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GOVERNMENT SPENDING REVIEWS CONFERENCE

Topic: An expenditure review of the foreign missions of the Department of International Relations and Cooperation

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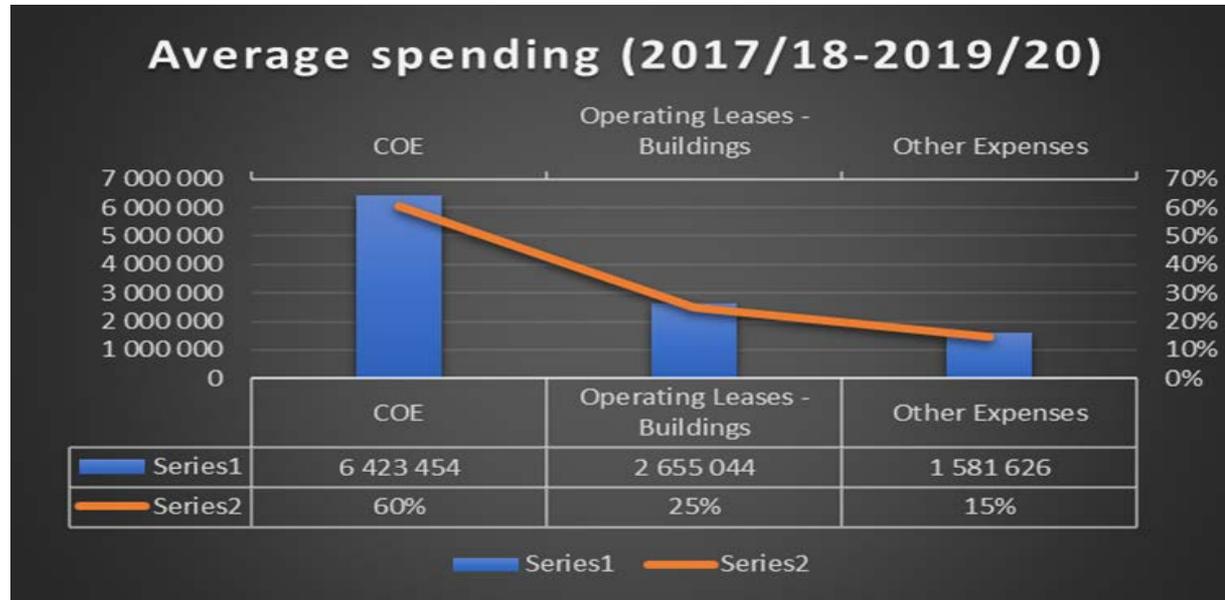
AN EXPENDITURE REVIEW OF THE FOREIGN MISSIONS OF THE DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION

An analysis of the key cost drivers of foreign missions'
in the Department of International Relations and
Cooperation's budget



Introduction

“With South Africa’s current fiscally constrained budget, can South Africa afford to continue paying billions of Rands on foreign missions? Ladies and gentlemen, we cannot continue to operate as business as usual”



- The DIRCO transfers more than 50 per cent of its budget to foreign missions.
- Presently, there is **no way of evaluating value for money** and justification for the current 125 missions.
- Decisions made about missions in terms of their strategic importance **tend to be political**.

Introduction Continued

- There is no mechanism to assess whether South Africa's political, economic, and social relations are being strengthened and consolidated.
- No strategic framework in place to assess and justify the 125 existing missions.
- It is recommended that the department should come up with a new performance policy.

Findings: Institutional analysis

- **The Constitution** - "Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations".
- **DIRCO's White Paper** on South Africa's Foreign Policy (2012).
- Chapter 7 of the **National Development Plan (NDP)** - "*Positioning South Africa in the World*".

Findings: Programme delivery and performance

The decision making in terms of missions' operations are as follows:

DIRCO decides on the strategic plan



The DIRCO Branches (Headed by DDGs) will then develop their Annual Plans



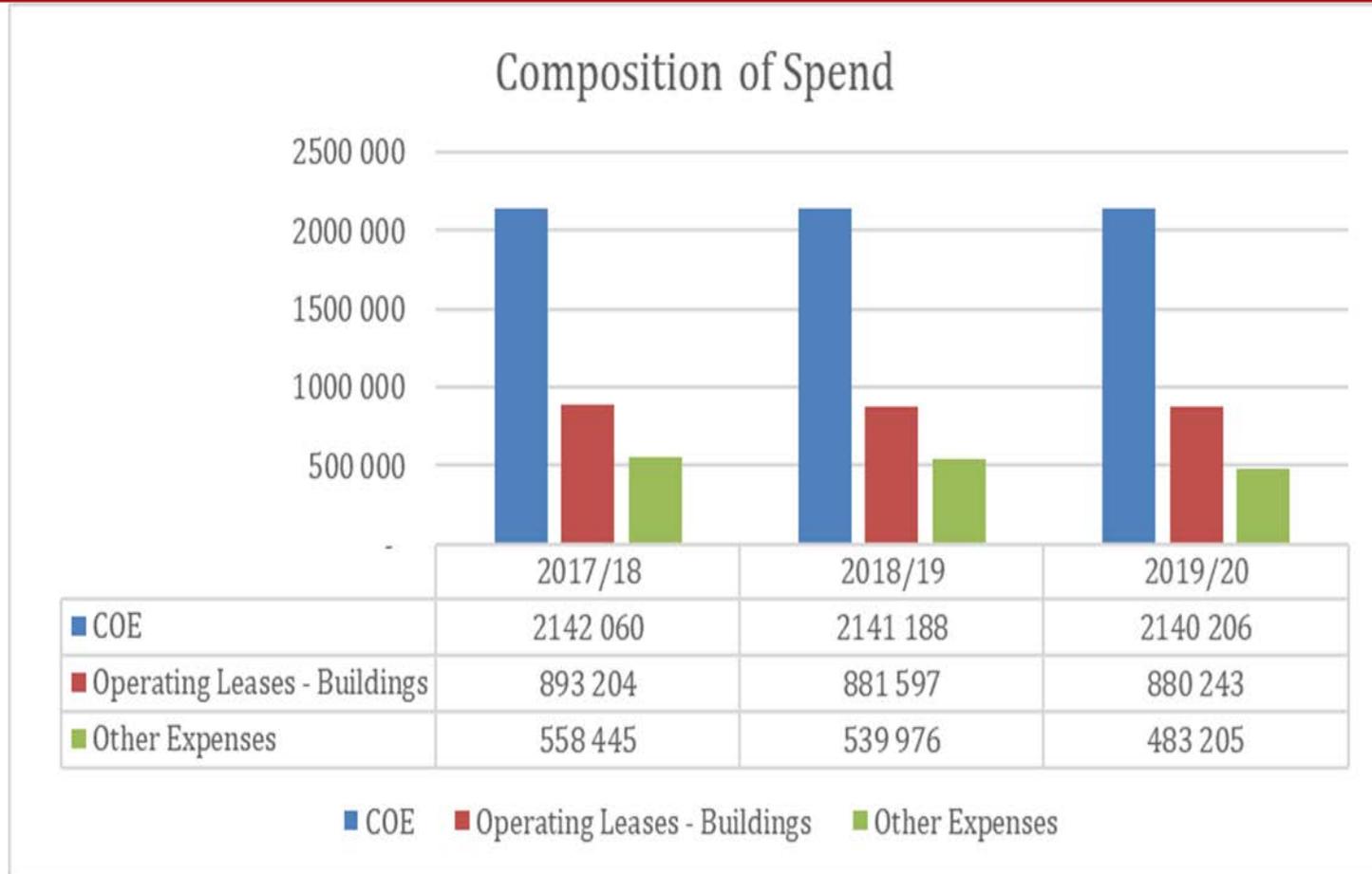
Missions develop their plans based on the department's plan



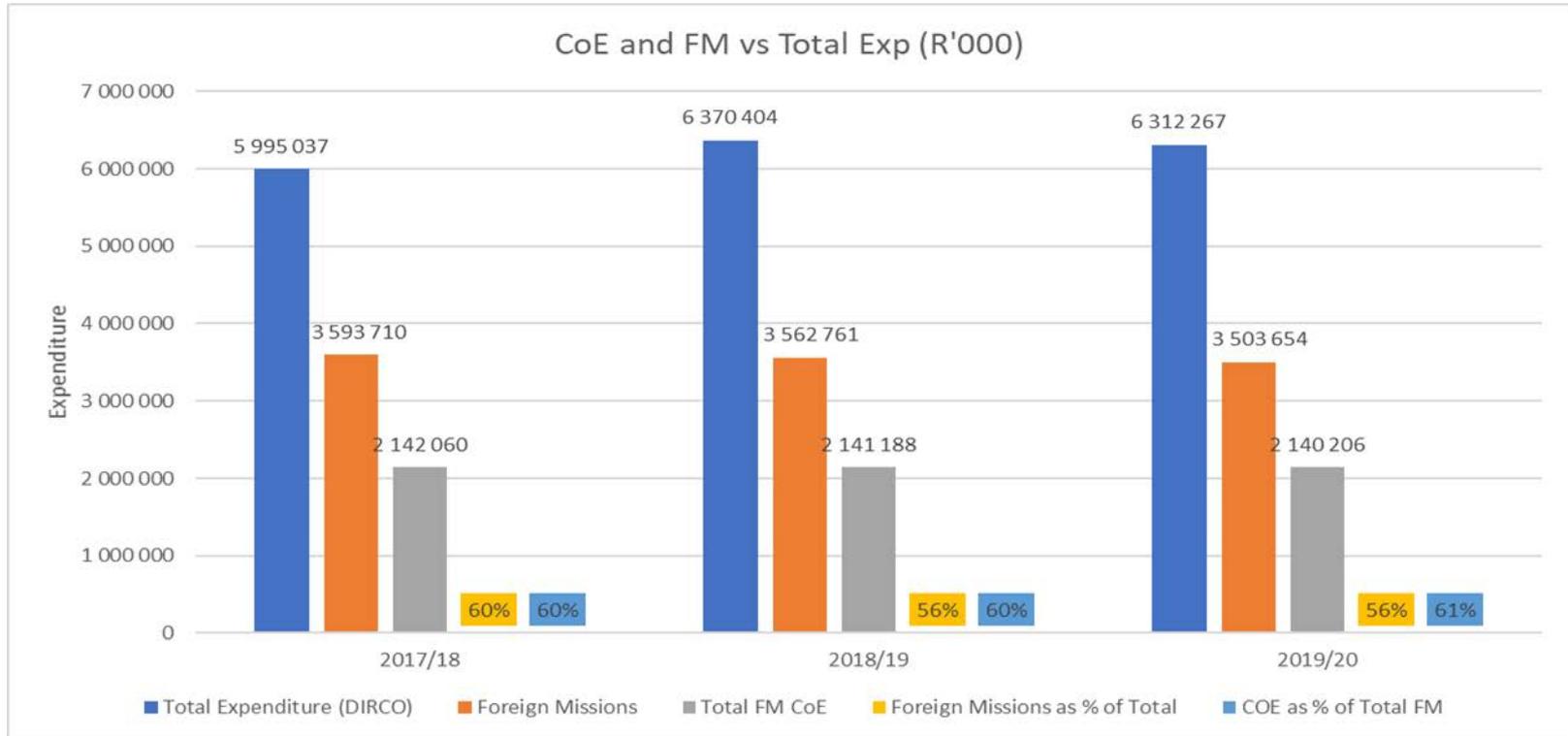
Missions implement the plans

(Performance indicators: number of regional reports submitted, events hosted, and the number of meetings)

Findings: Expenditure Analysis

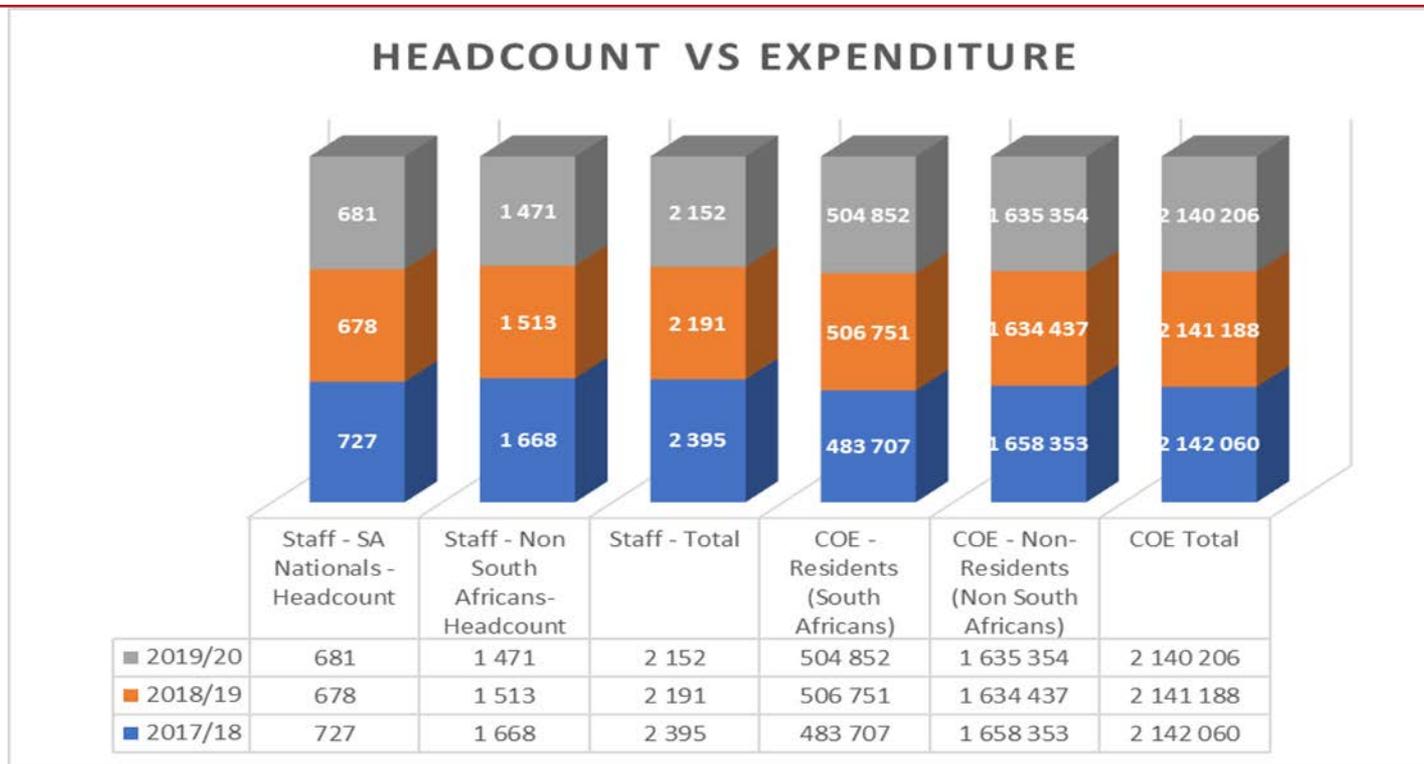


Findings: Expenditure Analysis Conti....



- Foreign mission expenditure accounts for an average of 57 per cent of total spending

Findings: Expenditure Analysis Conti....



- The CoE expenditure for the **non-South Africans** accounts for an average of **77 per cent (R 1.643 billion)** of the total average CoE budget of R 2.141 billion.
- **Non-South African staff** account for an average of **69 per cent** of the entire average staff compliment of 2 246.

Findings: Expenditure Analysis Conti....

Mission	Country	DIRCO Region	CoE (R'000)	Staff Numbers (3 Years)	Total spending (3 years)
R'000					
WASHINGTON DC	United States of America	Americas & Europe	55 986	634	1 194 400
New York	United States of America	Americas & Europe	75 496	369	468 049
GENEVA	Switzerland	Americas & Europe	62 851	130	277 325
LONDON	United Kingdom	Americas & Europe	64 899	187	267 775
BRUSSELS	Belgium	Americas & Europe	63 019	163	232 104
VIENNA	Austria	Americas & Europe	54 465	156	215 675
BEIJING	China	Asia & Middle East	37 114	133	206 123
TOKYO	Japan	Asia & Middle East	27 591	137	206 110
ADDIS ABABA	Ethiopia	Africa	41 991	220	204 370
MOSCOW	Russia	Americas & Europe	33 875	130	197 718
ROME	Italy	Americas & Europe	34 432	125	194 971
LUANDA	Angola	Africa	30 321	135	192 223
BERLIN	Germany	Americas & Europe	63 019	163	189 982

- Further analysis is required, such as assessing the missions' outputs and contribution to South Africa's international standing.
- The department needs to be able to explain and provide evidence as to why these missions are spending more than the rest of the missions.

Findings: Expenditure Analysis Conti....

Activity/Output/Outcome/Efficiency Indicator	2016/17 Target	2016/17 Audited Outcome	2017/18 Target	2017/18 Audited Outcome	2018/19 Target	2018/19 Audited Outcome	2019/20 Target	2019/20 Quarter 1 Audited	2020/21	2021/22	2022/23
Number of structured bilateral mechanisms facilitated to promote national priorities (the African Agenda and the Agenda of the South) per year	34	22	26	27	15	24	1500%	0			
Number of high level engagements facilitated to promote national priorities (the African Agenda and the Agenda of the South) per year	58	26	40	28	20	47	20	7			
Number of economic diplomacy initiatives undertaken to contribute to South Africa's economic growth per year: - trade and investment seminars	112	124	126	122	112	112	112	29			
Number of economic diplomacy initiatives undertaken to contribute to South Africa's economic growth - Engagements with Chambers of Commerce	125	127	126	161	126	139	126	36			
Number of tourism promotional events hosted per year	67	67	60	96	60	76	60	24			
Number of bilateral meetings per year to seek investment into South Africa held with - targeted government ministries to seek cooperation and possible technology exchange		120	70	153	70	157	70	56			
Number of bilateral meetings per year to seek investment into South Africa held with - high level potential investors	150	102	90	161	90	151	90	53			
Number of Southern African Development Community structures and processes supported with substance and logistics to promote peace and stability, socio-economic development, good governance, democracy and regional integration per year	11	9	7	6	7	2	7	2			

Findings: Expenditure Analysis Conti....

- The **department's performance indicators** are mainly focused on the number of regional reports submitted, events hosted, and the number of meetings, to mention a few.
- The department **lacks a performance framework** to measure value for money.
- There is **no way of measuring the impact** that South African missions have around the world and direct impact on South Africa's economy.

Findings: Savings, Trade-offs and Constraints

- Immediate savings cannot be identified as a more in-depth review and analysis is required.

For savings to be identified, the following needs to be done by the department:

- The department must find a way to assess or provide **a link to funding and performance.**
- The department should **align its lease management to staff management.**

Conclusions and recommendations

- There is no way of evaluating **value for money**.
- Most decisions made about missions are **political decisions**.
- The department lacks a **performance framework** that will measure value for money.
- **No monitoring and evaluation framework** to assess whether South Africa's political, economic, and social relations are being strengthened and consolidated.

Conclusions and recommendations Conti....

- department should come up with a **performance policy and strategic framework**.
- The department must have a **rigorous asset management analysis**.
- The department must **review its Locally recruited personnel recruitment policies and processes**.

Topic: An expenditure review of the foreign missions of the Department of International Relations and Cooperation

Thank you