



# RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements for the year ended 31 March 2018



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA







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# EXECUTIVE OVERVIEW



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# EXECUTIVE OVERVIEW

for the year ended 31 March 2018

South Africans are a united nation. We are committed to working together to find jobs for our youth, build factories and roads, houses and clinics and have cities and towns where families can be safe, productive and content. South Africa as a nation is determined to build a society defined by decency and integrity.

We have been given the responsibility to build a new nation, to confront the injustices of the past and present inequalities. We are called upon to do so under difficult conditions.

In order for South Africa to achieve its goal of reducing inequality, poverty alleviation and unemployment as per the National Development Plan, grants and donations are received by the Reconstruction and Development Programme (RDP) fund to assist in achieving these set goals. Below is a brief overview of the various sectors:

## 1. HEALTH SERVICES

During the financial year ended 31 March 2018, donors contributed R700 million for the health sector. The contributions were directed towards the following programmes:

- Co-operation in the Prevention and Controlling of HIV/AIDS and other infectious diseases (COAG II Programme); and
- ZAF-C-NDOH / IMPACT AGAINST TUBERCULOSIS AND HIV PROGRAMME

**COAG II PROGRAMME is aimed at:**

- Informing the general public about the Antiretroviral (ARV) roll-out;
- Re-educating the public on all aspects of the epidemic including transmission, prevention, women, children, and HIV/AIDS care and support for people infected and affected by HIV/AIDS; and
- Informing health workers about the programme and get them to enroll eligible patients into the programme.

**The ZAF-C-NDOH Programme focuses on:**

- Addressing social and structural drivers of HIV/AIDS, Sexually Transmitted Infections (STI) and Tuberculosis (TB) Prevention and the impact and caring for affected individuals;
- Prevention of new HIV/AIDS, STIs and TB infections; and
- Sustaining health and wellness.

This programme achieved the following:

- 71 072 HIV positive registered TB patients received Antiretroviral therapy (ART) during TB treatment;
- 1 258 inmates diagnosed with TB commenced with treatment in Correctional Centres;
- 472 community members diagnosed with TB were referred for the treatment in 6 Peri-mining areas;
- 44 237 clients in informal settlements received a comprehensive TB, HIV/AIDS and STIs prevention packages;
- 10 208 cases with drug resistant against TB treatment commenced with a second line treatment;
- 4 189 070 adults and children living with HIV/AIDS infection received ARV therapy; and
- 68 community members in informal settlements were referred for TB diagnosis and commenced with TB treatments.

# EXECUTIVE OVERVIEW

for the year ended 31 March 2018

## 2. EDUCATION

International donors contributed R100 million towards the Primary Sector Education Programme (PRIMED). The primary objective of the PRIMED programme is to improve learner performance in literacy and numeracy at primary school level.

The programme achieved the following:

- 27 Mind the Gap study guides were produced and are currently available on the Department of Basic Education (DBE) for downloading;
- 1 012 schools implemented the Incremental Implementation of African Languages (IIAL);
- 103 School Management Teams and 14 provincial officials attended South African Sign Language (SASL) orientation sessions;
- Policy on Home Education (HE) drafted and gazetted;
- 11 653 390 Grade 1 to 6 home language workbooks were delivered to all quintile/category 1 to 3 schools;
- 11 545 640 Grade 1 to 6 numeracy workbooks were delivered to all quintile/category 1 to 3 schools;
- 3 157 080 Grade R workbooks were delivered to all quintile/category 1 to 3 schools;
- 177 700 teachers enrolled on the Continuing Professional Teacher Development (CPTD) Management System;
- Spelling competitions were held in all provinces and reading clubs were launched;
- 358 481 desks for pupils were received by 1 646 schools;
- 3 366 teachers were trained on Teacher Union Collaboration Programme;
- 250 Grade R resource kits were printed and delivered to provincial offices;
- The Ministerial Task Team (MTT) completed the strengthening of the General Education and Training (GET) Social Science and Further Education and Training (FET) compulsory History curriculum;
- Mathematics Project was re-introduced to Public Ordinary Schools in the FET and;
- 7 Provincial Education Departments were trained in Schools Self Evaluation (SSE) and School Improvement Plan (SIP);
- Mathematics lesson plans for Grade 4 - 6 and 10 - 12 were developed;
- Oversight visits for Monitoring and Support for CAPS were conducted in 6 Provinces in 144 schools;
- Mathematics teacher guides for the Intermediate and Senior Phases were completed; and
- 11 official languages National Curriculum Framework documents were printed and also versioned in Braille.

## 3. PUBLIC SERVICE ADMINISTRATION: IMPROVEMENT FACILITY (TIRELO BOSHA)

The programme received funding from Belgian donors amounting to R70 million. The programme focuses on the following objectives:

- To improve front-line public service delivery including but not limited to methods, models, technologies, systems, processes, strategies and toolkits; and
- To pilot new ways of delivering public services by funding improvement initiatives.

The programme achieved the following:

- Replication assessments were conducted on 14 grantees who received grants in 2014 and 7 of the 14 programmes were recommended for replication. The Programme steering committee (PSC) approved all recommended projects and 7 agreements were executed to that effect; namely:
  - Offline content to schools without Internet connectivity in Limpopo;
  - Non Profit Organisations Management System in Western Cape;
  - Catch and Match health project in the Western Cape where health workers will do home visits to "catch" those at a greater health risk. These will be "matched" to appropriate services with other departments eg Social Development;
  - Informal settlement, Socio-Economic and GPS enhancement to Western Cape Housing Demand database;
  - Water Conservation and Demand Management Phase 2 in Dr Beyers Municipality;

# EXECUTIVE OVERVIEW

for the year ended 31 March 2018

- E-waste contained based community enterprise mode in department of Environmental Affairs; and
- Micro Enterprise for Recyclable collection department of Environmental Affairs.
- Further replication assessments conducted and approved by the PSC were:
  - The Procedural Manual and Technical and Financial File; and
  - The contract of the Knowledge Management Expert.

## 4. DEPARTMENT OF TOURISM: SCIENCE PARKS PROGRAMME

The international community contributed R43 million for the creation of a Dinosaur Interpretation Centre (IC) within the Golden Gate Highlands National Park (GGHNP).

- Department of Tourism together with SANParks will develop an IC within the GGHNP;
- The proposed IC is considered to become a visitor attraction with educational and scientific features within the GGHNP. The IC will also comprise of the following:
  - Will be developed according to world class standards and reflect a captivating set of sagas centred around the paleontology and earth science significance of the GGHNP and surrounding environment; and
  - The theme of the project design concept will blend with the landscape of the surrounding environment and the uniqueness of the GGHNP Area.

## 5. DEPARTMENT OF SCIENCE AND TECHNOLOGY: FINISH SOUTHERN AFRICAN PARTNERSHIP PROGRAMME TO STRENGTHEN THE SOUTHERN AFRICAN NETWORK FOR BIOSCIENCES (BIOFISA) II PROGRAMME

The International donors contributed R20 million for the Biofisa II Programme with the main purpose of strengthening the New Partnership for Africa's Development (NEPAD). The programme aims to facilitate innovation in support of the development of a knowledge economy in Southern African Development Community (SADC) by:

- supporting an effective and dynamic regional research network;
- enhancing human and infrastructure capacity; and
- developing and commercialising innovation products in health and nutrition.

In this regard the following were achieved:

- More than 400 participants from 15 SADC countries received technical and business skills in Intellectual Property (IP), aquaculture transformation, plant genetic resources conservation, bioinformatics, mushroom growing technologies, entrepreneurship, business planning, project management and business modeling;
- 30 participants from 10 SADC countries are receiving training in the business of clinical research;
- More than 101 women were trained on FemBioBiz Season 1 Programme that are targeting female bio-entrepreneurs;
- Flagship projects for which market testing has been conducted. Products on the market that are expected to be launched at the end of the funding include:
  - The meal worm project for fish feed;
  - Forensic genotyping kit;
  - Tuberculous meningitis diagnostic test; and
  - Brucellosis rapid test project
- Seed Project includes the following:
  - 4 tons production of Moringa chicken feed was completed;

# EXECUTIVE OVERVIEW

for the year ended 31 March 2018

- Toxicology study of the Resurrection bush tea was completed and was accepted as safe for human consumption;
- Tshwane University of Technology transferred technology to National AGRO Processing (NAPRO) in Botswana for the production of Synmba drink;
- Development of the goat feed pellets with medicinal properties; and
- 4 tons of the mineral blocks for cattle have been developed.

## 6. DEPARTMENT OF ENERGY: RENEWABLE ENERGY PROGRAMME

The energy sector received R15 million from international donors during the 2017 / 2018 financial year for the Renewable Energy Programme aimed at decreasing low carbon technologies in the energy sector. The programme focused on three components which were:

### 6.1 TECHNICAL ASSISTANCE TO THE DEPARTMENT OF ENERGY (DOE)

The main objective of this component is to facilitate the development of a less carbon intensive electricity sector. Through this programme, assistance is provided to the DoE to develop more comprehensive energy planning capabilities thereby assisting in the efficient deployment and integration of renewable energy and energy efficiency technologies. This component was divided into the following sub-components:

- Energy Efficiency (EE);
- Renewable Efficiency (RE); and
- Climate Change (CC).

Through EE the following were achieved:

- Energy efficiency in existing public buildings was improved through smart metering and a pre-energy audit was completed in 188 buildings;
- National EE campaign strategy to increase energy efficiency awareness was developed;
- Post 2015 National Energy Efficiency Strategy (NEES) measures and targets were developed to outline energy efficiency; and
- Pilot implementation focusing on LED lighting promotion and electric geyser replacement with more energy efficient ones were completed.

Through RE the following were achieved:

- Training of the RE service technicians in the wind energy sector through South African Renewable Energy Technology Centre(SARETEC);
- The capacity to collect, process and report data relating to electricity generation from renewable energy (RE) sources in South Africa was developed;
- An improved capacity building on grid code aimed at efficient management of the power system;
- Development and conducting of trainings for the municipal staff built on assessment findings;
- Workshops to share information on trainings among the municipalities were held; and
- Study visits to world class operation units at ESKOM to provide the Municipal Staff exposure and networking opportunities with ESKOM staff were undertaken.

Through CC the following was achieved:

- Showcasing EE potentials in schools as an example on reducing climate footprint of public buildings;
- The energy efficiency and renewable energy projects piloted in 5 schools were implemented.

# EXECUTIVE OVERVIEW

for the year ended 31 March 2018

## 6.2 FURTHER DEVELOPMENT OF THE WIND ATLAS FOR SOUTH AFRICA (WASA 2)

The main objective is to further develop the Wind Atlas for South Africa significantly and to cover remaining areas of the Eastern Cape, Kwa-Zulu Natal and Free State Provinces. Through the implementation of WASA the following was achieved:

- 5 wind measurements masts were installed; and
- Development of the Fast track (Interim) Wind Resource Map that covers all of South Africa.

## 6.3 TECHNICAL ASSISTANCE TO ESKOM FOR RENEWABLE ENERGY INTEGRATION INTO ELECTRICITY SUPPLY

The main objective is to strengthen the capacity of ESKOM for integration of renewable energy into electricity supply system. This component was divided into the following sub-components:

- Distribution; and
- Transmission

The programme achieved the following:

- Assessment of the status of the renewable integration at ESKOM Operation Units;
- Development of the Renewable Power Plants (RPP) dashboards and voltage overview pictures in Supervisory Control and Data Acquisition (SCADA) systems;
- Training on voltage control at the Eskom units was conducted;
- Formation of the new RPP Care Group as an Eskom platform for dealing with issues surrounding renewables was supported;
- Enhancement of existing platforms for the registration of Small Scale Embedded Generation (SSEG) was supported; and
- Functions to estimate the aggregation of SSEG installations were created.

## 7. SOCIAL DEVELOPMENT: SUPPORT TO ORPHANS AND VULNERABLE CHILDREN (OVC) PROGRAMME

The social cluster received international aid amounting to R15 million for the social programme.

The objective of the programme is to allow orphans, vulnerable children and youth to benefit from improved services offered by refurbished and adequately equipped five Community Care Centres (CCC). The following achievements were made:

- 3 CCCs sites were handed over and 2 CCCs works were completed;
- The work at Lethabong CCC is 85% complete;
- Training was provided to service providers placed in the CCC's and those supervising the CCC's such as Social Workers, Social Auxiliary Workers, Child and Youth Care Workers, Community Care Givers and Supervisors on the following five areas:
  - Psychological support;
  - Support groups;
  - Comprehensive package of services and child protection;
  - Norms and standards; and
  - Monitoring and Evaluation.
- Training is also provided to the beneficiaries of the CCC's namely:
  - Life skills programmes; and
  - Vocational skills programme.



**REPORT OF THE  
AUDITOR-GENERAL TO PARLIAMENT ON THE  
RECONSTRUCTION AND DEVELOPMENT FUND**



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Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMANT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 1 to 32, which comprise the statement of financial position as at 31 March 2018, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Reconstruction and Development Programme Fund as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Reconstruction and Development Programme Fund Act No. 7 of 1994 (As amended by Act 79 of 1998).

### CONTEXT FOR THE OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### RESPONSIBILITIES OF ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Reconstruction and Development Programme Fund Act No. 7 of 1994 (As amended by Act 79 of 1998) 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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the Reconstruction and Development Programme Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMANT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. The fund is not required to prepare a report on its performance against predetermined objectives as it does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and such reporting is also not required in terms of the Reconstruction and Development Programme Fund Act, 1994 (As amended by Act 79 of 1998).

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

11. In accordance with the Public Audit Act and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
12. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### OTHER INFORMATION

13. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report thereon.
14. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
15. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
16. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard.

### INTERNAL CONTROL DEFICIENCIES

17. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria

15 September 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMANT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the entity’s compliance with respect to the selected subject matters.

### FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 public entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reconstruction and Development Programme Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE.

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



# ACCOUNTING OFFICER'S REVIEW



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Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

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 received. Although donor countries and spending agencies follow up continuously 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.

The RDP Fund showed decreased activity during the 2017/18 financial year. Grants and donations received, decreased by 30% (compared to 2016/17) to R1 249 million from R1 786 million. The decreased grants and donations are as a result of final tranche receipts under the EU-SA multi annual programme (MIP 2007-2014) which were mainly Sector Budget Policy Programmes. Regarding decline in Official Development Assistance (ODA), it should be noted that it is a global phenomenon as a result of the evolving nature of development assistance/aid. Currently there are negotiations underway between International Development Corporation (IDC) and the European Union (EU) and member states who have indicated their intention for continuing support post 2020. This in effect implies that there will be a continued receipt of grants to government, although on a lesser scale than in prior years.

Technical assistance represents 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 decreased by 22% (compared to 2016/17) to R1 515 million from R1 945 million as numerous programmes are approaching their close out phases. Therefore most of the funds have been disbursed to the spending agencies. Total accumulated funds in the RDP Fund increased to R4 616 million from R4 195 million in 2016/17. This amount consists of a capital element of R3 251 million and interest accrued on capital invested totaling R1 365 million. Included in the balance of accumulated funds are un-earmarked funds to be reallocated. These un-earmarked funds were received since the inception of the fund in 1994 until the amended RDP Act which was passed on 28 October 1998 and the RDP Fund is still waiting Cabinet approval. This funding comprised mainly from the donation of R40 million by the South African Post Office and the accumulation of interest thereon. Of the said transfers, 70% (2016/17: 38%) was from grants and donations received during the year. These transfers enabled Spending Agencies to initiate and implement programmes in various sectors.

The main reasons why there is no immediate disbursement from the RDP Fund account to South African Spending Agencies are:

- Donors deposit funds into the RDP Fund prior to the project commencement whilst spending is spread over the life of the project.
- Time lags exist 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 on their request. Until required, such funds are invested with the Public Investment Corporation (PIC) to earn interest.
- Un-earmarked 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 decision-making by Cabinet on their utilisation. Un-earmarked funds in the RDP Fund amounts to R311 million and the included interest earned amounts to R271 million. The utilisation of R40 million of the un-earmarked capital funds are still under consideration.
- Donor-supported development projects are sometimes implemented slower than originally envisaged due to capacity constraints in 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.

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

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 2018 are net of refunds to donors and include interest accrued.

TABLE 1: Analysis of Grants and Donations by Spending Agency for the various programmes:

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2018			
	2017/18		2016/17		2017/18		2016/17	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	928	61	790	41	133	3	264	6
Basic Education	100	7	145	7	130	3	102	2
Higher Education and Training	75	5	98	5	244	6	169	4
Public Service and Administration	73	5	44	2	26	1	94	2
Justice and Constitutional Development	63	4	45	2	33	1	18	1
Provincial Treasury (KwaZulu Natal)	43	3	74	4	-	-	-	-
Parliament	52	3	-	-	-	-	-	-
Energy	33	2	91	5	109	2	100	2
Various Departments	33	2	35	2	100	3	417	10
Social Development	28	2	57	3	21	-	24	1
Science and Technology	26	2	32	2	218	5	130	3
Tourism	26	2	-	-	64	2	-	-
National Treasury	21	1	77	4	1 867	42	2 070	49
Performance Evaluation and Monitoring	14	1	-	-	-	-	-	-
Trade and Industry	-	-	332	17	690	16	607	14
Cultural Affairs and Sports (Western Cape)	-	-	44	2	-	-	-	-
Department of Rural Development and Land Reform	-	-	27	1	-	-	-	-
Environmental Affairs	-	-	16	1	75	2	48	1
Mineral Resources	-	-	13	1	-	-	-	-
Community Safety (Western Cape)	-	-	14	1	-	-	-	-
Women	-	-	11	-	11	-	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-	33	1	31	1
Water Affairs and Sanitation	-	-	-	-	20	-	19	1
Economic Development and Tourism (KZN)	-	-	-	-	-	-	15	-
Transport	-	-	-	-	13	-	12	-

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

Defence	-	-	-	-	20	-	18	1
Public Works	-	-	-	-	14	-	13	1
PE Municipality	-	-	-	-	26	1	24	1
Education	-	-	-	-	-	-	10	-
SA Police Service	-	-	-	-	12	-	10	-
International Relations and Cooperation	-	-	-	-	21	-	-	-
Sports, Arts and Culture (Free State)	-	-	-	-	13	-	-	-
Small Business	-	-	-	-	217	5	-	-
Cabinet Funds	-	-	-	-	311	7	-	-
<b>SUBTOTAL</b>	<b>1 515</b>	<b>100</b>	<b>1 945</b>	<b>100</b>	<b>4 428</b>	<b>100</b>	<b>4 195</b>	<b>100</b>
Receivable from Departments					187		151	-
<b>Total Capital Transfers</b>	<b>1 515</b>	<b>100</b>	<b>1 945</b>	<b>100</b>	<b>4 616</b>	<b>100</b>	<b>4 346</b>	<b>100</b>
Interest Allocated	-	-	-	-	-	-	-	-
Payables to Departments	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1 515</b>	<b>100</b>	<b>1 945</b>	<b>100</b>	<b>4 616</b>	<b>100</b>	<b>4 346</b>	<b>100</b>

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

TABLE 2: Programmes for which Grants and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2017/18		2016/17		2017/18		2016/17	
	R'm	%	R'm	%	R'm	%	R'm	%
SAF-C-NDOH-DD01.0.7	486	39	428	24	-	-	-	-
Employment Promotion through Small ,Micro and Medium Enterprises (SMME's) Support Programme	213	17	-	-	-	-	-	-
COAG I and II	165	13	84	5	187	12	82	4
Primary Health Care Sector Policy Support	105	8	110	6	215	14	240	12
Teaching and Learning Development Reform	64	5	79	4	70	5	-	-
Various other projects	63	5	69	4	82	5	74	4
Socio-Economic justice for all	62	5	45	3	63	4	45	2
Enhancing Legislature Oversight Programme	52	5	-	-	-	-	-	-
BIOFISA II Programme	15	1	19	1	20	1	-	-
Renewable Energy Development Programme	12	1	-	-	15	1	22	1
Pro Poor Policy Programme Phase I ,II and III	12	1	-	-	12	1	-	-
Public Service Improvement Facility	-	-	68	4	70	5	42	2
General Budget Sector Support Programme	-	-	817	46	-	-	-	-
Building a Capable State	-	-	32	2	-	-	20	1
Caasnet Programme	-	-	25	1	-	-	-	-
Settlement and Development of Land Beneficiaries Programme	-	-	10	-	-	-	27	1
SAF-H-NDOH	-	-	-	-	513	34	467	24
Sector Policy Support Programme	-	-	-	-	100	7	145	7
Teaching and Learning Development Reform contract	-	-	-	-	-	-	21	1
Orphans, Vulnerable Children and Youth Project 1	-	-	-	-	15	1	38	2
Orphans, Vulnerable Children and Youth Project 2	-	-	-	-	-	-	17	1
SECO- Local Economic Development Programme	-	-	-	-	-	-	-	-

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

Enhancing Legislative Oversight Programme	-	-	-	-	52	3	-	-
Employment Creation Sector Support Policy Programme	-	-	-	-	-	-	297	15
HIV / AIDS Prevention Phase I and II Programme	-	-	-	-	14	1	-	-
Legislative Sector Policy Support Programme	-	-	-	-	-	-	-	-
Financial Management Improvement Programme (FMIP) III	-	-	-	-	-	-	11	1
Strengthening Performance Monitoring and Evaluation for the Poor in SA	-	-	-	-	-	-	-	-
Innovation for Poverty Alleviation Programme	-	-	-	-	-	-	-	-
Smart Metering Project	-	-	-	-	18	1	-	-
General Advisory Budget Support Programme 8	-	-	-	-	-	-	40	2
Microzonation Model of Johannesburg	-	-	-	-	-	-	13	1
Gender Based Violence	-	-	-	-	-	-	11	1
Technical and Management Support	-	-	-	-	-	-	-	-
SWEEP II Programme	-	-	-	-	-	-	33	2
Implementation of Smart Metering Programme	-	-	-	-	-	-	68	4
ICT Innovation Programme to Support Development and Government Service Delivery	-	-	-	-	-	-	27	1
Golden Gate Highlands Park Interpretation Centre	-	-	-	-	26	2	-	-
The MOD Programme	-	-	-	-	-	-	44	2
Wolwekloof Programme	-	-	-	-	-	-	14	1
Career Advice Service Project	-	-	-	-	-	-	73	4
KZN Technology/ Science Parks Programme	-	-	-	-	43	3	74	4
<b>SUB TOTAL</b>	<b>1 249</b>	<b>100</b>	<b>1 786</b>	<b>100</b>	<b>1 515</b>	<b>100</b>	<b>1 945</b>	<b>100</b>
Receivable from Departments	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1 249</b>	<b>100</b>	<b>1 786</b>	<b>100</b>	<b>1 515</b>	<b>100</b>	<b>1 945</b>	<b>100</b>

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2018

TABLE 3: Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUNDS AT 31 MARCH 2018			
	2017/18		2016/17		2017/18		2016/17	
	R'm	%	R'm	%	R'm	%	R'm	%
EU	517	41	1 071	60	3 512	79	3 276	78
Global Fund	486	39	428	24	-	-	15	-
CDC of United States	165	13	84	5	12	-	29	1
Various Donors	45	4	27	2	237	8	165	4
Finland	14	1	18	1	26	1	30	1
Denmark	12	1	-	-	12	-	10	-
SECO	10	1	-	-	10	-	-	-
Belgium	-	-	75	4	55	1	110	3
Canada (CIDA)	-	-	37	2	42	1	62	1
Ass. of Common Wealth University	-	-	25	1	-	-	-	-
UN	-	-	21	1	-	-	18	-
KFW (Germany)	-	-	-	-	16	-	33	1
Switzerland	-	-	-	-	41	1	44	1
UNEP	-	-	-	-	53	1	19	1
UK	-	-	-	-	30	1	29	1
Post and Telecoms	-	-	-	-	300	7	279	7
USAID	-	-	-	-	20	-	25	1
Road Accident Fund	-	-	-	-	13	-	12	-
IBRD	-	-	-	-	16	-	15	-
Republic of China	-	-	-	-	13	-	12	-
Flemish	-	-	-	-	10	-	-	-
Roll Over RDP	-	-	-	-	10	-	-	-
Euro Sports	-	-	-	-	-	-	12	-
<b>SUBTOTAL</b>	<b>1 249</b>	<b>100</b>	<b>1 786</b>	<b>100</b>	<b>4 428</b>	<b>100</b>	<b>4 195</b>	<b>100</b>
Receivables from Departments/ Province	-	-	-	-	187	-	151	-
<b>TOTAL</b>	<b>1 249</b>	<b>100</b>	<b>1 786</b>	<b>100</b>	<b>4 616</b>	<b>100</b>	<b>4 346</b>	<b>100</b>



**ACCOUNTING OFFICER'S  
APPROVAL**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# ACCOUNTING OFFICER'S APPROVAL

for the year ended 31 March 2018

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognized 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 19 to 32 have been approved by the Acting Accounting Officer and Financial Accountant on 26 September 2018.



Zanele Mxunyelwa  
Acting Accounting Officer



Karen Maree  
Financial Accountant



# ANNUAL FINANCIAL STATEMENTS

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Notes	2018 R'000	2017 R'000
<b>ASSETS</b>			
Current assets		<b>4 616 281</b>	<b>4 346 650</b>
Cash and Cash Equivalents	2	4 429 382	4 195 422
Receivables	2.1	186 899	151 228
Total Assets		<b>4 616 281</b>	<b>4 346 650</b>
<b>LIABILITIES</b>			
Current liabilities		<b>4 616 281</b>	<b>4 346 650</b>
Funds awaiting distribution	4.1	4 616 281	4 346 650
Total liabilities		<b>4 616 281</b>	<b>4 346 650</b>

# STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2018

	Notes	2018 R'000	2017 R'000
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Revenue relating to Expenditure	3	1 515 105	1 794 306
<b>Total revenue</b>		<b>1 515 105</b>	<b>1 794 306</b>
<b>EXPENSES</b>			
Funding of Reconstruction and Development			
Programme projects and programmes	3	1 515 105	1 794 306
<b>Total expenses</b>		<b>1 515 105</b>	<b>1 794 306</b>
<b>Surplus/(deficit) for the period</b>		<b>-</b>	<b>-</b>

# CASH FLOW STATEMENT

For the year ended 31 March 2018

	Notes	2018 R'000	2017 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>1 515 105</b>	<b>1 794 306</b>
Revenue related to Expenditure	3	1 515 105	1 794 306
<b>Expenditure</b>		<b>1 515 105</b>	<b>1 794 306</b>
Funding of Reconstruction and Development Programme projects and programmes	3	1 515 105	1 794 306
<b>Net cashflow available from operating activities</b>		<b>-</b>	<b>-</b>
<b>Net movements in working capital</b>		<b>233 959</b>	<b>371 524</b>
Increase/(decrease) in receivables relating to donations		35 671	(77 488)
Increase/(decrease) in payables relating to Liabilities		269 630	294 036
<b>Net increase / (decrease) in cash and cash equivalents for the year</b>		<b>233 959</b>	<b>371 524</b>
Cash and cash equivalents at the beginning of the year		4 195 422	3 823 898
<b>Cash and cash equivalents at the end of the year</b>	<b>2</b>	<b>4 429 382</b>	<b>4 195 422</b>

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2018

2018

R'000

---

Balance at 31 March 2015	-
Surplus /(deficit) for the year	-
Balance at 31 March 2016	-
Surplus /(deficit) for the year	-
Balance at 31 March 2017	-
Surplus /(deficit) for the year	-
Balance at 31 March 2018	-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

## ACCOUNTING POLICIES

### 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

##### 1.1.1 Rounding

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

##### 1.1.2 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 FROM EXCHANGE TRANSACTION

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Therefore an exchange transaction is between two parties giving and/or receiving assets, services, etc. for the same value.

### RECOGNITION

Revenue received from the donor is recognised in the statement of financial performance only when there is a reasonable assurance that the Spending Agency will comply with the conditions attached to the grants and donations.

Such revenue is matched against the expenditure when the conditions of the grants and donations would have been fulfilled.

#### 1.3 EXPENDITURE

##### 1.3.1 Funding of the Reconstruction and Development Programme projects and programmes.

Expenditure matches the revenue and will only be reflected when the conditions of the grants and donations have been fulfilled.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 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, investments and receivables.

Financial liabilities consist of funds awaiting distribution 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 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

Funds awaiting distribution consist of amounts invested in financial instruments classified as cash investments by the Public Investment Corporation (PIC). From 1 December 2013 funds are also invested in money market accounts at ABSA, Firststrand, Nedbank and Standard Bank. Funds are available upon request. 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

In the absence of any provision to the contrary in the technical assistance agreement this is raised for grants and donations transferred to the spending agencies, but not spend at financial year end.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 1.5.4 Liabilities

Grants and Donations are recognised in the statement of position when the grants and donations are received and awaiting distribution to the spending agencies.

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

Management fees and operating expenses are recognised when due and payable.

## 1. 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 and are not likely to affect the annual financial statements when they are adopted as these Standards have been used to formulate and inform the current policies and disclosures

GRAP 20	Related Party Disclosures effective for reporting periods beginning on or after 1 April 2019
GRAP 32	Service Concession Arrangements (Grantor) effective for reporting periods beginning on or after 1 April 2019
GRAP 108	Statutory Receivables effective for reporting periods beginning on or after 1 April 2019
GRAP 109	Accounting by Principals and Agents effective for reporting periods beginning on or after 1 April 2019. This standard was early adopted by the fund
GRAP 110	Living and Non - living Resources effective on 1 April 2020
IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements where the GRANTOR Controls a Significant Residual Interest in an Asset
IGRAP 18	Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19	Interpretation of the Standard of GRAP on Liabilities to Pay Levies

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

	2018	2017
	R'000	R'000

## 2. CASH AND CASH EQUIVALENTS

Investments with PIC	4 428 845	4 195 421
Cash with Standard Bank	503 295	349 962
Money Market accounts	3 925 550	3 845 459
Bank balance: SARB	537	1
Carrying value at year end	4 429 382	4 195 422

### 2.1 ACCOUNTS RECEIVABLE

Due by Spending Agencies	186 899	151 228
Receivables relating to portfolios	186 899	151 228

## 3. FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES

Amounts to fund projects and programmes		
Capital	1 500 191	1 791 535
Interest	14 914	2 771
	1 515 105	1 794 306

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

	Notes	2018 R'000	2017 R'000
<b>4. CURRENT LIABILITIES</b>			
<b>4.1 FUNDS AWAITING DISTRIBUTION</b>			
Capital		3 250 740	3 276 959
Accumulated interest - Opening		1 069 690	796 557
Interest Payable		324 228	318 561
Funds of RDP Projects - Interest		(14 914)	(2 771)
Refunds to Donor (Note 4.3)		(6 022)	(35 455)
Management Fees		(7 442)	(7 200)
		<b>4 616 281</b>	<b>4 346 650</b>

\* Of the total amount of R4 616 281 for capital and accumulated interest the undermentioned balances has not been allocated.

## UNALLOCATED FUNDS

Opening Balance		303 315	307 971
Interest		23 433	24 063
Operating Expenses		(537)	(542)
Allocation during the year		(321 118)	(28 176)
Current year unallocated funds		4 167	-
	*	<b>9 260</b>	<b>303 315</b>

\* Included in the total amount of R9 260 are funds amounting to R4 167 allocated during 2018/19 financial year.

\* The amount of R321 118 was allocated during the year. This includes un-earmarked funds to the amount of R 311 400 which consist of a capital element of R40 286 and accumulated interest on the capital invested amounting to R271 114. These funds were received since the inception of the fund in 1994 until the amended RDP Act passed on 28 October 1998. The RDP Fund is still awaiting Cabinet approval for the re-allocation of these un-earmarked funds.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

2018  
R'000

2017  
R'000

## 4.2 REFUNDS TO DONORS

### Capital

Refund to EU	1 820	13 061
Refund to Denmark	-	157
Refund to Sweden	-	3 458
Refund to Ireland	-	1 581
Refund to Flemish	-	27 550
Refund to Italy	-	197
Refund to Norway	-	251
Refund to Finland	-	1 841
Refund to Canada	19 346	-
Refund to Global Funds	1 337	-
Refund to Belgium	9	-
Refund to ADB	57	-
	<u>22 568</u>	<u>48 096</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

2018  
R'000

2017  
R'000

## 4.3 REFUNDS TO DONORS

### Interest

Refund to Denmark	-	1
Refund to EU	-	2 507
Refund to Flemish	-	1 813
Refund to Ireland	-	470
Refund to Sweden	-	28 537
Refund to Italy	-	47
Refund to Norway	-	98
Refund to Finland	-	1 983
Refund to Global Funds	12	-
Refund to ADB	187	-
Refund to Canada	5 823	-
	<u>6 022</u>	<u>35 455</u>

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

## 5. RELATED PARTY TRANSACTIONS

### 5.1 PUBLIC INVESTMENT CORPORATION (PIC)

Grants and donations received but not required for immediate use are invested with the 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).

### HEREWITH A SUMMARY OF THE TRANSACTIONS WITH PIC:

Investments	4 428 844	4 195 421
<b>Include:</b> Interest	324 228	318 561
Management Fees	(7 442)	(7 200)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 5.2 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 shall utilise money of the fund :

- (a) to finance reconstruction and development projects and programmes authorised by the Cabinet;
- (aA) in accordance with a technical assistance agreement; and
- (b) for defraying of costs incidental to the administration of the Act.

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 2) as stated in the Accounting Officers Review.

## 5.3 NATIONAL TREASURY

The RDP Fund receives services in kind from National Treasury for the shared internal audit activity and remuneration paid to the members of the Audit and Risk Committee.

The RDP Fund cannot reliably determine the fair value for the service it received in kind. Accordingly no amount is recognised in the Statement of Financial Performance for the value of these services received.

The National Treasury also pays the personnel cost, admin expenses, bank charges raised by the SA Reserve Bank and audit fees for the RDP Fund.

These expenses are recorded in the Annual Financial Statements of the National Treasury.

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

## 6. FINANCIAL RISK ANALYSIS

### 6.1 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.

#### 6.1.1 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.

#### 6.1.2 CREDIT RISK

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

Investments are only made with issuers with a minimum credit rating of "AA or Higher" as defined by the National Long Term Fitch ( IBCA) or an equivalent rating by any other recognised credit rating agency will be considered. It was agreed with the Investment Manager that investments will be made in the money accounts of ABSA, Firststrand, Nedbank and Standard Bank.

On the overall portfolio an amount of **R4.4 million** 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 2018

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**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

