

## RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

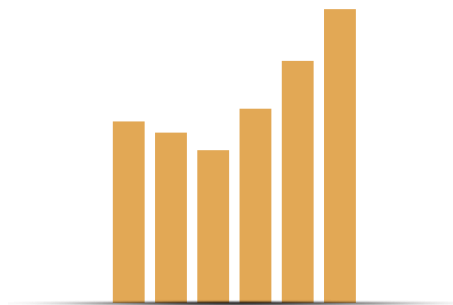
Annual financial statements for the year ended 31 March 2013



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Department:  
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**REPUBLIC OF SOUTH AFRICA**





## RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements for the year ended 31 March 2013

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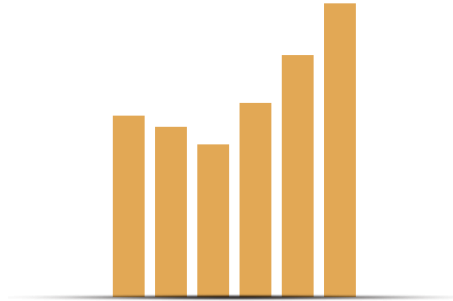
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## RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements for the year ended 31 March 2013

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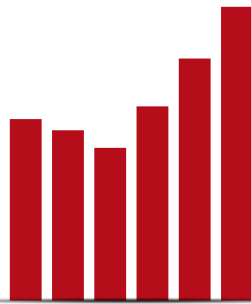
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**RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND**  
for the year ended 31 March 2013

# **EXECUTIVE OVERVIEW**



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# EXECUTIVE OVERVIEW

for the year ended 31 March 2013

In 2013, government adopted the National Development Plan (NDP), a development vision to put the economy on a new growth strategy. The NDP sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2033.

The NDP will build on the successes of the Reconstruction and Development Programme (RDP), which was adopted by South Africa at the dawn of democracy to address the basic needs of the people to create an equal society. The RDP objectives included providing all citizens with water, electricity, sanitation, jobs, housing, education, social protection, quality healthcare, clean environment, public transport as well as adequate nutrition.

Despite the global economic crisis, total amount of grants received by the RDP Fund increased by R 494 million for the 2012/13 financial year. Grants received by the South African government to fund RDP programmes were paid into the RDP Fund.

Herewith a brief overview for these sectors:

## 1. HEALTH SERVICES

During the 2012/13 financial year international donors contributed R724 million towards the following programmes:

- Strengthening of Primary Health Care Sector Policy Support; and
- Co-operation in the Prevention, Treatment and Controlling of HIV/AIDS and other Diseases.

South Africa has 17 per cent of the world's HIV infections and the highest Tuberculosis disease burden in the world. Government undertook the HIV/AIDS programme which focused on strengthening primary health care support and the prevention, treatment and controlling of the disease. The programme achieved the following:

- Nurses were trained on HIV counselling and testing and are able to provide and focus on Provider Initiated Counselling and Testing which is an entry point to HIV Comprehensive Care, Management, Treatment and Support;
- 20 training sessions on Antiretroviral therapy regarding the fixed dose combination were conducted to 5 937 doctors, managers, pharmacists and nurses;

- Bedaquiline training was provided to national and provincial Tuberculosis managers, academics, professional nurses and pharmacists to improve the treatment of Multi Drug Resistance;
- 90.1 per cent of people that tested positive for Tuberculosis(TB) received TB treatment;
- The medical male circumcision reduced HIV transmission to men by 60 per cent. Free services were offered by 362 sites within Public hospitals & clinics;
- 2 205 548 adults and children with advanced HIV infection received antiretroviral treatment;
- To improve patient monitoring for antiretroviral treatment, 1 302 facilities were installed with the Tier network system to standardise reporting, support information management and improve patient management;
- 32 million people have been reached through mass media and community outreach, while 200 000 affected with HIV/AIDS were counselled and 30 000 Orphans and vulnerable children have been provided with support.

## 2. LOCAL ECONOMIC DEVELOPMENT

Donors contributed R435 million towards local economic programmes during 2011/12 to support the Government of South Africa in its efforts to promote employment. Of this, R51 million was utilised by the Department of Trade and Industry in the year under review mainly for the following programmes:

- Employment Creation Fund (ECF); and
- Support to South Africa's Growth Strategy Programme

### ECF

Donations were distributed to various projects for setting up small businesses and thereby creating 20 415 jobs, of which 20 153 was short term jobs. These projects feed into government's objective of creating more than 5 million jobs by 2020.

### SUPPORT TO SOUTH AFRICA'S GROWTH STRATEGY

Funds were received from the Department of International Development to:

- Create more jobs for the economically marginalised;

## EXECUTIVE OVERVIEW

for the year ended 31 March 2013

- Improve the business-enabling environment; and
- Increase capacity and skills in the productive sectors of the economy.

In this regard 360 jobs have been created.

### 3. WATER SERVICES

The water sector received R426 million for the enhancement of water services. This is mainly for the facilitation of the Masibambane Water Programme and the Metolong Dam and Water Supply.

#### MASIBAMBANE WATER PROGRAMME

The overall objective of the programme is to improve the quality of life of poor communities by improving their access to adequate, safe, appropriate and affordable water supply and sanitation services.

The following are the key achievements:

- 205 water tanks were supplied;
- The Rapid Responsive Unit (RRU) was successfully decentralised to eight Provinces and undertook 219 interventions;
- Technical solutions were provided by RRU to deal with Colesberg's lack of water, Carolina drinking water quality failures, water supply crises in Sekhukhune (package plant), reliability of supply system in Ngobi and water supply crises in Ermelo and Marquard; and
- A media campaign with water saving key messages and a television campaign on SABC and local TV stations was developed.

### 4. EDUCATION SERVICES

The international donors contributed R366 million towards the Sector Policy Support Programme during the 2012/13 Financial Year. Herewith the programmes with its achievements:

#### CURRICULUM POLICY, SUPPORT AND MONITORING

The Department of Basic Education is committed to improving the performance of learners at the low end of the exam score spectrum (i.e. learners who are trying to achieve the minimum

pass mark of 30%) by producing a series of exam study guides called Mind the Gap for Accounting, Economics, Geography and Life Science. The main focus of these guides is on the key concepts that learners are meant to recall and understand.

In 2012, a total of 205 538 study guides were distributed to the Eastern Cape and Limpopo provinces. These guides were also translated into Afrikaans and also published on the Department's website. Thus far, there has been 129 270 downloads of the English titles and 42 491 of the Afrikaans titles from the website.

#### TEACHERS, EDUCATION HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT

- Recruitment of 1 173 learners during the launch of "teaching your profession of first choice" and registered them with Higher Education Institutions for the 2013 academic year;
- Development of a professional teacher development management system in collaboration with the South African Council for Educators;
- Development of a consolidated Human Resource management information on the Business Intelligence System together with a database of qualified educators seeking employment and profiling of teachers in poor performing schools; and
- Improvement of teacher's performance in Mathematics and English first additional language through self-appraisal tools and development courses.

#### PLANNING, INFORMATION AND ASSESSMENT

- Design of the Information Management System which provided accurate enrolment numbers, track individual learner movement between schools, provinces and grades has been completed;
- Furniture, computer equipment and laboratory and library equipment was distributed to schools in the Eastern Cape; and
- Improvement of literacy and numeracy by providing independently moderated literacy, language and mathematic test and reports to all learners in grade 3, 6 and 9 by September of each year.



# EXECUTIVE OVERVIEW

for the year ended 31 March 2013

## SCHOOL SAFETY

- Improve identification and management of bullying in schools by developing materials for the training of teachers, principals and learners; and
- Implement policies on the integrated School Health Programme to oversee the overall wellness of learners and educators.

## 5. INNOVATION FOR POVERTY ALLEVIATION PROGRAMME

This programme received R113 million during 2012/13 to support interventions that contribute to the Department's policy of using science and technology to support job creation, development of small and medium enterprise, economic growth and the improvement of the quality of life.

This was mainly for the following sustainable livelihoods projects:

- New essential crops - The project is aimed at diversifying and expanding the local essential oils sector. A 15 ha area is planted with twenty crop varieties and employs 64 staff members;
- Rose Damascene – 60 000 roses have been cultivated to produce rose oil which is essential in the use of perfume. A 10 ha area is planted and employs 16 staff members;
- Essential oils – this project has been expanded to commercial scale in the Northern Cape and Eastern Cape. It employs 90 permanent staff members and 153 part time staff members;
- Development of African Ginger, seed nurseries for leafy vegetables and herbal and Botanical products – various medical plants e.g Cancer Bush are cultivated and processed in various rural communities; and
- Chemistry, Plant oils and extracts beneficiation for Cosmetics – 14 people have been employed and 25 small businesses established for extracting natural and ethnic oils to be utilized in the cosmetic and wellness industry.

## 6. ENERGY SERVICES

During 2012/13, donors contributed R71.8 million towards energy optimisation, the reduction of carbon footprint and improvement

of the viability of municipalities. Through this programme South Africa will be able to:

- Guide the electricity industry in defining appropriate standards, technology choice and deployment of specific technology; and
- Design Advanced Metering Infrastructure (AMI), deployment thereof and grid modernisation.

## 7. PUBLIC SECTOR TRAINING AND DEVELOPMENT

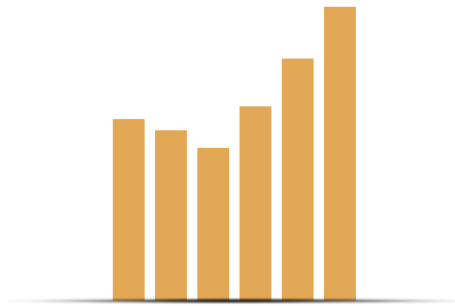
International donors contributed R22 million to countries that are emerging from conflict. In this regard Burundi, Rwanda and South Sudan were identified for the building of Management Development Institutions. The intention of this is to develop integrated public management skills to improve service delivery and address gender inequalities in these countries. In this regard, 180 officials were trained in relevant management courses, nine attended a Public Sector Trainer's Forum Conference and a Gender Mainstreaming Programme was developed.

## 8. RENEWABLE ENERGY PROJECTS

A project was set up with the University of Fort Hare to provide jobs in the rural area by using organic waste streams for generating bio-gas. This bio-gas is used to generate electric power to prepare food for the School Nutrition Programme.

## 9. INFORMATION COMMUNICATION TECHNOLOGY (ICT) PROJECTS

ICT strive to make a fundamental difference to computer literacy and associated skills in Africa. Through a wireless mesh, network connectivity is provided to rural areas. The content includes educational games and programs, scientific software, Wikipedia and numerous other applications for adults and children. 181 additional facilities obtained connectivity to the internet through the wireless mesh network.



**RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND**  
Annual financial statements for the year ended 31 March 2013

# **REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE RDP FUND**

**FOR THE YEAR ENDED 31 MARCH 2013**



AUDITOR-GENERAL  
SOUTH AFRICA

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE RDP FUND

for the year ended 31 March 2013

## REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 13 to 24, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### BASIS FOR QUALIFIED OPINION

#### ACCOUNTING FOR DONATIONS RECEIVED

6. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all grants and donations received for the current and prior year due to the status of the accounting records. I was unable to confirm the grants and donations by alternative means. Consequently, I was unable to determine whether any adjustment to funds awaiting distribution stated at R3 015 682 790 (2012: R2 185 955 944) in the financial statements was necessary.

### QUALIFIED OPINION

7. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Reconstruction and Development Programme Fund as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE RDP FUND

for the year ended 31 March 2013

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### COMPLIANCE WITH LAWS AND REGULATIONS

9. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

### INTERNAL CONTROL

10. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matter reported below under the fundamentals of internal control is limited to the significant deficiencies that resulted in the basis for qualified opinion included in this report.

### FINANCIAL MANAGEMENT

11. There was no system of control over donations received to ensure that complete, relevant and accurate information is accessible and available to support recording of the receipts in the accounting records.

*Auditor - General*

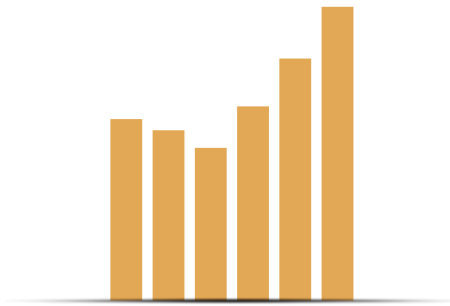
Pretoria

30 October 2013



AUDITOR-GENERAL  
SOUTH AFRICA

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**RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND**  
Annual financial statements for the year ended 31 March 2013

# **ACCOUNTING OFFICER'S REVIEW**



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**REPUBLIC OF SOUTH AFRICA**

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

The Reconstruction and Development Programme Fund (RDP Fund) was established on 1 November 1994 in terms of the Reconstruction and Development Programme Fund Act, 1994 (Act No 7 of 1994) (RDP Act). An amended Act was promulgated on 28 October 1998 (Act No 79 of 1998).

The income of the RDP Fund consists of government grants and donations.

Although donor countries and spending agencies do regular follow-ups on deposits made into the RDP Fund, it was not feasible for the Fund to institute accounting controls over funds received from donors before initial entry of the receipts in the accounting records. Therefore, the revenue disclosed might be incomplete.

The RDP Fund showed increased activity during the 2012/13 financial year. Grants and donations received, increased by 33 per cent to R1 974 million from R1 480 million in 2011/12. These grants and donations do not represent all the Official Development Assistance (ODA) provided to South Africa by the international donor community. Technical assistance is a significant proportion of foreign aid, and a number of donors do not allow South African spending agencies to assume responsibility for the financial management of ODA.

The amounts transferred to the spending agencies from the RDP Fund increased by 31 per cent to R1 097 million in 2012/13 from R837 million in the previous financial year. Total accumulated funds in the RDP Fund increased to R3 015 million from R2 186 million in 2011/12. This amount consists of a capital element of R2 443 million and interest accrued on capital invested totaling R572 million. Cabinet approval for the re-allocation of the R219 million donated by the SA Post Office is still pending. Of the said transfers, 42 per cent (2011/12: 71 per cent) was from grants and donations received during the year. These transfers enabled spending agencies to initiate and implement programmes in various sectors.

There was no immediate disbursement from the RDP Fund account to South African spending agencies because:

- Donors deposit funds into the RDP Fund prior to the project commencement whilst spending is spread over the life of the project.
- There are time lags between deposits and transfer payments as most deposits into the RDP Fund account are prior to transfer payments being made to South African spending agencies.
- Funds in the RDP Fund account are transferred to spending agencies upon request. Until required, such funds are invested with the Public Investment Corporation (PIC) to earn interest.
- Unallocated funds, i.e. deposits for which no project has been specified, are sometimes made into the RDP Fund. Such payments have to be verified prior to Cabinet's decision on how they should be used. Unallocated capital funds in the RDP Fund amount to R94 million and the interest earned on these amounts to R200 million. A new proposal on the utilisation of R40 million of the unallocated capital funds will be re-submitted to the Minister of Finance for consideration.
- Donor-supported development projects are sometimes implemented slower than originally envisaged due to capacity constraints at implementing agencies and/or donor institutions, unrealistic planning and/or complicated implementation modalities in cases where donor rules and procedures have to be followed. All of these factors can contribute to funds remaining in the RDP Fund account longer than planned.

The tables below reflect grants and donations of R10 million and more. The amounts received for the year exclude interest, whilst amounts transferred for the year may include interest accrued and surrenders from spending agencies. Accumulated funds as at 31 March 2013 are net of refunds to donors and include interest accrued.

\*To comply with GRAP 23 the amounts received in the RDP Fund are reflected:

- As an inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow.
- As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised and recognise an amount equal to that reduction.

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

**TABLE 1**

Analysis of Grants and Donations by spending agency for the various programmes:

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2013			
	2012/13		2011/12		2012/13		2011/12	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	948	45	542	28	250	12	71	5
Trade and Industry	473	23	618	32	20	1	70	5
Basic Education	304	15	157	8	453	21	348	25
Water Affairs and Forestry	88	4	165	8	27	1	116	8
Energy	74	4	-	-	-	-	-	-
Various Departments	62	3	73	4	470	22	387	29
Science and Technology	35	2	129	7	155	8	49	4
Nelson Mandela Metro Municipality	32	1	-	-	-	-	-	-
SAMD I (PALAMA)	31	1	21	1	-	-	-	-
Justice and Constitutional Development	-	-	78	4	113	6	34	3
National Treasury	30	1	-	-	411	20	21	2
Eastern Cape: Provincial Treasury	-	-	24	1	-	-	-	-
Health – Free State	-	-	15	1	-	-	-	-
Environmental Affairs	-	-	-	-	-	-	21	2
Department of Rural Development and Land Reform	-	-	14	1	10	-	-	-
Human Settlement	16	1	14	1	-	-	12	1
Agriculture and Fisheries	-	-	-	-	-	-	13	1
Department of International Relation and Corporation	-	-	-	-	23	1	22	2
Correctional Services	-	-	-	-	13	1	13	1
Higher Education and Training	-	-	-	-	-	-	81	6
Parliament	-	-	48	2	72	4	-	-
SA Police service	-	-	20	1	-	-	10	1
Office of the Premier	-	-	-	-	-	-	10	1
Defence	-	-	-	-	21	1	21	2
Public Works	-	-	-	-	10	1	10	1
Public Service and Administration	-	-	16	1	-	-	-	-
PE Municipality	-	-	-	-	13	1	18	1
SUBTOTAL	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>2 093</b>	<b>100</b>	<b>1 934</b>	<b>100</b>	<b>2 061</b>	<b>100</b>	<b>1 327</b>	<b>100</b>
Receivable from Departments	(999)	-	(1103)	-	954	-	859	-
Total Capital Transfers	<b>1 094</b>	<b>100</b>	<b>831</b>	<b>100</b>	<b>3 015</b>	<b>100</b>	<b>2 186</b>	<b>100</b>
Interest Allocated	3	-	6	-	-	-	-	-
Payables to Departments	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1 097</b>	<b>100</b>	<b>837</b>	<b>100</b>	<b>3 015</b>	<b>100</b>	<b>2 186</b>	<b>100</b>

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

**TABLE 2**

Programmes for which Grant and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2012/13 R'm	%	2011/12 R'm	%	2012/13 R'm	%	2011/12 R'm	%
General Budget Sector Support Programme	465	23						
Sector Policy Support Programme	366	18	591	40	572	27	509	24
SAF-H-NDOH	336	17	55	4	358	17	55	3
Primary Health Care Sector Policy Support	332	17	-	-	224	12	-	-
Innovation for Poverty Alleviation Programme	113	6	87	6	20	1	80	4
Various other projects	104	5	130	9	100	5	148	8
Local Economic Development Programme	-	-	19	1	-	-	24	1
Strengthening National and Provincial Capacity	-	-	44	3	46	2	72	4
Public Sector Training and Development	21	1	-	-	28	1	12	1
SAF-H-NDOH-D01.1	22	1	-	-	-	-	-	-
N2 Gateway Project	-	-	-	-	15	1	14	1
Masibambane Water Supplies	-	-	-	-	59	3	129	7
Employment Creation Sector Support Policy Programme	-	-	340	23	324	15	340	17
Expanded Partnership for the Delivery of Primary Health Care and HIV and AIDS Programme	-	-	-	-	18	1	35	2
Access to Justice and Promotion of Human Rights Programme	80	4	71	5	-	-	71	4
Legislative Sector Policy Support Programme	69	4	48	3	-	-	48	2
Support to South Africa's Growth Strategy	-	-	95	6	80	4	43	2
Black Business Supplier Development Programme	-	-	-	-	-	-	30	2
Pilot the implementation of the DST	-	-	-	-	-	-	26	1
Establishment of three large blueberry out-growers at keikammanhoek as the 2nd phase of Eastern Cape Berry Corridor	-	-	-	-	-	-	11	1
Urban Renewal Programme	32	2	-	-	32	2	-	-
Risk Capital Facility II Programme	-	-	-	-	-	-	98	5
Co-operation in the Prevention and Controlling of HIV/AIDS and other Infectious diseases	34	2	-	-	34	2	35	2
Interest Allocated	-	-	-	-	-	-	-	-
SWEEP II Programme	-	-	-	-	69	3	100	5
Metolong Dam	-	-	-	-	20	1	35	2
National Development Policy Support Programme	-	-	-	-	72	3	-	-
Development of sustainable Policing in Sudan	-	-	-	-	-	-	15	1
Renewal Energy Programme	-	-	-	-	22	1	-	-



# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2012/13 R'm	%	2011/12 R'm	%	2012/13 R'm	%	2011/12 R'm	%
Inspire Programme	-	-	-	-	-	-	10	1
Interest Allocated	-	-	-	-	-	-	-	-
<b>SUB TOTAL</b>	<b>1974</b>	<b>100</b>	<b>1480</b>	<b>100</b>	<b>2 093</b>	<b>100</b>	<b>1940</b>	<b>100</b>
Receivable from Departments					(999)		(1103)	
<b>TOTAL</b>	<b>1974</b>	<b>100</b>	<b>1480</b>	<b>100</b>	<b>1 094</b>	<b>100</b>	<b>837</b>	<b>100</b>

**TABLE 3**

Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUNDS AT 31 MARCH 2013			
	2012/13		2011/12		2012/13		2011/12	
EU	1 473	75	1 181	80	1 374	67	558	41
Global Fund	358	18	99	7	-	-	-	-
UK	-	-	95	6	19	1	78	6
CDC of United States	34	2	-	-	16	1	15	1
Various Donors	81	4	74	5	186	8	156	12
Canada (CIDA)	28	1	21	1	-	-	10	1
Flemish	-	-	10	1	36	2	43	3
Denmark	-	-	-	-	21	1	46	3
Post and Telecoms	-	-	-	-	219	11	212	16
Finland	-	-	-	-	38	2	37	3
Netherlands	-	-	-	-	37	2	35	3
African Renaissance Fund	-	-	-	-	-	-	26	2
Sweden	-	-	-	-	25	1	24	2
Switzerland	-	-	-	-	24	1	23	2
Belgium	-	-	-	-	27	1	21	2
USAID	-	-	-	-	18	1	17	1
Ireland	-	-	-	-	-	-	15	1
IBRD	-	-	-	-	11	1	11	1
Republic of China	-	-	-	-	10	-	-	-
<b>SUBTOTAL</b>	<b>1 974</b>	<b>100</b>	<b>1 480</b>	<b>100</b>	<b>2 061</b>	<b>100</b>	<b>1 327</b>	<b>100</b>
Payables to Departments	-	-	-	-	-	-	-	-
Receivables from Departments/Province	-	-	-	-	954	-	859	-
<b>TOTAL</b>	<b>1 974</b>	<b>100</b>	<b>1 480</b>	<b>100</b>	<b>3 015</b>	<b>100</b>	<b>2 186</b>	<b>100</b>

# ACCOUNTING OFFICER'S APPROVAL

for the year ended 31 March 2013

The annual financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board on the going concern basis. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements of estimates.

The annual financial statements on pages 12 to 24 have been approved by the Accounting Officer and Financial Accountant on 12 October 2013.



Schalk Human  
Accounting Officer (Acting)



Karen Maree  
Financial Accountant

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
<b>ASSETS</b>			
<b>Currents assets</b>		<b>3 015 735</b>	<b>2 186 167</b>
Cash and Cash Equivalents	2,1	2 061 126	1 327 065
Accounts Receivable	2,2	954 609	859 103
<b>Total Assets</b>		<b>3 015 735</b>	<b>2 186 168</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Funds awaiting distribution	3,1	3 015 682	2 185 956
Accounts Payable	3,2	53	213
<b>Total Liabilities</b>		<b>3 015 735</b>	<b>2 186 168</b>

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
<b>INCOME</b>	<b>4</b>	<b>1 097 440</b>	<b>838 313</b>
Income relating to expenditure -			
Grants and donations		1 094 202	832 071
Interest		3 238	6 242
<b>EXPENDITURE</b>		<b>1 097 440</b>	<b>838 313</b>
Operating expenses		-	-
Funding of Reconstruction and Development Programme projects and programmes	5	1 097 440	838 313
<b>Net funds for the year</b>		<b>-</b>	<b>-</b>

# CASH FLOW STATEMENT

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Cash receipts from donors and spending agencies		1 889 509	1 005 850
Cash paid to donors and spending agencies		(1 223 881)	(914 530)
<b>Cash utilised from donations received</b>		<b>665 627</b>	<b>91 320</b>
Interest received		68 433	65 229
<b>Net Cash flow from operating activities</b>	<b>6.1</b>	<b>734 060</b>	<b>156 548</b>
Cash and cash equivalents at the beginning of the year		1 327 066	1 170 517
<b>Cash and cash equivalents at the end of the year</b>	<b>6.2</b>	<b>2 061 126</b>	<b>1 327 066</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

## 1. BASIS OF PRESENTATION

The summary of principal accounting policies is presented to assist in the evaluation and appreciation of the annual financial statements. The financial statements are prepared on a going concern basis, using the historical cost basis except where stated otherwise. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).

### 1.1 FIGURES PRESENTED

#### 1.1.2 ROUNDING

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

#### 1.1.3 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.

### 1,2 REVENUE RECOGNITION

The following specific recognition criteria are adopted:

#### 1.2.1 GRANTS AND DONATIONS

Grants and donations are recognised in the statement of financial performance when it is probable that future economic benefits and service potential will flow to the fund and the amount can be measured reliably. Grants and donations are recognised to the extent that the fund complied with the conditions attached to the grants and donations.

A liability is recognised when the conditions attached to the grants and donations have not been met. This liability is reduced to the extent that there is no further obligation arising from the receipt of the grants or donations.

#### 1.2.2 INTEREST INCOME

Interest income is recognised on a time proportionate basis using the effective interest rate method.

### 1,3 EXPENDITURE

#### 1.3.1 FUNDING OF THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME PROJECTS AND PROGRAMMES.

Transfers to spending agencies are recognised as an expense when the spending agencies comply with all conditions stipulated by the Reconstruction and Development Fund (RDP Fund) for the transfer of donor funds.

#### 1.3.2 REFUNDS TO DONORS

Refunds to donors represent an outflow of funds and are recognised as a decrease when requested by the donor.

#### 1.3.3 OPERATING EXPENSES

Operating expenses are recognised when due and payable.

### 1,4 FOREIGN CURRENCIES

Grants and donations received from foreign donors are recorded in Rand by applying to the foreign currency amount the exchange rate at the date of the receipt of the grants and donations.

### 1,5 FINANCIAL INSTRUMENTS

Financial Instruments include financial assets and liabilities. Financial assets consist of cash and cash equivalents, investment and receivables.

Financial liabilities consist of funds awaiting distributions and payables.

#### INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are initially recognised when the fund becomes a party to the contractual provisions of the relevant instrument, and are initially recognised at fair value. Bank charges

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

are expensed. Subsequent to initial recognition these instruments are measured as set out below.

## 1.5.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature closely approximate their fair value.

Cash and cash equivalents comprise of cash on hand and balances held with the South African Reserve Bank (SARB)

## 1.5.2 INVESTMENTS

Investments consist of amounts invested in financial instruments classified as loans and receivables (cash investments) by the Public Investment Corporation (PIC). Investments are subsequently measured at amortised cost which includes the amount at which financial assets were measured at initial recognition, minus repayments plus interest received. This is adjusted for any write down for impairment in value.

## 1.5.3 RECEIVABLES

Interest receivable is measured based on the interest rate granted by PIC on the deposit. Receivables are stated at amortised cost, which, due to their short-term nature closely approximate their fair value.

## 1.5.4 FUNDS AWAITING DISTRIBUTION

Funds awaiting distribution are measured at amortised cost, which, due to their short-term nature closely approximate their fair value. Funds awaiting distribution will be withdrawn from the corresponding investment amount.

## 1.5.5 PAYABLES

Payables are stated at amortised cost, which, due to their short-term nature closely approximate their fair value.

## NEW STANDARDS AND INTERPRETATIONS

### Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, the following accounting standards of GRAP were in issue, but not yet effective:

- GRAP 18: Segment reporting
- GRAP 20: Related Party Disclosures
- GRAP 105: Transfer of functions between entities under common control
- GRAP 106: Transfer of functions between entities not under common control
- GRAP 107: Mergers

### Standards that became effective on 1 April 2012

- GRAP 21: Impairment of non-cash generating assets
- GRAP 23: Revenue from non-exchange Transactions (Taxes and Transfers)
- GRAP 24: Presentation of Budget Information in Financial Statements
- GRAP 26: Impairment of cash generating assets
- GRAP 103: Heritage Assets
- GRAP 104: Financial Instruments

GRAP 23 was early adopted. However the management believes that the other standards will have no material impact on the financial statements, as the majority of them are not applicable and the relevant one/ones would not change the figures but assist in monitoring the financial performance of the RDP Fund

### Standards that will become effective from 1 April 2013

- GRAP 25: Employee benefits

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

## 2. CURRENT ASSETS

Opening balance as at 1 April	2 185 956	1 554 964
Net movement of funds for the year (note 3)	829 727	630 992
<b>Closing balance as at 31 March 2013</b>	<b>3 015 683</b>	<b>2 185 956</b>

The closing balance comprise of:  
Financial Assets classified as Loans and Receivables

### 2.1 CASH AND CASH EQUIVALENTS

Investments with PIC	2 035 435	1 321 316
Interest receivable from PIC	7 084	5 149
Bank balance: SARB	18 607	601
<b>Carrying value at year end</b>	<b>2 061 126</b>	<b>1 327 065</b>

Investment at PIC consist of Interest receivable from PIC R7 084

### 2.2 ACCOUNTS RECEIVABLE

Due by Departments	954 609	859 103
<b>Receivables relating to portfolios</b>	<b>954 609</b>	<b>859 103</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
<b>3. FINANCIAL LIABILITIES</b>		
<b>3.1 FUNDS AWAITING DISTRIBUTION</b>		
Opening Balance as at 1 April	2 185 956	1 554 964
Net movement of funds for the year	829 728	630 992
<b>Closing balance as at 31 March</b>	<b>3 015 683</b>	<b>2 185 956</b>
<b>Net movement of funds comprise of:</b>		
Grant and donations received	1 974 898	1 480 505
Interest received	68 433	65 229
Refund to donors (Note 8)	(109 850)	(72 445)
Management fees paid to PIC	(12)	(12)
Funding of Reconstruction and Development Programme projects and programmes	(1 097 440)	(838 312)
Refunds to Spending Agencies	(6 301)	(3 974)
	<b>829 728</b>	<b>630 991</b>
<b>3.2 PAYABLES</b>		
Due to Environmental Affairs	52	213
Management fees to PIC	1	-
	<b>53</b>	<b>213</b>
<b>4. INCOME RELATING TO EXPENDITURE</b>		
<b>Grants and donations and interest</b>		
Grants and donations received limited to expense	1 094 202	832 071
Interest	3 238	6 242
	<b>1 097 440</b>	<b>838 313</b>
<b>5. AMOUNTS TO FUND PROJECTS AND PROGRAMMES</b>		
Capital	1 094 202	832 071
Interest	3 238	6 242
	<b>1 097 440</b>	<b>838 313</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

## 6. NOTES TO THE CASH FLOW STATEMENT

### 6.1 RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

Net funds for the year		
(Increase)/decrease in trade and other receivables	(95 506)	(474 655)
Increase/(decrease) in trade and other payables	829 567	631 203
<b>Cash flow from operating activities</b>	<b>734 060</b>	<b>156 548</b>

Receivables and payables relating to portfolios were eliminated for the calculations of the cash flow (Refer note 2.1).

For more detail on the flow of funds refer to note 3.

### 6.2 CASH AND CASH EQUIVALENTS

Investments	2 042 519	1 326 465
Bank balance: SARB	18 607	601
	<b>2 061 126</b>	<b>1 327 065</b>

## 7. REFUNDS TO DONORS

<b>Capital</b>		
Refund to EU	43 195	12 643
Refund to Flemish	7 470	
Refund to Ireland	5 321	5 345
Refund to British BDDSA	2 058	-
Refund to Vodacom	1 760	
Refund to Norway	1 155	
Refund to UK/DFID	1 036	62
Refund to Switzerland	999	7
Refund to Finland	896	
Refund to Unicef	847	986
Refund to Canada (CIDA)	730	4 265
Refund to Denmark	577	-
Refund to Usaid	463	
Refund to Netherlands	376	-
Refund to Nicro	271	
Refund to Global Fund		7 467

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000
Refund to CDC of United States		16 704
Refund to Post Office		32
Refund to Impumelelo Awards		-
Refund to ICGEB		18
Refund to Hermanus Municipality		-
Refund to Kynsna Municipality		-
Refund to Spain		3 780
Refund to Mossel Bay Municipality		50
<b>Interest</b>		
Refund to Denmark	24 751	
Refund to EU	6 180	19 854
Refund to British BDDSA	4 447	-
Refund to Norway	2 179	
Refund to UK/DFID	2 064	
Refund to Ireland	800	
Refund to Flemish	796	
Refund to Finland	755	
Refund to Switzerland	578	
Refund to Vodacom	86	
Refund to Nicro	29	
Refund to Usaid	24	
Refund to Canada (CIDA)	6	853
Refund to Old Mutual	1	
Refund to Netherlands		27
Refund to Global Fund		30
Refund to Hermanus Municipality		124
Refund to Impumelelo Awards		4
Refund to Kynsna Municipality		8
Refund to Post Office		88
Refund to Mossel Bay Municipality		77
Refund to Bitou Municipality		20
	<b>109 850</b>	<b>72 444</b>

Any unspent funds and interest on donations may be required to be refunded to the donor upon completion of the contract, pending further negotiations with the donor.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

## 8. RELATED PARTY TRANSACTIONS

### 8.1 PUBLIC INVESTMENT CORPORATION (PIC)

In terms of section 8(1) of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) any funds not required for immediate use may be invested with the PIC.

The PIC is listed as a Schedule 3B entity under the control of the Minister of Finance. These transactions are entered into in the normal course of business. Donations are received for Official Development Assistance to support the Republic of South Africa in meeting its core responsibilities. Therefore it was agreed with PIC that management charges will be kept at a minimum.

#### Investment in PIC

Capital	1 470 102	776 001
Interest	572 417	550 464
	2 042 519	1 326 465

The following receivables from spending agencies and the bank balance at SARB, have not yet been invested in PIC

Outstanding receivables from spending agencies	954 609	859 103
Outstanding bank balance per SARS	18 607	601
Payable (Correctional Services)	-	(213)
	973 216	859 491
<b>TOTAL</b>	<b>3 015 735</b>	<b>2 185 956</b>

### 8.2 SPENDING AGENCIES

In terms of section 3 of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) the RDP Fund can receive donations if authorized by Cabinet and if it is in accordance with a Technical Assistance Agreement.

In terms of section 4 of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) these funds are transferred to a Spending Agency in accordance with the relevant technical assistance agreement. For more detail see Analysis of Grants and Donations transferred to a Spending Agency (Table 1) as stated in the Accounting Officers Review.

The RDP Fund does not charge the Spending Agencies fees for the rendering of this service. Audit fees to the amount of R834 (2011/12 R268) were borne by National Treasury.

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

2012/13

R'000

## 9. PRIOR YEAR ADJUSTMENT

### 9.1 STATEMENT OF FINANCIAL POSITION

#### ASSETS

9.1.1	Receivables: Due by Departments as published for the 2011/12 financial year	860 406
	Decrease in receivables: Restatement of Receivables (Health - Free State)	1 303
	<b>Restated Receivables</b>	<b>859 103</b>

#### LIABILITIES

9.1.2	Funds Awaiting Distribution as published for the 2011/12 financial year	2 187 259
	Decrease in funds awaiting distribution	1 303
	<b>Restated Funds Awaiting Distribution</b>	<b>2 185 956</b>

### 9.2 STATEMENT OF FINANCIAL PERFORMANCE

#### INCOME

Income relating to expenditure:

	Grants and Donations: as published for the 2011/12 financial year	830 767
	Increase in Grants and Donations: Restatement of Grants and Donations	1 303
	<b>Restated Grants and Donations</b>	<b>832 071</b>

#### EXPENDITURE

	Funding of Reconstruction and Development Programme Projects and Programmes	837 009
	Increase in Funding of Reconstruction and Development Programme	1 303
	<b>Restated Funds Awaiting Distribution</b>	<b>838 312</b>

When audited statements were received the RDP Fund realised that an amount of R 1,303 was reflected as unused funds at financial year end which was payable to the RDP Fund. During the 2012/13 financial year the RDP Fund discovered that this amount was disclosed as a Departmental expenditure in 2011/12 financial year.

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

## 10. FINANCIAL RISK ANALYSIS

### 10.1 FINANCIAL RISK FACTORS

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Fund.

#### 10.1.1 MARKET RISK

The purpose of the risk management policy of the RDP fund is to limit exposure to market risks such as possible market fluctuations and subsequent losses by investing the RDP funds at a cash instruments only, as opposed to other types of financial instruments

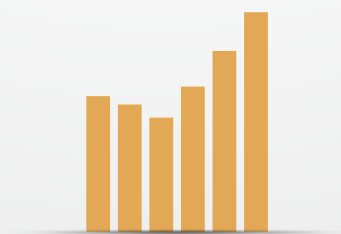
Market risk is the risk that the RDP Fund earnings or capital will be adversely affected by changes in the level or volatility of market rates or prices such as foreign exchange rates and trade market risks. Therefore the risk management policy of the RDP Fund is to limit these exposures by not investing in any market related instruments.

#### 10.1.2 CREDIT RISK

The risk management policy of the RDP Fund is to invest in cash instruments only. These transactions are limited to a high-credit-quality financial institution namely the PIC. Funds are invested at variable interest rate.

On the overall portfolio an amount of R1 702 will be earned less or more per month when the interest rate is adjusted with a 100 basis points.





**RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND**  
Annual financial statements for the year ended 31 March 2013

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