

INFORMATION SERVICES: RESEARCH

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Analysis of the 2007/08 budget Vote 3: Department of Foreign Affairs

1. Introduction

Among other things, the Department of Foreign Affairs is charged with the responsibility of promoting South Africa's national interests and values abroad. It does this through various efforts including bilateral and multinational interactions. Apart from the relevant legal framework, such as the Constitution, its mandate and priority areas are informed by mechanisms such as the State of the Nation Address as well as interaction with relevant ministries especially within the International Relations, Peace and Security Cluster (IRPS). The budget vote for 2007/08, encapsulates the issues, which have not only underpinned the work of the IRPS cluster but also the specific medium to long-term objectives of the Department of Foreign Affairs.

By using the tools and methodologies developed by the treasury, this report provides an analysis of the Department's budget vote and points out some of the areas where Parliament in general, and the Portfolio Committee on Foreign Affairs in particular, could use to interact with the Department at the level of oversight.

2. Government's Priorities for 2007

The issues identified in the State of the Nation Address can be clustered within two key strategic areas identified in the Department of Foreign Affairs' Strategic Plan 2006-2009. These strategic areas are: a) the consolidation of the African Agenda; b) Influencing Global Governance.

Consolidating the African agenda

The above strategic objective is a standing commitment from the Government of South Africa towards its engagement with the rest of the continent of Africa. In a nutshell, the 2007 State of the Nation Address highlighted the need to continue with South Africa's contributions towards the creation of a better Africa. In this regard, the State of the Nation Address focussed on the Post-

Conflict Reconstruction and Development (PCRD) aspects of contributing towards a better Africa. Accordingly, it singled out the Democratic Republic of Congo (DRC), Burundi, Comoros archipelago and the Sudan as the countries that would require Africa's collective assistance and support to take them out of the abyss of political destruction and socio-economic stagnation.

Over and above the PCRD elements, the State of the Nation Address further pledged South Africa's commitment towards contributing to 'general peace process' in Sudan (particularly in Darfur), Cote d'Ivoire and Somalia. Lastly, the State of the Nation Address re-affirmed Government's commitment towards working with other African States to ensure continued implementation of the New Partnership for Africa's Development (NEPAD) programmes.

Influencing Global Governance

Under this theme, which also falls squarely within the Department of Foreign Affairs' long-term strategic objectives, a few issues were also highlighted. These issues could be grouped into international political governance and international economic governance. Under political governance, the issue that occupied centre stage was South Africa's non-permanent membership to the United Nations Security Council (UNSC). Expectedly, the State of the Nation Address committed the Government to focus its work on the furtherance of the objectives of international peace and security.

Concomitant to the above, the State of the Nation Address indicated that the Government of South Africa would continue playing its part in finding solutions to the volatile Middle East and Persian Gulf regions by engaging with the leaders of Palestine, Israel, Iraq and Iran.

On the other hand, the State of the Nation Address also touched on the issue of economic international relations such as the importance of South-South relations by strengthening relations with countries like India and Brazil (IBSA), the People's Republic of China (PRC) and Japan.

Furthermore, it committed government to work with its partners from the North especially the European Union (EU) and North America. However, the most critical aspect of engagements with the North in 2007 would be around the DOHA Development Round of the World Trade Organisation (WTO). The State of the Nation Address expressed hope that a 'solutions to the logjams currently being experienced can be found'. In this context all the issues mentioned in the State of the Nation Address found resonance in the Department of Foreign Affairs' strategic objectives as well as its programme of activities for the 2007/08 financial year.

3. Departmental Strategic Objectives and Goals

The overarching strategic objectives of the Department can be summed in the following manner:

- Through bilateral and multilateral interactions, to 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;
- Contribute to the formulation of international law and enhance respect for its provisions;
- Promote multilateralism in order to secure a rules-based international system; and
- Maintain a modern, effective and excellence-driven department¹.

Based on the above strategic objectives, the Department of Foreign Affairs has outlined the broad priority issues for the Medium Term Expenditure Framework (MTEF) and these include:

3.1 Consolidation of the African Agenda

The above strategic objective entails among other things, on-going efforts to strengthen the African Union (AU), promoting integration through the Southern African Development Community (SADC) and effective implementation of programmes of NEPAD, and ensuring peace, stability and security in Africa². The country's commitment towards the effective functioning of the Pan-African Parliament (PAP) in line with the Host Country Agreement forms part of this strategic area. It is also important to mention that issues of PCRD in Africa features prominently in the country's current engagement within Africa. This support would go towards countries such as the Democratic Republic of Congo (DRC), Burundi, Sudan and the Comoros among others.

3.2 South-South Co-operation

The strengthening of co-operation among the countries of the South is seen as central to addressing developmental challenges in the world. Such co-operation entails initiatives by countries of the South, to address the challenges of underdevelopment, economic and political marginalisation through forging greater co-operation among themselves.

3.3 North-South Dialogue

The North-South Dialogue is informed by a realisation that existing global imbalances favour countries of the North and therefore the South is compelled to engage the well-resourced countries as partners in addressing its challenges of poverty, underdevelopment and instability. Thus, this initiative

¹ Department of Foreign Affairs, Republic of South Africa, Strategic Plan 2005-2008

² The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

entails on-going discussions with the G8 and other forums to secure support for various initiatives including NEPAD.

3.4 Global Governance

This priority area operates at two levels, namely, political and socio-economic. At a political level, the focus is on ensuring the reform of the key international institutions such as the United Nations (UN) and its key organs. On the other hand, at a socio-economic level the country seeks to contribute to a revision of the rules and norms governing trade between the nations of the world in order to ensure better trade terms for the country, Africa, and the rest of the developing world.

4. Key Priorities and Outputs for 2007/08 Financial Year

The key priorities and outputs for 2007/8 financial year do not deviate much from the previous years but they fit within the overall priority objectives:

Consolidating the African Agenda:

Under this theme, the priority areas have been identified as:

At continental Level:

African Union:

- Among other things highlighted are the on-going efforts by the AU to rationalise the Regional Economic Communities (RECs). In this regard, the ENE notes that South Africa "is expected to lead the integration agenda within SADC"³ in the context of rationalising the RECs.
- The finalisation of the country's secondment policy to the AU and other relevant structures. This is crucial since it has been noted by the Department that the country is under-represented in both the AU and SADC structures.
- Continue to support the AU's peace and Security Council, which would entail on-going efforts to create the African stand-by force as well as an Africa-wide early warning system among others.
- Hosting of a Conference in October 2007 to 'build relations' with the African Diaspora.
- Focus on issues of PCRD in some of the countries coming out of conflict.
- Working towards ensuring that a permanent home for the Pan-African Parliament is created.

Regional Level:

- Facilitating, as part of the overall AU initiative, the SADC consultation and discussion around integration agenda as part of the rationalisation of the RECs.

³ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs 2007.

Global Governance:

- Efforts to reform the United Nations (UN) would be on the agenda in 2007.

North-South Dialogue:

- The ENE highlighted the fact that South Africa would focus on building relations with the Organisation for Economic Co-operation and Development (OECD). In this regard, one of the key issues is 'seeking the observer status within the OECD as a step towards acquiring membership on its committees'⁴.

South-South Co-operation:

The ENE has noted that the formation of the India, Brazil South Africa (IBSA) forum has increased trade relations between the three countries. South Africa chairs the G77+ China. This provides an opportunity to further put forward and 'promote the South's development agenda'.

Strengthening Bilateral Relations:

- Strengthening relations with Africa would continue to receive priority in line with cabinet decision to have resident representation in every African country by 2008.

Issues to consider

- The Estimates of National Expenditure (ENE) indicates that South Africa would continue to interact with national, regional, continental and international partners to promote NEPAD. It would be helpful to ascertain what are the specific activities to be undertaken in this regard? And related to this, how far is the process of creating the country's national strategy for Nepad? And at what point would Parliament be consulted or involved in this process?
- The ENE mentions the under-representation of South Africans in AU and SADC structures and that this is partly due to 'difficulties in attracting skills'? It would be appropriate for the Committee to understand how many South Africans are currently deployed to these structures?
- Related to the above, what criterion was used for their deployment if the Secondment Policy has not yet been finalised? And how, if at all, would the development of a proposed Secondment policy deal with the problem of 'attracting skills'?
- The ENE indicates that South Africa already has 41 resident diplomatic representation out of 53 African countries. To what extent would the Department be able to meet the 2008 commitment that has been set by Cabinet to have resident diplomatic representation in all African countries?

The key priorities for the Department of Foreign Affairs are crafted into four broad areas in the ENE for 2007/08 and these are:

⁴ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

Programme One: Administration

This programme entails the overall policy direction and management of the department and it caters for costs relating to consular and agency services in Pretoria and abroad, purchases of vehicles and provision of housing and office accommodation (including maintenance) to all staff members abroad. The other focus area under this programme is costs towards the provision of the new head office⁵.

Programme Two: Foreign Relations:

Entails promotion of relations with foreign countries and participation in international organisations and institutions in pursuit of the country's foreign policy objectives.

Issues to consider:

- The ENE shows that only two new missions were opened in Africa namely, in Burkina Faso and Benin, whereas the trend has been that three missions would be opened each year in order to meet the 2008 commitment. It would be important for the Committee to know when would the third new mission in Africa be opened as originally envisaged?
- What are the other three countries that the Department intends to open new missions in during the course of the current financial year?

Programme Three: Public Diplomacy and Protocol

Promote an understanding of the country's foreign policy choices and decisions internationally and domestically. It also caters for administering of protocol matters, state visits, and intergovernmental or provincial protocol services.

Some of the specific outputs for this programme are:

- Marketing of South Africa internationally through ensuring that the marketing strategy is communicated to all missions abroad (March 2008)
- Improved understanding in South Africa of progress/outcomes of major global agreements by frequently distributing a user-friendly publication in the country. This would be done through a Bi-monthly publication.

Issues to consider:

- The 2006/07 ENE indicated that an interactive website was being designed in order to allow effective communication with diplomatic community accredited to South Africa. It would be important for the Committee to know if this has indeed been completed and if so, to what extent has it been useful in meeting its intended purposes.

⁵ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

Programme Four: International Transfers

Responsible for fees and contributions to various international organisations. This programme also accounts for funds transferred to the African Renaissance and International Co-operation Fund. It is through this fund that South Africa has been able to provide assistance in various areas related to peace and stability in Africa.

5. Analysis of the 2007/08 Budget

The ENE for the department indicates that the budget is expected to increase over the three years of the MTEF period. This increase would be at an average annual rate of 15,3% among other things, the increase is mainly due to increases in foreign representation, the continued hosting of the Pan-African Parliament, on-going work to acquire new head office as well as capital works at foreign missions and exchange rate adjustments⁶.

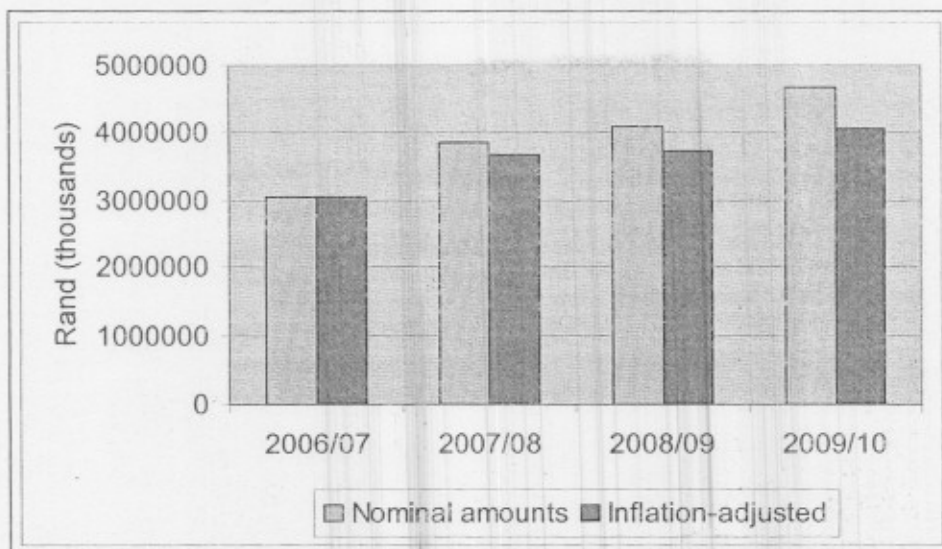
Table 1: Departmental Budget-2006/07-2009/10

Vote 3: Foreign Affairs Medium-term expenditure estimate				
Programme	Budget from previous year 2006/07	Budget for current year 2007/08	Next year's budget 2008/09	Following year's budget 2009/10
Administration	671551	810324		
Foreign Relations	1790039	2288463		
Public Diplomacy and Protocol	116029	129319		
International Transfers	464530	628257		
TOTAL	3042149	3856363	4088038	4665358

As table one above reflects, the Department has been allocated R3.8 billion which is an increase from R3 billion from the previous year.

The graph below demonstrates an increasing trend in the overall budget of the Department in the 2007 medium term expenditure framework (MTEF):

⁶ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.



The table above shows a gradual increase in expenditure trends over the current MTEF as compared to the previous period. Several reasons account for this increase and they include the fact that the country is committed to increase its diplomatic presence in Africa and continue to meet its obligations to advance peace and stability in Africa through mechanisms such as the African Renaissance and International Cooperation Fund. The table also shows that the budget stabilises between 2007/08 and 2008/09 periods and then experience a sharp increase in the latter part of the MTEF, which is 2009/10.

5.1 Analysis by Programme

Table 2: Budget by Programme

Programme	Budget from previous year	Budget for current year	Increase / Decrease in Budget	Nominal Percent change	Real Percent change
	2006/07	2007/08	2007/08	2007/08	
1. Administration	671551	810324	138773	20.7%	14.7%
2. Foreign Relations	1790039	2288463	498424	27.8%	21.5%
3. Public Diplomacy and Protocol	116029	129319	13290	11.5%	5.9%
4. International Transfers	464530	628257	163727	35.2%	28.6%
TOTAL	3042149	3856363	814214	26.8%	20.5%

Table Two above shows the programme budget and expenditure and this regard, the following observations have been made:

- Programme One (Administration): receives a 14.7% more funding than the previous year.
- Programme Two (Foreign Relations): receives an increase of 21.5% more funding than the previous year. The nominal increase in the international relations programme is partly accounted for the

government's decision to ensure that South Africa has resident representation in all African countries.

- Programme Three (Public Diplomacy): receives a 5.9% increase from the previous year.
- Programme Four (International Transfers): receives an increase of 28.6% from the previous year.

5.2 Shifts in Budget Priorities

Table 3: Programme Share of Total Budget

Programme	Budget from	Percent of	Budget for	Percent of	Change in
	previous	total budget	current year	total budget	
	year	per		per	percent
		programme		programme	allocation
	2006/07		2007/08		2006/07-2007/08
1. Administration	671551	22.07%	810324	21.01%	-1.06%
2. Foreign Relations	1790039	58.84%	2288463	59.34%	0.50%
3. Public Diplomacy and Protocol	116029	3.81%	129319	3.35%	-0.46%
4. International Transfers	464530	15.27%	628257	16.29%	1.02%
Total	3042149	100.00%	3856363	100.00%	0.00%

When looking at shifts in budget priorities for 2007 financial year, a comparative analysis of the 2006/07 and 2007/08 budgets is drawn.

Thus, for instance, the total percentage share of the Administration Programme is 21.01 with a slight decrease of 1.06%. The table also indicates an increase for the international transfers programme from 15.27% in 2006/07 to 16.29% in the current year which reflects a 1.02% overall increase. The expenditure in this programme is set to increase due to among other things, the projected increase of transfer of payments to the African Renaissance and International Co-operation Fund as well as the increase contribution to the African Union (AU)⁷. The AU contribution increases to R147 million for 2007/08, up from R105 million in the previous year. Similarly, transfers to the African Renaissance Fund increases from R100 million to R300 million in 2007/08 period⁸.

Lastly, the total share for the Foreign Relations is 59.34% with a slight increase of 0.5% compared to its total share in the 2005/06-budget allocation, which was 58.84%. The overall increase of the percentage share of this programme is also partly due to expenditure due to once off projects applicable in the 2007/08 financial year and these include, the new Asia-Africa Strategic Partnership Conference, the funding of the continent wide design competition for the permanent home of the PAP as well as the scheduled African Diaspora Conference to be held later on this year (2007)⁹.

⁷ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

⁸ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

⁹ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

Issues to consider:

- What are the specific projects that would be supported under the African Renaissance Fund during the current financial year?

5.2.2 Programme Analysis: Foreign Relations

Due to the fact that the above-mentioned programme enjoys the largest percentage of the total share of the budget, it is worthwhile to focus on the specific areas of its expenditure and the sub-programmes covered by it.

Table 4: Percentage Share of the total programme allocation

Programme	Budget from previous year	Percent of total budget per sub-programme	Budget for current year	Percent of total budget per sub-programme	Change in percent allocation 2006/07-2007/08
			2007/08		
R thousand	2006/07		2007/08		
1. Bilateral Relations: Africa	152851	8.57%	216224	9.45%	0.88%
2. Bilateral Relations: Asia and Australasia	27234	1.53%	52912	2.31%	0.79%
3. Bilateral Relations: Americas and Europe	39931	2.24%	42824	1.87%	-0.37%
4. Multilateral	49017	2.75%	52814	2.31%	-0.44%
5. Diplomatic Representation: Africa	475670	26.67%	576370	25.19%	-1.48%
6. Diplomatic Representation: Asia and Australasia	349695	19.60%	405174	17.71%	-1.90%
7. Diplomatic Representation: Americas and Europe	606635	34.01%	846794	37.00%	3.00%
8. Multilateral	82813	4.64%	95351	4.17%	-0.48%
TOTAL	1783846		2288463	100.00%	

When looking at the programme's allocation of funds a comparative analysis is made across the sub-programmes as well as with the previous year. The above table shows a slight decrease in the total share of the Diplomatic Representation: Africa, sub-programme by 1.48% to 25.19% compared to 26.67% in the previous financial year. This slight decrease could account for the progress that the Department has been able to make towards meeting its commitment to have resident diplomatic representation in all countries in Africa. The Department has reported that the country's overall diplomatic representation has increased from 104 between 2003/04 and 2006/07 to 118¹⁰. Currently, South Africa is represented in 41 of the 53 African countries and as the Department aims to meet its commitment to have resident representation in all African countries expenditure under this programme should be expected to increase.

¹⁰ The Treasury, Republic of South Africa, Estimates of National Expenditure, Vote 3, Foreign Affairs, 2007.

The above figures further demonstrate that Sub-programme 7 (ie Diplomatic Representation: Americas and Europe) now accounts for 37% of the total budget for the programme, an increase of about 3% from the previous year. In monetary terms, the budget for the sub-programme increased by R240,1 million or 39,5% from the previous year's budget. However, it is not immediately clear what accounts for such an increase under this sub-programme.

5. Conclusion

The budget for the Department of Foreign Affairs among other things reflects the increasing role that the country is playing in international affairs. It would also appear that the country's increasing commitment towards Africa in areas such as peace support operations and post-conflict reconstruction accounts for the increases in the budgetary allocations to the Department.

Sources

1. Estimate of National Expenditure 2007, The Treasury, Republic of South.
2. Estimate of National Expenditure 2006, The Treasury, Republic of South Africa.
3. Strategic Plan: 2006-2009, Department of Foreign Affairs, Republic of South Africa.
4. State of the Nation Address, 2007.