

# RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND 2016

Annual Financial Statements  
for the year ended 31 March 2016



**national treasury**

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



# RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND 2016

## Annual Financial Statements for the year ended 31 March 2016

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# RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

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Annual Financial Statements  
for the year ended 31 March 2016

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**RECONSTRUCTION  
AND DEVELOPMENT  
PROGRAMME FUND**  
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**EXECUTIVE OVERVIEW**

Annual Financial Statements  
for the year ended 31 March 2016



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# EXECUTIVE OVERVIEW

The South African government established the National Planning Commission which produced the National Development Plan (NDP) which aims to eliminate poverty and reduce inequality by 2030. The plan presents a long-term strategy to increase employment and broaden opportunities through education, vocational training and work experience, public employment programmes, health and nutrition, public transport and access to information.

The Reconstruction and Development Programme (RDP) received grants and donations from foreign donors. With these grants and donations, the RDP assists the country in meeting its NDP objectives. The global economic deterioration has resulted to a decrease in grants by 27% as compared with grants received during the past financial year. These donations were mainly for health services, education, general budget support programmes, rural development and land reform, justice, renewable energy programme.

Herewith a brief overview of the various sectors:

## 1. HEALTH SERVICES

**During the 2015-2016 financial year, the international donors contributed R880 million. The overall objectives were:**

- To enable the health community to meet the National Strategic Plan on HIV, STI's and TB programmes;
- To address social and structural drivers of HIV, STI's and TB Prevention and Care;
- To prevent new HIV, STIs and TB infections;
- To sustain health and wellness among people living with HIV and those affected by HIV and AIDS;
- To create an enabling environment for programme implementation through effective management, planning and monitoring;
- To implement public health programmes;
- For surveillance and disease control and prevention activities focusing on infectious and non-infectious diseases;
- For HIV Counselling and testing including Paediatric HIV Care and Management;
- For the Primary Care 101 training;
- For Integrated Management of Childhood illness; and
- For TB/HIV Management.

**The programme achieved the following:**

- 3 343 577 adults and children with advanced HIV infection received antiretroviral therapy;
- Procurement, storage and distribution of antiretroviral (ARV) treatment to various health facilities;
- Decentralisation of Multi Drug Resistant (MDR-TB) and patient information system;
- Combination of HIV/TB treatment prevention diagnosis and treatment;
- 372 pharmacovigilance sites reported on ARV adverse effects; and
- 2 847 nurses received training on MDR –TB initiation and treatment ;
- An increased number of tested inmates using the Xpert MTB/RIF which is a new tool utilised to diagnose Tuberculosis (TB) was 163 274;
- 358 286 community mine members were referred for HIV counselling and testing by utilising mobile units.
- The HIV Counselling Programme (HCT) managed to procure thermometers for Quality Control of HIV testing in facilities;

# EXECUTIVE OVERVIEW

- The National and Provincial HCT for Paeds conducted a national workshop on Adherence Strategy for children and adolescents; and
- Primary Care 101 provided training workshops (30 facility trainers workshops and master trainers workshops).

## 2. EDUCATION

The education sector received R197 million for strengthening the fundamental elements of the General Education and Training band to ensure basic education for all learners and to provide career development services. The Primary Education Sector Policy Support Programme is the main programme and it achieved the following:

- 17 500 schools providing grade R received the resource kit;
- The grade R to 9 received quality numeracy, literacy and life skill workbooks;
- The South African Sign Language CAPS for training of teachers and deaf teaching training assistants was developed;
- Provision of a toolkit for the introduction of African languages to 3 558 schools which did not offer African languages previously;
- 1 000 schools were supplied with ICT and media resources;
- 20 Mind the GAP study guides were produced and are currently available on the Department of Basic Education (DBE) website for downloading; and
- Provision of health education and services to 540 021 learners.

## 3. GENERAL BUDGET SUPPORT PROGRAMMES

The economic cluster received funding amounting to R121 million for the following sub-programmes:

- Opportunities for Practical Support;
- The Wolwekloof Programme; and
- ICT Innovation Programme to support development and government service delivery.

### 3.1 OPPORTUNITIES FOR PRACTICAL SUPPORT

The innovation for rural development is a programme geared towards using science, technology and innovation to improve service delivery, to enhance the capacity of municipalities and to implement and manage technology that would improve service delivery.

The following were achieved:

- Low Pour Flush sanitation;
- Waste Water Risk Abatement Plans;
- Small scale hydropower;
- Integrated Algal ponding system;
- Point of use to address the issue of provision of safe potable water to rural communities;
- Correct action request report system to monitor interruptions in water supply and distributions networks e.g leakages, broken pipes, loss in pressure and any lack of services thereof;
- Algal waste water treatment System; and
- Science and technology youth journalism programme to promote interest in science and technology amongst the disadvantaged youth.



# EXECUTIVE OVERVIEW

## 3.2 THE WOLWEKLOOF PROGRAMME

The WOLWEKLOOF Programme is aimed at empowering the youth to take responsibility for their personal growth and safety in their respective communities. This is achieved through the provision of skills and tools they need to generate self-confidence and economic production thus developing positive role models within their communities. The following were achieved:

- Youth Public Safety Programme;
- Outdoor excursions
- Youth safety awareness workshops were conducted; and
- Training on alcohol harm reduction and neighbourhood watch.

## 3.3 ICT INNOVATION PROGRAMME TO SUPPORT DEVELOPMENT AND GOVERNMENT SERVICE DELIVERY

In pre-identified DISTRICT MUNICIPALITIES, the programme is aimed at:

- Improving conceptualisation and designing of technology service delivery decisions;
- Facilitating new technologies from publicly funded research institutions to promote sustainable livelihoods, enhanced service delivery and more affordable access to service;
- Enhancing learning and capacity building across the targeted municipalities on technology and innovation management;
- Evidenced based evaluation approach of the impact of the innovation Partnership for the Rural Development Programme;
- Appropriate and scientific evidence based solutions to influence policy design, development and decision making.

## 4. SETTLEMENT AND DEVELOPMENT SUPPORT TO LAND REFORM BENEFICIARIES PROGRAMME

During the 2015/16 financial year; international donors contributed R95 million for the settlement and development support to land reform beneficiaries programme. Within the context of South Africa's land reform and rural development programmes; this is aimed at reducing poverty through the creation of rural sustainable livelihoods for land reform beneficiaries and rural citizens. The following were achieved:

- Analysis of integrated and coordinated land reform and rural development interventions in pilot municipalities;
- Improved coordination and integration of land reform and rural development interventions in pilot municipalities; and
- Improved stakeholder capacities.

# EXECUTIVE OVERVIEW

## 5. SOCIO ECONOMIC JUSTICE FOR ALL

The Justice cluster received a contribution of R65 million towards the Socio Economic Justice for all. This is to support the Justice cluster to fulfil its mandate with a particular focus on the enhancement of socio-economic rights. The following were achieved:

- Provincial outreach programmes;
- Provincial workshops;
- Development of a multi-media Human Awareness Program;
- Anti-Racism and Anti-Xenophobia workshops;
- Enhanced Participatory Democracy through Public Dialogues on Constitutional Rights; and
- Publication of the Farm Workers or Dwellers Call.

## 6. ORPHANS, VULNERABLE, CHILDREN AND YOUTH (OV CY) PROJECT

The Social cluster received international aid amounting to R56 million for social programmes.

This programme focuses on the construction, refurbishment, extension and adequately equipping of Community Care Centres (CCC). It also focuses on the development and implementation of skills development programmes for OV CY in KwaZulu–Natal, Limpopo and North West. The following were achieved:

- At Charlestown, bricklaying for external and internal walls are nearing completion and roofing works can commence ;
- Two sites in North West have advanced to walling level;
- In Limpopo, related sites are at foundation stage;

## 7. RENEWABLE ENERGY PROGRAMME

The international community contributed R31 million towards the economic cluster. These funds were for the implementation of the Energy Renewable Programme aimed at increasing deployment of low carbon technologies in the energy sector.

The three components of this programme are:

- Provision of technical assistance in the areas of climate change mitigation, energy efficiency and renewable energy;
- Further development of the Wind Atlas for South Africa (WASA); and
- Provision of technical assistance to ESKOM for integration of renewable energy in electricity supply.

# EXECUTIVE OVERVIEW

## The following were achieved:

- An improved capacity to address critical issues related to climate change mitigation, energy efficiency and renewable energy;
- Developed regulations and implementation strategies for improved energy efficiency in existing buildings with focus on smart metering;
- Review and assessment of Energy Efficiency (EE) policy on Energy Management Systems (EMS);
- Development of an EE campaign strategy;
- Conceptualised training and business development for the installation and maintenance of the National solar water heating programme in South Africa;
- Provision of support for the South African Renewable Energy training Centre (SARETEC);
- Development of an administrative system for a carbon tax policy offset programme;
- Enhancement of the capacity for wind energy assessment; and
- An improved capacity, systems and processes to integrate renewable energy into the electricity grid of ESKOM.

## 8. FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMME (FMIP) III

Donors contributed R27 million towards the FMIP Programme with the aim of supporting the national capacity development strategy in order to achieve and sustain excellence in the management of public funds.

This programme focuses on addressing financial management capacity constraints and challenges in the public sector.

## The following were achieved:

- 729 officials trained across 8 Municipalities;
- Rollout of Accounting Qualification at University of Cape Town (UCT);
- Development and editing of Standard Operating Procedures (SOP);
- Training of Supply Chain Executive Management in Mpumalanga;
- Development of an Expenditure Management course for Public Sector; and
- Development of Management Accounting guidelines for the use in the three spheres of government.

**RECONSTRUCTION  
AND DEVELOPMENT  
PROGRAMME FUND**  
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**AUDITOR-GENERAL'S  
REPORT**

Annual Financial Statements  
for the year ended 31 March 2016



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

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

*Auditor General*



AUDITOR-GENERAL  
SOUTH AFRICA

**RECONSTRUCTION  
AND DEVELOPMENT  
PROGRAMME FUND**  
2016

**ACCOUNTING OFFICER'S  
REVIEW**

Annual Financial Statements  
for the year ended 31 March 2016



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REPUBLIC OF SOUTH AFRICA



# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2016

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. Therefore the revenue disclosed might be incomplete.

The RDP Fund showed decreased activity during the 2015/16 financial year. Grants and donations received, decreased by 27% (compared to 2014/15) to R1 458 million from R2 002 million. These grants and donations do not represent all the Official Development Assistance (ODA) provided to South Africa by the international donor community. 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 increased by 22%, compared to R2 480 million in 2015/16 from R2 027 million. Total accumulated funds in the RDP Fund decreased to R4 052 million from R4 580 million in 2014/15. This amount consists of a capital element of R3 271 million and interest accrued on capital invested totaling R780 million. Included in the balance of accumulated funds are un-earmarked funds to be re-allocated. For this the RDP Fund is still awaiting Cabinet approval. This funding is comprised mainly from the donation of R 40 million by the South African Post Office and the accumulation of interest thereon. Of the said transfers, 68% (2014/15: 35%) 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.
- 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 decision-making by Cabinet on their utilisation. Unallocated funds in the RDP Fund amounts to R307 million and the included interest earned amounts to R246 million. A new proposal on the utilisation of R40 million of the unallocated capital funds to 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 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.

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 2016 are net of refunds to donors and include interest accrued.

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2016

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

|   | TRANSFERRED FOR THE YEAR |    |         |    | ACCUMULATED FUND AS AT 31 MARCH 2016 |    |         |    |
|---|--------------------------|----|---------|----|--------------------------------------|----|---------|----|
|   | 2015/16                  |    | 2014/15 |    | 2015/16                              |    | 2014/15 |    |
|   | R'm                      | %  | R'm     | %  | R'm                                  | %  | R'm     | %  |
| Health  | 1 204                    | 49 | 1 170   | 58 | 345                                  | 9  | 590     | 14 |
| Energy  | 185                      | 7  | 135     | 7  | 84                                   | 2  | 78      | 2  |
| Trade and Industry                                | 179                      | 7  | 65      | 3  | 863                                  | 23 | 1 028   | 24 |
| Science and Technology                            | 173                      | 7  | 156     | 8  | 99                                   | 3  | 149     | 4  |
| Basic Education                                   | 150                      | 6  | 79      | 4  | 232                                  | 6  | 156     | 4  |
| National Treasury                                 | 121                      | 5  | 139     | 7  | 1 349                                | 35 | 1 382   | 33 |
| Social Development                                | 76                       | 3  | 17      | 1  | 61                                   | 2  | 13      | -  |
| Justice and Constitutional Development            | 73                       | 3  | -       | -  | 18                                   | 1  | 19      | 1  |
| Higher Education and Training                     | 47                       | 2  | 21      | 1  | 93                                   | 2  | -       | -  |
| Provincial Treasury (KwaZulu Natal)               | 42                       | 2  | -       | -  | -                                    | -  | 42      | 1  |
| Cultural Affairs and Sports (Western Cape)        | 40                       | 2  | 36      | 2  | -                                    | -  | -       | -  |
| Parliament  | 38                       | 2  | -       | -  | -                                    | -  | 41      | 1  |
| Department of Rural Development and Land Reform   | 36                       | 1  | 28      | 1  | -                                    | -  | 13      | -  |
| Performance Evaluation and Monitoring             | 31                       | 1  | 23      | 1  | -                                    | -  | -       | -  |
| Various Departments                               | 28                       | 1  | 37      | 2  | 427                                  | 11 | 490     | 12 |
| Public Service and Administration                 | 28                       | 1  | 10      | -  | 55                                   | 1  | 39      | 1  |
| Mineral Resources                                 | 17                       | 1  | -       | -  | -                                    | -  | -       | -  |
| Community Safety (Western Cape)                   | 12                       | -  | 16      | 1  | -                                    | -  | -       | -  |
| Office of the Presidency                          | -                        | -  | 34      | 2  | -                                    | -  | -       | -  |
| Sports and Recreation                             | -                        | -  | 28      | 1  | -                                    | -  | -       | -  |
| Sports, Arts, Culture and Recreation (Free State) | -                        | -  | 12      | 1  | -                                    | -  | -       | -  |

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2016

|   | TRANSFERRED FOR THE YEAR |            |              |            | ACCUMULATED FUND AS AT 31 MARCH 2016 |            |              |            |
|---|--------------------------|------------|--------------|------------|--------------------------------------|------------|--------------|------------|
|   | 2015/16                  |            | 2014/15      |            | 2015/16                              |            | 2014/15      |            |
|   | R'm                      | %          | R'm          | %          | R'm                                  | %          | R'm          | %          |
| Human Settlement<br>(Western Cape)                      | -                        | -          | 11           | -          | -                                    | -          | -            | -          |
| Water Affairs and Sanitation                            | -                        | -          | -            | -          | 17                                   | 1          | 28           | 1          |
| Environmental Affairs                                   | -                        | -          | -            | -          | 39                                   | 1          | 15           | -          |
| Department of International<br>Relation and Corporation | -                        | -          | -            | -          | 13                                   | -          | 25           | 1          |
| Tourism   | -                        | -          | 10           | -          | -                                    | -          | -            | -          |
| Human Settlement  | -                        | -          | -            | -          | -                                    | -          | 12           | -          |
| Transport   | -                        | -          | -            | -          | 11                                   | -          | 10           | -          |
| Defence   | -                        | -          | -            | -          | 17                                   | 1          | 22           | 1          |
| Public Works  | -                        | -          | -            | -          | 12                                   | -          | 12           | -          |
| PE Municipality   | -                        | -          | -            | -          | 22                                   | 1          | 15           | -          |
| Provincial Treasury<br>(Eastern Cape)                   | -                        | -          | -            | -          | 15                                   | -          | 11           | -          |
| Education   | -                        | -          | -            | -          | 12                                   | -          | 16           | -          |
| SA Police Service                                       | -                        | -          | -            | -          | 10                                   | -          | -            | -          |
| Economic Development                                    | -                        | -          | -            | -          | 23                                   | 1          | -            | -          |
| <b>SUBTOTAL</b>   | <b>2 480</b>             | <b>100</b> | <b>2 027</b> | <b>100</b> | <b>3 823</b>                         | <b>100</b> | <b>4 206</b> | <b>100</b> |
| Receivable from Departments                             | -                        | -          | -            | -          | 229                                  | -          | 374          | -          |
| <b>Total Capital Transfers</b>                          | <b>2 480</b>             | <b>100</b> | <b>2 027</b> | <b>100</b> | <b>4 052</b>                         | <b>100</b> | <b>4 580</b> | <b>100</b> |
| Interest Allocated                                      | -                        | -          | -            | -          | -                                    | -          | -            | -          |
| Payables to Departments                                 | -                        | -          | -            | -          | -                                    | -          | -            | -          |
| <b>TOTAL</b>  | <b>2 480</b>             | <b>100</b> | <b>2 027</b> | <b>100</b> | <b>4 052</b>                         | <b>100</b> | <b>4 580</b> | <b>100</b> |

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2016

Table 2 | Programmes for which Grant and Donations were received:

|   | RECEIVED FOR THE YEAR |    |         |    | TRANSFERRED FOR THE YEAR |    |         |    |
|---|-----------------------|----|---------|----|--------------------------|----|---------|----|
|   | 2015/16               |    | 2014/15 |    | 2015/16                  |    | 2014/15 |    |
|   | R'm                   | %  | R'm     | %  | R'm                      | %  | R'm     | %  |
| SAF-H-NDOH  | 753                   | 52 | -       | -  | 858                      | 35 | -       | -  |
| Sector Policy Support Programme   | 245                   | 17 | 169     | 8  | 150                      | 6  | 79      | 4  |
| Teaching and Learning Development Reform contract                               | 80                    | 5  | -       | -  | -                        | -  | -       | -  |
| Orphans, Vulnerable Children and Youth Project 1                                | 71                    | 5  | -       | -  | 33                       | 1  | -       | -  |
| Socio-Economic justice for all  | 65                    | 4  | -       | -  | 65                       | 3  | -       | -  |
| Various other projects  | 48                    | 4  | 106     | 5  | 64                       | 3  | 82      | 4  |
| COAG I and II   | 46                    | 3  | 26      | 2  | 22                       | 1  | 38      | 2  |
| Orphans, Vulnerable Children and Youth Project 2                                | 42                    | 3  | -       | -  | 24                       | 1  | -       | -  |
| Public Service Improvement Facility   | 34                    | 2  | 28      | 2  | 24                       | 1  | -       | -  |
| BIOFISA II Programme  | 21                    | 1  | -       | -  | 17                       | 1  | -       | -  |
| Renewable Energy Development Programme  | 19                    | 1  | -       | -  | 31                       | 1  | 15      | -  |
| SECO- Local Economic Development Programme                                      | 13                    | 1  | -       | -  | -                        | -  | -       | -  |
| Preparation of Intended Nationally Determined Contribution                      | 11                    | 1  | -       | -  | -                        | -  | -       | -  |
| Settlement and Development of Land Beneficiaries Programme                      | 10                    | 1  | 21      | 1  | 36                       | 1  | 28      | 1  |
| General Budget Sector Support Programme   | -                     | -  | 690     | 34 | -                        | -  | -       | -  |
| SAF-H-NDOH-D02  | -                     | -  | 528     | 26 | -                        | -  | 336     | 17 |
| Employment Creation Sector Support Policy Programme                             | -                     | -  | 330     | 16 | 145                      | 6  | 32      | 2  |
| ICT Innovation Programme to support development and government Service Delivery | -                     | -  | -       | -  | 45                       | 2  | -       | -  |
| Legislative Sector Policy Support Programme                                     | -                     | -  | 38      | 2  | 38                       | 2  | -       | -  |
| Pro Poor Policy Programme Phase I, II and III                                   | -                     | -  | 19      | 1  | 18                       | 1  | 33      | 2  |
| Disposition Fund  | -                     | -  | 19      | 1  | -                        | -  | 28      | 1  |

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for the year ended 31 March 2016

|   | RECEIVED FOR THE YEAR |   |         |   | TRANSFERRED FOR THE YEAR |    |         |    |
|---|-----------------------|---|---------|---|--------------------------|----|---------|----|
|   | 2015/16               |   | 2014/15 |   | 2015/16                  |    | 2014/15 |    |
|   | R'm                   | % | R'm     | % | R'm                      | %  | R'm     | %  |
| Financial Management Improvement Programme (FMIP) III                           | -                     | - | 15      | 1 | 27                       | 1  | 16      | 1  |
| Strengthening Performance Monitoring and Evaluation for the Poor in SA          | -                     | - | 13      | 1 | 14                       | -  | 22      | 1  |
| SAF-H-NDOH-DD05.0   | -                     | - | -       | - | -                        | -  | 185     | 9  |
| Primary Health Care Sector Policy Support                                       | -                     | - | -       | - | 322                      | 13 | 376     | 18 |
| Innovation for Poverty Alleviation Programme                                    | -                     | - | -       | - | 40                       | 2  | 70      | 4  |
| Child Protection Programme  | -                     | - | -       | - | 12                       | -  | 10      | 1  |
| General Advisory Budget Support   | -                     | - | -       | - | 57                       | 2  | 80      | 4  |
| Building a Capable State  | -                     | - | -       | - | 18                       | 1  | 28      | 1  |
| Strengthening National and Provincial Capacity                                  | -                     | - | -       | - | -                        | -  | 231     | 11 |
| N2 Gateway Project  | -                     | - | -       | - | -                        | -  | 11      | -  |
| Microzonation Model of Johannesburg   | -                     | - | -       | - | 17                       | -  | -       | -  |
| Urban Renewal Programme   | -                     | - | -       | - | -                        | -  | -       | 1  |
| Technical and Management Support  | -                     | - | -       | - | 13                       | -  | -       | -  |
| SWEEP II Programme  | -                     | - | -       | - | 33                       | 1  | 32      | 2  |
| Implementation of Smart Metering Programme                                      | -                     | - | -       | - | 152                      | 6  | 117     | 6  |
| ICT Innovation Programme to Support Development and Government Service Delivery | -                     | - | -       | - | -                        | -  | 43      | 2  |
| Opportunities for Practical Policy  | -                     | - | -       | - | 64                       | 3  | 40      | 2  |
| The MOD Programme   | -                     | - | -       | - | 40                       | 2  | 36      | 2  |
| Wolwekloof Programme  | -                     | - | -       | - | 12                       | -  | 16      | 1  |
| Asset Management Programme  | -                     | - | -       | - | -                        | -  | 12      | -  |
| Dinosaur Interpretation Centre  | -                     | - | -       | - | -                        | -  | 10      | -  |
| Career Advice Service Project   | -                     | - | -       | - | 47                       | 2  | 21      | 1  |
| KZN Technology/ Science Parks Programme   | -                     | - | -       | - | 42                       | 2  | -       | -  |

# ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2016

|                    | RECEIVED FOR THE YEAR |            |              |            | TRANSFERRED FOR THE YEAR |            |              |            |
|--------------------|-----------------------|------------|--------------|------------|--------------------------|------------|--------------|------------|
|                    | 2015/16               |            | 2014/15      |            | 2015/16                  |            | 2014/15      |            |
|                    | R'm                   | %          | R'm          | %          | R'm                      | %          | R'm          | %          |
| Interest Allocated |                       |            |              |            |                          |            |              |            |
| <b>TOTAL</b>       | <b>1 458</b>          | <b>100</b> | <b>2 002</b> | <b>100</b> | <b>2 480</b>             | <b>100</b> | <b>2 027</b> | <b>100</b> |

Table 3 | Analysis of Grants and Donations by Donor

|   | RECEIVED FOR THE YEAR |            |              |            | ACCUMULATED FUNDS AT 31 MARCH |            |              |            |
|---|-----------------------|------------|--------------|------------|-------------------------------|------------|--------------|------------|
|   | 2015/16               |            | 2014/15      |            | 2016                          |            |              |            |
|   | 2015/16               | 2014/15    | 2015/16      | 2014/15    | 2015/16                       | 2014/15    | 2015/16      | 2014/15    |
| Global Fund                               | 753                   | 52         | 529          | 26         | -                             | -          | 17           | -          |
| EU  | 396                   | 27         | 1 264        | 64         | 2 962                         | 78         | 3 383        | 80         |
| KFW (Germany)                             | 113                   | 8          | 19           | 1          | 59                            | 2          | -            | -          |
| CDC of United States                      | 45                    | 3          | 26           | 1          | 26                            | 1          | -            | -          |
| Belgium                                   | 44                    | 3          | 50           | 2          | 76                            | 2          | 67           | 2          |
| Denmark                                   | 25                    | 2          | -            | -          | -                             | -          | 11           | -          |
| Various Donors                            | 21                    | 1          | 102          | 5          | 198                           | 5          | 253          | 6          |
| Finland                                   | 21                    | 1          | -            | -          | 14                            | -          | -            | -          |
| Switzerland                               | 16                    | 1          | -            | -          | 41                            | 1          | 25           | 1          |
| UNEP                                      | 13                    | 1          | -            | -          | 21                            | -          | -            | -          |
| Canada (CIDA)                             | 11                    | 1          | -            | -          | 41                            | 1          | 26           | 1          |
| UK  | -                     | -          | 12           | 1          | 29                            | 1          | 39           | 1          |
| Flemish                                   | -                     | -          | -            | -          | -                             | -          | 18           | -          |
| Post and Telecoms                         | -                     | -          | -            | -          | 259                           | 7          | 242          | 6          |
| Netherlands                               | -                     | -          | -            | -          | -                             | -          | 41           | 1          |
| Sweden                                    | -                     | -          | -            | -          | 29                            | 1          | 28           | 1          |
| USAID                                     | -                     | -          | -            | -          | 26                            | 1          | 21           | 1          |
| Road Accident Fund                        | -                     | -          | -            | -          | 11                            | -          | 11           | -          |
| IBRD                                      | -                     | -          | -            | -          | 14                            | -          | 13           | -          |
| Republic of China                         | -                     | -          | -            | -          | 11                            | -          | 11           | -          |
| <b>SUBTOTAL</b>                           | <b>1 458</b>          | <b>100</b> | <b>2 002</b> | <b>100</b> | <b>3 823</b>                  | <b>100</b> | <b>4 206</b> | <b>100</b> |
| Receivables from Departments/<br>Province | -                     | -          | -            | -          | 229                           | -          | 374          | -          |
| <b>TOTAL</b>                              | <b>1 458</b>          | <b>100</b> | <b>2 002</b> | <b>100</b> | <b>4 052</b>                  | <b>100</b> | <b>4 580</b> | <b>100</b> |

# ACCOUNTING OFFICER'S APPROVAL

for the year ended 31 March 2016

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 have been approved by the Accounting Officer and Financial Accountant on 30 September 2016.



Jayce Nair  
Acting Accounting Officer



Karen Maree  
Financial Accountant

**RECONSTRUCTION  
AND DEVELOPMENT  
PROGRAMME FUND**  
2016

**ANNUAL FINANCIAL  
STATEMENTS**

for the year ended 31 March 2016

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



# STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

|   | Notes | 2016<br>R'000    | 2015<br>R'000    |
|---|-------|------------------|------------------|
| <b>ASSETS</b>                           |       |                  |                  |
| <b>Current assets</b>                   |       | <b>4 052 614</b> | <b>4 580 000</b> |
| Cash and Cash Equivalents               | 2,1   | 3 823 898        | 4 206 281        |
| Receivables                             | 2,2   | 228 716          | 373 718          |
| <b>Total Assets</b>                     |       | <b>4 052 614</b> | <b>4 580 000</b> |
| <b>LIABILITIES</b>                      |       |                  |                  |
| <b>Current liabilities</b>              |       |                  |                  |
| Unallocated Funds                       | 2.3.1 | 307 971          | 292 672          |
| <b>Total liabilities</b>                |       | <b>307 971</b>   | <b>292 672</b>   |
| Net assets                              |       | <b>3 744 646</b> | <b>4 287 328</b> |
| Accumulated surplus/(deficit)           | 3     | 3 744 646        | 4 287 328        |
| <b>Total net assets and liabilities</b> |       | <b>4 052 614</b> | <b>4 580 000</b> |

# STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2016

|   | Notes | 2016<br>R'000    | 2015<br>R'000    |
|---|-------|------------------|------------------|
| <b>REVENUE</b>                            |       |                  |                  |
|   |       | <b>1 748 473</b> | <b>2 219 889</b> |
| Grants and donations                      |       | 1 458 314        | 2 002 164        |
| Interest income                           |       | 290 159          | 217 725          |
| Refund to donors                          | 4     | (167 983)        | (130 048)        |
| <b>Total revenue after refunds</b>        |       | <b>1 580 490</b> | <b>2 089 842</b> |
| <b>EXPENSES</b>                           |       |                  |                  |
| Funding of Reconstruction and Development |       |                  |                  |
| Programme projects and programmes         | 6     | 2 100 460        | 1 641 589        |
| Management Fees and operating expenses    | 5     | 7 415            | 6 012            |
| <b>Total expenses</b>                     |       | <b>2 107 875</b> | <b>1 647 601</b> |
| <b>Surplus/(deficit) for the period</b>   |       | <b>(527 386)</b> | <b>442 240</b>   |

# CASH FLOW STATEMENT

as at 31 March 2016

|   | Notes | 2016<br>R'000    | 2015<br>R'000    |
|---|-------|------------------|------------------|
| <b>Cash flow from operating activities</b>                          |       |                  |                  |
| <b>Receipts</b>   |       |                  |                  |
| Grants and donations received                                       |       | 2 127 093        | 2 606 176        |
| Interest Income   |       | 1 458 314        | 2 002 164        |
| Refunds to/ (from) Spending Agencies                                | 7     | 290 159          | 217 725          |
|   |       | 378 619          | 386 287          |
| <b>Expenditure</b>  |       |                  |                  |
| Transfers to Spending Agencies                                      |       | 2 654 477        | 2 163 936        |
| Refunds to donors   |       | 2 479 079        | 2 027 876        |
| Management fees paid to PIC   |       | 167 983          | 130 048          |
|   |       | 7 415            | 6 012            |
| <b>Net cashflow available from operating activities</b>             |       | <b>(527 386)</b> | <b>442 240</b>   |
| <b>Net movements in working capital</b>                             |       |                  |                  |
| (Increase)/decrease in receivables relating to donations            |       | 145 002          | 35 276           |
| Increase/(decrease) in payables relating to management fees         |       | 145 002          | 35 822           |
|   |       | -                | (546)            |
| Net increase / (decrease) in cash and cash equivalents for the year |       | (382 383)        | 477 515          |
| Cash and cash equivalents at the beginning of the year              |       | 4 206 281        | 3 728 766        |
| <b>Cash and cash equivalents at the end of the year</b>             |       | <b>3 823 898</b> | <b>4 206 281</b> |

# STATEMENT OF CHANGES IN NET ASSETS

as at 31 March 2016

|                                   | 2016             |
|-----------------------------------|------------------|
|                                   | R'000            |
| <b>Balance at 31 March 2013</b>   | <b>2 959 637</b> |
| Surplus /(deficit) for the year   | 1 127 796        |
| Net Movement in unallocated funds | (18 433)         |
| <b>Balance at 31 March 2014</b>   | <b>4 069 000</b> |
| Surplus /(deficit) for the year   | 442 240          |
| Net Movement in unallocated funds | (223 912)        |
| <b>Balance at 31 March 2015</b>   | <b>4 287 328</b> |
| Surplus /(deficit) for the year   | (527 386)        |
| Net Movement in unallocated funds | (15 299)         |
| <b>Balance at 31 March 2016</b>   | <b>3 744 646</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 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

#### 1.1.1 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 NON-EXCHANGE TRANSACTION

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue comprises mainly of domestic and foreign grants and interest on investments.

Reconstruction and Development Funds (RDP) Act, Act 7 of 1994 (as amended by Act 79 of 1998) states that all monies received for the benefit of the fund shall be deposited in the RDP account held at the South African Reserve Bank.

#### RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. An inflow of resources are recognised to the extent that it is probable that the benefits flow to the RDP Fund.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 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 recognized on a time proportionate basis using the effective interest rate method.

## MEASUREMENT

Revenue from non-exchange transaction is measured at fair value.

## 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 Programme (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 MANAGEMENT FEES AND OPERATING EXPENSES

Management fees and 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 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

Investments consist of amounts invested in financial instruments classified as loans and receivables (cash investments) by the Public Investment Corporation (PIC). From 1 December 2013 funds are also invested in money market accounts at ABSA, Firstrand, Nedbank and Standard Bank. 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 is no longer raised as a receivable as all receipts are accrued for in the unit price NAV (Net Asset Value) on a daily basis.

#### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 1.5.5 PAYABLES

Management fees are no longer raised as a payable as all payments are accrued for in the unit price NAV (Net Asset Value) on a daily basis.

## 1.6 ACCUMULATED SURPLUS

Accumulated surplus represents the gross inflow of economic benefits which represents an increase in net assets and the amount transferred to the Spending Agency when the conditions are met. The Reconstruction and Development Funds (RDP) Act, Act 7 of 1994 (as amended by Act 79 of 1998) states that the Accountant-General is responsible to control the fund and to keep proper record. The accounting officer of the spending agency is accountable for the money allocated to that spending agency. The surplus/deficit is therefore not available for distribution.

## 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                 |
| GRAP 32:  | Service Concession Arrangements (Grantor) |
| GRAP 108: | Statutory Receivables                     |
| GRAP 109: | Accounting by Principals and Agents       |

### STANDARDS THAT BECAME EFFECTIVE FROM 1 APRIL 2015

|           |   |
|-----------|---|
| GRAP 18:  | Segment reporting   |
| GRAP 105: | Transfer of functions between entities under common control     |
| GRAP 106: | Transfer of functions between entities not under common control |
| GRAP 107: | Mergers   |



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|  | 2016  | 2015  |
|--|-------|-------|
|  | R'000 | R'000 |

## 2. INVESTMENTS

### 2.1 CASH AND CASH EQUIVALENTS

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Investments with PIC              | 3 817 590        | 4 206 281        |
| Cash with Standard Bank           | 275 205          | 309 443          |
| Money Market accounts with:       | 3 542 385        | 3 896 838        |
| Bank balance: SARB                | 6 308            | 1                |
| <b>Carrying value at year end</b> | <b>3 823 898</b> | <b>4 206 282</b> |

### 2.2 ACCOUNTS RECEIVABLE

|                                    |         |         |
|------------------------------------|---------|---------|
| Due by Departments                 | 228 716 | 373 718 |
| Receivables relating to portfolios | 228 716 | 373 718 |

### 2.3 CURRENT LIABILITIES

#### 2.3.1 UNALLOCATED FUNDS

|                                |                |                |
|--------------------------------|----------------|----------------|
| Opening Balance                | 292 672        | 323 755        |
| Interest                       | 20 341         |                |
| Operating Expenses             | (523)          |                |
| Allocation during the year     | (4 520)        | (31 231)       |
| Current year unallocated funds | -              | 148            |
|                                | <b>307 970</b> | <b>292 672</b> |

\*Included in the Opening balance of Unallocated Funds is an amount of R255 142 that is still un-earmarked and for which Cabinet approval is pending.

## 3. ACCUMULATED FUNDS

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Opening Balance as at 1 April         | 4 287 328        | 4 069 000        |
| Net movement of funds for the year    | (542 683)        | 218 328          |
| <b>Closing balance as at 31 March</b> | <b>3 744 646</b> | <b>4 287 328</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|   | 2016<br>R'000    | 2015<br>R'000  |
|---|------------------|----------------|
| <b>3.1 NET MOVEMENT OF FUNDS COMPRISE OF:</b>                               |                  |                |
| Grant and donations received  | 1 458 314        | 2 002 164      |
| Refunds from Spending Agencies (Note 6)                                     | 459 856          | 386 789        |
| Interest received   | 290 159          | 217 725        |
| Funding of Reconstruction and Development Programme projects and programmes | (2 479 079)      | (2 027 876)    |
| Refunds to Spending Agencies  | (81 237)         | (502)          |
| Refund to donors (Note 4)   | (167 983)        | (130 048)      |
| Management fees paid to PIC   | (7 415)          | (6 012)        |
| Net movement in unallocated funds   | (15 299)         | (223 912)      |
|   | <b>(542 683)</b> | <b>218 328</b> |

## 4. REFUNDS

### Capital

|                                |        |        |
|--------------------------------|--------|--------|
| Refund to EU                   | 68 255 | 10 194 |
| Refund to CDC of United States | -      | -      |
| Refund to Denmark              | 645    | 2 778  |
| Refund to Usaid                | -      | 177    |
| Refund to UNDP                 | -      | -      |
| Refund to GIZ                  | -      | 1 083  |
| Refund to Switzerland          | -      | -      |
| Refund to IRD                  | -      | -      |
| Refund to CABRI                | -      | -      |
| Refund to Flemish              | -      | 8 093  |
| Refund to Greece               | 147    | 445    |
| Refund to NRF                  | -      | 315    |
| Refund to Norway               | -      | 178    |
| Refund to UK/DFID              | 16 755 | 42 140 |
| Refund to Finland              | -      | 6 784  |
| Refund to Reserve Bank         | -      | 35     |
| Refund to UN                   | -      | 74     |
| Refund to KFW                  | 2 216  | -      |
| Refund to Global Funds         | 15 154 | -      |
| Refund to British HC           | 7 170  | -      |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|                                | 2016<br>R'000  | 2015<br>R'000  |
|--------------------------------|----------------|----------------|
| Refund to Netherlands          | 11 734         | -              |
| <b>Interest</b>                |                |                |
| Refund to Denmark              | 160            | 10 661         |
| Refund to EU                   | 180            | 11 011         |
| Refund to Flemish              | -              | 1 282          |
| Refund to Belgium              | -              | -              |
| Refund to Cabri                | -              | -              |
| Refund to UK/DFID              | 3 331          | -              |
| Refund to Usaid                | -              | 12             |
| Refund to Canada (CIDA)        | -              | -              |
| Refund to CDC of United States | -              | 1 719          |
| Refund to CDC of GIZ           | -              | 397            |
| Refund to Greece               | -              | 74             |
| Refund to NRF                  | -              | 4              |
| Refund to Norway               | 10             | 4 180          |
| Refund to UN                   | -              | 5              |
| Refund to Finland              | -              | 28 405         |
| Refund to KFW                  | 447            | -              |
| Refund to Global Funds         | 7 976          | -              |
| Refund to British HC           | 3 125          | -              |
| Refund to Netherlands          | 30 679         | -              |
|                                | <u>167 983</u> | <u>130 048</u> |

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.

## 5. MANAGEMENT FEES AND OPERATING EXPENSES

|             |              |              |
|-------------|--------------|--------------|
| Paid to PIC | 7 415        | 6 012        |
|             | <u>7 415</u> | <u>6 012</u> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|  | 2016<br>R'000 | 2015<br>R'000 |
|--|---------------|---------------|
|--|---------------|---------------|

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

Amounts to fund projects and programmes

|          |           |           |
|----------|-----------|-----------|
| Capital  | 2 455 553 | 2 027 876 |
| Interest | 23 526    | -         |

Refund from Spending Agencies

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Capital                     | (445 087)        | (386 789)        |
| Interest                    | (14 769)         | -                |
| Refund to Spending Agencies | 81 237           | 502              |
|                             | <u>2 100 460</u> | <u>1 641 589</u> |

## 7. REFUNDS

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Refund from Spending Agencies | (459 856)        | (386 789)        |
| Refund to Spending Agencies   | 81 237           | 502              |
|                               | <u>(378 619)</u> | <u>(386 287)</u> |

## 8. INTEREST AND SUNDRY INCOME RECEIVED

|   |                |                  |
|---|----------------|------------------|
| Amounts receivable at the beginning of the year           | 373 718        | 17 777           |
| Interest earned as per Statement of Financial Performance | 290 159        | 217 725          |
| Amounts receivable at the end of the year                 | (228 716)      | (373 718)        |
| Cash from investing Activities                            | <u>435 161</u> | <u>(138 216)</u> |

## 9. CASH AND CASH EQUIVALENTS

|                    |                  |                  |
|--------------------|------------------|------------------|
| Investments        | 3 817 590        | 4 206 281        |
| Bank balance: SARB | 6 308            | 1                |
|                    | <u>3 823 898</u> | <u>4 206 282</u> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|  | 2016  | 2015  |
|--|-------|-------|
|  | R'000 | R'000 |

## 10. RELATED PARTY TRANSACTIONS

### 10.1 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.

From 1 December 2013 funds are also invested in money market accounts at ABSA, Firstrand, Nedbank and Standard Bank. Market related interest is received and market related management fees are also charged.

### MANAGEMENT FEES

|           |              |              |
|-----------|--------------|--------------|
| April     | 584          | 491          |
| May       | 610          | 565          |
| June      | 675          | 524          |
| July      | 742          | 523          |
| August    | 678          | 497          |
| September | 655          | 457          |
| October   | 627          | 471          |
| November  | 594          | 455          |
| December  | 582          | 476          |
| January   | 569          | 497          |
| February  | 543          | 450          |
| March     | 556          | 605          |
|           | <u>7 415</u> | <u>6 012</u> |

As from 1 December 2013 Interest Earned is calculated at the market value of the investment made in the Portfolio where cash shall be valued at face value plus accrued interest (If any)

### INTEREST EARNED

|       |        |        |
|-------|--------|--------|
| April | 22 274 | 17 620 |
| May   | 23 272 | 19 117 |
| June  | 25 640 | 17 393 |
| July  | 28 864 | 18 476 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

|                      | 2016<br>R'000    | 2015<br>R'000    |
|----------------------|------------------|------------------|
| August               | 26 287           | 17 626           |
| September            | 25 251           | 16 401           |
| October              | 24 474           | 16 941           |
| November             | 23 376           | 16 681           |
| December             | 23 159           | 17 737           |
| January              | 22 832           | 19 253           |
| February             | 22 006           | 17 582           |
| March                | 22 726           | 22 894           |
|                      | <u>290 159</u>   | <u>217 725</u>   |
| Capital              | 3 036 910        | 3 396 777        |
| Accumulated Interest | 780 681          | 809 504          |
|                      | <u>3 817 590</u> | <u>4 206 281</u> |

## UNALLOCATED FUNDS

|                                |                |                |
|--------------------------------|----------------|----------------|
| Opening Balance                | 292 672        | 323 755        |
| Interest                       | 20 341         |                |
| Operating Expenses             | (523)          |                |
| Allocation During the year     | (4 520)        | (31 231)       |
| Current year unallocated funds | -              | 148            |
|                                | <u>307 971</u> | <u>292 672</u> |

### THE FOLLOWING RECEIVABLES FROM SPENDING AGENCIES AND THE BANK BALANCE AT SARB, HAVE NOT YET BEEN INVESTED IN PIC

|  |                  |                  |
|--|------------------|------------------|
| Outstanding receivables from spending agencies | 228 716          | 373 718          |
| Outstanding bank balance per SARB              | 6 308            | 1                |
|  | <u>235 024</u>   | <u>373 719</u>   |
| <b>TOTAL *</b>                                 | <u>4 052 614</u> | <u>4 580 000</u> |

Of the total amount of R4 052 614 for capital and accumulated interest the undermentioned balances has not been allocated.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 10.2 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 2) as stated in the Accounting Officers Review.

# DISCLOSURE NOTE TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 11. PRIOR PERIOD ERROR

Unallocated funds were previously recognised as revenue however, in terms of GRAP 1 paragraph 5, "revenue is a gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners". Revenue should only be recognised to the extent that the funds have been allocated.

Furthermore GRAP 1 paragraph 5 states that "net assets as the residual interest in the assets of the entity after deducting all its liabilities". Therefore unallocated funds has been recognised as a liability in the statement of financial position.

In the past unallocated funds excluded un-earmarked funds still awaiting Cabinet approval. As this is not clearly earmarked it is now also included in the calculation for unallocated funds.

2016  
R'000

### PRIOR YEAR FIGURES

#### LIABILITIES

##### Current liabilities

|                   |               |
|-------------------|---------------|
| Unallocated Funds | 37 677        |
| Total liabilities | <u>37 677</u> |

##### Net assets

|                               |           |
|-------------------------------|-----------|
| Accumulated surplus/(deficit) | 4 542 323 |
|-------------------------------|-----------|

|                                  |                  |
|----------------------------------|------------------|
| Total net assets and liabilities | <u>4 580 000</u> |
|----------------------------------|------------------|

### RESTATED FIGURES

#### LIABILITIES

##### Current liabilities

|                   |                |
|-------------------|----------------|
| Unallocated Funds | 292 672        |
| Total liabilities | <u>292 672</u> |

##### NET ASSETS

|                               |           |
|-------------------------------|-----------|
| Accumulated surplus/(deficit) | 4 287 328 |
|-------------------------------|-----------|

|                                  |                  |
|----------------------------------|------------------|
| Total net assets and liabilities | <u>4 580 000</u> |
|----------------------------------|------------------|



# DISCLOSURE NOTE TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 12. FINANCIAL RISK ANALYSIS

### 12.1 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.

#### 12.1.1 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.

#### 12.1.2 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, Firstrand, Nedbank and Standard Bank.

On the overall portfolio an amount of R3,2 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 2016

Annual Financial Statements  
for the year ended 31 March 2016

## National Treasury

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA