed Countries. In this regard, funding for the Hydrological Water Project as well as

the Geochemical Mapping Project was approved. In addition President Mbeki inaugurated the Lesotho Highlands Water Project Phase 1B at Mohale Dam, a binational project between the Republic of South Africa and the Kingdom of Lesotho.

The President paid visit to Botswana from

11 - 13 March 2003. The two countries entered into an agreement on the establishment of a Joint Permanent Commission for Co-operation (JPCC), which was signed by the Ministers of Foreign Affairs. History was made when President Mbeki addressed the Botswana Parliament on 11 March 2003, the first foreign President ever to be accorded this honour.

Relations with Malawi and Zambia were given a boost when a delegation of senior officials visited Malawi and Zambia in March 2004 to discuss ways and means of establishing a formal platform to guide co-operation between South Africa and the two countries.

## Central & West Africa

During the Inter-Congolese Dialogue (ICD) at Sun City in 2003 the All-Inclusive and Global Agreement on the Transition in the Democratic Republic of Congo (DRC) and the Transitional Constitution were endorsed. Representatives of the different groups signed the Final Act, which comprises the 36 resolutions adopted during the previous session of the ICD at Sun City.

President Mbeki paid a state visit to the DRC in January 2004. This visit culminated in the signing of a General Co-operation Agreement as a result of which a Joint Bilateral Commission was established which laid the foundation for future co-operation between the two countries and is expected to be inaugurated in the course of 2004.

The Minister of Provincial and Local Government, Mr FS Mufamadi, hosted a delegation of the DRC on 18 March 2004 for the South Africa/Democratic Republic of Congo Joint Ministerial meeting in Pretoria. This meeting took place within the context of the General Co-operation Agreement signed earlier between the two Heads of State.



Minister Dlamini Zuma visited the Republic of Congo (RoC) and the Republic of Gabon in November 2003 during which she signed a co-operation agreement with the RoC and a co-operation agreement as well as a tourism agreement with Gabon. The co-operation agreements will establish structured bilateral mechanisms with both countries.

President Obiang Nguema M'Basogo of Equatorial Guinea paid a working visit to

South Africa at the beginning of December 2003 during which the two countries signed a General Co-operation Agreement whilst a Bilateral Promotion and Protection of Investments Agreement was signed during February 2004.

South Africa, as part of an AU delegation, assisted in the negotiations that restored President Fradique de Menezes to power in July 2003, following the bloodless coup d'état in Sao Tomé and Príncipe. South

Minister of Provincial and Local Government  
Mr Sydney Mufamadi, who on behalf of Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma assisted to facilitate the Inter-Congolese Dialogue

Africa subsequently made a donation of non-lethal equipment to the armed forces of that country and remains committed to participation in the International Committee of Guarantee and Follow-up which will ensure that the conditions which led to the abortive coup will be addressed.

Following the successful coup d'état in the Central African Republic (CAR) by General Francois Bozize in March 2003, South Africa maintained a careful watch on the progress made by the new regime in that country towards democratic elections to be held early in 2005. Minister Dlamini Zuma visited Bangui during November 2003 where she was briefed on the efforts to return the CAR to constitutional government.

The conflicts in Côte d'Ivoire and Liberia

are currently in the process of being resolved through the implementation of the Marcoussis Agreement (Côte d'Ivoire) and the Comprehensive Peace Agreements (Liberia). Throughout both conflicts, South Africa has supported initiatives aimed at bringing effective resolution to the crises. South Africa will continue to play a constructive role, under the auspices of ECOWAS and the AU, to assist both Côte d'Ivoire and Liberia to fully restore peace and stability. The political situation in Benin, Ghana, Niger and Togo has remained relatively stable, but in Burkina Faso a group of military officials unsuccessfully attempted to overthrow President Compaore in mid-2003.

President Mbeki attended the 2003 ECOWAS Summit in Accra in September and, in his capacity as Chair of the African Union, the October meeting of the ECOWAS mediation committee in Abidjan. The President also attended the Paris Summit, which led to the Marcoussis Agreement, at the end of January 2003.

South Africa supported the Liberian Peace Talks convened in Accra, Ghana, held from

4 June - 18 August 2003 on the resolution of the Liberian crisis. President Mbeki witnessed the resignation of former President Charles Taylor and attended the inaugural ceremony of Vice President Moses Blah as President of Liberia.

In an effort to support post-conflict reconstruction in Guinea-Bissau and in response to the call by the ECOSOC Ad Hoc Advisory Committee on Guinea-Bissau for the international donor community to give emergency assistance to the people of Guinea-Bissau as they put in place a credible government and to rebuild their country, the South African government made a contribution to the UNDP Trust Fund for Guinea-Bissau in February 2004.

Bilateral co-operation on the promotion of peace, stability and security in Africa was comprehensively discussed during the official visit to South Africa by Cape Verdean Prime Minister José Maria Neves in July 2003. Similar discussions continued during the 5<sup>th</sup> annual session of the South Africa-Nigeria Bi-national Commission of Co-operation (BNC) held in Lagos from 8 to 12 December 2003.

South African trade exports to West Africa saw a slight increase during 2003 but imports from the region fell significantly from just over R 4 billion in 2002 to just over R 3 billion in 2003. This resulted in a decline in total trade with the region from R 9,1 billion in 2002 to R 8,3 billion in 2003. Despite this overall decrease in trade volume, South African exports to countries such as Ghana, Guinea, Togo, Sierra Leone, Burkina Faso and Liberia increased substantially.

Nigeria, followed by Ghana, Côte d'Ivoire and Guinea, remained South Africa's largest trading partner in West Africa, with total trade with Nigeria representing 63% of its total trade with the region in 2003.

### East Africa

The political and socio-economic landscape in the Great Lakes region countries, (that is Burundi, DRC, Kenya, Rwanda, Tanzania and Uganda) was largely shaded by conflict, instability and a general lack of security. The efforts aimed at securing a successful political settlement and cease-fire in Burundi and the DRC under the leadership of South Africa, supported

by the region, the AU and the UN resulted in the establishment of transitional arrangements in the two countries. South Africa supported Rwanda in the preparation of the electoral system and successful democratic presidential and parliamentary elections were held in August and September 2003. South Africa further commended Kenya and Uganda for their efforts towards constitutional reviews and good governance. South Africa, Tanzania and Uganda worked closely in encouraging the Burundi parties to reach a political settlement.

The continued conflict and instability in the region contributed towards the poor economic performance and breakdown in communal structures. The continued conflict has exacerbated poverty and contributed to the slow resettlement of refugees and internally-displaced people. South Africa's bilateral relations with countries in the Great Lakes Region improved steadily during the period under review.

South Africa's engagement in Burundi will continue to be informed by the leading role that South Africa has assumed in managing the process towards the successful

implementation of the Arusha Peace and Reconciliation Agreement.

South Africa continued to engage the Burundi role-players in addressing the outstanding issues on power sharing with a view to Burundi holding elections in terms of the stipulations of the Arusha Peace and Reconciliation Agreement of 28 August 2000.

South Africa has begun a process of establishing formal structural frameworks to manage bilateral relations with countries of the region during 2002. A Joint Commission of Co-operation (JCC) has been established with Rwanda, while the JCCs with Burundi, Kenya, and Uganda are in the process of being finalised. The JCCs will focus on the areas of trade, investment, tourism, agriculture, defence, education, health, finance, transport, police, sports and culture.

South Africa continues to support the Kenyan government in its efforts towards constitutional review. South Africa and Uganda have established an annual educational exchange program that involves the provinces. The Free State Education Depart-



*Left to right: Pierre Nkurunziza, Acting President Domiteen Ndayizeye of Burundi, Former President Nelson Mandela, Jean Menani and Deputy President Jacob Zuma*

ment and selected schools visited Uganda in 2003.

During a visit in March 2004, Minister Nkosa-zana Dlamini Zuma signed a General Co-operation Agreement with her Ethiopian counterpart which provides for the estab-

lishment of a Joint Ministerial Commission (JMC).

As one of the least developed countries in the world, and as a fledgling democracy, Ethiopia is faced with enormous socio-economic challenges. There is thus a need for

a developmental approach to bilateral relations and co-operation between South Africa and Ethiopia.

President Mbeki convened a meeting of the AU Troika and the Countries of the Region, in his capacity as Co-ordinator of the

Countries of the Region on the situation in Comoros, in 2003. The meeting culminated in the signing of the Moroni Agreement by the four Presidents of the islands of the Union of the Comoros which paved the way for the holding of Parliamentary elections in March and April 2004.

There are real prospects for an end to the Sudanese civil war following the signing of the Machakos Protocol in July 2002. The Government of Sudan and the Sudan People's Liberation Army (SPLA) have reached an agreement on one of the most contentious issues, i.e. self-determination for Southern Sudan, by means of an envisaged referendum that will pose the alternatives of continued unity or secession by the South, at the end of a six-year interim period.

An agreement reached on Security Arrangements during the Interim Period on 25 September 2003 paved the way for the negotiating parties to reach an agreement on Wealth Sharing During the Pre-Interim and Interim Period on 7 January 2004.

Bilateral trade between South Africa and countries of the East African region have

shown phenomenal growth in trade flows and direct foreign investment by South African business interests. South Africa is currently the largest foreign investor in the region with a substantial investor presence in Kenya, Mauritius, Rwanda, Tanzania and Uganda. Madagascar is viewed as an excellent investment destination for South African business interests. A large number of South African investors are already present in Madagascar, with many others poised to enter the domestic economy. As a result of South Africa's efforts to grant preferential access to products originating from the region, there have been encouraging signs of a shift towards greater equilibrium in the current trade balance with South Africa.

### North Africa

The implementation of NEPAD and its success hinges on the effective co-operation and economic integration of Africa's regional groupings. The North African states constituting the Arab Maghreb Union (AMU) remain the only African non-operational regional grouping. Nevertheless, bilateral relations and co-operation with North Africa continue to grow in strength.

The initiative of South Africa in bringing to closure the Lockerbie impasse eventually led to a successful settlement by the lifting of United Nations sanctions against Libya in 2003. Consolidation of bilateral relations has been enhanced by the state visit of President Mbeki to Libya in June 2002, which also coincided with the inaugural session of the South Africa-Libya Joint Bilateral Commission (JBC). The next session of the JBC is scheduled to take place in 2004.

During the reporting period South Africa sent a search and rescue team, headed by the SANDF, to assist in the aftermath of the devastating earthquake in Algeria and its environs. Within the multilateral sphere, particularly on matters affecting the African continent, the South Africa-Algeria partnership continues in earnest. In line with the AU and NEPAD ideals, it exemplifies successful co-operation and collaboration based on solidarity, equality and mutual benefit. These benefits are evident in areas like technology, defence and, arts and culture. Besides the regular consultations and bilateral visits under the BNC's Technical Working Groups, a BNC Mid-Term Review Meeting took place in Algiers from 28 April



2003 to 2 May 2003. President Mbeki will host Algerian President Bouteflika during the 5<sup>th</sup> session of the South Africa-Algeria BNC in October 2004 in Cape Town.

Algeria and South Africa will, throughout 2004, continue to co-operate in various events marking South Africa's 10 Years of Freedom and the 50 years of the founding of Algeria's Front for National Liberation (FLN). Other co-operation projects include the SITEV (Algerian Tourism Fair) and SAFEX. Since the establishment of the Joint Bilateral Commission of Co-operation in 1998 and the subsequently Bi-national Commission (BNC), 20 bilateral agreements have been concluded in the fields of transport, trade, minerals and energy, science and technology.

Morocco is South Africa's largest trading partner in North Africa. The largest component of the trade between South Africa and Morocco is coal. A large South African delegation attended the South-South Summit in Marrakech towards the end of 2003. Apart from this, South African delegations from the Department of Trade and Industry (DTI) and the South African Revenue Serv-



*Minister Dr Nkosazana Dlamini Zuma with her Tunisian counterpart Minister HB Yahia during the South Africa-Tunisia Joint Bilateral Commission*

ice (SARS) visited Morocco to discuss and intensify bilateral relations. A large delegation of South African women also attended the Global Summit on Women.

Greater effort will be made during 2004 to

intensify the bilateral relationship between South Africa and Morocco. The second session of the Joint Bilateral Commission will be held in Morocco during the second half of 2004.

The meeting of Senior Officials in preparation for the Fourth Session of the Joint Bilateral Commission (JBC) between the Republic of Tunisia and the Republic of South Africa was held in Tshwane during the period under review. Parallel to the Senior Officials meeting, the Tunisia-South Africa Business Forum was held. Business leaders from the food processing, telecommunication, textiles, automotive services (engineering, technical), electrical parts, steel and leather products sectors attended this meeting. The parties exchanged programmes related to exhibitions and trade fairs and agreed to promote mutual participation in these events.

The Sixth Session of the Joint Bilateral Commission between the Republic of South Africa and the Arab Republic of Egypt was held in Tshwane, South Africa, from 14 to 15 July 2003.

### **Bilateral Relations with North America**

Relations between South Africa and North America during this period largely played out against a background of international

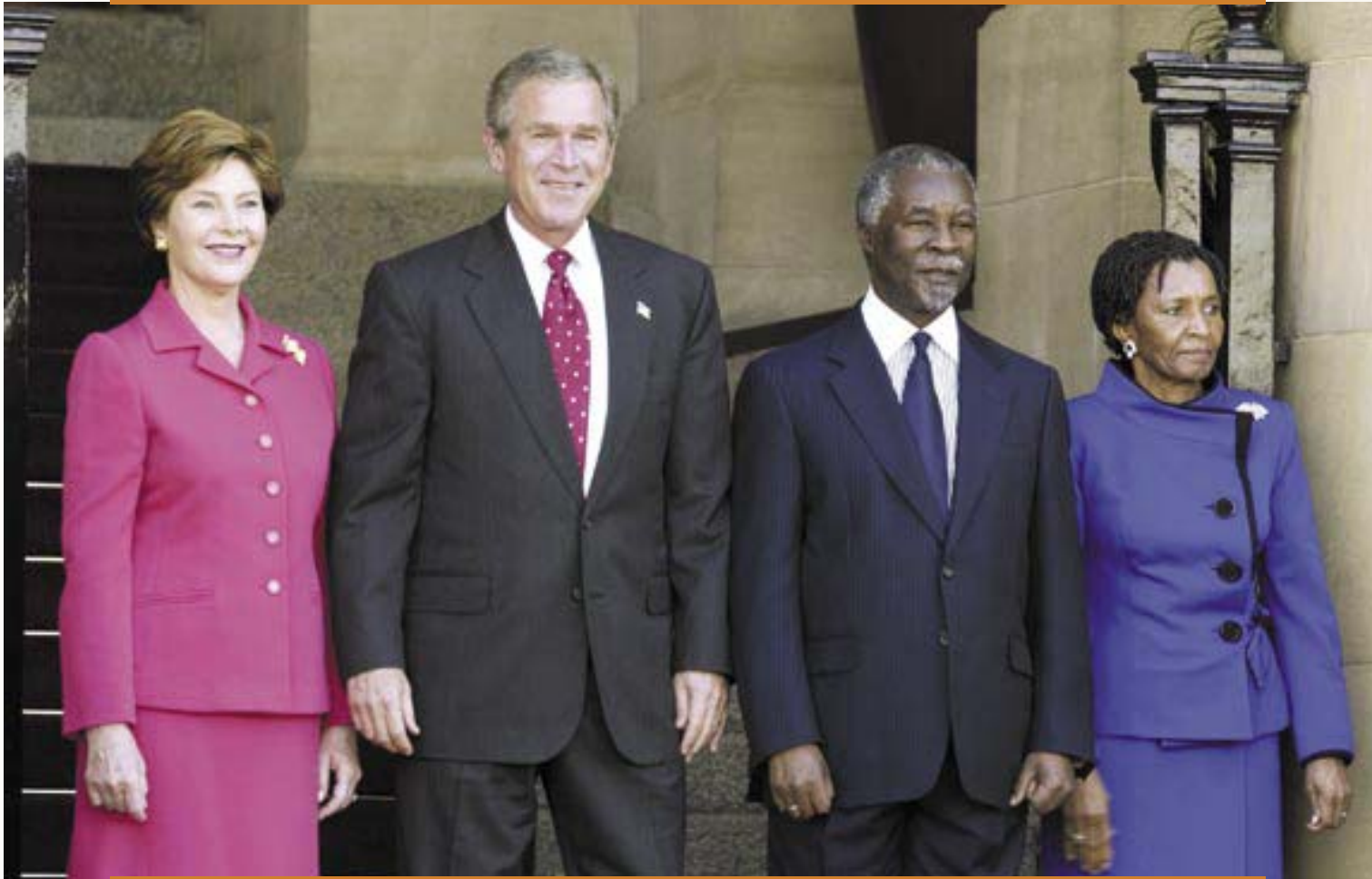
turmoil and disagreement regarding the USA's invasion of Iraq and generally negative economic perceptions about the USA. The failure of the WTO talks in Cancun in 2003 had implications for bilateral relations beyond trade issues, particularly in the case of the USA. Interactions between South Africa and its partners in this region, the USA and Canada, continued to focus primarily on garnering understanding and support for the implementation of NEPAD, regional peace, security and stability initiatives, and economic development and co-operation.

Bilateral engagements with the USA in particular were also used by senior South African Government representatives to continue to underline South Africa's stance in line with its deep and principled belief in the importance of seeking consensus and multilateral solutions to challenges facing the international community. In this regard, Canada has been like-minded, given its strong traditional emphasis on multilateralism.

Despite differing with the USA over its invasion of Iraq, this approach has continued

to find resonance with both Canada and the USA in the context of African regional initiatives. The visit to South Africa by President Bush in July 2003 was significant in that it afforded President Mbeki and President Bush the opportunity to discuss bilateral and regional issues personally. After their meeting, President Bush acknowledged President Mbeki's efforts to bring about a resolution to the ongoing challenges facing Zimbabwe. The USA has also expressed consistent support and appreciation for South Africa's ongoing regional role in attempting to secure peace and stability in the Democratic Republic of the Congo, Burundi, the Ivory Coast and the Comoros. Despite announcing the creation of the \$15 billion Millennium Challenge Account, which would be its contribution to supporting the NEPAD, the USA did not announce beneficiary African states during this period because it was still developing its eligibility criteria.

The Department facilitated inclusion of a NEPAD focus in the Corporate Council on Africa's first Capital Flows to Africa Conference, in New York in October 2003. A result of this participation was the decision to



*President and Mrs Thabo Mbeki with President and Mrs George Bush in Pretoria*

host the next conference in South Africa in September 2004. Canada has also been particularly prominent amongst G-8 members with regard to supporting the NEPAD. Apart from being the first G-8 country to

announce concrete measures in support of the NEPAD with the creation of the C\$500 million Canada Fund for Africa, it was also responsible for co-ordinating the G-8 response to NEPAD.

Progress with regard to the implementation of the NEPAD was one of the issues discussed with Prime Minister Chrétien and his Cabinet during President Mbeki's state visit to Canada in November 2003. The visit also

afforded the opportunity to address trade and investment opportunities, especially in the fields of mining, agro processing and information and communication technology. Minister Dlamini Zuma and her Canadian counterpart, Mr Bill Graham, signed a Joint Declaration of Intent on Strengthened Co-operation between the two countries. It made provision for annual consultations between South Africa and Canada at senior official level. The first consultations took place in Pretoria in February 2004. They centred on concrete bilateral interaction especially in the field of development co-operation as well as the promotion of the African Agenda.

Levels of capital investment remained stable, but did not increase as hoped. The USA remained the largest single foreign investor in the South African economy since 1994 and Canada maintained its status as one of the largest foreign investors in the South African mining industry. Renewed efforts will be required to increase capital investment to levels in line with South Africa's stable economic prospects. Economic priorities with regard to the USA during this period were twofold: participation in the

SACU-US Free Trade Negotiations, which, once completed will have the potential of encouraging new capital investment; and continuing to support the extension by the USA Congress of the life span and key textile provisions under the AGOA by the US Congress.

### **Bilateral Relations with Europe**

In addition to the dialogue at the multi-lateral level of the EU and G8, Africa has historical links with Europe and continues to seek a special relationship for political and socio-economic development. South Africa's relations with Europe have improved significantly through political interaction, economic relations and development assistance since 1994. Interactions with European countries continue to expand with several reciprocal high-level visits, regular political dialogue, numerous structured bilateral mechanisms, and continuous civil society and business level interaction during this reporting period. Diplomatic activity focused on issues such as economic globalisation, market access, trade, investment, tourism, development co-operation, debt relief, the reform of the UN Security

*Minister of Foreign Affairs  
Dr Nkosazana Dlamini Zuma host  
her French counterpart,  
Minister Dominique De Villepin for  
Bilateral discussions in Cape Town*

Council, disarmament and human rights.

The European region is also a significant role-player in the furtherance of the African Agenda, with France, Belgium, Italy, Spain and United Kingdom particularly engaged in conflict resolution, as well as post-conflict reconstruction efforts. South Africa also found like-minded partners in Europe on important global issues such as UN Reform, multilateralism, Millennium Development Goals, reform of the global financial systems and in addressing challenges of the South.

Countries in the Eastern and Central Europe regions are at various levels of political, economic and social transformation. Furthermore, more countries of the region will join the EU during April 2004, while sev-



Co-operation (ITEC) again demonstrated that it is the most important instrument in facilitating relations.

The Trade, Development and Co-operation Agreement (TDCA) entered into with the European Union provisionally entered into force in January 2000 and full implementation is expected to commence on 1 May 2004. At the commencement of the TDCA the EU's two-way trade with South Africa amounted to R132 billion. By 2002 trade had significantly increased to R280 billion, but 2003 trade was reduced to R185 billion owing to difficult global market conditions.

In multilateral fora, the EU and its associated states, together with other western countries form a formidable block in articulating their interests during multilateral negotiations. The EU

eral others may do so by 2007. Hence, relations with this region are becoming increasingly important and interaction with them

is steadily improving. In the case of the Russian Federation, the Joint Inter-Governmental Committee on Trade and Economic

is on the verge of changing its "character" through enlargement, constitutional reform and the search for a Common Foreign and Security Policy. It is, however, foreseen that the EU's interest in South Africa and NEPAD will be steadfast and continue to develop in a positive way.

Europe's economic strength makes it a potentially vital international partner in achieving the objectives of NEPAD.

It is important that the European Parliament, which has budgetary powers, should be continuously informed of identified projects of NEPAD. Some countries, as well as the President of the European Commission, have already appointed Special Representatives to work with the NEPAD Secretariat and identify areas of co-operation in NEPAD projects.

Europe remains South Africa's largest trading partner and its main source of Foreign Direct Investment (FDI) and Overseas Development Assistance (ODA). Regular consultations with the EU and its Member States also take place on the maintenance and possible expansion of their constructive

involvement in South Africa, Africa and NEPAD.

The TDCA governs South Africa's relations with countries within the EU. The TDCA has been complemented by two Sectoral agreements, namely the Science and Technology Agreement and the Wines and Spirits Agreement in addition to the development co-operation instrument, the European Programme for Reconstruction and Development (EPRD). The EPRD has an annual package of Euro 127,5 million and is the single largest development programme in South Africa financed by a foreign donor. The 2003-2006 framework for development co-operation has an indicative financial envelope of approximately Euro 126 million per annum.

The TDCA is expected to substantially increase South Africa's trade with Europe. South Africa already ranks as the EU's 15<sup>th</sup> largest trading partner. South African exports will benefit from an increase in the size of the EU market, which will create new opportunities for South African entrepreneurs. A single set of trade rules, for example, common tariff rates and a single

set of administrative procedures will apply, which will in turn simplify dealings for South African operators within Europe. In general, the EU's tariffs are lower than those of the acceding countries so enlargement will reduce tariffs rather than increase them.

In addition, European countries have repeatedly expressed their commitment to contribute to poverty reduction in the developing world, as well as to sustainable developmental growth and the gradual integration of developing countries into the global economy. The recent launching of the Economic Partnership Agreements (EPAs) negotiations with the ACP, and the EU's emphasis on "Everything but Arms" initiative, provide opportunities to work in this direction.

South Africa also interacts with the EU as a member of the ACP, particularly to lend support to the active engagement of the EU in developing trade opportunities for ACP countries. Although South Africa has qualified membership of the ACP-EU Cotonou Partnership Agreement (CPA), and is therefore excluded from the trade regime and development assistance, it partici-

pates fully in dialogue on important issues such as peace-building, conflict prevention, respect for human rights, democratic principles and the rule of law, good governance and other issues of mutual interest.

### **Bilateral Relations with Latin America and the Caribbean**

South Africa has sought to strengthen bilateral relations with this region since 1994. Hence South Africa has established resident Embassies in Cuba, Peru, Jamaica, Mexico and Venezuela, whilst Mexico, Colombia, Cuba, Peru and Venezuela 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 included human resource development in the fields of health, education, housing, and water affairs and forestry. The respective Foreign Ministries utilised the Consultative Mechanism as the ideal platform to review bilateral and multilateral relations. The excellent bilateral

relations continued to cement relations enhanced by the consistent exchange of high level visits.

President Mbeki paid a successful state visit to Jamaica during July 2003, which also consolidated SA's relations with CARICOM when the President addressed its Summit in Montego Bay, Jamaica, during the same visit.

SA in keeping with the AU's decision has been prominent in the quest for enhancing Afro-Diaspora solidarity. At the meeting of the Heads of State and Government of the Caribbean (CARICOM) in Jamaica in 2003, President Mbeki stressed the unique and historic symbolism of Haiti's Independence as the first Black Republic in the world.

At the Haiti Bicentennial Celebration, the President noted that the celebration of Haiti's Revolution and South Africa's Decade of Liberation "must serve to inspire all Africans to act together, decisively, to end their poverty, underdevelopment, dehumanisation and marginalisation". The President also used the opportunity of his participation in the Haiti celebration to pay

an official visit to the Bahamas.

In respect of the subsequent developments in Haiti, South Africa criticised the political unrest that ensued and the unconstitutional removal of Haiti's democratically-elected President.

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. This has been enhanced by President Mbeki's visit to Monterrey during 2002 and President Vicente Fox's attendance of the WSSD in South Africa.

South Africa's relations with the member countries of Mercosur (Argentina, Brazil, Paraguay and Uruguay, with Chile as Observer) have greatly improved. Brazil remains by far South America's largest economy and is a driving force in Mercosur. At the invitation of the Brazilian Foreign Minister, South Africa was represented at the June Summit, when the six-month *pro-tempore* Presidency of the organisation passed to Uruguay. The next round of negotiations

between SACU and Mercosur had been due to take place on the fringe of the summit, but was eventually held in Montevideo, Uruguay, on 9 October 2003. The Montevideo talks provided new impetus with specific target dates and actions agreed upon by all sides. At the conclusion of the SA/SACU-Mercosur Free Trade Agreement, Mercosur, with more than 260 million people, will become an important market for South African products.

Brazil is South Africa's largest trading partner in Latin America and has grown as an important tourist market for South Africa. Increasing numbers of tourists are also visiting South Africa from the other member countries of Mercosur. South African Airways has launched a sixth weekly flight between Johannesburg and Sao Paulo and demand already warrants a seventh weekly flight.

As an influential member of the Lusophone



*President Thabo Mbeki with his Brazilian counterpart  
President Luiz Inacio Lula de Silva in Pretoria*

group of countries, Brazil seeks to maintain close relations with the Portuguese-speaking countries in Africa. President da Silva's itinerary included Angola and Mozam-

bique during his visit to Southern Africa in November 2003 when he paid an official working visit to South Africa. Brazil is also significant as regards the African Diaspora,



having the largest population of African origin outside of the African continent, and second only to the population of Nigeria.

The current Brazilian administration has accorded a high priority to Brazil's relations with Africa. In his first public speech after being elected, President Lula da Silva emphasised that Africa would occupy an important position in his foreign policy, with South Africa foremost in that regard. This sentiment was echoed by Foreign Minister Celso Amorim on more than one occasion during the Second Meeting of the South Africa-Brazil Joint Commission in May 2003. The fact that Brazil agreed to participate at that meeting, barely four months after the assumption of the new administration testified to that commitment.

Brazil's desire to further strengthen bilateral and multilateral co-operation was further demonstrated during the visit by Minister Dlamini Zuma to Brazil in June 2003. The Brazil-Africa Forum, a joint initiative of the group of African Embassies and the Brazilian Foreign Ministry, showcased NEPAD and opportunities for Brazilian engagement in that endeavour.

South Africa's relations with Argentina, Uruguay, Paraguay and Chile have steadily improved and it is expected that with Argentina's current economic recovery, after a lengthy period of severe economic difficulty, new opportunities for trade will arise. Specifically in Argentina and Chile, the democratisation process is now firmly entrenched which augurs well for building firm relations with like-minded partners in that part of the world.

### **Bilateral Relations with Asia and the Middle East**

South Africa's 13 Missions in the Asian region, five years ago increased by end of 2003 to 16 Missions in twelve countries, plus the territory of Taiwan. In addition, South Africa's missions in Japan, China, India and Malaysia are in the process of being strengthened to reflect the strategic importance of these countries.

However, even as recently as 1999, South Africa still had no contact with any Asian regional organisations. The reason was that these organisations limited participation in their activities to countries in their region.

However, changes began to emerge in 2002 when President Mbeki was invited to address the 9<sup>th</sup> Summit of the Association of South-East Asian Nations (ASEAN) in Phnom Penh, Cambodia. This address led to an initiative by Indonesian President Soekarnoputri for the forging of a New Strategic Partnership between Asia and Africa with the specific aim of fostering closer co-operation between Asian and African regional and sub-regional groupings. The first Asia-Africa Sub-Regional Organisations Conference (AASROC I) took place in Bandung, Indonesia, at the end of July 2003. The second AASROC conference will be held in South Africa during August 2004, to be co-hosted by South Africa and Indonesia. These Conferences will pave the way for the Asia-Africa Summit Meeting in Bandung, Indonesia, on 25 April 2005 - on the 50<sup>th</sup> anniversary of the historic Asia-Africa Conference held in Bandung in 1955.

It is estimated that South Africa's total trade with the Asian region has risen from less than R60 billion in 1999 to more than R140 billion in 2003. South Africa's top six trading partners in the region are Japan, the People's Republic of China, Australia, Taiwan,

the Republic of Korea and India. Some 27 % of South Africa's total trade is currently conducted with the Asian region. Trade with ASEAN has grown markedly and now totals approximately R20 billion.

The impact of the attacks in the USA on September 11, 2001, and the resultant US-led campaigns in Afghanistan and Iraq, and globally against international terrorism, as well as a spate of terrorist attacks in South, Central and South East Asia, have resulted in a significant projection of American influence into the Asian region. Australia, India, Japan, Pakistan, the Philippines, Singapore, Thailand, the Republic of Korea and Uzbekistan, in a variety of ways, have all strengthened their relations with the United States as a result of the campaign against international terrorism. Japan's military policy is also beginning to change toward a more active use of its military resources in support of the US. It is noteworthy that both Japan and Germany had to amend their constitutions to overcome the ban imposed on them by Allied Powers after the Second World War on using troops outside their countries.

President Mbeki made two important visits to the region in 2003: state visits to India (15 - 19 October), and participation in the Tokyo International Conference on African Development (TICAD) (29 September - 1 October). During the period under review, the President also paid a state visit to Malaysia.

Discussions are under way between SACU and China and SACU and India for the development of framework agreements, towards eventual FTAs with both countries.

The Asian region experienced some serious tensions that threatened peace and security involving the possible use of nuclear weapons. For example, India and Pakistan (both nuclear states) were on the brink of an all-out war over the question of Kashmir. Similarly, the crisis over the refusal of the Democratic People's Republic of Korea (DPRK) to permit international inspections of its nuclear facilities stirred fears of nuclear weapons being directed at South Korea and Japan should the stand-off with the USA escalate. However, with the recent *rapprochement* between India and Pakistan, and some concessions by North

Korea, tensions have dissipated considerably.

The cease-fire agreement between the Sri Lankan Government and the Liberation Tigers of Tamil Eelam (LTTE) has remained in force despite a hold-up in the continuation of the peace negotiations. During 2002 South Africa was approached by both the Norwegian facilitators of the Sri Lankan peace talks and the Sri Lankan Government to consider hosting a round of peace talks in South Africa between the LTTE and the Government of Sri Lanka. A delegation of LTTE representatives visited South Africa during 2003 on a fact-finding mission. However, tensions within the Sri Lankan Government, between the President and the former Prime Minister, have led to the temporary withdrawal of the Norwegians from the peace process. Consequently, the anticipated hosting of a round of peace talks by South Africa is dependent on a resumption of the peace process with full participation of the main role players.

Both Australia and New Zealand, especially through the participation of their respective private and semi-private institutions in

*South Africa-Sri Lanka Joint Binational Commission: Minister Tyronne Fernando of Sri Lanka with Minister Dr Nkosazana Dlamini Zuma*

the field of education, have contributed significantly to development projects in South Africa. For instance, an exhibition devised by the Australian National University (ANU) in Canberra entitled, "Science on the Move", whose aim was to familiarise disadvantaged communities with physical science, toured South Africa in early 2003.

The close co-operation between South Africa and the region in the field of environmental conservation was demonstrated when the South African Navy and Air Force participated in a successful operation with their Australian counterparts in the arrest, in Antarctic (Australian) waters, of the Uruguayan-registered fishing vessel, *Viarsa I*. This vessel was caught with an illegal cargo of Patagonian toothfish - an endangered



species. The *Viarsa I*, together with its crew of 44, was initially escorted to Cape Town. The Australian navy later escorted it to Fremantle in Western Australia, where the crew was tried and sentenced.

Bilateral relations between South Africa and Australia in all other fields grew - including people-to-people contact,

technical co-operation and trade and investment. Australia is the 12<sup>th</sup> largest economy in the world and is South Africa's third largest trading partner in the Asian region, after Japan and China and South Africa is Australia's largest trading partner on the African continent.

Two bilateral agreements with Australia,

one on fishing and the other on co-operation in science and technology, are under discussion and will probably be signed in 2004. The meetings between senior government officials from South Africa, Australia and New Zealand that are scheduled to take place during the second half of the following financial year will further strengthen relations with the Australasian region.

In the Levant Region South Africa has diplomatic representation in Israel, Jordan, Palestine and Syria, with a Mission in Iraq still to be opened once the situation in the country stabilises.

South Africa has been one of the strongest voices in calling for the immediate implementation of the 'Road Map', without preconditions in order to achieve a comprehensive and lasting peace between Israel and Palestine. Real progress will necessitate compliance by both parties with obligations as outlined in the Road Map to be implemented without any preconditions.

On 12 October 2003, the Geneva Accord was made public in Jordan. The document focuses on a peace agreement that

includes a radical permanent solution for all issues including borders, Jerusalem, and the right of return of Palestinian refugees. Discussions on taking the Geneva Accord further took place with the Foreign Minister of Switzerland in February 2004 and the Department participated in a Workshop in March 2004 on the same issue.

On 23 February 2004, Deputy Minister Pahad delivered an oral statement to the International Court of Justice on the issue of the Legality of the Separation Wall being erected by Israel. This presentation was in addition to a written statement that South Africa submitted to the court on 30 January.

The ongoing Israeli-Palestinian conflict and the situation in Iraq following the US-led invasion of the country in March 2003, continued to be the principal focus in the Middle East region during the period under review.

Prior to the outbreak of the Iraq war, South Africa was an integral part of international efforts to find a peaceful, diplomatic solution to the Iraqi crisis, within the framework of the UN. As Chair of NAM (until February



2003), South Africa had urged Iraq to offer full co-operation with the UN weapons inspectors and compliance with the Security Council resolutions which required that Iraqi weapons of mass destruction (WMD) be destroyed. As a Special Envoy of President Mbeki, Deputy Minister Pahad visited Iraq several times, including a visit three weeks before the war started, with a team



*Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma in discussion with Swiss Foreign Minister Calmy-Ray in Pretoria*

of South African disarmament experts. However, all efforts to avert the war proved unsuccessful.

of the "vital role" of the UN in Iraq with a workable Chapter VII mandate to provide humanitarian relief, promote economic reconstruction, establish a multinational

Post-war, South Africa has focused its efforts on supporting and promoting a multilateral approach and a central role for the UN in the transition in Iraq. The restoration of sovereignty to the Iraqi people, as soon as practicable, is a goal South Africa shares with many countries. South Africa had concurred with the adoption of UN Security Council Resolution 1483 (March 2003) and subsequently with 1511 (October 2003), which called for a strengthening

peacekeeping force, and establish representative governance institutions. South Africa agrees that peace, security and development in Iraq can only be achieved with and by the Iraqi people themselves.

From 5 to 12 June 2003, a humanitarian relief mission was co-ordinated between the Department of Foreign Affairs and a civil society initiative under the auspices of the *Gift of the Givers* Foundation. A humanitarian flight was sent to Baghdad to deliver and distribute relief aid to civilians and refugees in the aftermath of the war.

South Africa attended the 23 –24 October 2003 Madrid International Donors Conference on Iraq as an Observer.

Beyond the Middle East conflict and the Iraqi situation, South Africa remained engaged with this sub-region. It represents a potential market for South Africa's industrial, commercial and agricultural products. It is also a promising source of tourism, investment and technical co-operation.

Total trade with the region more than doubled in the past seven years. Although

modest in absolute figures, trade with the Levant region is notable for the largest positive trade balances that South Africa has in the wider Middle East. Israel ranks as one of South Africa's most profitable trade partners, with a positive trade balance of R4, 2 billion having been realised in 2003.

South Africa established an Embassy in Damascus, Syria, in December 2003 and an Honorary Consul for South Africa was appointed in Beirut, Lebanon, both steps that in time will further enhance South Africa's relationship with the Middle East. A trade delegation of prominent Lebanese businesspeople visited South Africa from 22 November to 1 December 2003.

South Africa's involvement continues to

grow in the Persian Gulf region. Not only is the area of strategic interest to South Africa, but it is also becoming a valued trading partner and source of Foreign Direct Investment (FDI). South Africa maintains good relations with all eight countries of the Gulf and has resident diplomatic missions in all, apart from Yemen and Bahrain, where South Africa is represented by an honorary consul and a consular agent respectively. A number of bilateral agreements, which will provide a framework for further co-operation, were concluded during the period under review.

During this period, bilateral trade between South Africa and the Gulf States exceeded R25 billion. These figures include the purchase of oil by South Africa, largely from

Saudi Arabia, Iran and Kuwait. Iran, Saudi Arabia, Kuwait and the United Arab Emirates (UAE) remain South Africa's major export markets in the region. Saudi Arabia and Kuwait are, on the other hand, the main sources of investment.

The 7<sup>th</sup> Iran – South Africa Joint Binational Commission was held in Pretoria in July 2003. Several Memoranda of Understanding were signed between South African Government Departments and their Iranian counterparts. The South Africa-Iran Business Forum, established during the JBC, aims to stimulate bilateral trade, bring the two countries' private sectors closer together, and enable the two countries to explore business and investment opportunities.

## LIST OF BILATERAL AGREEMENTS CONCLUDED DURING 2003/04

20030404	Germany	Agreement concerning Financial Co-operation Rural Electrification (Photovoltaics).
20030404	Germany	Agreement concerning Financial Co-operation (Municipal Infrastructure 111)
20030408	EU	Financing Agreement concerning EPRD Support Facility : (SA/1005/000)
20030414	UNEP	Agreement regarding the establishment of the UNEP Office on the Dams and Development project in Cape Town. Entered into force 14. 04. 2003
20030423	Sweden	Implementing Agreement on a Programme between Sweden and Nelson Mandela Metropolitan Municipality in the Area of Urban Development and Housing.
20030423	Sweden	Implementing Agreement on Institutional Co-operation between the South African Revenue Service and the Swedish National Tax Board 2002 - 2005.
20030423	Sweden	Specific Agreement on Urban Development 2003-2005 in Sol Plaatjie
20030425	Finland	Agreement on Finnish Assistance to the Education Sector in the Republic of South Africa.
20030506	Denmark	Memorandum of Understanding on Development Co-operation 2002 - 2006.
20030507	Romania	Memorandum of Understanding concerning Defence Co-operation
20030512	Spain	Agreement on Scientific and Technological Co-operation.
20030523	Switzerland	Agreement concerning Values in Education Project.
20030526	Austria	Agreement on Police Co-operation.
20030604	Brazil	Agreement on Co-operation in Defence-related Matters.
20030606	Sweden	Specific Agreement on Education Support to the Implementation of White Paper on Special Needs Education 2003 -2006.
20030610	Switzerland	Declaration of Intent on Joint Co-operation in Africa.
20030618	EU	Financing Agreement concerning Local Economic Development Support Programme in KwaZulu Natal Province (SA/1009/000)

20030620	EU	Financing Agreement concerning Urban Development to the Ethikwini Municipality (SA/1007/000).
20030625	EU	Financing Agreement concerning Conflict and Governance Fund (CAGE) (SA/1011/000)
20030626	France	Agreement regulating Technical Assistance.
20030626	France	Exchange of Notes constituting an Agreement regarding the Abolition of Visa Requirements for Diplomatic, Official and Service Passport Holders.
20030714	EU	Financing Agreement concerning Sector Wide Enterprise, Employment Equity Programme (SWEEP) : (SA/1006/000)
20030731	EU	South Africa - European Community Country Strategy Paper and Multi- Annual Indicative Programme for the Period 2003 - 2005.
20030801	Namibia	Treaty on the Establishment of the !Ai-!Ais/Richtersveld Transfrontier Conservation Park.
20030801	SADC	Memorandum of Understanding on Regional Projects and Programmes funded from the European Programme for Reconstruction and Development (EPRD).
20030805	Kenya	Declaration of Intent on Co-operation.
20030807	Botswana	Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.
20030827	Mozambique	Inter-Governmental Memorandum of Understanding on the North Mozambique Power Development Initiatives ("NMPD").
20030828	Japan	Agreement on Co-operation in Science and Technology. Entered into force: 28.8.2003
20030828	Ukraine	Convention for the Avoidance of Double Taxation and the Prevention of Fiscal evasion with respect to Taxes on Income.
20030902	Japan	Exchange of Notes concerning Japanese Cultural Co-operation for the supply of Audio-Visual Equipment.
20030902	Malaysia	Agreement concerning Economic, Scientific, Technical and Cultural Co-operation.
20030902	Malaysia	Memorandum of Understanding concerning the Establishment of a Joint Commission for Economic, Scientific, Technical and Cultural Co-operation.



20030920	Saudi Arabia	Memorandum of Understanding concerning co-operation in the Military Field.
20031011	Iran	Memorandum of Understanding in respect of Co-operation in the field of Environment. Entered into force: 11.10.2003
20031014	Turkey	Agreement on Co-operation in the fields of Education, Arts and Culture, Science and Technology, Sport, Recreation and Youth Affairs.
20031014	Turkey	Agreement on Police Co-operation.
20031016	India	Agreement concerning Co-operation in the field of Electricity/Power.
20031016	India	Agreement for Co-operation in Hydrocarbon Sector.
20031016	India	Treaty on Extradition.
20031016	India	Treaty on Mutual Legal Assistance in Criminal Matters.
20031021	Qatar	Agreement on Economic, Commercial and Technical Co-operation.
20031021	Qatar	Agreement on the Promotion and Reciprocal Protection of Investments.
20031029	Benin	Co-operation Agreement.
20031104	Canada	Joint Declaration of Intent on Strengthened Co-operation.
20031108	Brazil	Agreement on Scientific and Technological Co-operation.
20031108	Brazil	Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.
20031118	Czech Republic	Agreement concerning the Protection of Classified Defence Information.
20031201	Equatorial Guinea	General Co-operation Agreement.
20031201	Sri Lanka	Agreement on the Establishment of a Partnership Forum.
20031202	Cuba	Agreement on Co-operation on Information and Communications Technologies (ICT).
20031214	Multilateral	Agreement for the Establishment of a Tripartite Commission for the Voluntary Repatriation of Angolan Refugees. Entered into force: 14.12.2003

20040114	DRC	General Co-operation Agreement.
20040123	Swaziland	Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.
20040127	Uganda	Memorandum of Understanding in the Field of Health.
20040129	Angola	Agreement on Health Matters.
20040203	Spain	Agreement on Co-operation in the Fields of Arts and Culture.
20040301	Serbia & Montenegro	Protocol on Co-operation. Entered into force: 1.3.2004



*Deputy Minister of Foreign Affairs, Aziz Pahad hosted his counterpart from Serbia and Montenegro Deputy Minister of Foreign Affairs, Dr Dusan Crnigorcevic*

## LIST OF COUNTRIES AND TERRITORIES WITH RESIDENT RSA HEADS OF MISSION

as on 7/3/2004

COUNTRY	MISSION	HEAD OF MISSION
• ALGERIA	Algiers	Ambassador
• ANGOLA	Luanda	Ambassador
• ARGENTINA	Buenos Aires	Ambassador
• AUSTRALIA	Canberra	High Commissioner
• AUSTRIA	Vienna (Emb)	Ambassador
	Vienna (UN)	Permanent Representative
• BELGIUM	Brussels (Emb)	Ambassador
• BELGIUM	Brussels (EU)	Ambassador
• BOTSWANA	Gabarone	High Commissioner
• BRAZIL	Brasilia	Ambassador
	Sao Paulo	Consul-General
• BULGARIA	Sofia	Chargé d'Affairs a.i.
• BURUNDI	Bujumbura	Liaison Office
• CAMEROON	Yaoundé	High Commissioner
• CANADA	Ottawa	High Commissioner
	Toronto SA Trade and Investment Office	
• CHILE	Santiago	Ambassador
• CHINA (People's Rep of)	Beijing	Ambassador
	Shanghai	Consul-general
• CHINA (Rep of)	Taipei	Representative
• CONGO (Democratic Rep of)	Kinshasa	Ambassador
	Lubumbashi	Consul-General
• CÔTE D'IVOIRE	Abidjan	Ambassador
• CUBA	Havana	Ambassador
• CZECH REPUBLIC	Prague	Ambassador
• DENMARK	Copenhagen	Ambassador
• EGYPT	Cairo	Ambassador
• ETHIOPIA	Addis Ababa	Ambassador
• FINLAND	Helsinki	Ambassador
• FRANCE	Paris	Ambassador
• GABON	Libreville	Ambassador
• GERMANY	Berlin	Ambassador

• GHANA	Munich	Consul-General
• GREECE	Accra	High Commissioner
• HONG KONG	Athens	Ambassador
• HUNGARY	Hong Kong	Consul-General
• INDIA	Budapest	Ambassador
	New Delhi	High Commissioner
	Mumbai	Consul-General
• INDONESIA	Jakarta	Ambassador
• IRAN	Tehran	Ambassador
• IRELAND	Dublin	Ambassador
• ISRAEL	Tel Aviv	Ambassador
• ITALY	Rome	Ambassador
	Milan	Consul-General
• JAMAICA	Kingston	High Commissioner
• JAPAN	Tokyo	Ambassador
• JORDAN	Amman	Ambassador
• KAZAKHSTAN	Almaty	Chargé d'Affairs
• KENYA	Nairobi	High Commissioner
• KOREA	Seoul	Ambassador
• KUWAIT	Kuwait City	Ambassador
• LESOTHO	Maseru	High Commissioner
• LIBYA	Tripoli	Ambassador
• MADAGASCAR	Antananarivo	Ambassador
• MALAWI	Lilongwe	High Commissioner
• MALAYSIA	Kuala Lumpur	High Commissioner
• MALI	Bamako	Ambassador
• MAURITIUS	Port Louis	High Commissioner
• MEXICO	Mexico City	Ambassador
• MOROCCO	Rabat	Ambassador
• MOZAMBIQUE	Maputo	High Commissioner
• NAMIBIA	Windhoek	High Commissioner
• NETHERLANDS	The Hague	Ambassador
• NIGERIA	Lagos	High Commissioner
	Abuja	Liaison Office
• NORWAY	Oslo	Ambassador
• OMAN	Muscat	Ambassador.
• PAKISTAN	Islamabad	High Commissioner

• PALESTINE	Ramallah	Representative Office
	Gaza	Liaison Office
• PERU	Lima	Ambassador
• POLAND	Warsaw	Ambassador
• PORTUGAL	Lisbon	Ambassador
• QATAR	Doha	Ambassador
• RUSSIAN FEDERATION	Moscow	Ambassador
• RWANDA	Kigali	Ambassador
• SAUDI ARABIA	Riyadh	Ambassador
	Jeddah	Consul-General
• SENEGAL	Dakar	Ambassador
• SINGAPORE	Singapore	High Commissioner
• SPAIN	Madrid	Ambassador
• SWAZILAND	Mbabane	High Commissioner
• SWEDEN	Stockholm	Ambassador
• SWITZERLAND	Bern (Emb)	Ambassador
	Geneva (UN)	Permanent Representative
• SYRIA	Damascus	Chargé d'Affaires a.i.
• TANZANIA	Dar-Es-Salam	High Commissioner
• THAILAND	Bangkok	Ambassador
• TUNISIA	Tunis	Ambassador
• TURKEY	Ankara	Ambassador
• UGANDA	Kampala	High Commissioner
• UKRAINE	Kyiv	Ambassador
• UNITED ARAB EMIRATES	Abu Dhabi	Ambassador
	Dubai	Consul-General
	London	High Commissioner
• UNITED KINGDOM	Washington (Emb)	Ambassador
• UNITED STATES OF AMERICA	Chicago	Consul-General
	Los Angeles	Consul-General
	New York	Consul-General
	New York (UN)	Permanent Representative
	Montevideo	Chargé d'Affaires a.i.
	Caracas	Ambassador
• URUGUAY	Hanoi	Ambassador
• VENEZUELA	Lusaka	High Commissioner
• VIETNAM	Harare	High Commissioner
• ZAMBIA		
• ZIMBABWE		

## NON RESIDENTIAL ACCREDITATION

91 countries with which South Africa has diplomatic relations on the basis of non-resident accreditation

ARGENTINE	Ambassador, Buenos Aires accredited to: PARAGUAY URUGUAY (* Also Mission)
AUSTRALIA	High Commissioner, Canberra accredited to: NEW ZEALAND
# COOK ISLANDS	: These countries were previously non-resident
# FIJI	: Accredited from Canberra.
# MARSHALL ISLANDS	: Attention to move to another country
# MICRONESIA	:
# SAMOA	:
# SOLOMON ISLANDS	:
# Not included in total of 91 countries	
AUSTRIA	Ambassador, Vienna accredited to: SLOVAKIA SLOVENIA
BELGIUM	Ambassador, Brussels accredited to: LUXEMBOURG
CHINA (People's Rep. of)	Ambassador, Beijing accredited to: KOREA - NORTH MONGOLIA
CONGO, (Democratic Rep. of)	Ambassador, Kinshasa accredited to: CONGO (Rep of)
CÔTE D'IVOIRE	Ambassador, Abidjan accredited to: BENIN BURKINA FASO NIGER

	TOGO SIERRA LEONE LIBERIA
CUBA	Ambassador, Havana accredited to: DOMINICAN REPUBLIC
DENMARK	Ambassador, Copenhagen accredited to: LITHUANIA
EGYPT	Ambassador, Cairo accredited to: LEBANON SYRIA (* Also Mission)
ETHIOPIA	DJIBOUTI SUDAN
FINLAND	Ambassador, Helsinki accredited to: ESTONIA
GABON	Ambassador, Libreville accredited to: CENTRAL AFRICAN REPUBLIC CHAD EQUATORIAL GUINEA SAO TOMÉ & PRÍNCIPE
GREECE	Ambassador, Athens accredited to: BULGARIA (*Also Mission) BOSNIA AND HERZEGOVINA CYPRUS SERBIA AND MONTENEGRO
HUNGARY	Ambassador, Budapest accredited to: CROATIA ROMANIA
INDIA	High Commissioner, New Delhi accredited to:

	BANGLADESH MALDIVES NEPAL SRI LANKA	NORWAY	Ambassador, Oslo accredited to: ICELAND
ITALY	Ambassador, Rome accredited to: ALBANIA MALTA SAN MARINO	PERU	Ambassador, Lima accredited to: BOLIVIA ECUADOR
JAMAICA	High Commissioner, Kingston accredited to: BAHAMAS BARBADOS BELIZE GRENADA GUYANA HAITI ST KITTS AND NEVIS ST LUCIA ST VINCENT AND THE GRENADINES SURINAME TRINIDAD & TOBAGO	RUSSIAN Fed	Ambassador, Moscow accredited to: BELARUS
		RWANDA	Ambassador, Kigali accredited to: BURUNDI (* Also Mission)
		SAUDI ARABIA	Ambassador, Riyadh to be accredited to: BAHRAIN YEMEN
		SENEGAL	Ambassador, Dakar accredited to: CAPE VERDE GUINEA GUINEA-BISSAU THE GAMBIA MAURITANIA
MALAYSIA	High Commissioner, Kuala Lumpur accredited to: BRUNEI DARUSSALAM PHILIPPINES	SINGAPORE	Ambassador, Singapore accredited to: PAPUA NEW GUINEA
MAURITIUS	High Commissioner, Port Louis accredited to: COMOROS SEYCHELLES	SPAIN	Ambassador, Madrid accredited to: ANDORRA
		SWEDEN	Ambassador, Stockholm accredited to: LATVIA
MEXICO	Ambassador, Mexico City accredited to: COSTA RICA EL SALVADOR GUATEMALA HONDURAS NICARAGUA	SWITZERLAND	Ambassador, Bern accredited to: HOLY SEE (Vatican) LIECHTENSTEIN
		THAILAND	Ambassador, Bangkok accredited to: CAMBODIA LAOS

## MYANMAR

## TURKEY

Ambassador, Ankara accredited to:  
AZERBAIJAN  
KYRGYZSTAN  
TADJIKISTAN  
TURKMENISTAN  
UZBEKISTAN

## UKRAINE

Ambassador, Kyiv accredited to:  
ARMENIA  
GEORGIA  
MOLDOVA

## VENEZUELA

Ambassador, Caracas accredited to:  
COLOMBIA  
PANAMA

*The Minister of Foreign Affairs Dr  
Nkosazana Dlamini Zuma and the  
Foreign Minister of Brazil Dr Luiz Nunes  
Amorim for bilateral discussions  
in Pretoria*





## SOUTH-SOUTH CO-OPERATION

All South Africa's relations with developing countries fall into the category of South-South Co-operation in a sense, and the AU

and the NEPAD are in fact the two most important South-South initiatives that South Africa is engaged in.

There are nevertheless a number of organisations, movements and initiatives of a specifically South-South nature that can

be singled out for mention in a special category of South-South Co-operation. 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 (NAM)

Minister Dlamini Zuma participated in a number of NAM Ministerial Meetings in the course of the year. The meetings served to strengthen the solidarity of the Movement in the context of South-South co-operation, including the reform/revitalisation of the UN, the international campaign against terrorism, the situation in the Middle East and human rights issues.

### The Group of 77 and China

The main forum for co-ordinating the promotion of the economic interests of the countries of the South is the Group of 77 and China. The G77 and China celebrated its 40<sup>th</sup> anniversary during 2004 and plans are already underway for a Second South Summit at Head of State and Government level. The G-77 meets every year at ministerial level during the UN General Assembly.

In December 2003, the Government of Morocco, as outgoing Chair of the G77, hosted

a mid-term review of the outcomes of the South Summit with the focus on developing South-South Co-operation. Deputy Finance Minister Mandisi Mphahlele led the South African delegation to the Conference and delivered a statement highlighting South Africa's current contribution to the ongoing efforts of promoting South-South co-operation. Delegates discussed ways of promoting South-South co-operation, with emphasis on trade, information and communication technology, health, education, food security and renewable energy.

The Conference provided a platform for a constructive and useful debate on the challenges facing countries of the South and ways and means to consolidate the spirit of solidarity that unites the Group of 77 and China. The Conference adopted the Marrakech Declaration on South-South Co-operation and the Marrakech Framework of Implementation of South-South Co-operation.

### India-Brazil-South Africa Dialogue Forum (IBSA)

In 2003, South Africa, India and Brazil estab-

lished a trilateral Dialogue Forum, the India-Brazil-South Africa (IBSA) Dialogue Forum. Following on the initial meeting in Brasilia, the IBSA Foreign Ministers and their respective Heads of State met in New York on the margin of the 58<sup>th</sup> Session of the United Nations General Assembly (UNGA58) and agreed on areas of co-operation which include UN reform, trade negotiations and the attainment of the Millennium Development Goals. It was agreed that India, South Africa and Brazil would implement projects for poverty reduction, hunger alleviation and also improve access to education, health and sanitation.

The first IBSA ministerial trilateral meeting was held in India in March 2004. The ministerial meeting adopted the New Delhi Agenda for Co-operation and the Plan of Action. The Agenda for Co-operation identified a number of key areas in which all three countries agreed to work together and to find common approaches in addressing them. These included reform of the UN, peace and security, the Middle East peace process, terrorism, globalisation, sustainable development and social development.

The Plan of Action, on the other hand, identified specific projects with clear objectives and time frames, which would be implemented between then and the next ministerial meeting. These projects cover transportation, tourism, trade and investment, defence, energy, infrastructure, job creation, science and technology, health, education, and information and communication technology.

The next meeting, where progress on the Plan of Action will be reviewed, is scheduled to take place in South Africa in the first quarter of 2005.

### Asian-African Sub-Regional Organisations Conference (AASROC)

President Mbeki's address at the ASEAN summit in November 2002 led to Indonesia's President Megawati Soekarnoputri taking an initiative that would culminate in the forging of a new strategic partnership between Asia and Africa. This initiative aims at fostering closer co-operation and enhancing trade and investment opportunities between Asian and African regional



*The Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma and Foreign Affairs Deputy Director General Dr Anil Sooklal during the AASROC consultative meeting*

and sub-regional groupings.

The first Asian-African Sub-Regional Organisations Conference (AASROC I) took place in Bandung, Indonesia, at the end of July 2003. This was followed by a Ministerial

Working Group Meeting in Durban in March 2004. The latter was in preparation for the second AASROC conference which will be co-hosted by South Africa and Indonesia to be held in South Africa during August 2004.



*Minister of Foreign Affairs Dr Nkosazana Dlamini Zuma with her Indonesian counterpart Dr Noer Hassan Wirajuda, during the first ministerial meeting of AASROC*

In its quest to deepen south-south links, AASROC aims to establish a new strategic partnership based on co-ordination among the secretariats of the African and Asian sub-regional organisations. These activi-

ties include business-to-business contacts, cultural exchanges, building institutions of excellence, as well as sharing experiences and information with respect to models of economic development.

### **Indian Ocean Rim Association for Regional Co-operation (IOR-ARC)**

Minister Essop Pahad, accompanied by two senior officials, participated in the Meeting of the Council of Ministers (COM) held in October 2003 in Colombo, Sri Lanka. The COM discussed developments which had taken place since the last COM Meeting in April 2001 in the Sultanate of Oman and the consultations which had taken place in New York in September 2002 and 2003 on the margins of the 57<sup>th</sup> and 58<sup>th</sup> United Nations General Assembly, respectively.

Ministers noted progress made since the last Council meeting and impediments in the execution of the different work programmes of the IOR-ARC, including those in the portfolios of the Academic Group, the Business Forum, and the Working Group on Trade and Investment. The Council emphasised the importance of trade and investment in the overall operations of the IOR-ARC, and added that more progress needed to be made in areas covering fisheries, maritime transport, technology, and preferential trade agreements. The COM adopted the High Level Task Force (HLTF)

Report and commended it on the conclusion of the Report, which provides for the enhancement of activities within the IOR-ARC and brings the organisation in line with regional and international best practices.

## SOUTH-NORTH DIALOGUE

Although South-North relations take place on basis of unequal power, dialogue, engagement and partnership with the developed countries of the North continue to be essential elements in the economic development strategies of the countries of the South. 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 ODA. South-North dialogue takes place in a wide range of situations and forums, but for South Africa, probably the main developments during 2003/4 concerned the G-8, the EU's TDCA with South Africa, Japan and TICAD III, the USA and the evolving FTA with SACU, the World Economic Forum, the Commonwealth and South Africa's evolving relationship with the OECD.

## Group of 8 (G8)

The NEPAD structures have through dialogue and interaction with the G-8 enlisted partnership and support for its projects. In line with this, President Mbeki was invited by President Jacques Chirac to attend an Enlarged Dialogue of Heads of State and Government on the margins of the G8 Summit in Evian-les-Bains on 1 June 2003, which included a special working session on the NEPAD.

This was followed by a further invitation by President Chirac to President Mbeki to participate in a discussion in New York on 23 September 2003 between the Heads of State of the NEPAD Steering Committee, the Chair of the AU, the Heads of State and Government of the G8 countries, and the Heads of appropriate international organisations. Coming a few months after the Evian Summit, the dialogue was useful in assessing the NEPAD/G8 partnership with a view to maintaining the momentum and establishing a long-term perspective.

## The European Union (EU)

2003 was the last full year of provisional implementation of the SA-EU Trade, Development and Co-operation Agreement (TDCA). The Parties took stock of progress with provisional implementation when the SA-EU Co-operation Council, established for this purpose by Article 97 of the Agreement, met on 9 December 2003. Provisional implementation commenced in January 2000, pending ratification by the Parliaments of European Union (EU) Member States. The ratification of the Agreement by the fifteen EU Member States (EU-15) was concluded at the beginning of 2004. Subsequently, the parties notified each other that their parliaments have completed ratification procedures by way of an exchange of Notes. The implication of full ratification is that the TDCA is now being fully implemented and takes on new significance for both Parties. It becomes wider in scope and the level of interaction is elevated to equal that of the EU vis-à-vis its other strategic partners.

Full implementation means that co-operation on the articles of the TDCA that were in

abeyance pending the completion of ratification procedures will now be activated. These new areas of co-operation are very wide and comprehensively cover all areas of socio-economic relations.

The European Union was enlarged on 1 May 2004 from 15 to 25 member states, and this will result in significant benefits for South Africa. These include an increased market for South Africa's exports, which already amounted to more than R80 billion in 2003 (although still exceeded by imports amounting to more than R100 billion). The 10 newly-acceded countries have adjusted their tariff lines in accordance with the Free Trade Agreement (FTA) component of the TDCA, which provides for reciprocal but asymmetrical tariff reduction. In addition, the TDCA provides for regular high-level political dialogue at Ministerial level.

### TICAD III

Tokyo International Conference on African Development (TICAD) is the major Japanese-led initiative for engagement with Africa. President Mbeki attended the TICAD III conference in Tokyo held from

*Senior Vice Minister of Foreign Affairs of Japan Tetsuro Yano and Deputy Minister of Foreign Affairs Aziz Pahad at a press briefing in Pretoria*



29 September to 1 October 2003. Twenty African Heads of State and Government participated in deliberations aimed at forging closer links between Japan and African countries. Over and above reaffirming

its commitment and continued support for NEPAD, the Japanese Government, through its Prime Minister, Mr. Koizumi, committed grant aid assistance of US\$1 billion for health and medical care, education,



water and food assistance to Africa over the next five years. This Conference had been preceded by the TICAD III Regional Conference for Southern Africa held from 22-23 May 2003 in Pretoria. Thirteen delega-

tions from the region had discussed Southern Africa's development challenges with senior Japanese officials.

### SACU-US FTA

The SACU-US Free Trade negotiations are important both in the context of encouraging US support for economic development and co-operation and supporting the implementation of NEPAD. The talks have the potential to improve trade flows between the SACU region and the US significantly and to contribute to regional economic integration and growth. During the period under review, a number of rounds of negotiations, preceded by internal SACU co-ordinating meetings, took place both in SACU and the US. Progress was on schedule, although certain problematical areas with the potential to delay the talks beyond the envisaged deadline of December 2004 were identified.

The SACU-US FTA negotiations are led by the DTI and include the DFA. They are central to the SA-US bilateral economic relationship, as well as to the regional customs union.

### Organisation for Economic Co-operation and Development (OECD)

At the request of the OECD's Committee for Scientific and Technological Policy (CSTP), South Africa led an initiative during 2003 to prepare a Declaration on Science and Technology for Sustainable Development for the January 2004 CSTP Ministerial Conference. South Africa was also selected as a major case study for an OECD-conducted survey on the impact of the mobility of health professionals on sending countries. The purpose of this study was to assess both the extent of the problem and to look at policy responses.

The OECD Global Forum on International Investment (GFII) was hosted in Johannesburg on 17 – 18 November 2003. Entitled "Encouraging Modern Governance and Transparency for Investment : Why and How", the conference was the third annual meeting of the OECD GFII, providing an open forum for policy dialogue and an exchange of expertise and experience in meeting the challenges and opportunities created by international investment. The conference was followed by an OECD-

Africa Investment Roundtable on 19 November, which focussed on African priorities and ways for OECD countries' to contribute towards improving the business environment for domestic and international investors in Africa. This year's OECD Global Forum on International Investment (GFII) also marked the launch of a new "Strategy on Investment for Development". The Strategy is designed to provide a platform for a mutually beneficial dialogue involving OECD and non-OECD governments, business, labour, civil society and other international partners.

The Department is also leading discussions on the issue of OECD Enlargement in the context of South Africa's new and developing relations with the organisation.

### **The World Economic Forum (WEF)**

The WEF continues to be an important forum for dialogue between global political leaders and business. The WEF's Annual Meeting 2004 again took place during January in Davos, Switzerland. The central theme of the meeting was "Partnership for Prosperity and Security". Although the Mid-

dle East, especially Iraq, and terrorism, were the main focus of the meeting it also dealt with issues like the MDGs and the WTO. This resulted in less attention than usual being devoted to Africa and NEPAD.

An extra-ordinary annual meeting was held in June 2003 in Jordan, at which the main theme was "Visions for a Shared Future". Deputy President Zuma and Deputy Minister Aziz Pahad participated in the meeting, which focused on the Middle East and Iraq.

The Africa Summit 2003 was again held in Durban in June 2003. The theme was "Harnessing the power of partnership" and President Mbeki and several South African Ministers participated. The summit consolidated its status as the region's premier gathering of leaders from business, politics and civil society. It again served as a platform to stimulate private sector interest in implementing NEPAD. The Summit called for a change of focus from advocacy, awareness raising and project design to the implementation of NEPAD policies. It was emphasised that both business and civil society need to play a central role in

the implementation of NEPAD policies.

### **Commonwealth**

President Mbeki, accompanied by Minister Dlamini Zuma, attended the Commonwealth Heads of Government Meeting (CHOGM) that was hosted by Nigeria in Abuja from 5 – 8 December 2003. In addition to the political issues on the agenda, economic development also received focused attention. The Summit concluded with the adoption of the Abuja Communiqué, the Aso Rock Commonwealth Declaration on Development and Democracy - Partnership for Peace and Prosperity and the Aso Rock Statement on Multilateral Trade.

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## **MULTILATERAL DIPLOMACY**

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### **UN multilateral system under strain**

The current multilateral system of governance based on the United Nations Organisation serves to create a rules-based global economic, social and political system that provides security, certainty and predictability.



Recent international developments - including the unilateral approach to the achievement of foreign policy objectives by some powers, the actions of some countries in the combating of terrorism, the war in Iraq and its aftermath - have however undermined the multilateral system of governance and the pre-eminent role of the UN as the primary organisation for the maintenance of international peace and security. These events have placed a renewed focus on the need to protect and strengthen multilateral mechanisms to address global issues in the field of economic and social development on the one hand and peace and security on the other.

The General Debate of the 58<sup>th</sup> Session of the United Nations General Assembly (UNGA58) in September 2003 reflected a sense of urgency within the international community for the need to reinforce rules-based multilateral approaches to problems of international peace and security. The United Nations Secretary-General, Mr Kofi Annan, defined the challenges confronting the international community as follows in his opening address:

"All of us know there are new threats that must be faced – or, perhaps, old threats in new and dangerous combinations: new forms of terrorism, and the proliferation of weapons of mass destruction. But, while some consider these threats as self-evidently the main challenge to world peace and security, others feel more immediately menaced by small arms employed in civil conflict, or by so-called "soft threats" such as the persistence of extreme poverty, the disparity of income between and within societies, and the spread of infectious diseases, or climate change and environmental degradation. In truth, we do not have to choose. The United Nations must confront all these threats and challenges – new and old, "hard" and "soft". It must be fully engaged in the struggle for development and poverty eradication, starting with the achievement of the Millennium Development Goals; in the common struggle to protect our common environment; and in the struggle for human rights, democracy and good governance."

President Mbeki delivered a key statement on the first day of the General Debate ex-

panding on the themes touched upon by the Secretary-General, which also served to guide the participation of the South African delegation to UNGA58 and other multilateral forums.

## Peace and Security

### United Nations reform

The diminishing role of multilateralism is closely related to the need for the reform and revitalisation of the UN, which provides the only means whereby poor, small and marginalised nations have a voice strong enough to raise their concerns at the global level. While the revitalisation of the UN system, including the reform of the UN Security Council, has been under discussion for more than a decade, this matter has now taken on a new sense of urgency.

This was recognised by UN Secretary-General Kofi Annan when he appointed a High-Level Panel on Threats, Challenges and Change, whose work has become the main focus of attention of the UN reform activities that are currently underway. The mandate of the Panel is to examine



*Deputy Minister of Foreign Affairs Aziz Pahad and Deputy Foreign Minister of the Russian Federation Anatoly Safonov ahead of the South Africa-Russia Political Consultations on Combating International Terrorism held in Pretoria*

today's global threats and provide an analysis of future challenges to international peace and security, identify clearly the contribution that collective action can make in addressing these challenges, and recommend the changes necessary to ensure effective collective action, including but not limited to a review of the principal organs of the United Nations. The Panel will present its report to the UN Secretary-General in December 2004.

In order to ensure that South Africa's national interests and objectives, as well as those of the Continent and Developing Countries generally, would be taken on board by the Panel, a deliberate effort has been made to engage with all parties, including regional organisations. These efforts have already contributed to a decision by the Panel to expand its mandate, which will now also include extensive consideration of socio-economic issues, particularly the threats

posed by poverty, communicable diseases and environmental degradation.

In the course of UNGA58 further progress was also made with the revitalisation of the UN system. This is a complex issue with many facets that remain work in progress. South Africa, having been nominated by the President of the General Assembly as one of the "Friends of the Chair", played a leading role in the development of various

options on the revitalisation of the General Assembly and its organs, the Economic and Social Council and the UN Secretariat, for consideration by the broader UN Membership.

#### Actions to Combat International Terrorism and implement UN Security Council resolutions

The global campaign against terrorism remained a prominent issue on the international peace and security agenda, especially in view of the continuing terrorist attacks throughout the world. The Department continued to actively pursue South Africa's commitment to the combating of international terrorism within the framework of the United Nations and also contributed to the efforts of regional and other multilateral organisations in this regard (eg the AU, SADC, NAM and the Commonwealth). South Africa actively participated in the Open Debates of the United Nations Security Council on international terrorism by focusing on the root causes of terrorism, promoting the development of appropriate strategies to address them and calling for a worldwide joint commitment to eradi-

cate poverty and under-development. South Africa also emphasised the need to respect human rights and international humanitarian law while combating terrorism.

The Inter-departmental Counter-Terrorism Working Group, chaired by the Department, continued to co-ordinate South Africa's implementation of the various United Nations Security Council resolutions on terrorism, including the compilation of South Africa's National Reports to the Security Council. In the course of the year South Africa submitted two further National Reports on measures to implement resolution 1373 (2001) to the Security Council. All the National Reports submitted by South Africa have been posted on the UN website together with those submitted by other Member States. South Africa currently has an official from the Department of Justice serving for a period of one year (until December 2004) on the Security Council Counter-Terrorism Committee core group of experts, responsible for the evaluation of National Reports.

As part of its commitment to combating terrorism, South Africa on 1 May 2003 rati-

fied the International Convention for the Suppression of Terrorist Bombings and the International Convention for the Suppression of the Financing of Terrorism. Both these conventions form an integral part of a framework of twelve international instruments that underpin the global effort to eradicate terrorism in all its forms and manifestations. South Africa has, to date, acceded to or ratified nine of the twelve conventions.

The Department also co-ordinated all actions required to ensure that South Africa fully complied with its obligations to implement UN Security Council sanctions regimes (against the DRC, Liberia, Rwanda, Sierra Leone, Al-Qaeda and the Taliban).

#### Co-operation on disarmament and non-proliferation

The danger of terrorists obtaining and using weapons of mass destruction has placed renewed focus on the issue of disarmament and non-proliferation. The past year furthermore witnessed a continuing rise in the tendency towards the adoption of unilateralist positions by key international



*Ministers Dr Nkosazana Dlamini Zuma, Thoko Didiza and Membathisi Mdladlana sharing a lighter moment during a gala dinner in honour of delegates to the Inter-Congolese Dialogue at Sun City, Pilanesberg*

role-players on issues of disarmament, non-proliferation and arms control. This, among others, had an adverse effect on the future of multilateralism in the area of international peace and security. Notwithstanding these developments, South Africa continued to reinforce its role as an

active and substantive role-player on arms control, non-proliferation and disarmament issues at both the national, regional and international levels.

South Africa actively participated in the work of the First Committee at UNGA58,

where it successfully introduced, co-sponsored and supported a wide range of resolutions. South Africa's participation served to keep the debate alive on certain pertinent issues in the field of disarmament, non-proliferation and arms control and consolidated the achievements in the areas of small arms proliferation and combating the illicit trade of these weapons. Particularly noteworthy, in this regard, is the fact that South Africa prepared and co-ordinated the traditional draft resolution on the "Illicit Trade in Small Arms and Light Weapons in all its Aspects", which focused on the key elements for further action in the operationalisation and implementation of the United Nations Programme of Action on small arms and light weapons. In this context, it mandated the formation of an open-ended General Assembly Working Group to negotiate an international instrument to identify and trace these illicit weapons.

A significant development in the field of disarmament was the adoption by the meeting of States Parties to the Convention on Certain Conventional Weapons (CCW) of an additional Fifth Protocol to the CCW

on Explosive Remnants of War (ERW) in November 2003. This Protocol focuses on the post-conflict remedial measures that States should undertake on ERW and included reference assistance and co-operation for ERW survivors, which was an issue strongly promoted by South Africa.

Together with other role-players in the nuclear field, South Africa actively participated in the meetings of the IAEA. This included participation during the annual General Conference (GC) of the International Atomic Energy Agency and the IAEA Board of Governors meetings. Issues considered by the Board included the implementation of NPT Safeguards in the Islamic Republic of Iran. South Africa played a key role in bridging the gap between divergent views and approaches thereby facilitating the adoption by consensus of important resolutions on Iran.

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 accel-

erated 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 second 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 PrepCom included nuclear disarmament, nuclear non-proliferation and security assurances to non-nuclear weapon States against the use, or threat of use, of nuclear weapons.

#### Transnational organised crime, drug trafficking and corruption

The Department further contributed to, and in many instances co-ordinated, the promotion of South Africa's positions on transnational organised crime, drug trafficking, money laundering and corruption in various multilateral forums. Particularly noteworthy in this regard, was the role

played by South Africa at the 47<sup>th</sup> Session of the Commission on Narcotic Drugs where the meeting adopted a proposal by the African Group that the United Nations Office on Drugs and Crime convene an inter-governmental expert group to assist in the compilation of a report on the main issues of HIV and AIDS and drug abuse, with an emphasis on HIV prevention, injecting drug abuse and risk-taking behaviour. This document will serve as a conference paper for focused discussion at the Commission's meeting in 2004.

South Africa also ratified the UN Convention against Transnational Organised Crime and its three related Protocols (ie the Protocol against the Smuggling of Migrants by Land, Air and Sea; the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially women and children; and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition, supplementing the UN Convention against Transnational Organised Crime) in February 2004.

### The Kimberley Process

South Africa served as Chair of the Kimberley Process Certification Scheme (KPCS) for rough diamonds from its inception in May 2000 until the end of 2003, when the Chair passed to Canada for 2004.

The KPCS is a tripartite international technical negotiating forum comprising states, the diamond industry and civil society. The KPCS is a voluntary scheme which seeks to stem the flow of rough diamonds used by rebels to finance armed conflict aimed at overthrowing legitimate governments and 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.

Further significant progress in strengthening the KPCS was achieved during 2003, under South Africa's leadership:

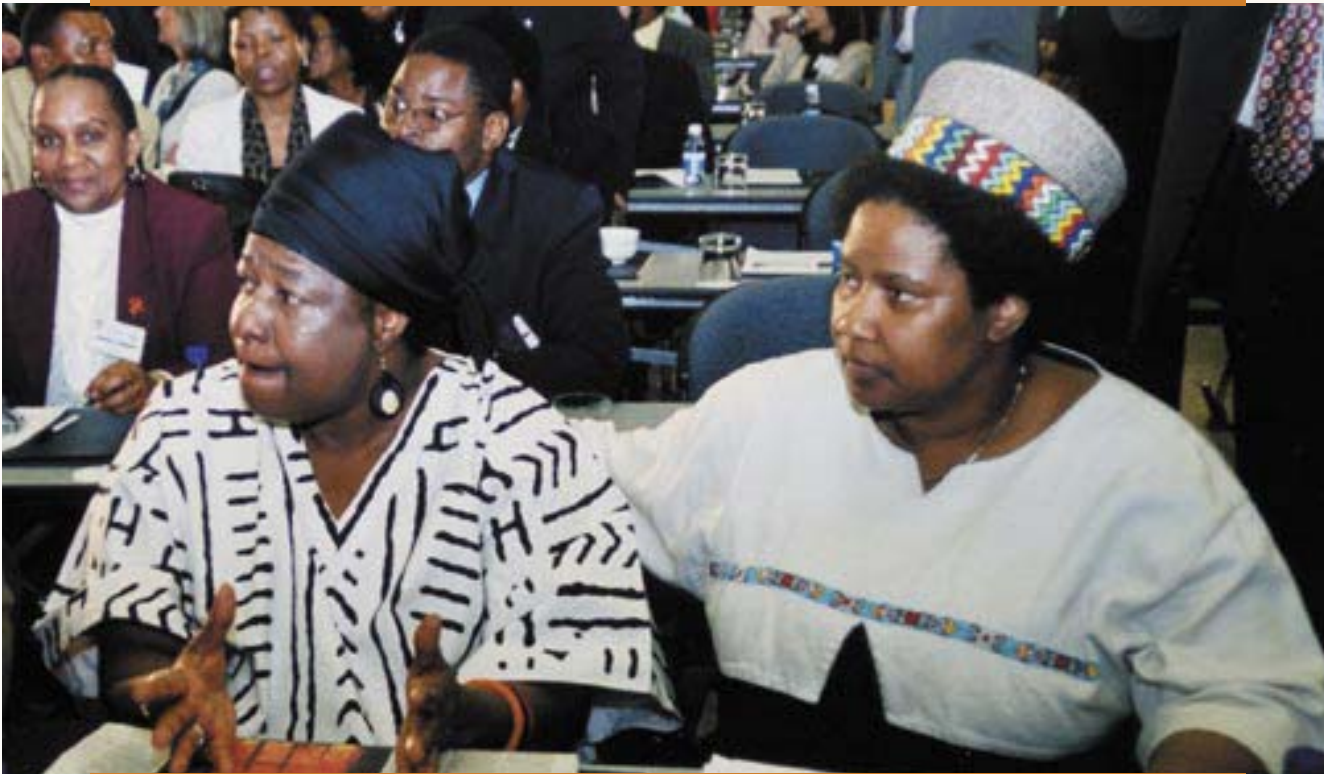
- The simultaneous international implementation of the KPCS started on 1 January 2003. In recognition of implementation challenges being faced by certain countries, a "tolerance period" for national implementation of the KPCS was extended to 31 May 2003, whereafter 43 Participants were deemed to have met the minimum requirements for implementation.
- On 15 May 2003 the World Trade Organisation approved that a waiver be granted to countries implementing the KPCS which indicate that such a waiver is required.
- A Review Mission visited the Central African Republic from 8 to 15 June 2003, and reported that they were satisfied with that country's ability and capacity to implement the KPCS, and offering suggestions for the strengthening of internal monitoring and controls.
- A peer review mechanism for monitoring implementation of the Scheme was adopted. 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.

The Kimberley Process continued to enjoy widespread, growing support during 2003, to the point where it now represents all major diamond producing, trading and processing countries. The progress achieved in international implementation of the KPCS to-date bears testimony to what can be achieved through multilateralism.

### Elections to international organisations and bodies

Membership of international organisations is an important vehicle to advance South Africa's national priorities, as well as those of the Continent and Developing Countries generally. The Department achieved its objectives in this regard through the successful election of South Africa to the UN Committee for Programme and Co-ordination (CPC), the Commission on Human Rights, the Governing Council of the United Nations Human Settlements Programme (UN-Habitat), the UN Commission on International Trade Law (UNCITRAL), the



*Minister of Minerals and Energy Phumzile Mlambo-Ngcuka and  
Minister of Housing Brigitte Mabandla*

International Maritime Organisation (IMO), the Executive Council of the World Meteorological Organisation (WMO) and the Council of the International Civil Aviation Organisation (ICAO). In addition, Judge N Pillay (former Judge and President of

the Rwanda Tribunal) was elected to the International Criminal Court (ICC), Ambassador PN January-Bardill was re-elected to the UN Committee on the Elimination of Racial Discrimination (CERD) and Archbishop Desmond Tutu was nominated to the Board

of Directors of the Trust Fund for the benefit of victims of crimes within the jurisdiction of the Court. Another South African candidate, Professor M Rwelamira, was also elected as registrar of the ICC.

### Financial Contributions to the United Nations

South Africa is one of the few UN member states that has met its financial obligations to the Organisation in full, on time and without condition. As a result, South Africa has consistently appeared on the UN Secretary-General's "Roll of Honour" of countries that have paid their dues timeously.

South Africa's assessed contribution to the regular budget of the United Nations for 2003 was US \$5 508 511. Its contribution to the UN peacekeeping budget was US \$1,6 million, while its contributions to the International Criminal Tribunals for Rwanda and the former Yugoslavia, amounted to US \$231 315.00 and US \$281 237.00 respectively. South Africa also made a voluntary contribution of US \$30 000 towards the functioning of the Special Court for Sierra Leone.

### Human rights

The promotion of human rights in all their aspects – including gender issues and the rights of women, the rights of the Child, the rights of persons with disabilities, political rights and civil rights – was pursued as an ongoing priority objective. The Department actively co-ordinated the participation of South African delegations in many international conferences and meetings on human rights issues, both in South Africa and abroad.

Particularly noteworthy in this regard is that Minister Dlamini Zuma addressed the High-level Segment of the 59<sup>th</sup> Session of the United Nations Commission on Human Rights (CHR59), which was held in Geneva during March – April 2003, on South Africa's foreign policy objectives in the human rights field. In its capacity as Human Rights Co-ordinator of the Africa Group in Geneva, South Africa played a key role in the open consultations on the African group resolutions. In the case of Zimbabwe, South Africa introduced the no-action motion on behalf of the Africa Group. For the second successive year the no-action motion was

adopted with a narrow majority.

The Department also participated in the consultations that resulted in the establishment of the National Forum Against Racism (NFAR). This body will, amongst other things, steer the development and implementation of South Africa's National Action Plan as called for in the Durban Declaration and Programme of Action adopted at the World Conference on Racial Discrimination and Xenophobia (WCAR).

### SOCIO-ECONOMIC DEVELOPMENT AND CO-OPERATION

Since the UN's Millennium Summit in 2000, two of the main focuses of the United Nations system and of the specialised agencies has been on helping developing countries to adjust to the demands of globalisation, and on the attainment of the Millennium Development Goals (MDGs). Initiatives are underway in the UN to integrate the outcomes of the various global conferences that have been held in recent years and ensure that their implementation produce mutually-supportive outcomes, and in particular that they support the at-

tainment of the MDGs. The Johannesburg World Summit on Sustainable Development (WSSD- see below) was such a conference, as was the Monterrey Conference on Financing for Development, held in Mexico in 2002, and the decisions of these two conferences continue to be implemented, with profound implications for developing countries.

### World Trade Organisation (WTO)

Market access is acknowledged as a key aspect in the economic development of developing countries, especially as they seek to come to terms with globalisation. The main forum for negotiation is the WTO and the focus for 2003 was the 5<sup>th</sup> WTO Ministerial Conference in Cancun, Mexico, in September 2003 - the midterm review meeting of the Doha Round of negotiations.

Several deadlines had unfortunately already been missed before the conference, resulting in an impasse in the negotiations. As expected, Cancun also failed to achieve concrete outcomes and the rest of the year, including the first quarter of





*Minister of Social Development Dr Zola Skweyiya, who acted as the Minister of Foreign Affairs on behalf of Dr Nkosazana Dlamini Zuma when she was abroad on official working visits, with Minister in the Presidency Dr Essop Pahad during the WSSD in Johannesburg*

2004, was spent on efforts to put negotiations back on track. Progress was, however, made in February 2004, when it was decided to re-establish negotiating groups. Subsequent to that, a number of the major players (USA, the EU and the G20, which includes South Africa) committed themselves to establish a negotiating framework

by July 2004 for negotiations in agriculture and industrial market access.

One of the most significant developments at Cancun was in fact the emergence of the G20. Led by Brazil, and including India, China and South Africa, the group lobbied exclusively on agricultural issues and it soon

became apparent that they were the main counterweight to the EU and the USA. This group represents more than half the population of the globe and the majority of its farmers. For the rest of the year 2003 and the first part of 2004, the Group continued playing its important role in agricultural negotiations.

During 2003 South Africa also played a significant role in the agreement, reached shortly before the Cancun Ministerial Meeting, on TRIPS and Public Health. The agreement tackles the question of access to affordable medicines in developing countries.

#### The Bretton Woods Institutions (BWIs)

The BWIs (the IMF and the World Bank Group) have a key role to play in the economic development of developing countries, especially in Africa. In the year under review, the BWIs continued their work in several key areas. The World Bank Group, notably the International Development Agency (IDA), is the major provider of concessional loans to Africa, and their work in supporting economic development in Africa continued, particularly in projects which are linked to the MDGs. In terms of providing debt relief to heavily-indebted poor countries, the majority of which are in Africa, the BWIs continued their support for the enhanced HIPC (heavily-indebted poor countries) initiative. Efforts continued through 2003 to seek additional funding for the HIPC and to explore whether the

programme could be extended beyond its projected termination at the end of 2004.

Led by the National Treasury, South Africa continued to play an active role in the G20 at the BWIs. This group of countries seeks to promote global financial stability as well as reform of the global financial architecture, including the question of governance.

An important outcome of the Monterrey FfD conference was the initiation of a dialogue between the BWIs and the UN system, represented by the Economic and Social Council (ECOSOC). The BWI/ECOSOC dialogue continued in 2003, with the focus being on progress in the MDGs and the effects of globalisation.

#### Follow-up to the WSSD

The process, started in Stockholm in 1972 and taken forward at the Earth Summit in Rio de Janeiro in 1992, of placing global environmental management, in all its facets, at the forefront of sustainable development gained new momentum during the World Summit on Sustainable Development (WSSD) in Johannesburg in 2002. Oversight

of the implementation of the WSSD outcomes is carried out by the UN Commission on Sustainable Development, which meets in New York. South Africa chaired the first session of the CSD after the Johannesburg Summit (CSD 11) in April 2003.

CSD11 established a new work programme for the Commission based on two-year cycles beginning in 2004. The first year of each cycle would be a review session of progress made on specific thematic issues followed by a policy year.

The first review session will be held in April 2004 under the thematic issues of Water, Sanitation and Human Settlements, preceded by Regional Implementation Review Sessions.

During CSD-11, it was agreed the Regional Implementation Meetings would be organised to augment the two-year work cycle of the Commission on Sustainable Development. The first Africa Regional Implementation Meeting took place during the Pan Africa Implementation Conference on Water in December 2003. In line with the CSD implementation process, the

focus of this meeting was on constraints and challenges as well as recommendations for action. South Africa chaired the drafting group that prepared the "Report of the Africa Regional Implementation Review Meeting to the Twelfth Session of the Commission on Sustainable Development on Water, Sanitation and Human Settlements".

Officials of the Department of Foreign Affairs also served on the interdepartmental CSD-12 Steering Committee that co-ordinated the preparation of the South African country report on Water, Sanitation and Human Settlements. Country reports will contribute to the deliberations during the CSD-12 Review Session in 2004 as well as the CSD-13 Policy Session during 2005.

#### Environmental conferences in 2003/4

Work on a number of important environmental conferences, conventions and themes continued in 2003/4: these included desertification, bio-diversity, bio-safety, climate change, the Montreal Protocol, the PIC and POPs Conventions, hazardous waste, issues surrounding Antarctica, and

the Law of the Sea and related issues.

#### Desertification

Deputy President Zuma led the delegation to the 6<sup>th</sup> Conference of the Parties (COP-6) of the UN Convention to Combat Desertification (UNCCD) in Cuba, in August and September 2003. The UNCCD is one of the most important bodies at the disposal of the international community to fight poverty and ensure food security in arid, semi-arid and sub-humid areas. It was noted that the economic costs of environmental degradation could undermine the long-term development of developing nations and adversely affect the ability of millions of poor people to escape poverty.

#### Biological Diversity

The 7<sup>th</sup> Conference of Parties to the Convention on Biological Diversity (CBD) took place in Kuala Lumpur in February 2004. COP-7 focussed on a programme of work on protected areas, and on the terms of reference for the development of an international regime on "access and benefit sharing", both of which were outputs

of important international environmental events which South Africa hosted, namely the World Summit on Sustainable Development (2002) and the World Parks Congress (2003).

#### Bio-safety

The first Meeting of Parties (COP/MOP-1) to the Cartagena Protocol on Biosafety adopted 10 decisions ranging from information sharing, capacity-building, living modified organisms as well as liability, redress and compliance with the Protocol. The Protocol is aimed at ensuring adequate safety in the trans-boundary movement and use of living modified organisms resulting from modern biotechnology that may have adverse consequences for biological diversity and human health.

#### UN Environmental Programme

The two main areas of focus during the 8<sup>th</sup> Session of the UNEP Council in Korea were the Council's contribution to CSD-12 and the implementation of the outcomes of the process of International Environmental Governance (IEG). The Executive Director

of UNEP was tasked to continue with the process of seeking out the views of Member States on the issue of universal membership of the Governing Council. The outcome of the Ministerial discussions on the CSD-12 themes (water, sanitation and human settlements) was embodied in the Jeju Initiative and carried forward to CSD-12.

### Climate Change and the Kyoto Protocol

During 2003, the UN Framework Convention on Climate Change (FCCC) held two meetings, both focussed on technical implementation issues and tentative attempts to commence negotiations on targets for the second commitment period (2012 onwards). The Kyoto Protocol makes provision for negotiations on targets for the developed countries for post 2012 to commence not later than 2005. There is a strong likelihood that pressure could increase on selected developing countries with high greenhouse gas emissions such as South Africa, Brazil and India to consider mitigation targets post 2012.

Domestically, South Africa has commenced with the process of establishing a

procedure for the consideration of Clean Development Mechanism (CDM) projects under the Kyoto Protocol and has established a Designated National Authority (DNA) in the Department of Minerals and Energy. South Africa hopes to attract CDM projects in view of its high greenhouse gas emission levels and the multitude of domestic project opportunities that are available.

### Montreal Protocol on Substances that deplete the Ozone Layer

The administration and implementation of the provisions of the Montreal Protocol is currently the prime focus of South Africa's response to the ozone depletion process. During 2003 the Department actively participated in the CFC Task Group meetings as well as meetings of the Ozone Layer Protection Committee that monitors domestic compliance with the CFC phase-out schedule.

The 15<sup>th</sup> Meeting of the Parties to the Montreal Protocol was held in Kenya in November 2003. MOP15 dealt with the financial mechanisms of the Protocol and considered South Africa's application for

technical and financial assistance from the Global Environment Facility (GEF) in order to phase out methyl bromide.





*South Africa is committed to the Montreal Protocol on Substances that deplete the Ozone Layer and is actively seeking ways to reduce its own emissions*

### Prior Informed Consent (PIC) Convention

The Tenth Session of the International Negotiating Committee (INC) of the PIC was held in November 2003 in Geneva. While progress was made on some technical implementation issues and the Legal Drafting Group resolved some matters in the text of the non-compliance draft decision document, the major policy issues were referred to COP1 for a decision, scheduled for 20 - 24 September 2004 in Geneva. A decision on the location of the Permanent Secretariat will be taken at COP1.

### Persistent Organic Pollutants Convention (POPs)

The 7<sup>th</sup> Session of the POPs Inter-Governmental Negotiating Committee (INC) was held in July 2003 in Geneva. While progress was made on some of the technical issues before the conference, many policy issues were referred to the first COP for a decision.

The Global Environment Facility (GEF) is also currently reviewing a POPs project in South Africa to consider bio-assays as an affordable and applicable technology to

determine environmental levels of dioxins and dioxin-like compounds. The first COP of the POPs (Stockholm) Convention will be held in the first quarter of 2005 in Uruguay.

### Basel Convention on the Transboundary Movement of Hazardous Waste

During 2003 the Convention Secretariat, assisted by the Department and DEAT, proceeded with the establishment of an English language African regional training centre in Pretoria for the implementation of the Convention. The centre is providing expert training in waste management and technology transfer as well as the implementation of the PIC and POPs Conventions in Africa. One aspect of continental hazardous waste management that still has to be resolved is the question of the entry into force of the Bamako Convention, which is a blueprint copy of the Basel Convention.

Working group intersessional meetings of the Basel Convention were held during 2003 and the first projects designed to promote the practical implementation of the Convention up to 2010 were approved.

The projects range from the prevention of illegal shipments of dangerous material and improving the operation of landfills, to training and the development of inventories and databases.

### Antarctic Treaty System (ATS)

#### The Antarctic Treaty Secretariat

Negotiations on the establishment of the Antarctic Treaty Secretariat were conducted during two intersessional meetings in Argentina and two annual Antarctic Consultative Meetings (ATCM) in Warsaw and Madrid respectively. The finalisation of all outstanding matters relating to the establishment of the Antarctic Treaty Secretariat in Buenos Aires was a priority for the 26<sup>th</sup> ATCM in Madrid. The first Executive Secretary of the Antarctic Treaty will be elected at the 27<sup>th</sup> ATCM, which will be held in Cape Town from 24 May to 4 June 2004.

#### The Antarctic Treaty Consultative Meeting (ATCM)

The 26<sup>th</sup> Session of the ATCM was held in Madrid in June 2003 and it was decided

that the 27<sup>th</sup> ATCM would be held in South Africa in June 2004. The elaboration of a liability regime, an important item on the agenda of the ATCM, involves the development and adoption of one or more liability related Annexes to the Madrid Protocol on Environmental Protection to the Antarctic Treaty.

#### The Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)

CCAMLR was established in terms of the Convention for the Conservation of Antarctic Marine Living Resources, which was signed by the Antarctic Treaty Consultative Parties in 1980. The main objectives of the Commission are to undertake assessment of the Antarctic marine ecosystem, to develop conservation measures, to regulate sustainable fishing, and to protect the ecosystem in the area south of 45° South, which includes the South African Exclusive Economic Zone (EEZ) around the Prince Edward Islands. South Africa has played an active part in CCAMLR since its entry into force and has contributed much to setting its current direction. Dr Denzil Miller, a South

African scientist, is the current Executive Secretary of CCAMLR.

The 22<sup>nd</sup> annual meeting of the CCAMLR was held in Australia in November 2003. Illegal Unreported and Unregulated (IUU) fishing remains the main concern for the Commission and this item again generated extensive debate. The Commission failed to reach consensus on the implementation of two important measures to combat IUU fishing, in spite of overwhelming support by the majority of the Members. South Africa, supported by several members, expressed concern at the lack of political will by certain members to effectively address the issue of IUU fishing and urged all Members to make every effort to constructively deal with this very important issue.

#### United Nation Convention on the Law of the Sea (UNCLOS)

South Africa has been a State Party to the United Nations Convention on the Law of the Sea (UNCLOS) since 1994, and actively participates in the various bodies established under the Convention. A representative from the South African Permanent Mis-

sion to the United Nations in New York represented South Africa at the 13<sup>th</sup> Meeting of the States Parties to the UNCLOS, which was held in New York in June 2003. South Africa supports the initiatives to advance the establishment of institutional arrangements and regulatory mechanisms for the responsible governance of the oceans and its resources within the framework of UNCLOS. The current priority for the International Seabed Authority is the development of a regulatory regime for polymetallic sulphides and cobalt-rich crusts. The Chairman of the Commission on the Limits of the Continental Shelf informed the Meeting of recent developments in the work of the Commission, which has so far only received one submission from one coastal State (the Russian Federation) claiming an extended continental shelf beyond the 200 nautical mile EEZ.

#### The United Nations Informal Consultative Process on Oceans and the Law of the Sea (UNICPOLOS)

The 4<sup>th</sup> Session of the UNICPOLOS was held in New York from 2 to 6 June 2003. The

objective of UNICPOLOS is to facilitate an integrated approach to all legal, economic, social and environmental aspects of oceans and seas, and to improve co-ordination and co-operation at both the inter-governmental and inter-agency levels. As a coastal State, South Africa co-sponsored the General Assembly resolution, which established this Consultative Process and it also participated actively in the three subsequent UNICPOLOS meetings.

The fourth meeting of UNICPOLOS focused on two main themes:

- the protection of vulnerable marine ecosystems (including tools to protect the ecosystems, management approaches and regional initiatives), and
- the safety for navigation (including capacity building for the production of nautical charts, transport of dangerous goods and implementation and enforcement).

A representative from the South African Mission to the United Nations in New York participated in the meeting.

#### The International Seabed Authority (ISA)

The International Seabed Authority (ISA), which was established in terms of the United Nations Convention on the Law of the Sea (UNCLOS), is the body through which States Parties to the Convention organise and control activities (particularly mining) on the international seabed beyond the national jurisdiction of coastal States. South Africa has participated actively in the work of the International Seabed Authority (ISA) since it became a member in 1998.

The 9<sup>th</sup> Session of the International Seabed Authority was held in Kingston, Jamaica, from 21 July to 7 August 2003. The 9<sup>th</sup> session focussed on the draft regulations pertaining to prospecting and exploration for polymetallic sulphides and cobalt-rich crusts as well as the so-called "new minerals" namely hydrothermal polymetallic sulphides and ferromanganese cobalt-rich crusts.

#### South Africa's Extended Continental Shelf Claim

Article 76 of the UN Convention on the

Law of the Sea (UNCLOS) provides the guidelines for states to prepare a claim for an extended continental shelf beyond the 200 nautical miles maritime Exclusive Economic Zone (EEZ). In terms of these guidelines it is estimated that of the 141 states that ratified UNCLOS, only 47 states may have potential claims. Subsequent to the Cabinet decision to proceed with the preparation of the South African claim for its extended Continental Shelf, a national Steering Committee and a Project Working Group were established to manage the process to prepare a claim to be submitted to the UN Commission on the Limits of the Continental Shelf.

#### International Maritime Organisation (IMO)

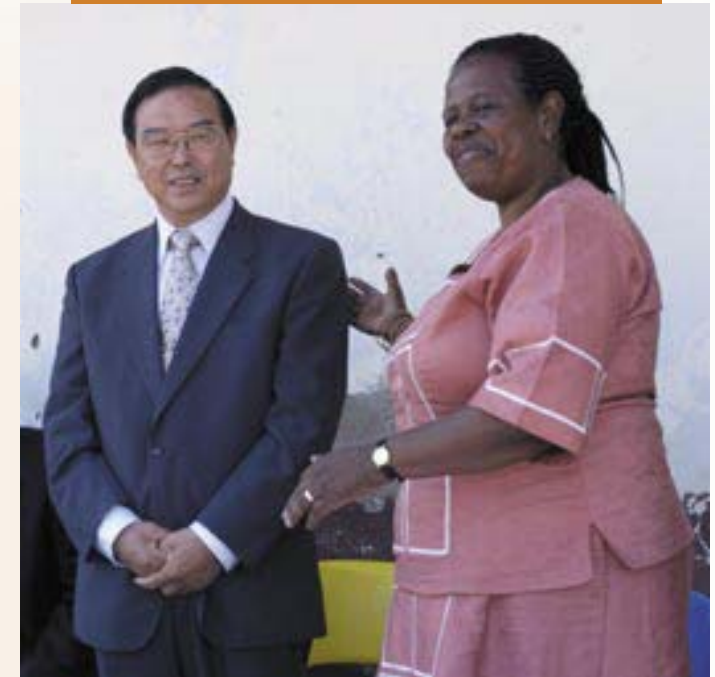
The objectives of the IMO are to ensure the highest possible standards of safety at sea and of efficient navigation and the prevention of the pollution of the oceans caused by ships operating in the marine environment. The Department co-ordinated and facilitated the effective participation of South African delegations in a number of IMO meetings in London. The Department was also responsible for the successful lob-

bying for South Africa's re-election to the IMO Council.

In reaction to the events of September 11, 2001, in the USA, the IMO amended the Safety of Life at Sea (SOLAS) Convention and the International Ship and Port Security (ISPS) Code during 2002, to enhance maritime security. These Amendments will enter into force by a tacit agreement process in July 2004. As a co-signatory to SOLAS, South Africa has to implement these measures, which have wide ranging security, economic and trade implications. The National Maritime Security Advisory Committee (MSAC) was established to guide the national implementation of the amendments to SOLAS and the ISPS Code. Since security is a priority in the maritime industry, the role that South Africa plays regionally in this context will become increasingly important.

#### UNESCO International Oceanographic Commission

The International Oceanographic Commission (IOC) is a sub-organ of the United Nations Educational, Scientific and Cultural



*Deputy Minister Joyce Mabudafhasi welcoming her Chinese counterpart Vice Minister Zeng Xiaodong to South Africa*

Organisation (UNESCO). A senior Oceanographer at the Department of Environmental Affairs and Tourism (DEAT), repre-



sented South Africa at the 22<sup>nd</sup> session of the International Oceanographic Commission (IOC), which was held in Paris, France, from 23 June to 4 July 2003. South Africa was re-elected to the Executive Council of the IOC that consists of 40 Member States. South Africa is currently involved in several projects, most notably the Global Oceans Observing Scheme (monitoring of the Agulhas current) and the Ocean Data and the Information Network (ODIN) for Africa. The Global Oceans Observing Scheme, which is funded by France and Belgium, involves 20 participating African countries.

#### International Whaling Commission (IWC)

A South African delegation participated in the 55<sup>th</sup> session of the International Whaling Commission (IWC), which was held from 13 to 20 June 2003, in Berlin, Germany. The annual meeting of the IWC is characterised by the continued polarisation between the pro- and the anti-whaling nations. South Africa is a founding member of the IWC and a member state of the International Convention for the Regulation of Whaling. South Africa has consistently held a non-whaling position in sup-

port of non-consumptive sustainable use of whales in the form of whale watching, whale conservation, the establishment of whale sanctuaries and eco-tourism. South Africa also chairs the Whale Watching Advisory Group, which was established by the Commission.

#### Science and Technology

A vital component of the development agenda of the South is science and technology, and a number of developments in this field took place over the past year: The Group on Earth Observation, the World Summit on the Information Society and South Africa's bid for the Square Kilometre Array among them.

#### The Group on Earth Observation (GEO)

It is widely recognised that space technologies can support global efforts in addressing international environmental and economic challenges. The Government of the USA convened the First Earth Observation Summit in Washington, DC on 31 July 2003, with the objective of launching a concerted international initiative to develop a new

co-ordinated Earth Observation system. The Summit constituted and mandated the GEO to prepare a conceptual framework and implementation plan for the development of a new internationally co-ordinated Earth Observation system. The GEO elected South Africa, at its first meeting, along with the United States, Japan and the European Commission, as one of its four Co-Chairs. South Africa hosted the GEO-3 in Cape Town from 23 to 27 February 2004, in order to finalise the draft Framework document for a 10 Year Implementation Plan which will be adopted at the Second Earth Observation Summit (EO Summit II) held in Japan, 22 to 25 April 2004. The Department serves as a member of the South African Contact Group on Earth Observations and assists the Department of Science and Technology in their efforts to involve developing and specifically African countries in the process. The Department also gives guidance on the question of International Governance of the GEO process.

#### The National Space Science and Technology Working Group

Previously Space Science and Technol-

ogy has been regarded as an activity reserved for a small club of nations. This has changed and at present the four main applications of space technology are communications, remote sensing of the Earth, navigation and scientific exploration of the universe and near-Earth space. In order to co-ordinate, initiate and drive a dialogue on space technology issues which will ultimately lead to a consultative process to formulate a national space policy for South Africa, the National Space Science and Technology Working Group was established. The Working Group also acts as an information sharing forum for stakeholders. The Department participates actively in this Working Group.

#### World Summit on the Information Society (WSIS)

In order to give effect to the acknowledgement of the role of information communication technologies (ICT) in socio-economic development as defined by Nepad, 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

took place in Geneva from 10 to 12 December 2003 and the second phase will be held in Tunisia from 16 to 18 November 2005. After lengthy negotiations during various preparatory meetings held in Geneva and Paris, the Summit adopted a Declaration of Principles and a Plan of Action to facilitate the effective growth of the Information Society and to help bridge the Digital Divide. Two issues in which the South African delegation played a leading role during the preparatory meetings, were Internet Governance and finance mechanisms. An Inter-departmental delegation, led by the Minister of Communications, attended the Summit. Preparations for the second phase, which will take place in Tunisia 2005, are under way.

#### Ad Hoc Committee on an International Convention against the Reproductive Cloning of Human Beings

The UN General Assembly in resolution 56/93 of 12 December 2001 established an Ad Hoc Committee on an International Convention against the Reproductive Cloning of Human Beings to consider the elaboration of a mandate for the negotiation of such

a Convention. After failing to reach agreement on a mandate, the General Assembly decided to convene a working group of the Sixth Committee from 29 September to 3 October 2003 to continue the work undertaken during UNGA57.

#### The Executive Council of the World Meteorological Organisation (WMO) and the Council of the International Civil Aviation Organisation (ICAO)

In order to ensure that South Africa makes a tangible contribution to Scientific and Technical organisations, the Department launched a successful lobby action seeking support for the candidature of the CEO of the SA Weather Service to the Executive Council of the World Meteorological Organisation (WMO). South Africa's representation on the Executive Council of the WMO underscores the fact that the South African Weather Service is recognised as providing a internationally respected and efficient service to help safeguard life and property. South Africa makes a major contribution to the provision of facilities for meteorology and hydrometeorology in its region.

After a successful lobby action by the Department the South African representative, Mr Tshepo Peege, was elected to the Council of the International Civil Aviation Organisation (ICAO).

#### Square Kilometre Array (SKA) Bid

South Africa signalled its interest to be considered as a host site for the Square Kilometre Array (SKA) in 2003. 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, one hundred times larger than the biggest receiving surface now in existence. The SKA Bid has been identified as a national priority for science and technology development. The Bid has a critical role to play in the advancement of South Africa and its people through scientific and industrial development, human capacity development, creation of realistic business opportunities and the provision of access to state-of-the-art infrastructure for our scientists and engineers.

The Bid impacts on the whole of Sub-Saharan Africa and not South Africa alone.

While the core array will be positioned in South Africa, a number of remote arrays need to be positioned throughout Southern and Central Africa. The involvement of the region is furthermore important within the context of NEPAD as it addresses the need to create synergy and co-ordination across the scientific endeavours of different African countries and will facilitate the establishment of regional centres of excellence to co-ordinate research and development in science and technology. African Ministers responsible for science and technology issued a declaration of co-operation with regard to the SKA at the NEPAD Ministerial Conference on Science and Technology in 2003.

#### OTHER MULTILATERAL ENGAGEMENTS IN THE SOCIO-ECONOMIC FIELD

Other developments during 2003/4 of note included the International Labour Organisation (ILO), the World Tourism Organisation (WTO), the UN Secretary-General's Global Compact, the UN Commission for Social Development, a seminar on the work of faith-based organisations and the Disability ARCC.

#### The International Labour Organisation (ILO)

The annual International Labour Conference took place in Geneva in June 2003. Beside the usual participation of the Minister of Labour and his delegation, the 2003 event was of greater significance for South Africa as President Mbeki, in his capacity as Chair of the AU, had been invited by the ILO Secretary General, Juan Somavia, to address the conference. His keynote address made a major impact and was widely reported.

The ILO also conducted a fact-finding mission to develop co-operation with the Department of Environmental Affairs and Tourism (DEAT) in the area of a Tourism Labour Account System. South Africa is to be a pilot (test) case for the project. The system is complementary to the Tourism Satellite Accounting System. The specific areas of co-operation are Training; SME's and Poverty Alleviation; Labour Statistics in Tourism; Labelling and Criteria of Working Conditions (Minimum Standards) in Tourism; and the Impact of HIV and AIDS on the Tourism Industry.



*A tourist attraction:  
uShaka Marine World in Durban*

#### World Tourism Organisation (WTO)

South Africa participated in the proceedings of the 15<sup>th</sup> Session of the General Assembly of the World Tourism Organisation (WTO) held from 17 - 24 October 2003 in Beijing. The decision to transform the organi-

sation into a specialised agency of the UN was hailed as a significant one. After final approval by the UN's General Assembly in November, the WTO became the first new specialised agency of the UN since 1985. At its assembly, the WTO emphasised its intention to influence the Doha Agenda to ensure that trade ministers are fully aware of the important potential of tourism as a catalyst for sustained growth and development.

The Cabinet-endorsed International Tourism Growth Strategy requires the partnership of national departments and other stakeholders for its successful implementation. In this respect, the Department, through its Missions abroad, is a key partner for the successful implementation of the strategy.

### SA Chapter of the UN Global Compact

The Department is represented on the Taskforce of the SA Global Compact Network. The activities of the Taskforce and Network are co-ordinated by the African Institute of Corporate Citizenship (AICC). The work of the Taskforce focuses on South African business behaviour in regard to BEE, sustainability reporting, interpretation of the Global Compact Principles and responsible Multinational Enterprise investor behaviour, as well as SA business behaviour in operations in other African countries. The official launch of the SA Chapter of the Global Compact is scheduled for June 2004.

### UN Commission for Social Development

The 42<sup>nd</sup> Session of the UN Commission for Social Development was held in New York in February 2004) the last session before the 10 year review of the Social Summit (Copenhagen, 1995) and the 5 year review of the 24<sup>th</sup> Special Session of the UN General Assembly (Geneva, 2000). Minister of Social Development Dr Z Skweyiya, was elected to chair the forthcoming 43<sup>rd</sup> Session.

### Seminar on the Work of Faith-Based Organisations in Social Development

The Seminar was presented at the University of Pretoria on 19 August 2003. The Department participated in several meetings with the Faculty of Theology at the University to arrange presentation of the Seminar. The Minister of Social Development delivered the keynote address. The aim was to bring together key representatives of the mainstream faith-based organisations to share information on best practices and on what each is doing, individually or in partnership with other groups, NGOs, etc., in the field of charitable and community work that falls within the definition of "social development".

### Disability African Regional Consultative Conference

The South African Government hosted the first ever Disability African Regional Consultative Conference (ARCC) in Johannesburg in May 2003. The disability sector in Africa, including persons with disabilities and their organisations, and representatives of governments from across Africa

attended. President Mbeki addressed the Conference on the last day. Minister Essop Pahad delivered the keynote speech. The ARCC focused on the three key issues facing the disability sector in Africa, namely: Implementation of the African Decade of Persons with Disabilities; The linkage of disabilities into the NEPAD program to ensure that NEPAD's policies and programmes incorporate disability issues; and the development of the proposed UN Comprehensive and Integral Convention to Promote and Protect the Rights and Dignity of Persons with Disabilities.

## HUMANITARIAN AFFAIRS AND DISASTER MANAGEMENT

In addition to participation in the promotion of the socio-economic development agenda of the South, the Department has also been active in the field of humanitarian assistance and disaster management.

The Department co-ordinated the dispatch of a team of 46 volunteer Urban Search and Rescue experts to provide emergency assistance to the citizens of Bam, Iran. The city was devastated by a massive earth-



*South African rescue team members return from Iran after rendering humanitarian assistance to earthquake victims*

quake on 26 December 2003. A consignment of humanitarian assistance was also sent.

Following an appeal from the Government of Madagascar, the Department co-ordinated the dispatch of a team of four SA Air Force cargo helicopters and their air- and ground-crews to airlift emergency food supplies to communities cut-off from receiving their regular food supplies, through the effects of tropical cyclones. The operation was conducted over ten days, delivering 300 Metric Tonnes of food. The helicopters flew a combined distance of 27 000 Nautical Miles delivering their loads.

A consignment of clothing and canned foods collected from donations by the public was distributed to internally displaced persons in Angola who were being resettled.

Targeted financial contributions of R9 million were made to the humanitarian relief programmes of a number of international organisations, providing relief to civilians and refugees from armed conflicts and natural disasters. Contributions benefited

the UNHCR, ICRC, Iraqi Red Crescent Society, UNICEF, UN Office for the Co-ordination of Humanitarian Affairs, UN Institute for the Training and Advancement of Women, UN Institute for Training and Research, and others. The contributions were intended to provide relief to Angolan, DRC, Sudanese, Ugandan, West African and Palestinian refugees, internally displaced persons and demobilised child soldiers; bursaries for African refugees; relief to Angolan landmine victims and Iraqi trauma victims; protection of migrants and trafficked persons in southern Africa; capacity-building training projects for women in Africa; creation of disaster- and conflict-early warning systems in Africa, and others.

The Department participated in the planning and implementation of three humanitarian capacity-building training exercises held in co-operation between the SANDF and the armed forces of France, SADC and the UK, respectively. Plans were also put in place for a combined humanitarian relief and capacity-building exercise to be held with United States military forces in mid-2004.

An ad hoc inter-departmental working group chaired by the Department is formulating guidelines and a policy on the provision by South Africa of rapid-response humanitarian relief to disasters abroad, and the creation of a structure to provide rapid access to the finance necessary for such operations.

The Department continued to facilitate the work of the WFP, which is co-ordinating the international response to the ongoing food insecurity situation in six countries of SADC. Government made a contribution of R100 million to the combined appeal for the six countries, where an estimated 6,5 million persons face food insecurity. The contribution will provide agricultural inputs (R67,5 million); emergency food supplies (R22,5 million); and support for the creation of a sub-regional early-warning system on food insecurity (R10 million).

#### International Humanitarian Law (IHL)

The Department co-hosted, with the International Committee of the Red Cross, (ICRC), the third annual training/capacity-building seminar for senior officials of SADC

governments, on the rules, application and implementation of IHL, as well as a two-day workshop on ways in which to ensure the protection of civilians affected by armed conflict, and to ensure accountability under IHL for violations of their rights.

South Africa participated in the 28<sup>th</sup> International Conference of the International Red Cross movement, held under the theme "Protecting Human Dignity", in Geneva in December 2003. A delegation from the South African Red Cross Society also participated actively in the non-governmental aspects.

#### Global Commission on International Migration (GCIM)

South Africa was invited to participate in the Commission, together with representatives of Australia, Brazil, Canada, Egypt, Italy, Mexico, Morocco, Philippines, Sweden and Switzerland. The GCIM was created based on a need identified in the UN Secretary-General's report to the UNGA in September 2002 entitled; "Strengthening of the UN: an agenda for further change", where migration was identified as a priority issue

for the international community for the new millennium. Sweden and Switzerland took the initiative and the GCIM was established with the objective of placing migration more prominently on the international agenda; to identify and analyse the gaps and shortcomings in current approaches to international migration; and, to make policy recommendations to stakeholders, most notably the UN Secretary-General. Dr Mamphela Ramphela of South Africa accepted the invitation to co-chair the Commission.

In December 2003, the Minister of Foreign Affairs signed the Tripartite Agreement between the Governments of South Africa and Angola and the UNHCR for the establishment of a Tripartite Commission for the voluntary repatriation of Angolan refugees from South Africa. The signing of the Memorandum of Understanding in April 2002 between the Government of Angola and UNITA has brought a new era of peace to Angola paving the way for the voluntary repatriation of Angolan refugees and asylum seekers. Of the approximately 13,626 Angolan refugees and asylum seekers in South Africa, it is estimated that 4000 will

avail themselves of the opportunity presented by the tripartite voluntary repatriation process to return to Angola before the end of December 2005.

## OFFICE OF THE CHIEF STATE LAW ADVISOR (INTERNATIONAL LAW)

Recent international developments, especially the trend towards unilateralism, have undermined a number of international legal principles, and have given rise to changes in the fundamental principles of international law resulting in ongoing developments in international law. Consequently, the role of international law to enhance a rules-based international order should be strengthened. The Office of the Chief State Law Adviser (IL) (hereinafter referred to as "the Office") appraised the Department of these developments and challenges with the view that they be taken into account in foreign policy formulation. Such developments and challenges include the developments in the law on the use of force; the applicability of international humanitarian law in current conflicts; gross human

rights violations within the boundaries of states; internal conflicts; threats to human security; review of major conferences; the issue of impunity for international crimes; threats to global environmental governance; the emergence of non-state actors as a significant factor in international law and, the legal authority and legitimacy of international institutions such as the AU and UN, including the increased use and misuse of the SC to impose additional obligations or to supersede existing obligations as well as the reform of the UN. South Africa's enhanced role as a major player in international relations further emphasises that respect for and adherence to international law must be, and is, a priority that underpins the Government's foreign policy. It was against this changing background that the Office provided advice and assistance to the Department and the Government as a whole during this reporting period.

During this period, the Office wrote 733 legal opinions on a wide variety of international and South African law subject matters, while scrutinising and certifying all international agreements/treaties concluded by South Africa. All treaties and

instruments of ratification/accession were bound by the Treaty Section of the Office, the custodian and administrator of all international agreements/treaties to which the Republic is party. The Office also provided advice to the Department on all aspects of South African law and was responsible for co-ordinating all legal actions taken against and by the Department. All departmental contracts, whether concluded inside or abroad, are scrutinised by the Office.

This Office is the leading source of information concerning treaties and international law, dealing with a large number of inquiries daily. The 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 Office.

The Office is responsible for assisting the Department with complying with the implementation of its obligations under the Promotion of Access to Information Act, No 2 of 2000. The Office prepared and published a Manual on the Act in three languages as is required by law. A booklet



on Practical Guidelines for the implementation of the Act was prepared for the Department to assist with the implementation of the Act.

A Practical Guide on the services offered by the Office as well as on the procedures for the conclusion of Agreements was 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. A comprehensive workshop on the procedures for the conclusion of international agreements was held at the end of November 2003 and was attended by over 200 representatives from all government departments.

Throughout the year, the Office advised the Department on the various international law aspects of the transition of the Organisation of African Unity to the African Union and attended many meetings as part of the South African delegations. The Office assisted in co-ordinating inputs from relevant government departments on the review of existing OAU treaties in order to establish the relevance of the existing OAU

treaties for the AU. Recommendations were made to Cabinet in this regard and comments were subsequently sent to the AU Commission for their consideration.

The 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 Office participated in the Interdepartmental Task Team on a Common African Defence and Security Policy where the AU Concept Paper on the Establishment of a Common African Defence and Security Policy was discussed and a South African position solidified.

The Office was also involved, together with representatives of the Presidency and several government departments, in reviewing civil society inputs into the South African position with regard to the negotiations for the draft Protocol to the African Charter on Human and Peoples' Rights and on the Rights of Women in Africa. It also participated in two AU meetings on the establishment of the African Union Court of Justice.

The Office participated in meetings with the Defence Secretariat and the National Office for the Co-ordination of Peace Missions (NCOPM) in order to review an agreement that was entered into between the AU and Burundi on the deployment of the AU Mission in Burundi.

Following on a decision of the Interdepartmental Counter Terrorism Working Group, the Office was tasked to co-ordinate, consolidate and consult on proposed South African inputs to the Draft AU Protocol to the OAU Convention on the Prevention and Combating of Terrorism. These inputs were subsequently used as a basis for participation in a Meeting of Experts on this matter, which the AU Commission convened in December 2003.

The Office was required to provide() legal advice on the legal obligations of United Nations Member States to implement and enforce the provisions of Chapter VII resolutions and on whether Security Council Resolutions 1373(2001), 1390 (2002) and 1455 (2003) go beyond the provisions of existing international terrorism conventions and if so, what the implications are. The

Office provided a detailed opinion on both questions.

The 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; providing inputs on an Indian proposal to conclude a bilateral counter-terrorism agreement; inputs for the Mission's participation in the debate on Measures to Eliminate International Terrorism in the UN Sixth Committee; co-ordinating inputs on, and drafting a Cabinet Memorandum for, South Africa's inputs to the proposed African Union Protocol to the Convention on the Suppression and Combating of Terrorism; briefing notes for

the Commonwealth meeting and briefing notes for the RSA/ Russia ITEC meeting. The Office also provided inputs and comments on the Counter Terrorism Bill for the South African Police Service. It also co-ordinated the comments and inputs from other Departments on the Counter Terrorism Bill from submissions to the IRPS Committee.

The Office was extensively involved in providing legal advice on the invasion of Iraq. Numerous legal opinions were prepared and various briefings to the Task Team on Iraq on possible approaches that a USA/UK coalition may take in an attempt to legally justify the use of armed force against Iraq were made. Legal opinions were prepared on almost all aspects of the invasion.

The Office made written and oral presentations to the International Court of Justice (ICJ) on what the legal consequences are arising from the construction of the wall being built 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.

The Office also played a role in the establishment of the International Criminal Court and South Africa's involvement in the implementation thereof.

## PROGRAMME 3: Public Diplomacy and Protocol

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**AIM:** 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:

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### **PUBLIC DIPLOMACY:**

Addresses media liaison, engagements with national stakeholders, and promotion of South Africa's policies and programmes at the 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

### **PUBLIC DIPLOMACY**

During the reporting period the Department's communications arm continued to promote the activities of the Department and Ministry in the execution of the tasks mandated by Parliament and priority areas set by the International Relations, Peace and Security (IRPS) Cluster. This included a comprehensive coverage in the spheres of media liaison, internal/external communications, marketing, logistical support, web development, and information management.

The past year saw the Department increase its efforts to keep the people informed on the implementation progress, through publications, of programmes and resolutions on AU/NEPAD, World Summit on Sustainable Development (WSSD) and World Conference Against Racism (WCAR). The Department also informed the public on the execution of its mandate during the previous reporting period through the Annual Report 2002/03. The Department's plans for 2004/05 financial year were also publicised through the Strategic Plan booklet.

The Department took part in national promotional and marketing events while continuing to support the efforts of the International Marketing Council (IMC) in promoting a positive image of South Africa abroad. Once again South African Missions abroad provided a great platform in this regard by assisting to disseminate the Department's publications and the country's promotional materials during their various imaging and branding initiatives.

As solid proof of leading by example in the promotion of the country the Department acquired the membership of 'Proudly



*President Mbeki joined by Ministers Ronnie Kasrils, Geraldine Frazer-Moleketi and Deputy Ministers Suzan Shabangu, Aziz Pahad, Malusi Gigaba, Dirk du Toit and Gert Oosthuizen awaiting the announcement of the result of the 2010 Soccer World Cup Bid, at the Union Buildings, Pretoria*

## Department of Foreign Affairs, South Africa

South African' – a proud achievement. The following were other significant promotional events that the Department undertook during the reporting period:

- Preparations for 10 Years Celebration of Freedom for 2004:
  - Pull-up screens, T-shirts, hats, paper bags, and lapel pins with the 10 Years Celebration of Freedom logo provided to all South African Missions abroad;
- Freedom Day Celebrations:
  - Showcasing South African products, cuisine and fashion in Amman, Jordan, 21 – 27 May 2003;
- Africa Day Celebrations:
  - Showcasing South African products, cuisine and fashion together with other African representation in Kingston, Jamaica, 19 – 24 May 2003,
  - South African fashion; Sao Paulo, Brazil, 23 – 24 May 2003,
  - Performance by South African music group in Kinshasa, Democratic Republic of the Congo (DRC), 24 – 26 May 2003,
  - Performance by South African music group in Johannesburg Stadium, 25 May 2003,

- Distributed promotional items such as T-shirts and caps to spectators in celebration of the 40<sup>th</sup> Anniversary of the birth of the OAU;
- **South Africa Week:**
  - Moscow, Russia, 3 – 6 September 2003,
  - South African participants in Dar Es Salaam, Tanzania, 2 – 5 October 2003,
  - Assisted with the performance of a South African artist in Lisbon, Portugal, 9–13 October 2003,
  - Performance by South African group in Harare, Zimbabwe, October 2003,
- **South Africa Month:**
  - Assisted in identifying South African artist to perform in Santiago, Chile, 5– 12 November 2003,
  - Rendered assistance to the Mpumalanga Department of Sport, Recreation, Arts and Culture for a South African cultural groups and crafters to participate in activities such as handicraft exhibitions, a fashion show, music and dance performances and a children's art competition;
- **International Festivals, Competitions, Exhibitions and Conferences:**
  - International Festival of Choreographers in Florence, Italy, 8 – 10 May 2003
  - Participation by a South African artist at the International Trade Fair in Tunis, Tunisia, 17 June – 1 July 2003
  - Promotional material; Schaderberg Photographic Exhibition on display at French National Assembly, July to September 2003
  - Jazz Festival in Rome, Italy, 10 – 14 July 2003
  - Assisted with the showcasing of South African arts and music; Water Festival in Paris, France, 21 June to 6 July 2003
  - Rendered assistance with regard to obtaining and forwarding promotional material from the Department of Water & Forestry. This was during the Pan African Society for Musical Arts Education Conference held in Kisumu, Kenya, 5 – 11 July 2003
  - South African representation; International Summer Wonder Festival in Doha, Qatar, 6 July 2003,
  - Rendered logistical assistance for all South African participants at weeklong festival; International Folklore Festival in Moerbeke-Waas, Belgium, July 2003
  - World Gold Panning Championship in Switzerland, August 2003,
  - Tarbarka Jazz Festival and World Music Festival, Tunis, Tunisia, July – August 2003
  - Arcus Project in Tokyo, Japan, 1 August to 27 December 2003
  - 4<sup>th</sup> Pan-African Music; Festival (FESPAM), Kinshasa, DRC and Brazzaville, Republic of Congo, 2 – 9 August 2003
  - Rendered assistance to the Department of Arts and Culture for a traditional Zulu dance group to perform; " World Women Together" in Barcelona, Spain, 10 – 14 September 2003
  - Expo Mundia Turismo, Mexico, 24 – 17 September 2003
  - Expo and Trade Show, Beverly Hills, USA, 24 – 27 September 2003
  - Cervantino Festival, Mexico City, Mexico, 27 October – 1 November 2003
  - Rendered assistance to the Department of Arts and Culture to host a South African group at the festival Nan-Ying International Folklore Festival in Taipei, Taiwan, 8 – 23 November 2003
  - David Goldblatt Photographic Exhibition, " South Africa before and after Apartheid in Paris, France, November 2003 – April 2004

- Worldwide Week of Performing Arts Writing also in Paris, France, 20 – 27 March 2004,
- Assisted the Department of Arts and Culture with the South African representation; World Aids Day Festival in Abuja, Nigeria, 8 December 2003,
- Facilitated the participation of a South African artist at the International Music Festival in Vin Del Mar, Chile, 18 – 23 February 2004;
- **International Sporting Events:**
  - Successfully facilitated South African participation at the Special Olympic in Dublin, Ireland, 21 June 2003
  - South African waving flags; World Peace King Cup in Korea, 15 – 22 July 2003
  - Invitation to South African Football Club; Gymnaestrada, 20 – 26 July 2003, Lisbon, Portugal
  - Invitation to South African gymnasts; Century Champion Cup, Namibia, 30 August 2003
  - Invitation to South African Football Clubs; Belgium, 20 August – 13 September 2003
  - Disabled Riders World Games in Paris, France, 3 – 7 September 2003
- Danone Nations Cup Football Tournament: South African participation
- All Africa Games, September – October 2003, Abuja, Nigeria
- Rendered logistical assistance to South Africa's *Ekhaya* team; Prada Football Sports Festival, 17 – 21 December 2003;
- Pinda International Football Cup, 23 – 31 January 2004
- **2003 Vodacom Soccer Challenge, 27 – 29 June 2003, Mafikeng and 4 – 6 July 2003, Durban: Promotion and popularisation of AU and NEPAD;**
- **2010 Soccer Bid: Bid Book Hand-over, 28 – 30 September 2003: Assisted the Mission, Sports and Recreation South Africa and the 2010 Bid Committee; Doha, Qatar, 19 – 21 October 2003, FIFA Congress;**
- **International Film Festivals:**
  - New Delhi, India: 34<sup>th</sup> International Film Festival of India, 9 – 19 October 2003;
  - Gaborone, Botswana: EU-AFRICA Film Festival: 7 – 10 December 2003; Screened a South African Cultural Film;
  - Yaoundé, Cameroon: Commonwealth Week: 8 – 12 March 2004: Screening of South African film;
- **Charity Bazaars:**
  - Promoted South African Arts and Crafts throughout the world by sourcing South African material for presentation in Rabat, Morocco, October 2003;
  - Mabarrat Um Al Hussein Bazaar in Amman, Jordan, 4 October 2003;
  - Bethlehem Christmas Bazaar, Palestinian National Authority, 29 November 2003;
  - Diplomatic Ladies Christmas Event in Caracas, Venezuela, 9 November 2003;
  - **Women's Day, 9 August 2003: Dar Es Salaam, Tanzania: Secured a South African Women's Cultural Group to participate; Maputo, Mozambique: Assisted with Imaging and Branding material;**
  - **Heritage Day, 24 September 2003: Abu Dhabi, UAE: Musical Performance by South African artist;**
  - **South African Tourism and Trade Extravaganza, Bangkok, Thailand, September 2003: South African fashion designer participated in the event;**

- Exchange Programmes:
  - Uganda/South Africa Student Exchange, July and September 2003,
  - Rendered assistance to the Ugandan High Commission and the Free State Province Department of Education to facilitate an annual student exchange programme between the two countries. Participating schools were St Mary's College and Gayaza High from Uganda, Voortrekker High of Bethlehem and Mariusdale High of Tweespruit from South Africa,
  - Cultural Exchange programme facilitated between Hayandori Elementary School in Tokyo, Japan and Malopo Matebele Primary School from the Limpopo Province
- Solidarity Conference, London, UK: 24 – 26 October 2003: Rendered assistance to South African High Commission hosting this conference;
- 16 Days of No Violence Against Women and Children Campaign, 25 October – 10 December 2003: Promotional items and candle light service;

- Millennium Train Project, Rome, Italy: October – December 2003 Travelling exhibition where South Africa represented the rest of Africa to implement the UN Millennium Goals with the theme: "HIV and AIDS";
- Hanoi, Vietnam Ten Years of Bilateral relations between SA and Vietnam: 11 – 12 December 2003: Assisted in identifying suitable South African artist to perform;
- Mozambique-South Africa Joint Permanent Commission for Co-operation (JPCC), 3 – 4 November 2003: Image and Branding Items;
- Addis Ababa, Ethiopia: 12 - 22 March 2004: Meeting of Pan African Parliament.

During the year under review the Department undertook both audio-visual and photographic documentation for thirty-two incoming visits and strategic outgoing visits of President Mbeki and Minister Dlamini Zuma abroad. The photographic footage of these events was distributed to local and international media on an ongoing basis, usually within one hour of an event taking place. The video material collected was

also provided to, and utilised by, the SABC (including on SABC AFRICA) and Reuters.

The Department provided video and photographic coverage of the AU Africa Day Celebrations in Johannesburg. Other events of significance covered included the historic departure of Charles Taylor from office in Liberia as well as the video and photographic coverage provided during a state visit by President Mbeki and the South African business delegation to the DRC.

The South African National Anthem and the AU Anthem were transferred to separate CDs for official use by South Africa's Missions abroad and foreign representative offices in Pretoria. The '10 Years of Freedom celebration' logo was sourced from the Government Communication and Information System (GCIS), transferred to CD and distributed to South Africa's Missions abroad for use in the production of material for activities surrounding the celebrations. Furthermore, various video programmes from the Film Resource Unit as well as photographs, in hard copy and on compact disk, were also supplied to the South African Missions abroad for use

during the celebrations and other publicity events.

The Department organised media briefings, press conferences and timeous dissemination of information to the media regarding state, official and working visits; Joint Commissions; bilateral meetings; as well as attendance of the Ministry and Presidency of important international functions.

South Africa's involvement and leadership in different continental and international fora also received positive coverage and thus enhanced the status of the country as global player in international relations.

The Department continued where it had left off the previous year by continuing to provide a committed 24-hour support service to its staff, the Presidents Office, Foreign Missions in South Africa and other government departments.

During the reporting period, the Department's official website, [www.dfa.gov.za](http://www.dfa.gov.za) was redesigned to give it a new look that befits its international stature. The re-design was undertaken to make the web-site

more user-friendly, attractive, accessible and align it to the government's corporate identity. The Department also responded promptly to various enquires regarding consular issues, scam and trade. The rate of monitoring and provision of feedback to the 35 mission web-sites ran by South African Missions abroad continued unabated. The monitoring was necessary to ensure that these web-sites were consistent in format, linkages and functionality in order to promote a unified departmental image world-wide.

The management of electronic information and provision of library and archive services also continued. The five departmental libraries undertook the following tasks:

- provided relevant information to 2258 queries in either hard copy material or Internet searches;
- distributed 740 magazines to Head Office officials;
- ordered 942 books for Head Office and Missions, and
- filed 13 622 UN documents.

The libraries were further involved in various marketing activities and the orientation of new employees. During this reporting

period the transfer of the Storage and Information Retrieval System (STAIRS) from SITA to the Department was finalised.

## OUTPUT AND SERVICE DELIVERY TRENDS

### STATE PROTOCOL

The State Protocol Branch manages and coordinates all the major aspects of the protocol functions in South Africa. The Branch is the final arbiter on all matters of state protocol, and has the responsibility to promote the adherence to internationally-accepted protocol policies, procedures, guidelines and practices.

Principally, the State Protocol Branch provides direct protocol support to the President and Deputy President, especially in the execution of the country's international obligations. The demand on the services of the Branch during the financial year 2003/4 increased exponentially.

These entailed the coordination of the logistics for the visits abroad of both the Presi-



dent and the Deputy President. Similarly, the State Protocol Branch also ensured that the visiting Heads of State and Government and other important international guests of the government were accorded the necessary support and care during their stay in South Africa. This has greatly enhanced the standing of South Africa and has thus cemented South Africa's diplomatic relations with all the countries concerned.

Similarly, State Protocol is also responsible for the accreditation of diplomats both in South Africa and abroad. In South Africa, the Branch is responsible for the wellbeing and safety of more than eight thousand members of the diplomatic corps. The Department renders a package of services to the diplomatic community with a view to facilitating among others, their accreditation process.

Special attention was paid to the regular interaction between the Department and Missions accredited to South Africa. Through the Office of the Chief of State Protocol, there was an increased interaction between Ambassadors, High Commissioners/Missions and the Depart-



*The Chief of State Protocol Billy Modise welcoming German Chancellor Gerhard Schröder*

ment during the period under review. With the appointment of the Deputy Chief of State Protocol the Department has begun a process to increase its capacity to respond to the concerns of the diplomatic

community. Additional appointments will be made during the financial year 2004/05 in order to strengthen the management and execution of the protocol function.

### Protocol Ceremonial

One of the key responsibilities of State Protocol is to provide protocol support during official state functions. These include State dinners, banquets, receptions, credentials and signing ceremonies. Other responsibilities include assistance during bilaterals, Joint Binational Commissions (BNCs), Opening of Parliament, Summits and Conferences. In the main, the Department provided support to a total of sixty-six (66) of these functions.

In addition, thirty-seven (37) foreign diplomatic appointments of Heads of Mission, thirty-eight (38) foreign consular appointments and seventeen South African consular appointments were processed.

A total of one thousand six hundred and eighty two (1 682) Notes Verbales and two hundred and eighteen (218) Official Messages from the President were processed.

Being at the coalface of diplomatic interface in South Africa, State Protocol is responsible for facilitating the arrivals and departures of dignitaries in the country. In

this regard, 15 521 dignitaries were facilitated through the State Protocol Lounge at Johannesburg International Airport. These included foreign Heads of State, Heads of Government, Ministers and Royalty amongst others.

The Branch also facilitated and coordinated functions at the Presidential and diplomatic guesthouses. During the past financial year four thousand eight hundred and eleven (4 811) guests were received and entertained at the Diplomatic Guesthouse and nine thousand and twenty two (9 022) guests were attended to at the Presidential Guesthouse.

### Conferences and Summits

During the year 2003/04, the Department organized the logistics for the following:

- 3<sup>rd</sup> Extraordinary Meeting of the Executive Council of the African Union in Sun City and Sandton during May 2003.
- Africa Day Celebrations in Johannesburg on 25 May 2003
- Assistance to Mozambique to host the Second Summit of the African Union

during July 2004.

- Ministerial Working Group and African Consultative Meeting for the Second Asia –Africa Sub-Regional Organisations Conference in Durban during March 2004.

Preparations for these conferences were both intensive and demanding.

### State Visits

During the past financial year the Branch managed logistics for a total of fifty-five (55) international Presidential outgoing visits: thirty (30) for the President and nineteen (19) for the Deputy President, six (6) for the First Lady as well as eighty-five (85) incoming visits. Incoming visits included those by Foreign and Deputy Foreign Ministers and thirty-nine private visits to South Africa. The Department also assisted with logistics pertaining twenty-nine (29) international visits by Former President Mandela and Former President De Klerk.

### Intergovernmental and Provincial Protocol

State Protocol also provided protocol sup-

port to both the second and third spheres of government.

It also provided protocol training to the officials and officeholders from all the spheres of government. Beneficiaries of the training programs included Premiers, Speakers of Provincial Legislature, Members of the Executive Council, Executive Mayors, Mayors, Municipal Councilors, Houses of Traditional Leaders and members of the South African Local Government Association.

During the period under review the Branch coordinated one hundred and twenty four (124) visits by officials and officeholders from the provincial and local spheres of government.

A total of seventeen (17) workshops were conducted. Nine (9) twinning Memoranda of Understanding were also signed.

### Diplomatic Immunities and Privileges

At the close of the reporting period, the diplomatic community in South Africa consisted of approximately 8 500 members, which included diplomats, consular,

administration and technical staff and their dependants. Diplomatic immunities and privileges for the diplomats are managed in terms of the South African Diplomatic Act.

The following outputs were recorded during the period under review:

- 706 diplomatic, 126 consular, 107 international organization and 331 administrative requests for identity certificates were processed and issued. These requests and applications were manually processed.
- 26 diplomatic, 8 consular and 10 administrative requests for the expansion of staff establishment were processed. These entailed protracted administrative processes and authorisations.
- Approximately 5 000 official and privately owned vehicles belonging to the diplomatic community in South Africa are registered with the Department for which fuel rebates were processed.
- Missions are exempted from transfer duties and municipal rates in respect of properties for offices and residences

for Heads of Mission. During 2003/04, the State Protocol Branch processed an amount of R9 300 000 to local authorities in respect of diplomatic property taxes and R61 700 000 in terms of VAT refunds.

- The Branch continued to facilitate travel documents for diplomatic and official passport holders nationally. Approximately 1 255 Diplomatic passports were issued in 2003/04 and 4527 visas were requested from Foreign missions in South Africa in respect of South African diplomatic and official passport holders. 4 363 RSA diplomatic permits were issued to accredited foreign passport holders and their dependants.
- Seven training sessions on the handling of diplomats were provided to stakeholders and the Foreign Affairs Training Institute.

## PROGRAMME 4: Foreign Properties

**AIM:** This programme provides secure, economical, representative housing and office accommodation to all staff members abroad (including partner departments), and maintains immovable properties abroad. Priorities are determined according to a needs analysis, which takes into account local property markets, political stability, environmental factors and South Africa's foreign policy objectives.

### PROGRAMME POLICY DEVELOPMENTS

One of the priorities of the Department is to effectively meet its accommodation and infrastructure needs, both in South Africa and in various centres abroad. Besides providing for its own needs, the Department is also responsible for providing the same accommodation and infrastructure for its partner Departments who have representation abroad. In South Africa the Department of Public Works provides the Department with accommodation. The Department consists of various functional groups/directorates

occupying six (6) separate buildings in Pretoria. In the international front, South Africa is represented in 93 countries globally, with 105 Missions. This number will increase by five with the opening of new Missions during the 2004/05 financial year.

The Department has embarked on a strategic initiative aimed at significantly reducing its expenditure on the rental of properties, especially abroad, where the majority of properties are still being rented. A feasibility study which has been commissioned will focus on alternative methods of property acquisition such as Public Private Partnerships, loans, lease-to-own arrangements, etc. By

using these methods the Department envisages reducing its expenditure on rentals significantly over the long term.

### OUTPUTS AND SERVICE DELIVERY TRENDS:

During the year under review, the Department finalised the Chancery and Diplomatic Village projects in Kinshasa and the Chancery project in Berlin. The Kinshasa project was officially handed over to the Department by the Minister of Public Works, Ms Stella Sigcau on 14 January 2004 and officially opened by President Mbeki. The Berlin project was completed in August 2003. The new Chancery was handed over to the Department by the Minister of Public Works, Ms Stella Sigcau and officially opened by the Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma on 14 November 2003.

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 would be procured by means of a Public Private Partnership. The tender for

the appointment of a Transaction Advisor was placed in October 2003. The tender was awarded to a consortium headed by SPP Project Solutions and their appointment was finalised in January 2004. The Transaction Advisor is currently finalising the feasibility study in order to obtain Treasury Approval I for this project. The projected completion date for this project is December 2006.

The department has embarked on a program 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 implementation programme. Currently the Department has a maintenance backlog of 40% of its State-owned properties abroad. Since immediate attention is given to all required emergency repairs, the existing maintenance backlog refers to general required upgrading and repairs. The maintenance backlog has been addressed in both the medium term expenditure frameworks as



*Minister Stella Sigcau witnesses as President Thabo Mbeki opens South Africa's new Chancery in the Democratic Republic of Congo*

well as the departments long term expenditure planning program.

Generally the maintenance of the department's assets abroad is in fair condition with a few properties requiring urgent attention. These properties have been specifically ad-

dressed in the department's MTEF budget.

During the financial year under review, the department undertook maintenance/structural works to official residences in Athens, Tel Aviv, Copenhagen, Lilongwe, Rome, Buenos Aires and Munich.

Maintenance/structural works for chanceries were addressed in Harare, London, and Rome, while other housing received maintenance attention in Lilongwe and Maputo.

During the 2003/2004 financial year the asset holdings of the department remained constant. No acquisitions or disposals were done.

Projects to be carried over from the 2003/2004 financial year include the painting and refurbishment of the Official Residence in Copenhagen, the roof replacement and general refurbishment at the Diplomatic Village in Maputo and the upgrading of the air-conditioning and heating system at the Chancery in Rome. During the 2004/2005 financial year continuing

major maintenance/refurbishment will also take place in Milan, Windhoek, Lilongwe, Tehran, London and Washington for which the necessary funds have been allocated.

During the 2004/05 financial year the Department intends to finalise the acquisition of land for the construction of Chanceries and Official Residences in Addis Ababa, Abuja and Dar Es Salaam. The Department will also start with the design and development of these projects as well as the design and development of a Chancery, Official Residence and staff housing in Maseru.

The Department will in the 2004/05 financial year commission a study to review the ways through which it traditionally acquires property and accommodation in foreign countries for use by South African Diplo-

matic Missions as offices (Chancery) or as a residence for its Head of Mission (Official Residence). The study will explore and investigate the different options available in different regions and countries of the world through which fixed property can be acquired, while at the same time determining the best value for money solution and procurement options accessible to diplomatic missions in a specific region or country, that will fulfill the needs of the Department.

Through the department's medium and long-term forecast, financial planning has been ensured for the proper maintenance of all state owned assets falling under the jurisdiction of the department abroad. Financial provision has been made for all committed and planned projects for the 2004/2005 financial year.

## PROGRAMME 5: Auxilliary Services

**AIM:** This programme provides for the payment of international organisations, and renders an administrative support service to all officials on transfer abroad. It also makes provision for the inauguration of the President. The activities are organised into the following sub-programmes:

- International Organisations provides for paying fees and contributions to various organisations.
- Administrative Support provides assistance to staff being transferred abroad, including medical and hotel costs, airfreight costs, import and export privileges, and storage costs.
- Presidential Inauguration provides for the activities related to presidential inaugurations.

### PROGRAMME POLICY DEVELOPMENTS

- continued payment of membership

fees to various international institutions in which South Africa is a member

- meet the transfer objectives and requirements of the Department through assisting transferred officials both coming in or out.

### OUTPUTS AND SERVICE DELIVERY TRENDS:

#### Transfer Payments

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 of Foreign Affairs, generally take the form of:

- Membership dues to organisations such as the United Nations (UN), the African Union (AU), the Southern African Development Community (SADC), the Commonwealth etc.
- Contributions to peacekeeping operations of the United Nations.
- Meetings of States (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.

During the year under review, the Department has transferred a total amount of R315 556 million to various organisations and institutions as reported in note 9 of the Financial Statements.

#### Transfer programme

The Sub-directorate: Transfer Assistance facilitates the relocation of Foreign Af-

fairs and staff of certain partner Departments to, from and between overseas missions.

For the year 2003/2004 a total of 144 officials were transferred to missions whilst 145 were transferred from missions back to Head Office.

### Medical benefits

The Department offers medical benefits to employees abroad according to Resolution no.11 of 2000 which makes provision for the continuation of Part II of Chapter D.IX of the former Public Service Staff Code.

*South Africa supports the efforts of the international community to make the globalising world a better place for our children*





**PART 4:**  
**REPORT OF THE AUDIT COMMITTEE**

**We are pleased to present our report for the financial year ended 31 March 2004.**

## 1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

An audit committee for the Department has been established in accordance with the requirements of Sections 38 (1)(b) and 77 of the Public Finance Management Act. Currently the audit committee comprises 3 members with the majority of the members being from outside the public service. During the year under review, approval was obtained from the Minister of Foreign Affairs to increase the capacity of the Audit Committee from 3 to 5 members. The two vacant posts will be filled by appointing suitable persons from either the Information Technology, Legal or International Relations environments. The chairperson of the audit committee is from outside of the public service.

The audit committee consist of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. The Audit Committee furthermore met with the Office of the Auditor-General and the Director-General. 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 4 meetings were held:

Name of Member	Number of Meetings attended
Ms BL Mthembu (Chairperson)	4
Ms SW Magojo (Member)	4
Mr Z Jojwana (Member)	4

## 2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13 and 27(1)(10). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## 3. THE EFFECTIVENESS OF INTERNAL CONTROLS

The system of internal control was effective except for specific lack of compliance reported by the Auditor-General. During the year under review the internal and external auditors reported several instances of non-compliance with internal controls that resulted from a breakdown in the functioning of controls. 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.

The Audit Committee together with Internal Audit has developed a comprehensive detailed plan as intervention measure to remedy the matter of emphasis reported by the Auditor-General. Issues were prioritised in accordance with their materiality and fundamental effect on the overall management of the department. The plan includes detailed action plans, scheduled target dates for implementation, monitoring and evaluation plan and agreed KPIs. The issues identified include:

- Establishment of integrated treasury cash flow management function 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, and
- Strategic management of missions, co-ordination with other departments and overall training and professional development.

It is anticipated that the plan will be fully completed by the end of the 2004/05 financial year. The Director General and the entire department have given their full commitment and support to ensure that all matters raised by the Auditor-General are effectively and efficiently resolved.

#### **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 Accounting 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 FUNCTION**

The capacity of the Internal Audit Function has been comprehensively increased and consolidated through the appointment of the Chief Director Internal Audit, filling all strategic internal audit positions and merging the Internal Audit Function

with the Management Consultancy Unit. 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 rollout of the implementation plan will commence early in the 2004/05 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. An annual risk assessment is being conducted in accordance with the requirements of the Public Finance Management Act. Control self assessment schedules will be developed for the relevant managers.

## 6. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

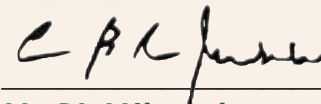
The Audit Committee has:

- 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.



**Ms BL Mthembu**  
**Chairperson of the Audit Committee**

**PART 5:  
ANNUAL FINANCIAL STATEMENTS**

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## MANAGEMENT REPORT for the year ended 31 March 2004

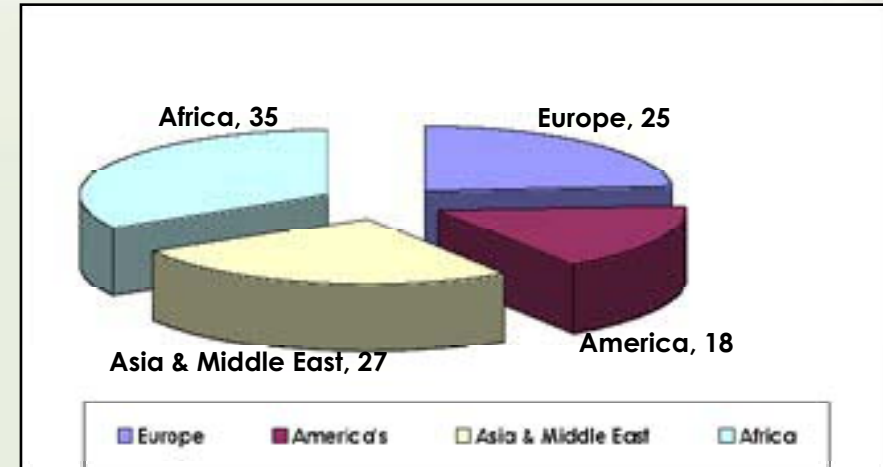
Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

### 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. During the year under review, the Department increased its foreign representation to one hundred and five missions by opening seven additional missions in Africa and Asia and Middle East regions. The split of the number of Missions per region is as follows:

### SOUTH AFRICAN MISSIONS



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 2003/04 to 2005/06 and identified the following strategic priorities for implementation during the year under review:

- Facilitate South Africa's role as African Union Chair, and its continued role as part of the African Union Troika;
- Implementation of NEPAD;
- Regional integration, with specific reference to SADC and SACU;
- Economic Development and Co-operation;

- Respond to the challenge of unilateralism by ensuring the prominence of multilateralism and respect for the international law;
- Develop a positive image of South Africa and to market South Africa internationally; 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* involve the promotion of relations with countries, and participation in international organisations and institutions, in pursuit of South Africa's national values and international relations 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, and provide protocol services.
- *Foreign Properties* provide secure, economical housing and office accommodation to all staff members abroad and maintain immovable property abroad.

- *Auxiliary and Associated Services* provide for the payment of membership fees to international organisations, transfer payments and support services for all officials on transfer abroad, and make provision for the inauguration of the President of South Africa when required.

This report seeks to assist in measuring the extent to which the Department's resources allocated for the 2003/04 financial year were utilised in terms of the PFMA.

## 1.2 REVENUE

During the year under review, the Department received total revenue of **R2, 382** billion made up of voted funds and non-voted funds, however reduced to **R2, 026** billion as a result of a transaction processed by National Treasury. The detailed explanation is as follows: -

### (i) Annual Appropriation – R2, 329 billion

The Department received a budget allocation of R2, 329 billion for the 2003/04 financial year after adjustment estimates, which showed a 6, 09 % decrease as against the budget allocated for the 2002/03 financial year. The budget decrease of R151 million can be attributed to both the strengthening of the rand against the major currencies and funding which were received for specific projects in the previous financial year. 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 reduction of the budget by R 114 million. As reported in the last financial year, the Department received additional funding for specific projects, which were regarded as once off, i.e.:

- inaugural summit of the AU;
- South Africa's term as chairperson of the AU;
- the establishment of the Democratic Republic of the Congo (DRC) secretariat; and
- the Commonwealth Fund for Technical Co-operation,

The total cost of the above projects was approximately R62 million.

Considering the above-mentioned items, the departmental budget for 2003/04 has a slight increase as against the previous year.

#### (ii) Drawings debited by National Treasury – R 356 million

The bulk of expenditure for the Department is incurred abroad through our Missions in different currencies. Due to non-availability of on-line financial system, the recording of expenditure has a time lag of up to three months as the process is done manually. Therefore, the financial information recorded on Basic Accounting System (BAS) during a financial year always reflects under-expenditure due to non-capturing of information. However, the Department rectified the problem by implementing the new financial system as from December 2003 on

a phased approach. It is planned that the system will be fully operational by end October 2005.

During January 2004, National Treasury observed that the Department was under-spending based on information reflected on BAS. This resulted in National Treasury suspending the amount of R 356 million in lieu of envisaged savings. As mentioned above, the Department was actually not saving at this rate. Therefore the actual savings amounted to R161 million, taking into account the rollovers amount of R39 million. The Department will approach National Treasury to return back the amount in respect of the actual expenditure incurred.

#### (iii) Other revenue to be surrendered – R 53 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). During the year under review an amount R7 million was received in respect of VAT claims and R14 million is in respect of proceeds from sale of equipment, interest received, stale cheques written back, etc., detailed in note 2 to the income statement.

Furthermore an amount of R 32 million relates to the exchange rate difference which was corrected during the current financial year.

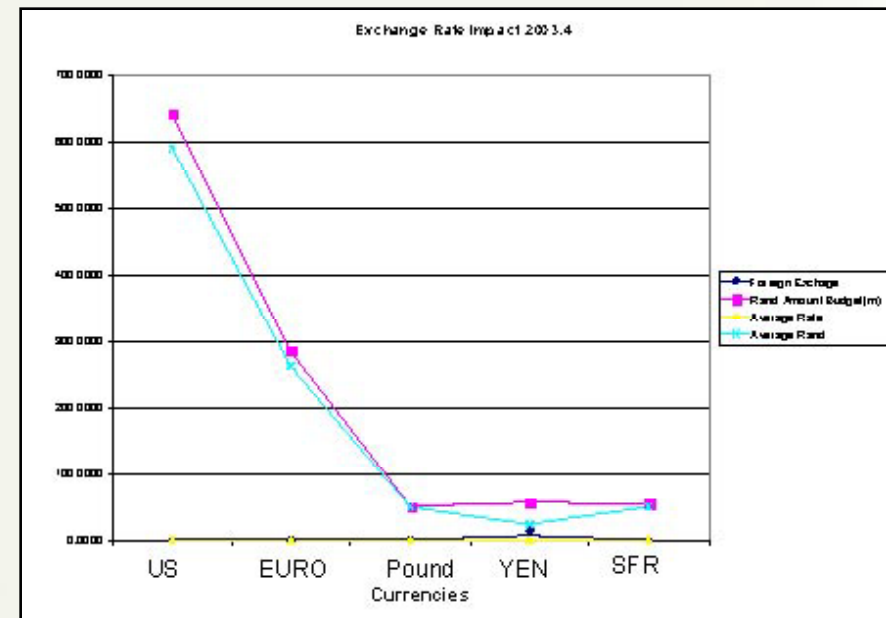
### 1.3 EXPENDITURE

#### 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 uncontrolled 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 budget for the Department was reduced with R114 million. However, should either depreciation or appreciation of the Rand takes place after the adjustment estimate process, the Department has to fund such losses from within its allocated resources or reflect such savings. The Rand continued to appreciate and National Treasury due to

anticipated huge savings as explained in note 1.2 (ii) above, debited the PMG account with an amount of R356 million.

As shown in the graph below the budget exchange rate has been higher than the average spot rate, and the spot rate at which we bought dollars has also been lower: -



As mentioned above, considering the operations of the Department, its expenditure is affected by foreign exchange fluctuations. The recent movements of the rand have therefore had a major impact. Over the years the expenditure on the vote as a whole has been increasing by an annual average 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. During the year under review, the expenditure has decreased by 10.70 % as against the previous year. This decrease can largely be attributed to the strengthening of the Rand as mentioned above. During the budget process the following rates for major currencies were used:

Currencies	Budget Foreign Currency	Budget Foreign Exchange Rate	Budget Rand Amount	Average Foreign Exchange Rate	Average Rand Value	Foreign Exchange Rate Savings
	Million		R' 000		R' 000	R' 000
US \$	81	7.91	641	7.27	589	52
EUROS	31	9.19	285	8.46	262	23
POUND	4	13.00	52	12.34	49	3
YEN	384	0.15	57	15.69	24	33
SFR	9	6.08	55	5.47	49	6
<b>TOTAL</b>			<b>1 090</b>		<b>973</b>	<b>117</b>

In overall, the Department has recorded savings amounting to R199,8 million, as shown in the graph below and the major decrease is in programme 2 (Foreign Relations), and programme 4 (Foreign Properties):

ANALYSIS OF UNDER/ (OVER) EXPENDITURE PER PROGRAMME				
PROGRAMME DESCRIPTION	VOTED 2003/04	ACTUAL EXPENDITURE	SAVINGS (EXCESS)	EXPENDITURE as % of
	R'000	R'000	R'000	VOTE
1: Administration	209 358	203 677	5 681	97.28 %
2: Foreign Relations	1 549 387	1 391 974	157 413	89.84 %
3: Public Diplomacy and Protocol	79 638	78 645	993	98.75 %
4: Foreign Properties	113 414	77 602	35 812	68.42 %
5: Auxiliary Services	376 778	376 778	0	100 %
6: Special Functions	4	4	0	100 %
<b>TOTAL</b>	<b>2 328 579</b>	<b>2 128 680</b>	<b>199 899</b>	<b>91.42 %</b>

During the year under review, the Department utilised 91, 42 % of the total budget allocated for the 2003/04 financial year, which compares favourably to the 94, 34 % spent during the last financial year. However, adding the R117 million savings as a result of the exchange rate and R39 million which has been requested for the rollover, the Department spending is approximately 98 %. The under/ (over) expenditure can be attributed to the following reasons:

#### (i) 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. It is important to report that in terms of our understanding with National Treasury, savings realised as result of foreign exchange rate are not for the utilisation by the Department. In addition, the Department together with the Department of Public Service Administration was mandated by Cabinet to implement a Foreign Service Dispensation (allowances for employees serving abroad) that would be fair, affordable and equitable. During the year under review, the agreement which was signed in the last financial year was renegotiated with the implementation date of 1<sup>st</sup> December 2003. Therefore, there has been savings for the period of nine months estimated at R 37 million. On further analysis of the expenditure, it has been established that the major contributors are Personnel (allowances of transferred staff and local recruited personnel salaries) and Land and Buildings (rental for

office and residential accommodation). The Department has maintained the same level of posts in our missions as in 2002/03, 512 posts were filled as against 506 in 2003/04. However, the expenditure in respect of these standard items was R1, 131 billion in 2002/03 as against R 977 million in 2003/04, which showed a decrease of R 154 million.

The Department was engaged in a project to open some missions during the year under review, however due to lengthy process they were not completed. An amount of R15 million can therefore be regarded as committed.

#### (ii) Programme 4: Foreign Properties

The Department had major capital projects underway, i.e. the refurbishment and adaptation of the Chancery and Diplomatic Village in Kinshasa DRC, the construction of Chancery in Berlin, the acquisition of land in Abuja, Nigeria, and refurbishment in Copenhagen and Maputo.

With regard to Kinshasa and Berlin projects, the completion certificate was issued on 9 March 2004. However, there were still issues outstanding which affected the issuing of the final accounts. Every effort was made to settle the outstanding accounts amounting to R9 million before the end of the financial year. Furthermore, the Department was unable to finalise other projects, which amounted to R14 million. In addition, the capital budget for 2003/04 financial year for programme 4 was not split between current and capital. However, the

reporting of the expenditure in BAS was classified between current and capital. Therefore the current expenditure was reflecting an over expenditure, whilst capital expenditure reflecting a saving. Due to the principle that the saving on capital budget cannot be used to defray over expenditure on current expenditure, the Department had to effect the virement of funds from programme 2. This resulted to an increase in the capital budget by R12 million. In the light of the above, there are no savings realised in programme 4.

The Department has already received approval for the roll-over of funds to the amount of R23 million from the National Treasury in respect of these projects.

## **2. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN 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 peacekeeping 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, the Executive Council adopted the new scale of assessment and South Africa's scale of assessment increased to 8.25%.

For the implementation of NEPAD, which is a pledge by African leaders to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic, the Development Bank of Southern Africa (DBSA) was requested to establish and host NEPAD secretariat. The South African contribution to the NEPAD secretariat is channelled through the Department of Foreign Affairs.

During June 2002, the World Food Programme (WFP) conducted an assessment on behalf of the UN and quantified the amount of emergency food assistance that was needed to avert widespread deaths through starvation. The WFP then

issued an international appeal on behalf of the UN for assistance to deal with food shortages across the world. South Africa, at the SADC Summit in Luanda committed to contribute 100 000 tons of maize to be delivered to the WFP for distribution to SADC countries. In consultation with the Department of Agriculture, an annual contribution is transferred to the UN.

In addition, one of the key challenges facing South Africa is to continue to bridge the South-North divide and strengthen South-South co-operation. The Cabinet identified the need for creating partnerships with countries of the South. The Department has actively pursued this objective with India and Brazil and Cabinet approved the establishment of the Joint Trilateral Commission.

The India, Brazil and South Africa (IBSA) Forum was established on 6 June 2003 in terms of the Brasilia Declaration following a meeting of Foreign Ministers. The purpose of the IBSA is to bring together "... the three countries with vibrant democracies, from three regions of the developing world, active on the global scale with the aim of examining themes on the international agenda and those of mutual interest". To implement the programmes emerging out of the Joint Trilateral Commission, the three countries agreed to establish a fund, which is administered through UNDP.

With regard to accountability, these organisations and institutions prepare detailed financial statements which are subject to auditing and public scrutiny.

### 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 a number of cases pertaining to South African citizens detained abroad (statistics at present: approximately 800 detainees/prisoners)

#### (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 ren-

dered 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 1 000 and 1 200 documents are handled/processed by the legalisation section per month.

#### (iv) African Renaissance and International Co-operation Fund

The Department, in consultation with the National Treasury, is also 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, keep 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) (act). 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 funds on 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

As reported already, the Department is responsible for coordinating and leading the entire spectrum of South Africa's interaction with the world. Its activities are therefore multifunctional, varied and complex. In 2002, the Department engaged in a process to assess the capacity required to fulfil its role as the custodian of South Africa's international relations and obligations, however due to scarce resources, the Department resolved to implement the project in different phases.

Due to the implementation of Resolution No.7, which dealt with the transformation and restructuring of the Public Service, the filling of posts were delayed until the Department complied fully with the provisions of the resolution in July 2003. During the year under review, the Department managed to fill 178 vacant funded posts with the majority of incumbents took their positions on 1<sup>st</sup> February 2004. This will have a major impact in the service delivery levels of the Department.

## 5. CORPORATE GOVERNANCE ARRANGEMENTS

During the year under review year, the Department continued with its endeavours and efforts to subscribe to and comply with the principles of good corporate governance as espoused in persuasive literature and legislation. In pursuance thereof, the Department ensures that its processes and practices are transparent and effective, and the principles of economy, efficiency and effectiveness are adhered to in the acquisition and utilisation of resources. Furthermore, that departmental practices, processes and procedures are benchmarked against international best practice.

### (i) Risk Management Approach

The existence of an adequate and effective system of internal controls is necessary for management and the Department to obtain reasonable insurance that strategic objectives will be accomplished. The Department follows the risk based

approach to internal control systems. During the year under review, business processes were documented and analysed and the risk profile of the Department accordingly updated. A comprehensive risk management strategy has been prepared and approved by the Audit Committee. The risk assessment and analysis plan has been developed by the Forensic Auditing and Risk Management Directorate of the Internal Audit Unit and implementation of the plan will commence in the new financial year.

### (ii) Fraud Prevention Policies

The Fraud Prevention Policy and Strategy were approved by the Audit Committee after extensive review. During the year under review, a Comprehensive Fraud Prevention Implementation Plan was developed. The plan has been reviewed and revised extensively to meet the needs of the Department and the implementation thereof will commence in the new financial year.

Furthermore the Cabinet has approved that a single fraud prevention and anti-corruption hotline be implemented under the jurisdiction of the Public Service Commission. The Department has liaised on a continuous basis with the Public Service Commission to ensure that the fraud hotline caters for the unique needs of the Department of Foreign Affairs. It is envisaged that the fraud hotline will become operative in the new financial year.



### (iii) Internal Audit

The Internal Audit Unit continues to play an important role in the corporate governance mechanism of the Department. During the year under review, the Unit was upgraded from that of Directorate to a Chief Directorate. The Unit is now structured with three Directorates as follows, namely, Internal Auditing, Management Consultancy and Performance Auditing, and Forensic Auditing and Risk Management.

The Internal Audit Unit has conducted several internal audits and investigations within the Department and offered recommendations for improvements in processes and controls to improve the operational performance of the Department. The unit has also embarked on a comprehensive risk assessment exercise for the Department. The unit also played an important role in the implementation of the new Performance Management and Development System in the Department.

## 6. PROGRESS WITH FINANCIAL MANAGEMENT IMPROVEMENTS

The aim of the PFMA is to modernise budget and financial management practices in departments in order to maximise the capacity of departments to deliver services to all their stakeholders (citizens, customers' etc).

The Department has been able to implement the Act in a sequenced and prioritised manner, focussing on reforms on internal processes, practices and policies and embarking on

qualitative implementation as guided by National Treasury (GRAP, Procurement Reforms etc). The following key initiatives were approached in a phased manner and progress made is tabled below as follows:

### (i) Decentralisation

As reported in the previous financial year the Department embarked on a process to decentralise some corporate services function to branch level. During the year under review, the Department managed to select suitable candidates for deployment at Branch level, each branch will have a staff compliment of four officials. These units will also be responsible to co-ordinate the operations of the missions, as the missions report directly to business units in all respects. With this process being completed, and an implementation strategy being developed, the decentralisation process will be implemented in the 2004/05 financial year.

### (ii) Information Communications Technology

The Department identified an urgent need to transform its current ICT infrastructure and to develop common information technology applications, networks, data-bases and security, and network management capabilities to facilitate the achievement of its strategic objectives. To address these gaps the Department commissioned the development of a Master System Plan (MSP). The MSP will guide the Department in positioning itself for the radically new information-based world

where its ICT environment will:

- Allow Missions and Head office to benefit from the new technologies used
- Take full advantage of information access and tools
- Streamline operations to improve service and enhance the productivity of the workforce
- Provide secure yet broad-based access to a large quantity of Internet information while reducing enclaves (or silos)
- Provide flexibility to embrace emerging technologies and respond rapidly to new and changing requirements.

During the year under review, the development of the MSP was completed and is now with SITA for certification. Once certification is completed, the Department will develop a project programme to implement the recommendations of the MSP over the next five years.

Furthermore, the Department has managed to implement the phase 1 of an electronic financial system, which is spreadsheet based at 80% of our missions. This will assist the Department to comply fully with section 32 reporting requirements of the PFMA in the 2004/05 financial year.

#### (iii) Financial Training

The changed practices (from a situation that was one-dimensional, financial processes that were generally centrally con-

trolled by prescribed bureaucratic rules and regulations that stifled managerial efficiency, inhibiting innovation and often resulting in poor decision-making) have required finance and non finance departmental staff at senior and lower levels to undergo training. This is to ensure that the quality of management processes improves with the implementation of the Act. Training on the PFMA is an ongoing activity, which has been factored into the Department's overall annual training interventions.

The real challenge facing most departments is the lack of skills of finance officials to implement the PFMA as we migrate towards accrual basis of accounting. In its forward planning strategy, the Department has put processes to address this critical issue.

#### (iv) Normative Measures for Financial Management

In line with the national norms and standards as developed by National Treasury, the Department has embarked on reviewing its internal procedures, processes and systems in order to facilitate better performance, measurable outcomes, reformed accounting practices, improved disclosure and reporting and the prudent management of the Department's assets and liabilities. A stable CFO infrastructure is now in place to facilitate a programme of financial management improvement initiatives in the Department.

## 7. 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 translation of the Departmental goals into actual deliverables in line with its mandate. A departmental policy on performance management has also been developed that is compliant with the regulatory framework that governs performance management at all levels in the public service.

It is an on-going process between the supervisor and the official that involves establishing clear targets and expectations, evaluating performance and taking constructive measures. All employees of the Department are required to have a performance agreement.

### (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 programme 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 operational 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 co-ordinated by a process of departmental management committees to ensure a coherent and focused approach.

## 8. NEW/PROPOSED ACTIVITIES

As reported in the last financial year, the Department embarked on a process to secure a new head office premises in consultation with the Department of Public Works and National Treasury. During the 2003/04 financial year, the project was registered with National Treasury as a possible Public Private Partnership (PPP). In accordance with Treasury Regulation 16, a dedicated departmental project officer was appointed to oversee and manage the development, structuring and eventual implementation of the project and a Transaction Advisory team was appointed to assist and advise the Department throughout the process. The Transaction Advisory team comprises of a number of firms who work collectively under a single contract to the Department and is responsible for the detailed financial, technical, legal and BEE work required for sourcing the building through the PPP process.

A detailed feasibility study is presently being conducted which focuses, *inter alia*, on the Departmental strategic objectives, needs analysis, options analysis, site selection, BEE objectives and institutional capacity to implement a project of this nature. The results of the feasibility study will be submitted to National Treasury for evaluation in accordance with the criteria of affordability, value for money and appropriate risk transfer and it is anticipated that this report will be finalised by the end of July 2004 for onward submission to National Treasury for their approval.

Once the project receive Treasury Approval 1, the procurement phase will commence and progress through RFQ, RFP and negotiations stages to the ultimate signing of the concession agreement and commencement of construction. It is still anticipated that the new Head Office for the Department of Foreign Affairs would be ready for occupation by the end of 2006 calendar year.

## 9. 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 design of the system was informed by the cash basis of accounting. The FCS was developed during the 1980's and it is unable to meet all the changes required for the implementation of the PFMA. 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. This is due to the fact that it was not a requirement for the Appropriation Account Statement to report Assets and Li-

abilities. The system at the time was compliant with the reporting requirements.

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. In terms of the PFMA reporting requirements, the balances in the missions have to be reported as an asset and the overdraft in the PMG Account 8033-128-9 as a liability. The net effect of these two control accounts in the balance sheet of the Department will be zero. 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.

These accounts are currently reflecting the following unreconciled balances:

PMG Account 8033-128-9	R 487 153
BAS-FCS Interface Account	( R 424 703 )
<b>Overdraft</b>	<b>( R 62 451 )</b>
Cash book balance (missions) &	
Funds in transit	<u>R 74 034</u>
<b>Difference</b>	<b><u>R 11 583</u></b>

Although these accounts are showing a difference of R 11 583 million, the management considered it prudent to reflect all assets and liabilities in its financial statements. There has been no recording of funds transferred to the missions or cash balances in the Missions on BAS. This resulted in all the control accounts that deal with the cash transactions not to interface with BAS hence no reconciliation of these control accounts took place.

With the implementation of the PFMA the Department acknowledges the fact that all assets and liabilities have to be reported on the Annual Financial Statements. In this regard, the Department has put processes and systems in place to finalise the reconciliation of these accounts. The Department managed to quantify the differences in the FCS-BAS Interface

Account and BAS-FCS Interface Account, FCS Suspense Account, cash book balances between Head Office and the Missions, and the FCS Orders Payable Account. However, management believes that all its expenditure has been accounted for and all treasury regulations regarding the surrendering of unexpended funds have been complied with.

Furthermore, the Department is in the process of replacing the FCS and in the design of the new system the number of control accounts will be reviewed with the aim of reducing them. The Department will also consult National Treasury to provide guidelines to regulate the whole process of the transferring the funds abroad. The Department is also investigating the possibility of establishing the Treasury Management unit, which will be responsible for the entire process of transferring funds to the missions.

#### 10. OVERDRAFT ACCOUNT (PMG Account 8033- 128-9)

As indicated above, the Department is operating an overdraft account (PMG Account 8033 –128 –9) in the Reserve Bank to transfer funds to missions abroad. This account is cleared by means of a departmental transfer between the Rand and foreign currency Paymaster-General account. As soon as an accounting month is closed-off on the FCS, a payment advice is completed which debits this account and clears it off. The balance is due to a timing difference, as the amount will be cleared in the next financial year. At the end of financial year,

the Department had an overdraft balance of R487 million in this account as disclosed in note 13.2 of the Annual Financial Statements. The BAS/ FCS interface account reflected a balance of R424 703 million, which represents the double entry (interface) of all transactions processed in foreign currencies.

Therefore, taking into account the above the Department has an actual overdraft of R62 million as shown below:-

PMG Account 8033-128-9	R 487 153
BAS/FCS Interface Account	<u>R 424 703</u>
<b>Overdraft</b>	<b>R 62 451</b>

In theory, the overdraft amount of R62 million should represent the cash book balances in the Missions.

#### 11. CASH AND CASH EQUIVALENTS

The amount of R76,8 million reported under Cash and Cash Equivalents note 13.1 of the Annual Financial Statements includes R74 million which relates to the cash book balances and funds in transit in respect of the missions and is split as follows: -

Cash book balances (Missions)	R 68 433
Funds in transit	<u>R 5 601</u>
<b>Total</b>	<b>R 74 034</b>

## 12. PAYABLE OTHER

The amount of R11,6 million included under payables other, note 19.2 of the Annual Financial Statements, relates to unrec- onciled deference between the overdraft in PMG 8033-128-9 (R62,451m) and the cash book balances in the Mission and funds in transit ( R74,034m). As reported in note 9 above, the Department is in the process of reconciling and finalising these control accounts.

## 13. RECEIVABLES

The bulk of the amounts owing by other departments relate to foreign allowances and accommodation expenses in re- spect of employees of partner departments. In this regard, the Department incurs the expenditure on a recoverable ba- sis. However, due to the lack of on-line financial systems, the Department is facing difficulties to forward claims to partner departments on a monthly basis. This situation severely im- pacts on the cash-flow management of the Department. The Department has put some processes to deal with this matter, including requesting departments to pay their accounts in advance. However, it is important to report that despite man- agement's proactive efforts in the expeditious settlement of inter-departmental claims, by establishing a process to deal with disputed amounts; it is disheartening to note that this mat- ter has not yielded the desired results. In addition, the Depart- ment approached, National Treasury with a proposal to allow

other departments to administer their foreign transactions. The National Treasury is still investigating the best way to deal with the matter.

Although the Department has an agreed process with the De- partments to verify the debts, it would be prudent to make a provision, as other departments may in some cases be proved to be correct, hence a provision of R50 million was made. Dur- ing the year under review, the inter-departmental receivables amounted to R205 million. The Departments confirmed an amount of R48 million, which leaves a balance of R157 mil- lion as unconfirmed amount. However, an amount of R84 mil- lion was received as advance payments and the advance amount has not yet been utilised to offset the debt.

## 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 dwell- ing 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 deduct the 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 ter- minates the guarantee.

## (ii) Financial guarantees

The Department of Water Affairs and the Lesotho Highlands Development Authority, through the Departments 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. They 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.

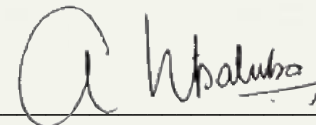
## Approval

The financial position of the Department as at 31 March 2004 and the results of its operations are set out in the attached financial statements:

- Appropriation statement
- Notes to the appropriation statement

- Income statement
- Balance sheet
- Statement of changes in net assets/equity
- Cash flow statement
- Notes to the annual financial statements
- Disclosure notes to the annual financial statements
- Statement of financial guarantees – Annexure 1
- Statement of payables – Annexure 2
- Statement of receivables – Annexure 3
- Physical assets movement schedule – Annexure 4
- Intangible asset movement schedule – Annexure 5

The above-mentioned financial statements set out on pages 21 to 74 have been approved by the accounting officer.



**Dr. A Ntsaluba**  
**Director-General:**  
**Department of Foreign Affairs**



## **REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF FOREIGN AFFAIRS – VOTE 3 for the year ended 31 March 2004**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 21 to 74, for the year ended 31 March 2004, 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 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). 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.

I believe that the audit provides a reasonable basis for my opinion.

### **3. QUALIFICATION**

#### **3.1 Foreign Currency System unreconciled difference**

The department incurs the majority of its expenditure in other currencies through its missions abroad. Historically, the department maintained a second paymaster-general account to transfer funds to missions abroad for this purpose.

According to notes 19.2 and 19.4 there is an unreconciled difference of R11,583 million between the net overdraft in this paymaster-general account of R62,451 million (total of the overdraft on this paymaster-general account of R487,154 million, as per note 13.2 less the Basic Accounting System-Foreign Currency System (BAS-FCS) interface of R424,703 million) and the cash at missions and funds in transit totalling R74,034 million, as per note 13.1. This difference has accumulated over several years. The identification of the this difference should be viewed in the context of the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and ongoing new government accounting practice to improve the preparation and presentation of the financial statements.

These accounts were not reconciled on a periodical basis for several years mainly due to a shortage of staff. The department is reconciling the related FCS control accounts to resolve the unreconciled difference. In an effort to improve control over the transfer of funds to missions and the recording of the related expenditure, the department plans to replace the FCS with a new system. This system is planned to also reduce the number of control accounts involved. The National Treasury is being consulted on guidelines to regulate the transfer of funds to missions abroad.

#### 4. AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matter referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Foreign Affairs at 31 March 2004 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.

#### 5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

##### 5.1 Receivables - interdepartmental balances

As reported in the previous audit report and as disclosed in note 14, as well as in annex two to the financial statements, the accounts receivable include an amount of R205,665 million owed

by other departments. The bulk of these outstanding amounts relate to the payment of foreign allowances and accommodation expenses on behalf of other departments and are being disputed.

Confirmations received from some of the departments indicated that the differences might be in excess of R157 million (2002/03: R150 million) on interdepartmental balances disclosed on their financial statements. The total amount of differences is unknown. During the year, the department received advance payments of R84 million, which have not yet been utilised to offset the amounts owing. The department had continued with its efforts to resolve the amounts owing by the other departments through the agreed-upon process to verify the disputed amounts.

##### 5.2 Payables – African Renaissance and International Co-operation Fund

As reported in the previous year's audit report, the amount of R29,862 million relating to the African Renaissance and International Co-operation Fund in respect of the Africa Cup of Nations remained outstanding. The department effected these payments through a suspense account to the Mali Trust for the Twenty-third Africa Cup of Nations soccer tournament on behalf of the African Renaissance and International Co-operation Fund (fund). However, these payments had not been made in accordance with the requirements of section 5 of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000) and require, *inter alia*, regularisation by the advisory committee of the fund and the Minister of Finance. The department intends to approach the Minister of Finance to obtain the

necessary letters of concurrence to transfer the amount from the fund to the department.

### 5.3 Areas for improvement in internal controls

#### 5.3.1 Reconciliations and the clearing of suspense accounts

Since the migration from the Financial Management System (FMS) to the Basic Accounting System (BAS) on 1 April 2003, the department has experienced backlogs of up to three months in the capturing of expenditure incurred by the missions. This situation resulted, *inter alia*, from the technical problems associated with the implementation of BAS over which the department had limited control, as well as staff shortages.

Evidence could not be furnished that key reconciliations, for example between the BAS-FCS accounts, FCS suspense accounts and the FCS orders payable accounts have been performed on a periodical basis. Furthermore, evidence could not be furnished to confirm the regular clearance of suspense and clearing accounts such as the FCS suspense account (debit balance of R299.9 million), FCS orders payable (credit balance of R10.9 million) and missions disallowance account (credit balance of R15.4 million). Although policies and procedures existed in this regard, these were not always followed by the relevant personnel. The shortage of staff also contributed to the fact that the reconciliations were not performed regularly.

In addition, the department could not follow-up the recoverability of various long-outstanding receivables and rental deposits due to a shortage of staff.

#### 5.3.2 Management of fixed assets

Annex four to the financial statements reflects the value of fixed assets of R366.5 million held by the department. While the values per the annex agree with the capital expenditure per the income statement, the department did not have adequate systems in place to ensure that a complete and accurate listing of fixed assets was maintained. A series of lists and spreadsheets is used to maintain control over computer equipment and transport assets, while the LOGIS system is used to maintain control over furniture and office equipment. Furthermore, the assets situated at one of the buildings have not been captured on the LOGIS system. Assets disposed off have also not been updated on the LOGIS system. According to the department, the main cause of these shortcomings relates to staff shortages.

#### 5.4 A follow-up information systems audit of the general controls

The findings mentioned below, which arose from a follow-up information systems audit of the general controls, indicated that although some controls were in place, areas for improvement still existed in the general control environment as a whole. This was due to the fact that the management processes in the information technology (IT) environment were largely still *ad hoc* and unorganised. The findings included the following main areas for improvement:

- The department had not conducted and/or updated its risk assessment in terms of Treasury Regulation 27.2.1 to identify the emerging risks of the department for the financial period under review.
- A formal IT security policy still did not exist.

- Although formal change control standards and procedures existed, they were outdated.
- The user account management procedures that were used did not include all the measures required to establish adequate user account management procedures.
- The approved network and Internet usage policies were not in place, which presented difficulties to effectively manage the use of networks.
- Authorised disaster recovery and business continuity plans still did not exist. The off-site backup arrangements for certain offices were not adequate as a backup tape register was not maintained and no system and application software was retained at these off-site locations. Furthermore, no formal standards and procedures for the testing of backups had been implemented.
- Various areas for improvement were identified with regard to logical access control.
- Adequate segregation of duties still did not exist within the IT environment.

### 5.5 Resubmission 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.

The financial statements were submitted on 31 May 2003, but were subsequently withdrawn due to the department's concerted efforts to complete the reconciliation of the paymaster-general and BAS-FCS interface accounts referred to in paragraph 3.1 above. In order to improve the disclosure in this regard, the finan-

cial statements were resubmitted on 30 July 2004 and intensive efforts to resolve the differences have continued since then.

The resubmission of the financial statements is regarded as a late submission in terms of the PFMA.

### 5.6 Follow-up of recommendations made by the Standing Committee on Public Accounts

I have followed-up on the action taken by the department to implement the recommendations made by the Standing Committee on Public Accounts (SCOPA) in respect of the financial period ending 31 March 2002. The resolutions in respect of the 2002/03 financial period were not available at the time of finalising the audit.

The two recommendations made by SCOPA for the financial period ending 31 March 2002, which related to interdepartmental balances and computer audit, had been partially implemented.

## 6. APPRECIATION

The assistance rendered by the staff of the Department of Foreign Affairs during the audit is sincerely appreciated.



**S A Fakie**  
**Auditor-General**

## STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2004

The 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 financial statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended) (act), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the act and the Division of Revenue Act, 2002 (Act No. 5 of 2002).

### 1. BASIS OF PREPARATION

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. 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

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.

Interest and dividends received are recognised upon receipt of the funds, and no accrual 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 financial statements of the Department and then transferred to the National Revenue Fund.

### 3. DONOR AID

Donor aid is recognised in the income statement in accordance with the cash basis of accounting.

### 4. CURRENT EXPENDITURE

Current expenditure is recognised in the income statement when the payment is made.

### 5. UNAUTHORISED, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised expenditure means:

- 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.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of 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.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from the official (a debtor account should be raised), or the vote if responsibility cannot be determined.

## 6. DEBTS WRITTEN OFF

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the Department. No provision is made for irrecoverable amounts.

## 7. CAPITAL EXPENDITURE

Expenditure for physical items on hand on 31 March 2004 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement.

## 10. RECEIVABLES

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

## 11. PAYABLES

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the Provincial/National Revenue Fund or another party.

## 12. PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

## 13. LEASE COMMITMENTS

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

## 14. ACCRUALS

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year-end, or where the goods/services have been delivered, and an invoice is on hand but remains unpaid at year-end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

## 15. EMPLOYEE BENEFITS

### Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

### Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

### Retirement benefits

The Department provides retirement benefits for 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 financial statements of the De-

partment. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

#### Medical benefits

The Department provides medical benefits to its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the Department.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

### 16. CAPITALISATION RESERVE

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

### 17. RECOVERABLE REVENUE

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous

years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the Revenue Fund as and when the repayment is received.

### 18. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. 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.

### 19. 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 cashbook 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 2004**

Programme

		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings / (Underspend) (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1.</b>	<b>Programme 1</b>	<b>209,358</b>	-	<b>209,358</b>	<b>203,677</b>	<b>5,681</b>	<b>97</b>	<b>181,543</b>	<b>180,327</b>
	Current	188,379	-	188,379	187,391	988	99	151,732	173,582
	Capital	20,979	-	20,979	16,286	4,693	78	29,811	6,745
<b>2.</b>	<b>Programme 2</b>	<b>1,589,373</b>	<b>39,986</b>	<b>1,549,387</b>	<b>1,391,974</b>	<b>157,413</b>	<b>90</b>	<b>1,746,047</b>	<b>1,641,203</b>
	Current	1,505,176	40,634	1,464,542	1,307,130	157,412	89	1,644,178	1,547,569
	Capital	84,197	648	84,845	84,845	0	100	101,869	93,634
<b>3.</b>	<b>Programme 3</b>	<b>62,857</b>	<b>16,781</b>	<b>79,638</b>	<b>78,645</b>	<b>993</b>	<b>99</b>	<b>55,070</b>	<b>61,949</b>
	Current	61,387	16,781	78,168	78,168	-	100	55,031	60,641
	Capital	1,470	-	1,470	477	993	32	39	1,308
<b>4.</b>	<b>Programme 4</b>	<b>101,381</b>	<b>12,033</b>	<b>113,414</b>	<b>77,602</b>	<b>35,812</b>	<b>68</b>	<b>131,156</b>	<b>87,700</b>
	Current	-	12,729	12,729	12,729	0	100	-	17
	Capital	101,381	-696	100,685	64,873	35,812	64	131,156	87,683
<b>5.</b>	<b>Programme 5</b>	<b>365,610</b>	<b>11,168</b>	<b>376,778</b>	<b>376,778</b>	-	<b>100</b>	<b>365,807</b>	<b>365,571</b>
	Current	365,610	11,120	376,730	376,730	-	100	365,807	365,565
	Capital	-	48	48	48	-	-	-	6
<b>6.</b>	<b>Special Functions</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>2,651</b>
	Current	-	4	4	4	-	100	-	2,651
<b>7.</b>	<b>Repeat for all programmes</b>	<b>2,328,579</b>	<b>-</b>	<b>2,328,579</b>	<b>2,128,680</b>	<b>199,899</b>	<b>91</b>	<b>2,479,623</b>	<b>2,339,401</b>
	Current	2,120,552	-	2,120,552	1,962,151	158,401	93	2,216,748	2,150,025
	Capital	208,027	-	208,027	166,529	41,498	80	262,875	189,376
<b>Total</b>		<b>2,328,579</b>	<b>-</b>	<b>2,328,579</b>	<b>2,128,680</b>	<b>199,899</b>	<b>91</b>	<b>2,479,623</b>	<b>2,339,401</b>

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2004

Direct charge against the National Revenue Fund		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
List all direct charges against the National Revenue Fund		2,328,579	-	2,328,579	2,128,680	199,899	91	2,479,623	2,339,401
<b>Total</b>		<b>2,328,579</b>	<b>-</b>	<b>2,328,579</b>	<b>2,128,680</b>	<b>199,899</b>	<b>91</b>	<b>2,479,623</b>	<b>2,339,401</b>
Economic classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>		<b>2,120,552</b>	<b>-4</b>	<b>2,120,548</b>	<b>1,962,147</b>	<b>158,401</b>	<b>93</b>	<b>2,224,286</b>	<b>2,132,856</b>
Personnel		1,227,721	-	1,227,721	953,354	274,367	78	1,161,639	1,069,382
Transfer payments		306,673	8,883	315,556	315,556	-	100	317,807	310,813
Other		586,158	-8,887	577,271	693,237	-115,966	120	744,840	752,661
<b>Capital</b>		<b>208,027</b>	<b>-</b>	<b>208,027</b>	<b>166,529</b>	<b>41,498</b>	<b>80</b>	<b>255,337</b>	<b>203,894</b>
Transfer payments		-	-	-	-	-	-	-	-
Acquisition of capital assets		208,027	-	208,027	166,529	41,498	80	255,337	203,894
<b>Special Functions</b>		<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>2,651</b>
Current		-	4	4	4	0	-	-	2,651
<b>Total</b>		<b>2,328,579</b>	<b>-</b>	<b>2,328,579</b>	<b>2,128,680</b>	<b>199,899</b>	<b>91</b>	<b>2,479,623</b>	<b>2,339,401</b>

Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	1,227,721	-	1,227,721	953,354	274,367	78	1,155,823	1,069,382
	Administrative	242,907	-	242,907	352,810	(109,903)	145	342,045	405,426
	Inventories	32,627	(4)	32,623	34,237	(1,614)	105	30,718	35,522
	Equipment	82,215	696	82,911	84,092	(1,181)	101	104,670	78,893
	Land and buildings	265,849	(24,545)	241,304	225,224	16,080	93	324,369	206,206
	Professional and special services	159,515	12,729	172,244	148,975	23,269	86	191,347	215,111
	Transfer payments	306,673	8,883	315,556	315,556	-	100	317,307	310,813
	Miscellaneous	11,072	2,241	13,313	14,432	(1,119)	108	13,344	18,048
<b>Total</b>		<b>2,328,579</b>	<b>-</b>	<b>2,328,579</b>	<b>2,128,680</b>	<b>199,899</b>	<b>91</b>	<b>2,479,623</b>	<b>2,339,401</b>

**DETAIL PER PROGRAMME 1  
for the year ended 31 March 2004**

Programme per subprogramme		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1.1</b>	<b>S/P 1: Minister</b>	<b>749</b>	-	<b>749</b>	<b>809</b>	<b>(60)</b>	<b>108</b>	<b>160,649</b>	<b>160,711</b>
	Current	749	-	749	809	(60)	108	138,375	154,283
	Capital	-	-	-	-	-	-	22,274	6,428
<b>1.2</b>	<b>S/P 2: Deputy Minister</b>	<b>610</b>	-	<b>610</b>	<b>958</b>	<b>(348)</b>	<b>157</b>	-	<b>10,860</b>
	Current	610	-	610	958	(348)	157	-	10,854
	Capital	-	-	-	-	-	-	-	6
<b>1.3</b>	<b>S/P 3: Management</b>	<b>10,192</b>	-	<b>10,192</b>	<b>24,961</b>	<b>(14,769)</b>	<b>245</b>	<b>3,786</b>	<b>4,235</b>
	Current	10,192	-	10,192	24,156	(13,964)	237	3,786	4,235
	Capital	-	-	-	805	(805)	-	-	-
<b>1.4</b>	<b>S/P 4: Corp Serv</b>	<b>197,407</b>	-	<b>197,407</b>	<b>176,377</b>	<b>21,030</b>	<b>89</b>	<b>17,108</b>	<b>4,517</b>
	Current	176,828	-	176,828	161,468	15,360	91	9,571	4,206
	Capital	20,579	-	20,579	14,909	5,670	72	7,537	311
<b>1.5</b>	<b>S/P 5: Gov M/Transp</b>	<b>400</b>	-	<b>400</b>	<b>572</b>	<b>(172)</b>	<b>143</b>	-	-
	Current	-	-	-	-	-	-	-	-
	Capital	400	-	400	572	(172)	143	-	-
<b>1.6</b>	<b>S/P 6: Statutory</b>	-	-	-	-	-	-	-	<b>4</b>
	Current	-	-	-	-	-	-	-	4
	Capital	-	-	-	-	-	-	-	-
<b>Total</b>		<b>209,358</b>	-	<b>209,358</b>	<b>203,677</b>	<b>5,681</b>	<b>97</b>	<b>181,543</b>	<b>180,327</b>

**DETAIL PER PROGRAMME 1  
for the year ended 31 March 2004**

Economic classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	<b>Current</b>	<b>188,379</b>	-	<b>188,379</b>	<b>187,391</b>	<b>988</b>	<b>99</b>	<b>159,269</b>	<b>159,064</b>
	Personnel	128,051	-	128,051	108,714	19,337	85	104,960	93,893
	Transfer payments	-	-	-	-	-	-	-	-
	Other	60,328	-	60,328	78,677	(18,349)	130	54,309	65,171
	<b>Capital</b>	<b>20,979</b>	-	<b>20,979</b>	<b>16,286</b>	<b>4,693</b>	<b>78</b>	<b>22,274</b>	<b>21,263</b>
	Transfer payments	-	-	-	-	-	-	-	-
	Acquisition of capital assets	20,979	-	20,979	16,286	4,693	78	22,274	21,263
<b>Total</b>		<b>209,358</b>	-	<b>209,358</b>	<b>203,677</b>	<b>5,681</b>	<b>97</b>	<b>181,543</b>	<b>180,327</b>
Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	128,051	-	128,051	108,714	19,337	85	104,960	93,893
	Administration	33,219	-	33,219	49,764	(16,545)	150	32,616	41,890
	Inventories	3,755	-	3,755	5,597	(1,842)	149	3,882	5,465
	Equipment	25,004	-	25,004	14,834	10,170	59	24,026	16,899
	Land and buildings	-	-	-	-	-	-	-	-
	Professional and special services	19,318	-	19,318	24,121	(4,803)	125	14,390	21,624
	Transfer payments	-	-	-	-	-	-	-	-
	Miscellaneous	11	-	11	647	(636)	5,882	1,669	556
<b>Total</b>		<b>209,358</b>	-	<b>209,358</b>	<b>203,677</b>	<b>5,681</b>	<b>97</b>	<b>181,543</b>	<b>180,327</b>

**DETAIL PER PROGRAMME 2  
for the year ended 31 March 2004**

Programme per subprogramme		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>2.1</b>	<b>S/P 1: African &amp; M/East</b>	<b>556,661</b>	<b>(39,110)</b>	<b>517,551</b>	<b>483,045</b>	<b>34,506</b>	<b>93.33</b>	<b>577,541</b>	<b>556,410</b>
	Current	526,853	(39,758)	487,095	438,718	48,378	90	530,320	521,805
	Capital	29,808	648	30,456	44,328	-13,872	146	47,221	34,605
<b>2.2</b>	<b>S/P 2: America-Caribbean</b>	<b>259,115</b>	<b>-</b>	<b>259,115</b>	<b>202,478</b>	<b>56,637</b>	<b>78</b>	<b>298,094</b>	<b>248,207</b>
	Current	245,644	-	245,644	194,506	51,138	79	284,590	237,435
	Capital	13,471	-	13,471	7,972	5,499	59	13,504	10,772
<b>2.3</b>	<b>S/P 3: Asia-Australia</b>	<b>223,509</b>	<b>-</b>	<b>223,509</b>	<b>184,722</b>	<b>38,787</b>	<b>83</b>	<b>224,463</b>	<b>220,762</b>
	Current	215,386	-	215,386	175,834	39,552	82	215,588	212,979
	Capital	8,123	-	8,123	8,888	-765	109	8,875	7,783
<b>2.4</b>	<b>S/P 4: Europe</b>	<b>413,467</b>	<b>(876)</b>	<b>412,591</b>	<b>403,156</b>	<b>9,435</b>	<b>98</b>	<b>476,159</b>	<b>470,617</b>
	Current	386,998	(876)	386,122	383,679	2,443	99	448,178	435,810
	Capital	26,469	-	26,469	19,477	6,992	74	27,981	34,807
<b>2.5</b>	<b>S/P 5: Multi(Dev&amp;Coop)</b>	<b>111,267</b>	<b>-</b>	<b>111,267</b>	<b>14,726</b>	<b>96,541</b>	<b>13</b>	<b>13,185</b>	<b>14,279</b>
	Current	108,503	-	108,503	14,495	94,008	13	13,181	12,319
	Capital	2,764	-	2,764	231	2,533	8	4	1,960
<b>2.6</b>	<b>S/P 6: Multi (Sec Gov)</b>	<b>25,354</b>	<b>-</b>	<b>25,354</b>	<b>103,847</b>	<b>-78,493</b>	<b>410</b>	<b>156,605</b>	<b>130,928</b>
	Current	21,792	-	21,792	99,898	-78,106	458	152,321	127,221
	Capital	3,562	-	3,562	3,949	-387	111	4,284	3,707
<b>Total</b>		<b>1,589,373</b>	<b>(39,986)</b>	<b>1,549,387</b>	<b>1,391,974</b>	<b>157,413</b>	<b>90</b>	<b>1,746,047</b>	<b>1,641,203</b>

**DETAIL PER PROGRAMME 2  
for the year ended 31 March 2004**

Economic classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	<b>Current</b>	<b>1,505,176</b>	<b>(40,634)</b>	<b>1,464,542</b>	<b>1,307,130</b>	<b>157,412</b>	<b>89</b>	<b>1,644,179</b>	<b>1,547,569</b>
	Personnel	1,062,521	-	1,062,521	814,717	247,804	77	1,026,612	947,500
	Transfer payments	-	-	-	-	-	-	-	-
	Other	442,655	(40,634)	402,021	492,413	(90,392)	122	617,567	600,069
	<b>Capital</b>	<b>84,197</b>	<b>648</b>	<b>84,845</b>	<b>84,845</b>	<b>-</b>	<b>100</b>	<b>101,868</b>	<b>93,634</b>
	Transfer payments	-	-	-	-	-	-	-	-
	Acquisition of capital assets	84,197	648	84,845	84,845	-	100	101,868	93,634
<b>Total</b>		<b>1,589,373</b>	<b>(39,986)</b>	<b>1,549,387</b>	<b>1,391,974</b>	<b>157,412</b>	<b>90</b>	<b>1,746,047</b>	<b>1,641,203</b>
Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	1,062,521	-	1,062,521	814,717	247,804	77	1,027,626	947,500
	Administration	139,137	(15,905)	123,232	214,915	-91,683	174	255,513	301,838
	Inventories	26,896	(880)	26,016	23,215	2,801	89	29,658	26,739
	Equipment	55,643	648	56,291	62,049	-5,758	110	63,484	57,230
	Land and buildings	190,746	(23,849)	166,897	162,073	4,824	97	202,066	183,566
	Professional and special services	112,091	-	112,091	114,546	-2,455	102	166,631	123,596
	Transfer payments	-	-	-	-	-	-	-	-
	Miscellaneous	2,339	-	2,339	459	1,880	20	1,069	734
<b>Total</b>		<b>1,589,373</b>	<b>(39,986)</b>	<b>1,549,387</b>	<b>1,391,974</b>	<b>157,413</b>	<b>90</b>	<b>1,746,047</b>	<b>1,641,203</b>

**DETAIL PER PROGRAMME 3  
for the year ended 31 March 2004**

Programme per subprogramme		2003/04						2002/03	
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>3.1</b>	<b>S/P 1: Protocol Matters</b>	<b>43,225</b>	<b>876</b>	<b>44,101</b>	<b>50,909</b>	<b>-6,808</b>	<b>115</b>	<b>38,425</b>	<b>46,918</b>
	Current	42,036	876	42,912	50,533	-7,621	117.76	38,425	46,459
	Capital	1,189	-	1,189	376	813	32	-	459
<b>3.2</b>	<b>S/P 2: Public Diplomacy</b>	<b>19,632</b>	<b>-</b>	<b>19,632</b>	<b>17,615</b>	<b>2,017</b>	<b>90</b>	<b>16,645</b>	<b>15,031</b>
	Current	19,351	-	19,351	17,514	1,837	91	16,606	14,182
	Capital	281	-	281	101	180	36	39	849
<b>3.2</b>	<b>S/P 3: Presidential Inauguration</b>	<b>-</b>	<b>15,905</b>	<b>15,905</b>	<b>10,121</b>	<b>5,784</b>	<b>64</b>	<b>-</b>	<b>-</b>
	Current	-	15,905	15,905	10,121	5,784	64	-	-
	Capital	-	-	-	-	-	-	-	-
<b>Total</b>		<b>62,857</b>	<b>16,781</b>	<b>79,638</b>	<b>78,645</b>	<b>993</b>	<b>98.75</b>	<b>55,070</b>	<b>61,949</b>
Economic classification		2003/04						2002/03	
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	<b>Current</b>	<b>61,387</b>		<b>78,168</b>	<b>78,168</b>	<b>-0</b>	<b>100.00</b>	<b>55,031</b>	<b>60,641</b>
	Personnel	37,149		37,149	29,923	7,226	81	30,067	27,956
	Transfer payments	-	<b>16,781</b>	-	-	-	-	-	-
	Other	24,238	-	41,019	48,263	-7,244	<b>118</b>	24,964	32,685
	<b>Capital</b>	<b>1,470</b>	<b>16,781</b>	<b>1,470</b>	<b>477</b>	<b>993</b>	<b>32</b>	<b>39</b>	<b>1,308</b>
	Transfer payments	-	-	-	-	-	-	-	-
	Acquisition of capital assets	1,470	-	1,470	477	993	32	39	1,308
<b>Total</b>		<b>62,857</b>	<b>16,781</b>	<b>79,638</b>	<b>78,645</b>	<b>993</b>	<b>99</b>	<b>55,070</b>	<b>61,949</b>



**DETAIL PER PROGRAMME 3  
for the year ended 31 March 2004**

Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	37,149	-	37,149	29,923	7,226	80.55	30,067	27,956
	Administration	11,614	15,905	27,519	30,590	-3,071	111	12,286	13,628
	Inventories	1,976	876	2,852	5,424	-2,572	190	2,078	3,318
	Equipment	1,568	-	1,568	1,921	-353	123	560	1,925
	Land and buildings	-	-	-	-	-	-	-	-
	Professional and special services	1,828	-	1,828	1,213	615	66	1,473	7,679
	Transfer payments	-	-	-	-	-	-	-	-
	Miscellaneous	8,722	-	8,722	9,574	-852	110	8,606	7,443
<b>Total</b>		<b>62,857</b>	<b>16,781</b>	<b>79,638</b>	<b>78,645</b>	<b>993</b>	<b>99</b>	<b>55,070</b>	<b>61,949</b>

**DETAIL PER PROGRAMME 4  
for the year ended 31 March 2004**

Programme per subprogramme		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>4.1</b>	<b>S/P 1: Land,build &amp; struct</b>	<b>101,381</b>	<b>12,033</b>	<b>113,414</b>	<b>77,602</b>	<b>35,812</b>	<b>68</b>	<b>131,156</b>	<b>87,700</b>
	Current	-	12,729	12,729	12,729	0	-	-	17
	Capital	101,381	(696)	100,685	64,873	35,812	64	131,156	87,683
<b>Total</b>		<b>101,381</b>	<b>12,033</b>	<b>113,414</b>	<b>77,602</b>	<b>35,812</b>	<b>68</b>	<b>131,156</b>	<b>87,700</b>
Economic classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	<b>Current</b>	-	<b>12,729</b>	<b>12,729</b>	<b>12,729</b>	<b>0</b>	-	-	<b>17</b>
	Personnel	-	-	-	-	-	-	-	-
	Transfer payments	-	-	-	-	-	-	-	-
	Other	-	12,729	12,729	12,729	0	-	-	17
	<b>Capital</b>	<b>101,381</b>	<b>(696)</b>	<b>100,685</b>	<b>64,873</b>	<b>35,812</b>	64.43	<b>131,156</b>	<b>87,683</b>
	Transfer payments	-	-	-	-	-	-	-	-
	Acquisition of capital assets	101,381	(696)	100,685	64,873	35,812	64.43	131,156	87,683
<b>Total</b>		<b>101,381</b>	<b>12,033</b>	<b>113,414</b>	<b>77,602</b>	<b>35,812</b>	<b>68</b>	<b>131,156</b>	<b>87,700</b>

**DETAIL PER PROGRAMME 4  
for the year ended 31 March 2004**

Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	-		-	-	-	-	-	-
	Administration	-		-	153	-153	-	-	17
	Inventories	-		-	-	-	-	-	-
	Equipment	-		-	5,240	-5,240	-	-	2,839
	Land and buildings	75,103		74,407	63,151	11,256	85	122,303	22,640
	Professional and special services	26,278		39,007	9,058	29,949	23	8,853	62,204
	Transfer payments	-	(696)	-	-	-	-	-	-
	Miscellaneous	-	12,729	-	-	-	-	-	-
<b>Total</b>		<b>101,381</b>	<b>12,033</b>	<b>113,414</b>	<b>77,602</b>	<b>35,812</b>	<b>68.42</b>	<b>131,156</b>	<b>87,700</b>

**DETAIL PER PROGRAMME 5  
for the year ended 31 March 2004**

Programme per subprogramme		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>5.1</b>	<b>S/P 1: Admin Support</b>	<b>58,937</b>	<b>2,285</b>	<b>61,222</b>	<b>61,223</b>		<b>100</b>	<b>48,000</b>	<b>54,759</b>
	Current	58,937	2,237	61,174	61,175		100.00	48,000	54,753
	Capital	0	48	48	48		-	-	6
<b>5.2</b>	<b>S/P 2: Intern Org</b>	<b>306,673</b>	<b>8,883</b>	<b>315,556</b>	<b>315,555</b>	<b>-1</b>	<b>100</b>	<b>317,807</b>	<b>310,812</b>
	Current	306,673	8,883	315,556	315,555	-1	100	317,807	310,812
	Capital	-	-	-	-	-	-	-	-
<b>5.3</b>	<b>S/P 3: Techn Assistance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Current	-	-	-	-	1	-	-	-
	Capital	-	-	-	-	-	-	-	-
<b>Total</b>		<b>365,610</b>	<b>11,168</b>	<b>376,778</b>	<b>376,778</b>	<b>-</b>	<b>100</b>	<b>365,807</b>	<b>365,571</b>
Economic classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	<b>Current</b>	<b>365,610</b>	<b>11,120</b>	<b>376,730</b>	<b>376,730</b>	<b>-</b>	<b>100</b>	<b>365,807</b>	<b>365,565</b>
	Personnel	-	-	-	-	-	-	-	33
	Transfer payments	306,673	8,883	315,556	315,556	-	100	317,807	310,813
	Other	58,937	2,237	61,174	61,174	-	100	48,000	54,719
	<b>Capital</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
	Transfer payments	-	-	-	-	-	-	-	-
	Acquisition of capital assets	-	48	48	48	-	-	-	6
<b>Total</b>		<b>365,610</b>	<b>11,168</b>	<b>376,778</b>	<b>376,778</b>	<b>-</b>	<b>100.00</b>	<b>365,807</b>	<b>365,571</b>

**DETAIL PER PROGRAMME 5  
for the year ended 31 March 2004**

Standard item classification		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Final Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
	Personnel	-		-	-	-	-	-	33
	Administration	58,937	-	58,937	57,388	1,549	97	46,000	48,053
	Inventories	-		-	1	(1)	-	-	-
	Equipment		48	48	48	-	-	-	-
	Land and buildings	-		-	-	-	-	-	-
	Professional and special services	-		-	37	(37)	-	-	8
	Transfer payments	306,673	8,883	315,556	315,556	-	100	317,807	310,813
	Miscellaneous		2,237	2,237	3,748	(1,511)	-	2,000	6,664
<b>Total</b>		<b>365,610</b>	<b>11,168</b>	<b>376,778</b>	<b>376,778</b>	<b>-</b>	<b>100</b>	<b>365,807</b>	<b>365,571</b>

## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 MARCH 2004

### 1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 9 (Transfer payments) and Annexure 1 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 of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 11.2 (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:

##### Programme 2: Foreign relations

Savings in this programme are largely due to the favourable fluctuation of the Rand as an amount of approximately R117 million was saved in this regard. In addition, the department implemented the new Foreign Service Dispensation as from 1 December 2003 although it was budgeted for the full

financial year, which has resulted to savings estimated at R37 million. For detailed explanations refer note 1.3 (i) of the Management report.

##### Programme 4: Foreign Properties

Savings in this programme relates to projects which were not finalised during the year under review, as explained in detail in note 1.3 (ii) of the Management report.

#### 4.2 Per standard item:

##### Personnel

Savings in personnel can be attributed to favourable exchange rate fluctuations as the department maintained the same level of filled posts as against the previous year in our missions abroad. In addition, the filling of posts at Head office were delayed due to the implementation of Resolution no 7.

##### Administrative

The over expenditure can be attributed to the increased role and the responsibilities of the department. This relates to operational expenditure incurred for the achievement of our key priorities as detailed in strategic plan.

##### Land and buildings

Savings can be attributed to projects not completed during the year under review as well as foreign exchange rate savings with regard to renting of properties abroad.

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)**  
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
<b>REVENUE</b>			
Voted funds		<b>1,972,937</b>	<b>2,450,877</b>
Annual Appropriation	1	2,328,579	2,479,623
Drawings debited by Treasury/ Not drawn by the Department	1	(355,642)	(73,021)
Appropriation for unauthorised expenditure		-	44,275
Other revenue to be surrendered to the revenue fund	2	49,737	66,704
Local and foreign aid assistance (incl. RDP funds)		-	2,966
<b>TOTAL REVENUE</b>		<b>2,022,674</b>	<b>2,520,547</b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	4	953,354	1,069,382
Administrative		352,810	405,426
Inventories	5	34,237	35,522
Machinery and Equipment	6	10,680	13,592
Land and buildings	7	165,652	183,566
Professional and special services	8	115,430	99,158
Transfer payments	9	315,556	310,813
Miscellaneous	10	14,428	15,397
Special functions: authorised losses	11	4	2,651
Local and foreign aid assistance (incl. RDP funds)		-	111
Unauthorised expenditure approved		-	44,275

**TOTAL CURRENT EXPENDITURE** A **1,962,151** **2,179,893**

**Capital**

Machinery and Equipment	6	73,412	65,301
Land and buildings	7	59,572	22,640
Professional and special services	8	33,545	115,953

**TOTAL CAPITAL EXPENDITURE** B **166,529** **203,894**

**TOTAL EXPENDITURE** A + B **2,128,680** **2,383,787**

**NET SURPLUS /(DEFICIT)** **(106,006)** **136,760**

Add back unauthorised and fruitless and wasteful expenditure disallowed 12 6,879 5,898

**NET SURPLUS /(DEFICIT) FOR THE YEAR** **(99,127)** **142,658**

**Reconciliation of Net Surplus / (Deficit) for the year**

Voted Funds to be surrendered to/ recovered from the Revenue Fund	17	(148,864)	73,098
Other Revenue to be surrendered to the Revenue Fund	18	49,737	66,704
Local and foreign aid assistance (incl. RDP Funds) rolled over		-	2,856

**NET SURPLUS /(DEFICIT) FOR THE YEAR** **(99,127)** **142,658**

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
at 31 March 2004

ASSETS	Note	2003/04 R'000	2002/03 R'000
<b>Current assets</b>		<b>552,484</b>	<b>365,492</b>
Unauthorised and fruitless and wasteful expenditure	12	19,136	12,257
Cash and cash equivalents	13.1	76,806	292
Receivables	14	455,505	347,677
Loans	15.1	1,037	1,037
Local and foreign aid assistance (including RDP funds) receivable from the RDP fund/donors	3	-	4,229
<b>Non-current assets</b>		<b>52,797</b>	<b>40,503</b>
Receivables	16	18,786	7,421
Loans	15	34,011	33,082
<b>TOTAL ASSETS</b>	<b>A</b>	<b>605,281</b>	<b>405,995</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>560,686</b>	<b>368,019</b>
Voted funds to be surrendered to the Revenue Fund	17	-	73,098
Other Revenue funds to be surrendered to the Revenue Fund	18	40,091	4,868
Payables	19	161,806	198,904
Bank Overdraft	13.2	358,789	91,149
<b>Non-current liabilities</b>		<b>9,238</b>	<b>3,667</b>

Payables	20	9,238	3,667
<b>TOTAL LIABILITIES</b>	<b>B</b>	<b>569,924</b>	<b>371,686</b>
<b>NET ASSETS/LIABILITIES</b>	<b>A - B</b>	<b>35,357</b>	<b>34,309</b>
<b>Represented by:</b>		<b>35,357</b>	<b>34,309</b>
Capitalisation reserve		35,029	34,076
Recoverable revenue		264	233
Local and foreign aid assistance (including RDP funds) rolled over	3	64	-
<b>TOTAL</b>		<b>35,357</b>	<b>34,309</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
<b>Capitalisation reserve</b>			
Opening balance		34,076	30,962
Transfers to Revenue Fund		(3,438)	(4,253)
New debits		4,386	7,206
Transfers		5	161
		<b>35,029</b>	<b>34,076</b>
<b>Recoverable revenue</b>			
Opening balance		233	77
Transfer to Revenue Fund	18	(2)	(31)
Debts raised		33	187
		<b>268</b>	<b>233</b>
<b>Local and foreign aid assistance (including RDP funds) remaining</b>			
Opening balance		-	-
Transfers		-	-
Transfer to / from other reserves	3	64	-
		<b>64</b>	<b>-</b>
<b>TOTAL</b>		<b>35,361</b>	<b>34,309</b>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	21	33,156	199,839
Cash generated / (utilised) to (increase)/decrease working capital	22	(10,285)	40,080
Voted funds and Revenue funds surrendered	23	(81,714)	(202,532)
<b>Net cash flow available from operating activities</b>		<b>(58,843)</b>	<b>37,387</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(132,984)	(87,941)
Proceeds from sale of equipment	2	701	1,294
Proceeds from sale of land and buildings	2	-	29,466
<b>Net cash flows from operating and investing activities</b>		<b>(191,126)</b>	<b>(19,794)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(191,126)</b>	<b>(19,794)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>(90,857)</b>	<b>(71,063)</b>
<b>Cash and cash equivalents at end of period</b>	13	<b>(281,983)</b>	<b>(90,857)</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

**1 Annual Appropriation**

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds) and Provincial Departments (Equitable Share):

Programmes	Total Appropriation 2003/04 R'000	Actual Appropriation Received R'000	Variance over/ (under) R'000	Total Appropriation 2002/03 R'000
Programme 1: Administration	209,358	209,358	-	181,543
Programme 2: Foreign Relations	1,573,467	1,217,825	355,642	1,746,047
Programme 3: Public Diplomacy and Protocol	78,762	78,762	-	55,070
Programme 4: Foreign Properties	101,381	101,381	-	131,156
Programme 5: Auxiliary	365,611	365,611	-	365,807
<b>TOTAL</b>	<b>2,328,579</b>	<b>1,972,937</b>	<b>355,642</b>	<b>2,479,623</b>

**2 Other revenue to be surrendered to the revenue fund**

**Description**

Description	2003/04 R'000	2002/03 R'000
Material losses recovered	2.1	-
Gifts donations and sponsorships received	2.2	183
Cheques written back/stale cheques		170
Proceeds from sale of equipment		701
Proceeds from sale of land and buildings		-
Interest on cash balances		1,376
VAT repayments		7,297
Previous years expenditure recovered		32,106
Other		7,904
Total revenue collected		<b>49,737</b>
Less: Own revenue budgeted		<b>66,704</b>
Total other revenue collected		<b>49,737</b>

**2.1 Material losses recovered****Nature of loss recovered**

Departmental debt  
 Refunds on lost and stolen cellular phones  
 Official vehicles  
 Other

**2003/04**  
**R'000**

**2002/03**  
**R'000**

	-	78
	-	29
	-	216
	-	148
	-	<b>471</b>

**2.2 Gifts, donations and sponsorships received by the department****Nature of gift, donation and sponsorship**

(Group major categories, but list material items including the name of the organisation)

Estate Gunter Christ - Germany  
 Donation from Denel  
 Donations received - SA Confrence 2003 London  
 Donations received - Gaberone  
 Donations received - Sao Paulo

**2003/04**  
**R'000**

**2002/03**  
**R'000**

		17
		8
	177	
	2	
	4	
	<b>183</b>	<b>25</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

2.3 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)	2003/04R'000	2002/03R'000
<b>Nature of gift, donation and sponsorship</b>		
Works of Art, Accomadation and official functions		1,281
Jazz concert - 2 nights holiday, return ticket, artist return ticket, hotel accommodation, dinner,	Uniglobe Travel & Tours Tanzania, Protea Hotels, Air Tanzania, SAA, Royal Palm Hotel, Sea Cliff Hotel, Holiday Inn, Oysterbay Grill	71
Beverages and wine	SAB, Countrywide Wine & Spirit Distr Ltd, KWV International, SAA, Protea Hotel	23
2 metre sliding top freezer	Just Refrigeration Products	5
SA Culinary Week	Grupo Dragados & Acerinox	120
10th Anniversary Celebrations - seats	Mr Robert Grybowski SAA Rep	1
Hotel Accommodation and meals	RISA Charitable Trust	2
Honararium	Rutgers State University of New Jersey	2
Honararium	National Liberty Museum	2
Airtickets	SA & Cathay Pacific South African Tourism	100
	<b>326</b>	<b>1,281</b>

**3 Local and foreign aid assistance (including RDP funds)****3.1 Assistance received in cash****Name of Donor and purpose****Foreign**

Celebrate South Africa  
 Protocol Training: Spain  
 UNDP  
 Foreign Governments: WCAR

	Opening Balance	Depratmental vote (dr)	Expenditure		Closing Balance
			Current	Capital	
			-	-	-
	(683)	683	-	-	-
	64	-	-	-	64
	(340)	340	-	-	-
	(3,270)	3,270	-	-	-
	<b>(4,229)</b>	<b>4,293</b>	-	-	<b>64</b>

**Analysis of balance**

Amounts owing by the RDP fund/donors  
 Amounts owing to the RDP fund/donors  
 Balance remaining

	2003/04 R'000	2002/03 R'000
	-	4,293
	(64)	(64)
	<b>(64)</b>	<b>4,229</b>

**4 Personnel****4.1 Current expenditure**

Appropriation to Executive and Legislature  
 Basic salary costs  
 Pension contributions  
 Medical aid contributions  
 Other salary related costs

	2003/04 R'000	2002/03 R'000
	1,767	6,849
	439,353	485,083
	32,045	28,574
	53,866	61,771
	426,323	487,105
	<b>953,354</b>	<b>1,069,382</b>
	1,618	1,655
	1,940	1,697
	<b>3,558</b>	<b>3,352</b>

**Average number of employees (DFA officials)**

**Average number of employees (LRP's at missions)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

<b>5 Inventories</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>5.1 Current expenditure</b>			
<b>Inventories purchased during the year</b>			
Printing:general		5,421	5,082
Stationary:general		8,764	10,575
Publications		5,647	6,677
Overalls and uniforms		2,578	1,558
Consumables and groceries		3,701	2,773
Household, garden and audio visual		4,759	4,561
Fuel purchases		3,288	4,125
Other stocks		79	171
<b>Total cost of inventories</b>		<b>34,237</b>	<b>35,522</b>
<b>5.2 Inventories on hand at year end</b>	<b>Costing method used</b>	<b>2003/04R'000</b>	<b>2002/03R'000</b>
<b>(for disclosure purposes only)</b>			
E-class on hand	Cost price	<b>1,799</b>	<b>7,931</b>
<b>6 Machinery and equipment</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Current (Rentals, maintenance and sundry)		10,680	13,592
Capital	6.1	73,412	65,301
<b>Total current and capital expenditure</b>		<b>84,092</b>	<b>78,893</b>

**6.1 Capital machinery and equipment analysed as follows:**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Computer equipment	11,595	15,460
Furniture and office equipment	16,490	28,263
Other machinery and equipment	19,516	3,693
Transport	11,870	11,797
Security equipment	7,212	1,250
Labour Saving Devices	2,126	1,950
Telephone Systems	1,891	2,274
Works of Art	2,712	614
	<b>73,412</b>	<b>65,301</b>

**7 Land and buildings**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Current expenditure		
Rental official residences and offices	163,429	183,566
Municipal rates and taxes	2,223	
Total current expenditure	<b>165,652</b>	<b>183,566</b>
Capital expenditure	59,572	22,640
Total current and capital expenditure	<b>225,224</b>	<b>206,206</b>

7.1

**7.1 Capital land and building expenditure analysed as follows:**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Construction office accommodation	55,432	3,816
Construction official housing	4,140	18,824
	<b>59,572</b>	<b>22,640</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

<b>8 Professional and special services</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>8.1 Current expenditure</b>		
Auditors' remuneration	3,261	4,117
Contractors	20,327	23,712
Consultants and advisory services	7,078	4,254
Commissions and committees	18	2
Computer services	10,738	3,867
Other	74,008	63,206
	<b>115,430</b>	<b>99,158</b>
<b>8.2 Capital expenditure</b>		
Contractors	5,228	16,761
Consultants and advisory services	389	61,684
Computer services	351	1,023
Other	27,577	36,485
	<b>33,545</b>	<b>115,953</b>
<b>Total Professional and special services</b>	<b>148,975</b>	<b>215,111</b>
<b>9 Transfer payments</b>	<b>2003/04R'000</b>	<b>2002/03R'000</b>
African Renaissance Fund	50,000	-
UNDP/ IBSA	679	-
Tribunal of the Law of the Sea	211	-
Manpower: Secondments	-	12
Technical and other assistance	-	2,442
World Food Program	100,000	170,000
Membership Fees: UN	49,157	57,418
United Nations Development Programme	38	5,620
South Centre	1,008	-
Maritime Law Institute	120	120

<b>9cont</b> Humanitarian Aid	6,817	5,858
NEPAD	24,497	19,200
African Union	43,653	11,965
Membership fees: Commonwealth	5,369	16,248
SADC Membership fees	17,847	4,356
UNICEF	210	200
Bureau International Exhibition -Membership fees	28	-
IORARC	49	56
G77 : Economic Cooperation	34	41
African Caribbean and Pacific	2,087	1,875
Comprehensive Test Ban Treaty	2,306	-
Perrez-Guerrero Trust Fund	50	-
UNDP - Local Office Costs (GLOC)	10,997	13,600
Bacterial and toxic weapons convention	-	24
Other International Organizations	-	1,391
UN Technical Cooperation	100	97
UN Human Rights	299	290
Total transfer payments made	<b>315,556</b>	<b>310,813</b>

<b>10</b>	<b>Miscellaneous</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>10.1</b>	<b>Current expenditure</b>		
	Recoverable loans and rental deposits	4,386	7,206
	Diplomatic Privilege Act	9,233	7,387
	Gifts by the State Purchased	290	254
	Other	519	550
	<b>Total miscellaneous expenditure</b>	<b>14,428</b>	<b>15,397</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

10.2 Gifts, donations and sponsorships made in kind (items expensed in previous periods -Total value not included above)	2003/04 R'000	2002/03 R'000
Gifts presented to foreign dignitaries and visiting heads of state	87	112
11 Special functions: Authorised losses	2003/04 R'000	2002/03 R'000
Other material losses written off in income statement	4	2,651
	<b>4</b>	<b>2,651</b>
11.1 Other material losses written off in income statement	2003/04 R'000	2002/03 R'000
<b>Nature of losses</b>		
New York Settlement of M Kattini	-	2,586
Oslo: Legal fees	-	65
Damaged goods - WSSD	4	-
	<b>4</b>	<b>2,651</b>
11.2 Details of special functions (theft and losses)	2003/04 R'000	2002/03 R'000
<b>Per programme</b>		
Programme 2: Foreign Relations	4	2,651
	<b>4</b>	<b>2,651</b>

**12 Unauthorised and fruitless and wasteful expenditure disallowed**

		2003/04 R'000	2002/03 R'000
Unauthorised expenditure	12.2	19,136	12,257
		<b>19,136</b>	<b>12,257</b>

**12.1 Reconciliation of unauthorised expenditure balance**

		2003/04 R'000	2002/03 R'000
Opening balance		12,257	57,412
Unauthorised expenditure current year		6,879	5,898
Approved by Parliament		-	(51,053)
Closing balance		<b>19,136</b>	<b>12,257</b>

**12.2 Unauthorised expenditure**

		2003/04 R'000	2002/03 R'000
<b>Incident</b>			
Excess Expenditure - 2000/01		6,359	6,359
Excess Expenditure - 2001/02		5,898	5,898
Excess Expenditure - 2002/03		6,879	-
		<b>19,136</b>	<b>12,257</b>

**13 Cash and cash equivalents**

		2003/04 R'000	2002/03 R'000
Paymaster General Account		(358,789)	(91,149)
Cash on hand		76,806	292
		<b>(281,983)</b>	<b>(90,857)</b>

**13.1 Cash on Hand**

		2003/04 R'000	2002/03 R'000
First National Bank - Deposit Account		2,434	-
Cash at Missions		68,433	-
Cash In Transit		5,601	-
Petty Cash		338	292
		<b>73</b>	<b>292</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

**13.2 Paymaster General Account**

		2003/04 R'000	2002/03 R'000
Account 8033 1289 (FCS)	19.3	(487,154)	(410,013)
Account 8033 2307		128,365	318,864
		<b>(358,789)</b>	<b>(91,149)</b>

**14 Receivables - current**

		2003/04 R'000	2002/03 R'000
Amounts owing by other departments	Annexure 2 and 14.1	205,665	174,625
Staff debtors	14.2	11,000	11,395
Other debtors	14.3	229,738	158,088
Advances	14.4	9,102	3,569
		<b>455,505</b>	<b>347,677</b>

**14.1 Amounts owing by other departments**

Amount of R50m (2003: R50m) included above may not be recovered, but has not been written off in the income statement.

**14.2 Staff debtors**

	2003/04 R'000	2002/03 R'000
Departmental debt accounts	2,410	2,461
Disallowances	6,291	5,816
Persal Accounts	2,298	1,596
Study Fees/Bursaries	-	1,522
Dishonored cheque	1	-
	<b>11,000</b>	<b>11,395</b>

**14.3 Other debtors**

		2003/04 R'000	2002/03 R'000
Detainees		22	16
Renaissance Fund		-	80,227
Debtors Governments		20,826	24,281
Sundry Debtors		1,228	-
Balance of the Vote	17	142,966	-
Claims recoverable: Institutions		64,696	53,564
		<b>229,738</b>	<b>158,088</b>

**14.4 Advances**

		2003/04 R'000	2002/03 R'000
<b>Nature of advances</b>			
Advance to state departments		4,213	69
Subsistence and transport advances		4,889	3,500
		<b>9,102</b>	<b>3,569</b>

**15 Loans**

		2003/04 R'000	2002/03 R'000
<b>Granted to</b>			
Rental deposits: Residences - Landlords	15.2	11,809	11,524
Rental deposits: Offices - Landlords	15.3	21,716	20,297
Interest Free Motor loans - Junior transferred officials stationed at diplomatic missions.	15.4	1,161	1,736
Interest free loans: other - Schools abroad	15.5	362	562
		<b>35,048</b>	<b>34,119</b>

**15.1 Less amount repayable within 12 months included in current assets**

(1,037)	(1,037)
<b>34,011</b>	<b>33,082</b>

**15.2** This amount represents various payments to landlords abroad for rental deposits in respect of official residences for transferred personnel. These loans are secured by the rental payments to land lords. The rental deposits are refunded at the expiry of the lease.

**15.3** This amount represents various payments to landlords abroad for rental deposits in respect of chanceries for transferred personnel. These loans are secured by the rental payments to land lords. The rental deposits are refunded at the expiry of the lease.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004**

- 15.4** This amount represents various interest free motor loans granted to junior officials abroad to enable them to perform their representation duties abroad. These loans are secured by recovery from the foreign allowances. In the event of a resignation, prior to full settlement, the balance will be recovered from the pension benefits.
- 15.5** This amount represents various deposits paid to educational institutions abroad to admit transferred officials' children to these schools. Deposits are refunded to the Department when tuition services are terminated.

**16 Receivables – non-current**

<b>Description</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Theft & Losses	2,042	1,946
Unsettled claims	10,911	2,550
Logis	857	2,925
Telkom Control	4,341	-
Rate of Exchange	635	-
	<b>18,786</b>	<b>7,421</b>

**17 Voted funds to be surrendered to/recovered from the Revenue Fund**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Opening balance	73,098	135,777
Transfer from income statement	(148,864)	73,098
Paid during the year	(67,200)	(135,777)
Closing balance	<b>(142,966)</b>	<b>73,098</b>

**18 Other revenue funds to be surrendered to the Revenue Fund**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Opening balance	4,868	4,919
Transfer from income statement for revenue to be surrendered	49,737	66,704
Paid during the year	(14,514)	(66,755)
Closing balance	<b>40,091</b>	<b>4,868</b>

**19 Payables - current**

		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Amounts owing to other departments	Annexure 3	711	671
Receipts payable to other departments	Annexure 3	34,064	79,428
Advances received	19.1	95,710	60,671
Other payables	19.2	31,321	58,134
		<b>161,806</b>	<b>198,904</b>

**19.1 Advances received**

		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Advances Received - State departments		84,423	56,197
Advances Received - State Institutions		11,287	4,297
Other Advances received		-	177
		<b>95,710</b>	<b>60,671</b>

**19.2 Other payables**

		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
FCS Reconciliation Account	19.4	11,583	-
Persal Accounts		237	7,085
Disallowances		15,422	51,049
Other receipts payable		4,079	-
		<b>31,321</b>	<b>58,134</b>

**19.3 Restatement of previous year's figures**

The R410 013 that was previously reported as part of Other Payables is now reported as Bank Overdraft (refer note 13.2)

**19.4 FCS Reconciliation Account**

This relates to unreconciled difference between the net overdraft on the PMG 8033-128-9 of R62,451m (difference between the PMG overdraft of R487m and the BAS/FCS interface of R424m) and the cash book balance in the missions and funds in transit of R74,034m. The PMG 8033-128-9 is used to transfer funds to missions abroad. The department is in the process of reconciling all FCS control accounts and through this process the unreconciled difference will be resolved.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004**

<b>20 Payables – non-current</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Renaissance Fund	9,238	-
Study Bursaries	-	1,241
Rate of Exchange	-	2,426
	<b>9,238</b>	<b>3,667</b>
<b>21 Net cash flow generated by operating activities</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Net surplus as per Income Statement	(99,127)	142,658
Adjusted for items separately disclosed	132,283	57,181
Proceeds from sale of equipment	(701)	(1,294)
Proceeds from sale of land and buildings	-	(29,466)
Capital expenditure	132,984	87,941
Net cash flow generated by operating activities	<b>33,156</b>	<b>199,839</b>
<b>22 Cash generated / (utilised) to (increase)/decrease working capital</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
(Increase) / decrease in receivables – current	33,792	38,411
(Increase) / decrease in receivables – non-current	(11,366)	(3,519)
(Increase) / decrease in prepayments and advances	(5,534)	(11)
(Increase) / decrease in other current assets	3,301	41,997
Increase / (decrease) in payables	(36,049)	(40,067)
Increase / (decrease) in other current liabilities	5,571	3,269
	<b>(10,285)</b>	<b>40,080</b>
<b>23 Voted funds and revenue funds surrendered</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Voted funds surrendered	67,200	135,777
Revenue funds surrendered	14,514	66,755
	<b>81,714</b>	<b>202,532</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004**

These amounts are not recognised in the financial statements, and are 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

<b>24</b>	<b>Contingent liabilities</b>			<b>2003/04</b>	<b>2002/03</b>
	<b>Liable to</b>	<b>Nature</b>		<b>R'000</b>	<b>R'000</b>
	Motor vehicle guarantees	Employees	Annexure 1	292	292
	Housing loan guarantees	Employees	Annexure 1	3,627	2,864
	Other guarantees		Annexure 1	192,117	232,466
	Claims		24.1	1,237	1,513
				<b>197,273</b>	<b>237,135</b>
				<b>197,273</b>	<b>237,135</b>
<b>24.1</b>	<b>Claims</b>			<b>2003/04</b>	<b>2002/03</b>
	<b>Liable to</b>			<b>R'000</b>	<b>R'000</b>
	Catlin v Minister of Foreign Affairs			280	280
	Turkey : Madencilik Metal Ticaret Anonim Sirket v Government of South Africa			200	200
	Filippatos v Minister of Foreign Affairs (Lusaka rented property)			-	386
	Fintech v Minister of Foreign Affairs (WCAR conference – accommodation)			-	220
	Smit v Minister of Foreign Affairs			75	75
	Deeb v Minister of Foreign Affairs			252	252
	Jaquet vs Minister of Foreign Affairs (Land court)			30	-
	Rajoo vs Department of Foreign Affairs			400	-
	Drake v Minister of Foreign Affairs			-	100
				<b>1,237</b>	<b>1,513</b>
				<b>1,237</b>	<b>1,513</b>
<b>25</b>	<b>Commitments</b>			<b>2003/04</b>	<b>2002/03</b>
	<b>Capital expenditure</b>			<b>R'000</b>	<b>R'000</b>
	Approved and contracted/ordered		Format	-	72,631
	Approved but not yet contracted			54,049	8,661
	Total Commitments			<b>54,049</b>	<b>81,292</b>
				<b>54,049</b>	<b>81,292</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2004

<b>26</b>	<b>Accruals</b>				
	<b>Listed by standard item</b>				
	Administrative			1,339	550
	Inventory			304	31
	Equipment			130	771
	Professional and special services			19	0
				<b>1,792</b>	<b>1,352</b>
<b>26.1</b>	<b>Listed by programme level</b>			<b>2003/04</b>	<b>2002/03</b>
				<b>R'000</b>	<b>R'000</b>
	Programme 1: Administration			855	898
	Programme 2: Foreign Relations			301	187
	Programme 3: Public Diplomacy and Protocol			119	267
	Programme 5: Auxiliary			517	0
				<b>1,792</b>	<b>1,352</b>
<b>27</b>	<b>Employee benefits</b>			<b>2003/04R'000</b>	<b>2002/03R'000</b>
	Leave entitlement			4,948	5,770
	Thirteenth cheque			9,331	10,645
	Performance bonus			4,263	2,634
				<b>18,542</b>	<b>19,049</b>
<b>28</b>	<b>Leases</b>			<b>2003/04</b>	<b>2002/03</b>
				<b>R'000</b>	<b>R'000</b>
<b>28.1</b>	<b>Operating leases</b>	<b>Property</b>	<b>Equipment</b>	<b>Total</b>	<b>Total</b>
	Name of financial institution				
	Not later than 1 year	215,545	6,198	221,743	222,078
	Later than 1 year and not later than 3 years	180,862	12,338	193,200	187,447
	Later than 3 years	117,419	7,140	124,559	178,734
		<b>513,826</b>	<b>25,676</b>	<b>539,502</b>	<b>588,259</b>

**ANNEXURE 1****STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004****DOMESTIC/ FOREIGN (provide separate returns)**

Guaranteed institution	Guarantee in respect of	Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees raised during the year	Guarantees repaid during the year	Guaranteed capital amount outstanding as at 31/03/2004	Guaranteed interest outstanding as from last date of interest until 31/03/2004	Claims paid out during past financial year	Realised losses i.r.o. claims paid out
		R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
<b>Domestic</b>									
Standard Bank	Housing loans	504	495	45		540			
Nedbank Ltd.	Housing loans	378	78	300		378			
Firststrand Bank: FNB	Housing loans	399	400	146		546			
ABSA Bank	Housing loans	690	509	165		673			
Fidelity Bank	Housing loans	46	46	0	46	0			
BOE Bank (NBS Division)	Housing loans	464	363	111		474			
Saambou Bank	Housing loans	896	800		133	667			
Peoples/ Permanent Bank	Housing loans	259	145		81	63			
Old Mutual Bank	Housing loans	23	23	236		259			
VBS	Housing loans	0	0	23		23			
Hlano Fin Services	Housing loans	4	4	0		4			
<b>Total Domestic</b>		<b>3,665</b>	<b>2,864</b>	<b>1,003</b>	<b>260</b>	<b>3,627</b>		<b>0</b>	<b>0</b>
Stannic	Motorfinance	292	292	0	0	292			
<b>Domestic</b>		<b>3,957</b>	<b>3,156</b>	<b>1,003</b>	<b>260</b>	<b>3,919</b>		<b>0</b>	<b>0</b>

Guaranteed institution	Guarantee in respect of	Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees raised during the year	Guarantees repaid during the year	Guaranteed capital amount outstanding as at 31/03/2004	Guaranteed interest outstanding as from last date of interest until 31/03/2004	Claims paid out during past financial year	Realised losses i.r.o. claims paid out
		R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
<b>Foreign</b>									
South African Development Bank	Lesotho Highlands Development Authority for the northern access road project IHT 02 021	54,045	35,724		7,233	28,492			
South African Development Bank	Lesotho Highlands Development Authority for the northern access road project IHT 02 022	154,279	107,587		17,753	89,834			
South African Development Bank	Lesotho Highlands Development Authority Katze Bridge Project IHT 02 023	2,385	1,419		338	1,081			
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for the northern access road project IHT 01 678	24,805	13,510		3,217	10,293			

Guaranteed institution	Guarantee in respect of	Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees raised during the year	Guarantees repaid during the year	Guaranteed capital amount outstanding as at 31/03/2004	Guaranteed interest outstanding as from last date of interest until 31/03/2004	Claims paid out during past financial year	Realised 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 Highlands Development Authority for Lesotho infrastructure (construction of northern access road project) IHT 02 485	41,600	30,450		5,024	25,425			
South African Development Bank	Loan granted to Lesotho Highlands Authority for Katze-town programme (Project 1) IHC 02 024	21,393	20,128		3,279	16,849			
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for advanced infrastructure. Upgrading of borderpost facilities Maputo and Caledonspoort IHT 02 270/2	7,530	6,135		1,001	5,133			

Guaranteed institution	Guarantee in respect of	Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees raised during the year	Guarantees repaid during the year	Guaranteed capital amount outstanding as at 31/03/2004	Guaranteed interest outstanding as from last date of interest until 31/03/2004	Claims paid out during past financial year	Realised 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 Highlands Development Authority for advanced infrastructure. Upgrading of current roads. IHT 02 214/2	29,059	17,513		2,503	15,009			
South African Development Bank	Loan granted to Lesotho Highlands Development Authority for communication systems IHK 02 653	1,546			0	0			
<b>Total Foreign</b>		<b>336,642</b>	<b>232,466</b>	<b>0</b>	<b>40,348</b>	<b>192,117</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>340,598</b>	<b>235,622</b>	<b>1,003</b>	<b>40,609</b>	<b>196,037</b>	<b>0</b>	<b>0</b>	<b>0</b>

## ANNEXURE 2

### INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Eastern Cape	0	102	1,072	1,287
Northern Cape	0	210	469	210
Free State	0	155	613	267
Limpopo	0	1,993	2,617	16
Mpumalanga	0	40	965	1,116
North West	0	1,632.41	1,403	-1
Kwazulu Natal	0	1,614.73	1,091	7
Gauteng	43	145.90	3,896	2,903
Western Cape	0		772	607
Art,culture,	0	-	6,440	3,840
Sc & Technology	0	-	3,597	0
Welfare	406	114	30	-62
Agriculture	0	-	5,002	4,302
Nat Prosec Auth	0	-	190	0
Justice	0	-	1,807	1,482
Public service Administration	186	-	643	567
Housing	583	221	102	5
Public service Comm	0	-	179	376
Environmental Affairs	0	-	1,062	967
Public Works	2,422	-	42,464	37,195
Health	0	-	31,107	12,121
Office of the president	0	1,405	6,182	4,965
Transport	0	304	5,582	161
Minerals and Energy	590	1,749	1,071	218



**ANNEXURE 2****INTER-DEPARTMENTAL RECEIVABLES - CURRENT**

Office for Public Enterprises	0	-1,204	0	12,230
Trade & Industry	18,778	9,555	5,679	18,670
Water Affairs and Forestry	0	1,004	1,234	535
Home Affairs	0		0	267
Labour	21,833	174	0	11,794
Land Affairs	0	-	98	30
National Treasury	0	-	257	216
Finance	0	-	3,880	3,940
Finance pension	2,764	-	507	6,063
Post & Telecommunication	0	816	1,637	1,152
Sport & Recreation	0	-	186	137
South African Comm. Service	0	-	84	24
South African Revenue Service	0		1,211	1,238
Police	0	2,783	13,466	12,023
Education	0	-	84	179
National Defence Force (combined with Acc "A")	0	-	11,126	10,446
Provincial and local affairs	0	17	5	95
Government Printer	101		0	101
Central statistical services	0	-	3	3
Correctional services	0	-	142	102
	0		0	-
<b>TOTAL</b>	<b>47,706</b>	<b>22,829</b>	<b>157,959</b>	<b>151,796</b>

Some Departments made advance payments to the Department of Foreign Affairs to the value of R 84 million. These advance payments have not yet been utilised to offset the debt, therefore taking into account the R 84 million the actual unconfirmed balance is R 73 million.

**ANNEXURE 3****INTER-DEPARTMENTAL PAYABLES - CURRENT**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
<b>Receipts payable to other departments</b>				
National Departments			33,799	79,428
Mpumalanga			158	
Western Cape			45	
Eastern Cape			14	
Free State			1	
North West			1	
Limpopo			46	
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>34,064</b>	<b>79,428</b>
<b>Include all amounts owing to National and Provincial Departments as well as all Public Entities of those Departments</b>				
Department of Finance/Pensions			673,000	671,000
South African Revenue Service			38,000	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>711,000</b>	<b>671,000</b>

### ANNEXURE 3 INTER-DEPARTMENTAL PAYABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
<b>Advances received from departments</b>				
Office of Public Service Commission (Con)			265	295
Post & Telecommunication (Con)			278	278
Labour			26,981	17,285
Trade & Industry			5,321	4,992
Mineral & Energy Affairs			146	74
Transport			5,009	453
Health			16,226	2,601
Public Works			19,497	11,545
Housing			650	144
Justice			911	741
Agriculture			1,084	879
Welfare & Population Development			30	29
Art, Culture, Science & Technology			7,516	4,141
Office of the Public Enterprise				12,230
Inland Revenue			510	510
<b>TOTAL</b>			<b>84,424</b>	<b>56,197</b>

**ANNEXURE 4****PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)**

<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04</b>	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers In R'000</b>	<b>Transfers Out R'000</b>	<b>Closing Balance R'000</b>
<b>LAND AND BUILDINGS</b>	<b>101,085</b>	<b>65,189</b>	-	-	-	<b>166,274</b>
Land	-					-
Dwellings	-					-
Capital work in Progress	101,085	65,189				166,274
<b>MACHINERY AND EQUIPMENT</b>	<b>101,511</b>	<b>98,751</b>	-	-	-	<b>200,262</b>
Computer equipment	15,185	9,357	-			24,542
Furniture and office equipment	28,263	16,490				44,753
Other machinery and equipment	46,266	61,034				107,300
Transport assets	11,797	11,870				23,667
	<b>202,596</b>	<b>163,940</b>	-	-	-	<b>366,536</b>

<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03</b>	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers In R'000</b>	<b>Transfers Out R'000</b>	<b>Closing Balance R'000</b>
<b>LAND AND BUILDINGS</b>	-	<b>101,085</b>	-	-	-	<b>101,085</b>
Land	-					-
Dwellings	-					-
Capital work in Progress	-	101,085				101,085

**ANNEXURE 4****PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)**

<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04</b>	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers In R'000</b>	<b>Transfers Out R'000</b>	<b>Closing Balance R'000</b>
<b>MACHINERY AND EQUIPMENT</b>	-	<b>101,511</b>	-	-	-	<b>101,511</b>
Computer equipment	-	15,185				15,185
Furniture and office equipment	-	28,263				28,263
Other machinery and equipment	-	46,266				46,266
Transport assets	-	11,797				11,797
	-	<b>202,596</b>	-	-	-	<b>202,596</b>

**ANNEXURE 5****INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)**

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Computer software	1,298	2,589				3,887
	<b>1,298</b>	<b>2,589</b>	-	-	-	<b>3,887</b>
INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Computer software	-	1,298				1,298
	-	<b>1,298</b>	-	-	-	-



**ANNEXURE A**  
**AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION**  
Annual Financial Statements for the year ended 31 MARCH 2004

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## **AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND MANAGEMENT REPORT for the year ended 31 March 2004**

**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 2003/2004 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

#### Income

In terms of the act, the fund amongst other sources consists of money appropriated by Parliament for the fund. During the year, under review, a transfer payment of R 50 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 last financial year is due to the decrease in the repo rate as determined by South African Reserve Bank.

#### Expenditure

During the year under review, an amount of approximately R62, Million was utilised to fund the following projects:

##### (a) NILISA – R 30 Million

At an Organisation of African Unity Summit in Lusaka in 2001 a tripartite agreement was reached between Nigeria, Libya and South Africa where each would undertake steps aimed at helping Sierra Leone to restore its destroyed infrastructure. Following a fact, finding mission to Sierra Leone, the NILISA initiative was established to undertake identified projects in specific fields such as

education and training, healthcare, housing and shelter, and rehabilitation of schools.

In summary, the purpose of the project is for South Africa, together with its partners, to undertake specific projects in the socio-economic realm in Sierra Leone and which may contribute towards political and social development of Sierra Leone and in this way, address the issues of poverty and underdevelopment. This project is compatible with the South African government's policy principles aimed at promoting stability and security on the African continent as well as the principles of New Programme of African Development.

To ensure the successful implementation of the projects, the principal project will be a joint venture between Sierra Leonean government ministries and agencies operating in conjunction with the South African Embassy in Abidjan. Support will also be given by Head Office and other South African government departments, parastatals or private sector companies where necessary.

To kick start the project an amount of R30 million has been allocated for this purpose.

##### (b) RSA/CUBA/Rwanda Trilateral Health Agreement – R 18 Million

The Government of the Republic of Rwanda and the Government of the Republic of Cuba signed a

Memorandum of Understanding (MOU) on Technical Co-operation in the health sector on the 20<sup>th</sup> July 1999, notably regarding the provision of a Cuban Medical Brigade to Rwanda. The implementation of the Cuban-Rwandan MOU hinges on the Government of the Republic of South Africa, through the National Department of Health funding the Cuban Medical Brigade.

The operationalisation of the South African-Rwanda-Cuba Trilateral Agreement project is also in line with the objectives of MOU between South Africa and Rwanda on Institutional Co-operation in the field of health that was signed on 5 December 2002.

There is insufficient quality of health care services and decreasing utilisation levels of services in Rwanda. It is because of these needs that the South Africa-Cuba-Rwanda trilateral co-operation project, which is within the context of the South-South Healthcare Delivery Programme (SSHDP), was established.

At a summit held in Havana, Cuba from 10 to 14 April 2000, South Africa pledged to support the South-South Healthcare Delivery Programme (SSHDP). Cuba offered to provide up to 3 000 doctors for this initiative. South Africa, through the National Department of Health, contributed an amount of R17 984 220 to the South African-Rwanda-Cuba Trilateral project.

#### (c) Guinea-Bissau elections – R 81 000

The Economic and Social Council (ECOSOC) ad hoc advisory group on Guinea-Bissau was established on 25 October 2002, to prepare recommendations for a long-term programme of support for Guinea-Bissau. Among the recommendations contained in the report was a proposal for the establishment of a United Nations Development Programme trust fund to provide emergency financial support for technical assistance, capacity building and preparations for the scheduled 2003 and 2004 elections. In this regard, South Africa made a contribution of R 81 000 for the specific purpose of assisting with the elections.

#### (d) Zimbabwe Elections – R 2 Million

The South African government participated in the observer mission for the 2002 presidential elections in Zimbabwe. Due to an increase in the scope of the project, additional expenses were incurred to ensure that the project was successful.

#### (e) Lesotho Projects – R7 Million

A Joint Bilateral Commission for Cooperation (JBCC) Agreement was signed between South Africa and Lesotho on 19 April 2001, intended to assist Lesotho in graduating out of its classification as Least Developed Country (LDC) within a period of five years.

Following this, a process of implementation commenced

which involved extensive consultations in a series of bilateral meetings between South Africa and Lesotho. A number of projects were identified which would facilitate the objectives of the JBCC Agreement and a donor conference to be hosted by Lesotho was planned to finance these projects. During the year under review, the following two projects were financed through the African Renaissance Fund:

**(i) Geochemical Mapping Project – R 1,3 million**

The objective of the project is to utilise the available stream sediment samples obtained during a UNDP mineral exploration to further analyse for elements not previously examined in order to produce geochemical anomaly maps that can be used for exploration by the private sector. Any economically viable minerals subsequently discovered can be exploited for the benefit of Lesotho.

The Lesotho Department of Mines and Geology has previously worked with the Council for Geo-science of South Africa through the Southern African Development Community (SADC), and therefore the Council has been identified as the appropriate institution for analysing the samples.

The project would involve: sample preparation by crushing and milling; analysis with X-RAY Spectroscopy (XRF) equipment of the samples; and capturing of the data on CD-ROM - the geochemical colour contour maps produced would indicate mineral anomaly areas.

The maps can then be used in the promotion of mineral exploration by private investors and consequently exploitation of any economically viable minerals. During mineral exploitation activities, companies are expected to build access roads that will benefit the surrounding communities. A geologist/geochemist from the Lesotho Department of Mines and Geology would be attached to the project for capacity building.

**(ii) Hydrological Project – R 5,7 million**

This project would enable the Department of Water Affairs – Hydrology Division to efficiently survey, map and take inventory of all water resources of Lesotho, to develop a surface water resources database, and to provide data for use by the Lesotho government, NGOs and individuals involved in water resource development projects. This would be achieved by the installation of modern winches and cableway systems, the maintenance thereof and new digital water level recorders. The project's goals are in accordance with local and international legislation and initiatives relating to sustainable development and poverty alleviation.

The South African Government had already donated four Thalimedes Data loggers, which were accompanied by a copy of Hydras III Software. The project will assist in the installation of water quality, groundwater and surface water instrumentation.

(f) African Union Peace Fund for the Comoros -  
R 5,0 million

After twenty-seven years of Comorain independence and numerous Coups d'Etat, the Comoros has now returned to constitutional order. The election of the President of the Union, as well as the Presidents of the three islands gave a fresh, democratic start to the development of the island group. However, the gains must be consolidated by the parliamentary elections. To facilitate the election of a democratic representative Parliament, strengthening the administrative infrastructure, including security forces and law enforcement and the rebuilding the economic infrastructure of the Union of the Comoros necessitated the establishment of the AU Peace Fund for the Comoros. The South African government made a contribution of R5 million towards the Fund.

### Loans

During the year under review, no loans were issued and the movement is due to the repayments received (Schedule A). As reported, during the last financial year, the bulk of the outstanding loans were not serviced in respect of the defunct Economic Co-operation Promotion Loan Fund. This matter 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.

### Payables

Payables relate 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 are utilised to facilitate the implementation of the projects. During the year under review, the Department owes the fund an amount of R63, 7 million (Refer to note 14 & 11) in respect of repayments of the loans. Therefore the balance owed by the Fund is R 49,5 Million Refer to note 7 less the R 62 million).

During 2the last financial year, the department reported that an amount of R4, 9 million was erroneously paid directly from the Fund as such treated as an irregular expenditure. This matter has now been cleared.

Furthermore, as reported in the last financial year, payables include an amount of R29 million, which was 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 is fully audited. The Office of the Auditor General was mandated to carry such audit, which is not yet finalised. However, an agreement has been reached between the parties involved for a process to be followed to finalise this matter.

The financial position of the African Renaissance and International Co-operation Fund as at 31 March 2004 and the results of its operations are set out in the attached annual financial statements:

- Income statement
- Balance sheet
- Statement of changes in net assets/equity
- Cash flow statement
- Notes to the annual financial statements

The accounting officer has approved the above-mentioned financial statements as set out on pages 9 to 18.



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**Dr A Ntsaluba**  
**Director-General:**  
**Department of Foreign Affairs**

## **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 2004**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 9 to 18, for the year ended 31 March 2004, 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 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). 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.

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 2004 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 Payables - Department of Foreign Affairs

According to note 6 to the financial statements, payables include an amount of R5.165 million in respect of transfer payments. These transfer payments were made by the Department of Foreign Affairs (department) on behalf of the fund and include R5.084 million paid to the African Union Peace Fund for the Comoros and R0.081 million paid as South Africa's contribution to the Guinea elections. However, these payments have not been made in terms of section 5 of the act and require, *inter alia*, regularisation by the advisory committee and the Minister of Finance. Based on our review of the minutes of the advisory committee meetings held during the year, we noted that no approval had been given in this regard. The department intends to approach the Minister of Finance to obtain the necessary letters of concurrence to transfer the funds from the fund to the department.

#### 4.2 Follow-up of the twenty-third Africa Cup of Nations soccer tournament

As reported in the previous years audit report, payables include an amount of R29 861 680 in respect of the twenty-third Africa Cup of Nations soccer tournament. The department effected these payments on behalf of the fund to the Mali Trust, which had been managed by Sports and Recreation South Africa. However these payments have not been made in terms of section 5 of the act and require, *inter alia*, regularisation by the advisory committee and the Minister of Finance.

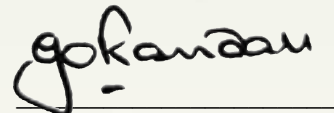
According to the department the Minister of Finance was unable to issue a letter of concurrence for the expenditure incurred until the account of the Mali Trust Fund had been audited. The Office of the Auditor-General was mandated to carry out an audit, which will be finalised in due course.

#### 4.3 Long-term loans

The fund inherited loans from the previous Economic Co-operation Promotion Loan Fund. As previously reported, the instalments in arrears amounted to approximately R44.1 million or 58.6 per cent (2002-03: R39.9 million or 52.4 per cent) of the total amount outstanding for the period under review. Although it seems unlikely that these instalments will be recovered, the department has not taken a decision on this matter.

### 5. APPRECIATION

The assistance rendered by the staff of the African Renaissance and International Co-operation Fund during the audit is sincerely appreciated.



**G O Randall**  
**for Auditor-General**



## **AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2004**

### **1. Basis of accounting**

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, 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. Investments**

Investments are stated at book value. In terms of the act, surplus moneys are invested with the Corporation for Public Deposits.

### **4. Long-term loans**

Long-term loans are stated at book value and no provision is made for irrecoverable debts.

### **5. 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.

### **6. 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.

## **7. 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”.

## AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND INCOME STATEMENT for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
5			
<b>REVENUE</b>			
Interest on loans	6	991	969
Transfer payment	1	50 000	-
Repayments	4.2	1 020	-
Refund due	11	4 950	-
Interest from Investments	2	24 688	28 080
<b>TOTAL REVENUE</b>		<b>81 649</b>	<b>29 049</b>
<b>EXPENDITURE</b>			
Grants paid	10	62 188	56 918
<b>NET SURPLUS</b>		<b>19 461</b>	<b>(27 869)</b>

## AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND BALANCE SHEET AT 31 MARCH 2004

EMPLOYMENT OF CAPITAL	Note	2004 R'000	2003 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>303 578</b>	<b>260 422</b>
Cash and cash equivalents	3	239 886	256 789
Receivables	4	8 742	-
Refund due	11	4 950	3 633
Transfer payment	1	50 000	-
<b>Non-current assets</b>		<b>74 985</b>	<b>76 011</b>
Long-term loans	6	74 985	76 011
<b>TOTAL ASSETS</b>		<b>378 563</b>	<b>336 433</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>106 528</b>	<b>83 859</b>
Payables	7	106 528	83 859
<b>TOTAL LIABILITIES</b>		<b>106 528</b>	<b>83 859</b>
<b>TOTAL EQUITY</b>		<b>272 035</b>	<b>252 574</b>
<b>CAPITAL EMPLOYED</b>			
Accumulated funds			
Opening balance	8	252 574	280 443
Net surplus/(deficit)	9	19 461	(27 869)
<b>Closing balance</b>		<b>272 035</b>	<b>252 574</b>
<b>TOTAL EQUITY</b>		<b>272 035</b>	<b>252 574</b>

**AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY for the year ended 31 March 2004**

<b>Accumulated funds</b>	<b>NOTE</b>	<b>2004 R'000</b>	<b>2003 R'000</b>
Opening balance	9	252 574	280 443
Net surplus for the period	10	19 461	(27 869)
<b>Closing balance</b>		<b>272 035</b>	<b>252 574</b>

**AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND**  
**CASH FLOW STATEMENT for the year ended 31 March 2004**

	Note	2004 R'000	2003 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow from operating activities	10	(18 920)	21 113
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment of loans/(redemption)	6	2 017	2 017
Net (decrease)/increase in cash and cash equivalents		(16 903)	23 130
<b>Cash and cash equivalents at beginning of year</b>		256 789	233 659
<b>Cash and cash equivalents at end of year</b>		<b>239 886</b>	<b>256 789</b>

## AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

	2004 R'000	2003 R'000
<b>1. Transfer payment from Department of Foreign Affairs</b>		
Transfer payment from DFA	50 000	-
<b>2. Interest from Investments</b>		
Corporation for Public Deposit	<b>24 688</b>	<b>28 080</b>
<b>3. Cash and cash equivalents</b>		
Cash in bank	239 886	256 789
<b>Total</b>	<b>239 886</b>	<b>256 789</b>
<b>4. Receivables</b>		
Capital redemptions received	5 650	-
Receivables Other 4.1+4.2	3 092	-
<b>Prepayments and advances</b>		
4.1 Advance paid to Department of Foreign Affairs	2 072	-
4.2 Refund Mali Trust	1 020	-
<b>Total</b>	<b>8 742</b>	-
<b>5. Long-term loans</b>		
Balance at the beginning of the year	76 011	77 059
Plus : Interest capitalised	991	969
Less : Repayments of loans	(2 017)	( 2 017)
<b>Balance at the end of the year</b>	<b>74 895</b>	<b>76 011</b>

## AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2004

#### 6. Payables

Department of Foreign Affairs	101 363	83 859
SA contribution to AU Peace Fund for the Comores	5 084	-
SA contribution to Guinea Elections	81	-
	<b>106 528</b>	<b>83 859</b>

#### 7. Accumulated funds

Accumulated funds at the beginning of the year	252 574	280 443
Transfer from the income statement	19 461	(27 869)
<b>Accumulated funds at the end of the year</b>	<b>272 035</b>	<b>252 574</b>

#### 8. Net cash flow from operating activities

	<b>(18 920)</b>	<b>21 113</b>
Net surplus/(deficit) as per income statement	19 461	(27 869)
Adjustments for:		
Changes in working capital:		
- Receivables	(57 986)	(2 017)
Prepayments and advances	(2 072)	-
- Payables	22 668	51 968
Interest capitalised	(991)	(969)

#### 9. Refund due

Due by the Department of Foreign Affairs	4 950	3 633
--	-------	-------

#### 10. Grants paid

	<b>62 188</b>	<b>56 918</b>
SA Contribution to AU Peace fund for Guinea Elections	5 165	-
Disbursements	57 023	51 968
Irregular expenditure	-	4 950



**AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND  
PARTICULARS OF LOANS FOR 2003/04**

Project		Total on 31-03-2003	Payments	Total	Capital redemptions (-)	Interest capitalised	Total on 31-03-2004	Interest with redemptions received	Instalments in arrears	Date of instalments in arrears
<b>Comore islands:</b>										
C1	Hotel project	4 343 199.91	-	4 343 199.91	-	-	4 343 199.91	-	3 503 175.12	97.12.31
C3	Hotel project II	26 429 732.14	-	26 429 732.14	-	531 237.44	26 960 969.58	-	16 976 933.22	97.12.31
C13	Housing	2 255 074.23	-	2 255 074.23	-	-	2 255 074.23	-	2 889 666.12	92.06.30
<b>Total Comore islands loans</b>		<b>33 028 006.28</b>	<b>-</b>	<b>33 028 006.28</b>	<b>-</b>	<b>531 237.44</b>	<b>33 559 243.72</b>	<b>-</b>	<b>23 369 774.46</b>	
<b>Gabon</b>										
G15	Airports	82 928.49	-	82 928.49	-	-	82 928.49	-	118 469.25	98.12.31
G16	Agriculture Oga Province	3 603 680.12	-	3 603 680.12	-	-	3 603 680.12	-	5 504 865.74	88.12.31
G17	Erection of structures	2 586 094.54	-	2 586 094.54	-	-	2 586 094.54	-	2 692 072.00	91.06.30
<b>Total Gabon loans</b>		<b>6 272 703.15</b>	<b>-</b>	<b>6 272 703.15</b>	<b>-</b>	<b>-</b>	<b>6 272 703.15</b>	<b>-</b>	<b>8 315 406.99</b>	
<b>Lesotho</b>										
L24	Central Bank Maseru	1 356 930.86	-	1 356 930.86	(405,127.69)	-	951 803.17	47 053.84	405 127.68	31.12.02
<b>Total Lesotho loans</b>		<b>1 356 930.86</b>	<b>-</b>	<b>1 356 930.86</b>	<b>(405,127.69)</b>	<b>-</b>	<b>951 803.17</b>	<b>47 053.84</b>	<b>405 127.68</b>	
<b>Mosambiek</b>										
M1	Maputo harbour	8 369 287.67	-	8 369 287.67	-	-	8 369 287.67	-	3 235 188.45	99.06.30
<b>Total Mosambiek loans</b>		<b>8 369 287.67</b>	<b>-</b>	<b>8 369 287.67</b>	<b>-</b>	<b>-</b>	<b>8 369 287.67</b>	<b>-</b>	<b>3 235 188.45</b>	
<b>Malawi</b>										
M25	Lilongwe Phase I	383 659.31	-	383 659.31	-	-	383 659.31	-	544 796.32	98.09.25
M25A	Lilongwe Phase I (rescheduled)	1 033 218.35	-	1 033 218.35	-	20 767.69	1 053 986.04	-		
M25B	Lilongwe Phase I (rescheduled)	1 031 255.91	-	1 031 255.91	-	20 728.24	1 051 984.15	-		
M26	Lilongwe Phase II	840 765.08	-	840 765.08	-	-	840 765.08	-	1 435 127.88	00.03.25

**AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND**  
**PARTICULARS OF LOANS FOR 2003/04**

(continued...)

M26A	Lilongwe Phase II (rescheduled)	769 738.41	-	769 738.41		15 471.74	785 210.15	-		
M26B	Lilongwe Phase II (rescheduled)	768 276.30	-	768 276.30		15 442.35	783 718.65	-		
M27	Agriculture	641 731.45	-	641 731.45		-	641 731.45	-	883 867.69	96.03.25
M27A	Agriculture (rescheduled)	184 954.11	-	184 954.11		3 717.58	188 671.69	-		
M27B	Agriculture (rescheduled)	184 251.54	-	184 251.54		3 703.46	187 955.00			
M29A	Economical Stimulation (rescheduled)	2 855 766.43	-	2 855 766.43		57 400.91	2 913 167.34			
M29B	Economical Stimulation (rescheduled)	2 850 342.25	-	2 850 342.25		57 291.88	2 907 634.13			
M30	Seed store	78 841.17	-	78 841.17		-	78 841.17		109 195.05	98.06.30
M32	Railways telecommunication	466 180.49	-	466 180.49		-	466 180.49		733 235.88	00.12.31
M33	Peanuts and mealies	2 045 536.75	-	2 045 536.75		-	2 045 536.75	-	2 931 136.69	91.06.30
<b>Total Malawi loans</b>		14 134 517.55	-	14 134 517.55	0.00	194 523.85	14 329 041.40	.00	6 637 359.51	
<b>Paraguay</b>										
P41	Agriculture	487.00	-	487.00		-	487.00	-	556.57	90.12.31
P44	Palace of Justice	365 056.78	-	365 056.78	-	-	365 056.78	-	422 697.31	91.12.31
<b>Total Paraguay loans</b>		365 543.78	-	365 543.78	-	-	365 543.78	-	423 253.88	
<b>Central Africa</b>										
S45	Hotel project	5 233 968.32	-	5 233 968.32	-	264 969.65	5 498 937.97			
S46	Airport	868 653.91	-	868 653.91	-	-	868 653.91	-	954 977.02	76.12.31
<b>Total Central Africa loans</b>		6 102 622.23	-	6 102 622.23	-	264 969.65	6 367 591.88	-	954 977.02	
<b>Swaziland</b>										
S47	Railroad	4 584 333.61	-	4 584 333.61		-	4 584 333.61	-		
S48	Ngwavuma - Lavumisa road	1 797 264.42	-	1 797 264.42	(1,611,691.80)	-	185 572.62	290 440.67	805 845.97	03.12.31
<b>Total Swaziland loans</b>		6 381 598.03	-	6 381 598.03	(1,611,691.80)	-	4 769 906.23	290 440.67	805 845.97	
<b>Total loans</b>		76 011 209.55	-	76 011 209.55	(2,016,819.49)	990 730.94	74 985 121.00	337 494.51	44 146 933.96	