



2022 RDP

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

for the year ended 31 March 2022



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

2022 RDP
**RECONSTRUCTION AND
DEVELOPMENT PROGRAMME FUND**
for the year ended 31 March 2022

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2022 RDP

**RECONSTRUCTION AND
DEVELOPMENT PROGRAMME FUND**

for the year ended 31 March 2022

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**2022 RDP
RECONSTRUCTION AND
DEVELOPMENT
PROGRAMME FUND**

for the year ended 31 March 2022

EXECUTIVE OVERVIEW



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Department:
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REPUBLIC OF SOUTH AFRICA

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

During the 2021/22 financial year, South Africa continued to endure successive waves of COVID-19 infection, the emergence of new variants and the devastating costs of nearly 100 000 recorded COVID-19 deaths. This added to the ever-growing levels of poverty and unemployment.

The country focused on overcoming this through the roll-out of infrastructure projects, enhancing service delivery of local municipalities and supporting Small, Medium, and Micro Enterprises (SMMEs) to create jobs and support livelihoods.

The following were achieved during the reporting period through funds received by the Reconstruction and Development Programme (RDP) fund.

1. HEALTH SECTOR

The health sector received contributions amounting to R1 451 million mainly for the following programmes:

- ZAF-C-NDOHP01-D02.0.2 / SAF-H-NDOH-DD05.0.2; and
- Co-operation in the prevention and controlling of HIV/AIDS and other infectious diseases (COAG 2) programme.

ZAF-C-NDOHP01-D02.0.2 / SAF-H-NDOH-DD05.0.2 focused on:

- Implementing the 90-90-90 strategy for HIV and Tuberculosis (TB);
- Providing an enabling environment to increase access to health services by key and vulnerable populations;
- Implementing the social and behaviour change programmes to address key drivers of the epidemic and build social cohesion;
- Implementing and scaling up a package of harm reduction interventions for harmful use of alcohol and drugs in all districts; and
- To strengthen AIDS Councils to provide effective coordination and leadership of all stakeholders for shared accountability in the implementation of the National Strategic Plan (NSP).

The following were achieved during the financial year:

- 5 148 698 adults and 123 139 children under 15 years living with HIV received antiretroviral therapy (ART);
- 1 760 health facilities have HIV and TB medicines in stock;
- 65 900 people living with HIV started on TB Preventative therapy (TPT);
- 6 225 children less than 5 years in contact with TB patients began Isonizide preventive therapy;
- 26 157 TB cases bacteriologically confirmed and clinically diagnosed were successfully treated and cured;
- 5 098 TB treatment defaulters traced; and
- 1 609 health care providers trained on medical ethics and human rights.

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

COAG 2 aims to ensure that:

- National policies and guidelines on HIV and TB are developed and distributed to provinces for implementation;
- By increasing the capacity of the National Department of Health (NDOH) continuous support can be provided to provinces for all funded HIV and TB programmes; and
- New HIV and TB infection rates are reduced.

Achievements made through the programme are:

- Participated in Mother and Child, Sexual and Reproductive Health and Rights (SRHR) and HIV prevention integrated programme reviews in KwaZulu-Natal (KZN), Free State (FS) and the Eastern Cape (EC);
- Condom Standard Operating Procedure trainings were conducted for proper management of stock, storage and distribution thereof;
- Identified issues that contribute to the underperformance of the Prevention of Mother to Child Transmission programme;
- Enhance awareness training amongst men on Medical Male Circumcision, TB, Sexual Reproductive Health, Sexual Transmitted Infection (STI) and use of condoms; and
- The importance of Pediatrics HIV Care and Management thereof was rolled out through massive radio and TV advertisements.

2. SCIENCE AND INNOVATION

The Science sector received R68 million towards the Sector Budget Support (SBS) National system of innovation programme to ensure:

- Viability and Validation of innovation for Service Delivery; and
- R and D Partnerships for Competitiveness.

The Viability and Validation of innovation for Service Delivery programme had the following activities for municipalities:

- Demonstrated Innovative Technology solutions for Basic Services;
- Identified Decision Support Tools;
- Training provided on Innovation Capacity and Capability;
- Appointed a contractor to provide Integration of Innovation solutions;
- Appointed contractors to roll out E-Participation, Policy Modelling Assistance Policy Dialogues, Impact Monitoring and Evaluation thereof.

The R and D Partnerships for Competitiveness programme requested proposals from the industry to address competitiveness challenges in municipalities. Seven proposals were approved, and contracting is being finalized.

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

3. NATIONAL TREASURY

National Treasury disbursed the following amounts during the reporting period:

- R400 million towards Humanitarian Crisis Relief Fund through Solidarity Fund;
- R119 million for General Budget Support (GBS) component.

The Solidarity Fund ring-fenced and oversaw the **Humanitarian Crisis Relief Fund (HCRF)** whose purpose is to respond to the Humanitarian, medical and economic crisis which emanated from the protests in KwaZulu-Natal and Gauteng during July 2021.

The funds utilized were mainly for the unrests in the above-mentioned provinces. Allocations were as follows:

- Food Support;
- Civil Society Support;
- Medical Support; and
- Local Business Recovery Support.

The programme achieved the following:

- 135 000 food parcels were distributed through the Department of Social Development and reached 540 000 beneficiaries;
- 21 560 food parcels distributed in 196 Traditional Councils reached 86 240 individuals;
- 19 409 cash vouchers were redeemed;
- Through the National Empowerment Fund (NEF) and to save jobs:
 - 108 Enterprises were supported with blended loans and grants to the value of R787 million;
 - 20 Pharmacies and medical suppliers received grants amounting to R20 million; and
 - 73 SMMEs received grants amounting to R42 million.
- 755 SMMEs received grants of approximately R82 602 per SMME via the Afrika Tikkun FNB Business Recovery;

Through Civil Society Support R82 250 million grants were provided to 38 Non-Profit Organizations (NPO) and 83 381 beneficiaries were reached.

The International Development Cooperation within National Treasury made funds available under the **General Budget Support (GBS)** component of the European Union. This was aligned with the Neighborhood Development Partnership Grant for municipalities that achieved specific positive audit compliance.

The following programmes were implemented by various municipalities:

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

DUNCAN VILLAGE BUY-BACK CENTRE AND INTEGRATED WASTE MANAGEMENT SERVICES

This was rolled out in Buffalo City Metropolitan Municipality and has the following objectives:

- To provide Waste Management Services through waste collection, separation, and transfer processing plants for further beneficiation;
- To establish and support Small, Micro and Medium Enterprises (SMMEs) development; and
- To provide skills Development and Training including education, awareness and job creation for women and youth.

PHILIPPI AGRI-HUB

This was rolled out in Western Cape and is aimed at:

- Enhancing and converting the existing Philippi Fresh Produce Market Centre into a significant up-scaled Agri Hub;
- Creating jobs in an area with the highest unemployment rate in the Western Cape Province;
- Providing formal and informal training including skills transfer opportunities;
- Creating Small Scale entrepreneurship, business development and enhancement opportunities; and
- Assisting local farmers to improve production quantity and quality value -added farming techniques and efficiencies, business skills and marketing activities.

WADUKUZA BUSINESS TOOLS AND THE SCADA ELECTRICITY SYSTEM CONTROL ROOM

These were rolled out to KwaDukuza Municipality and the main objectives are:

- To implement systems and tools for online applications, document tracking and management of town planning applications, building plans, business licenses and informal trading permits.
- Ensuring a stable electricity supply to consumers;
- Ensuring real time tracking and timeous responses to electrical circuits;
- Enabling a capacitated municipality to provide enhanced reliability of services with fully trained staff to monitor and manage electricity network by using supervisory control and data acquisition (SCADA); and
- An improved response time to consumers' queries related to the electricity network owned and operated by KwaDukuza Municipality (KDM).

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

NYANDENI ANIMAL FEED PROCESSING PLANT

This was rolled out in Nyandeni Local Municipality and has the following objectives:

- Create employment upstream and downstream agricultural value chain (primary production-feed crops, agro-processing-feed plant, distribution-retail and informal traders);
- Agricultural skills development of co-operatives in the agricultural sector;
- Increase the food production capacity of the region through feed supply to local smallholder farmers;
- Gain market share on the feed production for the region; and
- Facilitate the establishment of a secondary cooperative entity.

MARBURG MOTOR MECHANICS AUTOMOTIVE WORKSHOP

This was rolled out in Ray Nkonyeni Local Municipality to provide support by establishing a fully resourced mechanical workshop to formalise their mechanical operations as a fully functional business. The aim is to support motor mechanics in establishing a formal business that renders mechanical repairs to vehicles or light delivery vehicles.

ENHANCING LOCAL MUNICIPALITY'S ECONOMIC GOVERNANCE AND INFRASTRUCTURE FOR BUSINESS EXPANSION ATTRACTION AND RETENTION (BEAR)

This was rolled out to Sol Plaatje Local Municipality and focuses on:

- Improving Local Economic Development (LED) planning capacity, administrative and economic development capacity;
- Improving the regulatory environment for the enablement of BEAR; and to
- Improve the ease of doing business by introducing new business application models.

MANUFACTURING HUBS

This was rolled out to Winnie Madikizela Mandela Local Municipality and focuses on:

- Intensify the level of production in the manufacturing sector;
- Significantly improve the local and district economy through job creation; and
- Create an enabling environment for development of SMME's.

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2022

4. SMALL BUSINESS DEVELOPMENT

International donors contributed R162 million. These funds were intended for employment promotion through the SMMEs Programme. This programme focused on the following components:

- Improve the competitiveness of SMMEs and their ability to meet procurement requirements of large multinational/local corporates, government and state-owned enterprises;
- Improve access to finance for SMMEs with limited or no access to finance; and
- Strengthen the capacity of relevant government departments/agencies to assist SMME's with the regulatory and administrative environment.

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for the year ended 31 March 2022

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



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Reconstruction and Development Programme (RDP) Fund set out on pages 16 to 38 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 RDP Fund as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Reconstruction and Development Programme Fund Act 7 of 1994 as amended in terms of Act 79 of 1998.

BASIS FOR 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 my report.
4. I am independent of the RDP Fund in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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 THE 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 the GRAP and the requirements of the Reconstruction and Development Programme Fund Act 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 RDP Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going

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

concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the RDP Fund or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF 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 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 ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the RDP Fund's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
11. I did not identify any 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

12. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the executive overview and the accounting officer's review and approval. The other information does not include the financial statements and the auditor's report.
13. My opinion on the financial statements and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

14. 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.
15. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

16. 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

26 January 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT 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 the procedures performed on the fund’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 RDP Fund’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 relating to events or conditions that may cast significant doubt on the ability of the RDP Fund 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 my 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 the fund to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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for the year ended 31 March 2022

**ACCOUNTING
OFFICER'S REVIEW**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

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 2021/22 financial year. Grants and donations received, decreased by 3% (compared to 2020/21) to R1 505 million from R1 545 million. 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.

Total accumulated funds in the RDP Fund decreased from R5 312 million to R4 995 million in 2021/22. This amount consists of a capital element of R2 706 million, and interest accrued on capital invested totalling R2 289 million.

The amounts transferred to the Spending Agencies from the RDP Fund increased by 21% when compared to 2020/21 from R2 080 million to R2 504 million. As numerous programmes are approaching their close out phases most of the funds have been disbursed to the spending agencies. Of the said transfers, 82% (2020/21: 60%) 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.
- 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 R30 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 2022 are net of refunds to donors and include interest accrued.

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

TABLE 1

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

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2022			
	2021/22		2020/21		2021/22		2020/21	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	1 458	59	939	45	225	5	381	8
National Treasury	548	22	290	14	1 981	46	2 316	47
Small Business Development	162	6	342	16	89	2	220	4
Science and Innovation	70	3	95	5	204	5	269	5
Agriculture, Land Reform and Rural Development	60	2	-	-	-	-	192	4
Higher Education and Training	40	2	-	-	335	8	361	7
Tourism	35	1	-	-	17	-	51	1
Parliament	26	1	26	1	-	-	-	-
Basic Education	26	1	-	-	235	5	215	4
Women	23	1	-	-	19	1	41	1
Social Development	20	1	18	1	19	-	-	-
Environmental Affairs, Forestry and Fisheries	18	1	37	2	139	3	88	2
Various Departments	8	-	10	-	416	10	430	9
Trade and Industry	-	-	208	10	66	1	45	1
National School of Governance (NSG)	10	-	-	-	-	-	-	-
Mineral Resources and Energy	-	-	53	3	157	4	105	2
Justice and Constitutional Development	-	-	38	2	90	2	87	2
Economic Development and Tourism (KZN)	-	-	24	1	-	-	-	-
Transport	-	-	-	-	16	-	-	-
International Relations and Cooperation	-	-	-	-	29	1	-	-
Water Affairs and Sanitation	-	-	-	-	19	1	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-	26	1	-	-
PE Municipality	-	-	-	-	-	-	31	1
Economic, Environment and Fisheries	-	-	-	-	148	3	-	-
Public Works	-	-	-	-	89	2	86	2
SUBTOTAL	2 504	100	2 080	100	4 319	100	4 918	100
Receivable from Departments	-	-	-	-	676	-	389	-
Bank	-	-	-	-	1	-	5	-
Total Capital Transfers	2 504	100	2 080	100	4 995	100	5 312	100
Interest Allocated	-	-	-	-	-	-	-	-
Payables to Departments	-	-	-	-	-	-	-	-
TOTAL	2 504	100	2 080	100	4 995	100	5 312	100

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

TABLE 2

Programmes for which Grant and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2021/22		2020/21		2021/22		2020/21	
	R'm	%	R'm	%	R'm	%	R'm	%
ZAF-C-NDOHP01-D02.0.2	1 165	77	575	37	1 412	56	571	27
Various other projects	229	15	184	14	53	2	199	9
COAG I and II	58	4	253	16	43	2	367	18
Government to Government (Milestone 1 and 2)	23	2	-	-	13	1	-	-
Adaptive Capacity Facility Programme	18	1	-	-	-	-	-	-
South Africa Air-Quality Management in the Greater Johannesburg Area Project	12	1	-	-	12	-	-	-
Humanitarian Crisis Relief	-	-	-	-	400	16	-	-
Baviaanskloof Worled Heritage Site Interpretive Centre	-	-	-	-	34	1	-	-
Enhancing Legislature Oversight Programme	-	-	-	-	26	1	-	-
Employment Promotion through Small, Micro and Medium Enterprises (SMME'S)	-	-	246	16	162	6	341	16
Budget Support Programme concerning the National System of Innovation	-	-	98	6	-	-	-	-
Teaching and Learning Development Reform	-	-	60	4	40	2	-	-
EU-SADC Economic Partnership Employment Programme	-	-	54	3	54	2	-	-
Socio-Economic justice for all	-	-	38	2	-	-	38	2
Gender Equality and Women Empowerment Programme Sector Reform Performance Contract	-	-	37	2	23	1	-	-
National System of Innovation	-	-	-	-	-	-	43	2
Public Financial Management Capacity Building for Improved Service Delivery	-	-	-	-	15	1	-	-
Public Service Training and Capacity Building Programme	-	-	-	-	10	-	-	-
SBS National System Innovation	-	-	-	-	68	3	-	-
Employment Creation Sector Support Policy Programme	-	-	-	-	-	-	205	10
GBS 5th Call Municipalities	-	-	-	-	119	5	148	7
Education for Employability Sector Reform Contract	-	-	-	-	20	1	-	-
Covid -19	-	-	-	-	-	-	100	5
Green Economy for Development Programme	-	-	-	-	-	-	36	2
Achieving a net-zero energy of wastewater treatment plants in South Africa	-	-	-	-	-	-	32	2
SUB TOTAL	1 505	100	1 545	100	2 504	100	2 080	100
Receivable from Departments	-	-	-	-	-	-	-	-
TOTAL	1 505	100	1 545	100	2 504	100	2 080	100

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

TABLE 3

Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUNDS AT 31 MARCH 2022			
	2021/22		2020/21		2021/22		2020/21	
	R'm	%	R'm	%	R'm	%	R'm	%
Global Fund	1 165	77	575	37	27	1	265	5
EU	204	14	651	42	3 549	82	4 090	83
CDC of United States	58	4	253	16	32	1	-	-
Various Donors	24	2	22	2	360	8	447	10
USAID	24	2	21	1	115	3	57	1
Flanders / Flemish	18	1	-	-	31	1	-	-
World Bank (IBRD)	12	-	12	1	21	1	-	-
Switzerland	-	-	12	1	30	1	59	1
Road Accident Fund (RAF)	-	-	-	-	16	-	-	-
Germany (GIZ)	-	-	-	-	12	-	-	-
African Renaissance Fund (ARF)	-	-	-	-	11	-	-	-
France	-	-	-	-	16	-	-	-
Belgium	-	-	-	-	23	1	-	-
DFID / UK	-	-	-	-	22	1	-	-
KFW (Germany)	-	-	-	-	12	-	-	-
UNEP	-	-	-	-	21	-	-	-
United Nations	-	-	-	-	21	-	-	-
SUBTOTAL	1 505	100	1 545	100	4 319	100	4 918	100
Receivables from Departments/Province	-	-	-	-	676	-	389	-
Bank	-	-	-	-	1	-	5	-
TOTAL	1 505	100	1 545	100	4 995	100	5 312	100

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

**2022 RDP
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for the year ended 31 March 2022

**ACCOUNTING
OFFICER'S APPROVAL**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

FOR THE YEAR ENDED 31 MARCH 2022

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognized Accounting Practice (GRAP) including any interpretation of such Statements issued by the Accounting Standard Board, on the going concern basis. The final annual financial statements are based upon appropriate policies, consistently applied and supported by reasonable and prudent judgements of estimates.

The final annual financial statements have been approved by the Accounting Officer and Financial Accountant on 26 January 2023.



Shabeer Khan
Accounting Officer



Karen Maree
Financial Accountant



2022 RDP

ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Current assets		4 995 353	5 312 867
Cash and Cash Equivalents	2	4 319 283	4 923 885
Receivables	3	676 070	388 982
Total Assets		4 995 353	5 312 867
LIABILITIES			
Current liabilities		4 995 353	5 312 867
Funds awaiting distribution	5.1	4 995 353	5 312 867
Total liabilities		4 995 353	5 312 867

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2022

	Notes	2022 R'000	2021 R'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS		-	-
EXPENSES		-	-
Funding of Reconstruction and Development Programme projects and programmes			
Surplus/(deficit) for the period		<u>-</u>	<u>-</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R'000	2021 R'000
Cash flow from operating activities			
Cash Receipts		2 168 895	2 292 537
Grants and Donations		1 978 086	2 032 886
Interest received		190 809	259 651
Cash Payments		(2 773 499)	(2 389 289)
Cash Paid to Spending Agencies		(2 773 499)	(2 389 289)
Cash flow from operating activities	6	(604 604)	(96 752)
Cashflow from investing activities		-	-
Cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents for the year		(604 604)	(96 752)
Cash and cash equivalents at the beginning of the year		4 923 885	5 020 637
		4 319 283	4 923 885 *

* For 2020/21 receipts were raised to the extent of expenditure incurred, however for clarity the cash flow statement is amended that actual receipts and actual payments are reflected.

* Cash and Cash Equivalents for the year has not changed

STATEMENT OF CHANGES IN NETT ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 R'000
Balance at 31 March 2019	-
Surplus/(deficit) for the year	-
Balance at 31 March 2020	-
Surplus/(deficit) for the year	-
Balance at 31 March 2021	-
Surplus/(deficit) for the year	-
Balance at 31 March 2022	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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. SERVICES RECEIVED IN KIND

The RDP Fund recognises services received in kind in the statement of financial performance at the fair value of these services received, when they are significant to the RDP Fund's operations and to the extent that fair value can be determined reliably. Where the services are not significant and / or the fair value cannot be determined reliably the nature and type of services received are disclosed. Services received in kind include shared services with the National Treasury in the public service. While these services are important for the RDP Fund's operations, they are not significant and therefore not recognised.

1.3. 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.

1.4. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1.4.1 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).

1.4.2 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, FirstRand, 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.

1.4.3 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.

1.4.4 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.

1.4.5 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Entities included are members of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the other).

1.5. PRINCIPLE AGENT ARRANGEMENT

An entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present namely:

- a. It does not have the power to determine the significant terms and conditions of the transaction;
- b. It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit; and
- c. It is not exposed to variability in the results of the transaction.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

The RDP Fund meets the criteria of an agent in the principal-agent arrangement as the Fund receives the grants and donations. Once the requirement of the donor is met by the Spending Agency then the funds are transferred to the Spending agency by the Fund.

The RDP Fund invests the grants and donations received at the PIC until it is transferred to the Spending Agency. Being the agent, this investment will be recognized as an asset by the agent, with a corresponding liability in respect of the obligation to transfer the amounts to the principal. This will include revenue (interest) and expenses (management fees).

Revenue and expenditure incurred acting in its capacity as an agent is no longer reflected on the face of the statement of financial performance and is available in note 5.

	2022 R'000	2021 R'000
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2. CASH AND CASH EQUIVALENTS

Investments with PIC	4 319 283	4 918 885
Cash with Standard Bank	586 242	422 323
Money Market accounts	3 733 040	4 496 562
Bank balance: SARB	1	5 000
Carrying value at year end	4 319 283	4 923 885

3. ACCOUNTS RECEIVABLE

Due by Spending Agencies	676 070	388 982
Receivables relating to portfolios	676 070	388 982

4. FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES

Amounts to fund projects and programmes		
Capital	2 469 908	2 067 612
Interest	35 070	12 601
	2 504 978	2 080 213

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 R'000	2021 R'000
5. CURRENT LIABILITIES		
5.1 FUNDS AWAITING DISTRIBUTION		
Accumulated Capital	2 706 529	3 133 063
Includes: Opening Balance*	2 744 081	3 041 069
Grants and Donations	1 505 293	1 544 905
Refunds from Spending Agencies - Receivables	388 984	422 523
Refunds from Spending Agencies - Other	83 814	65 456
Transfer to Spending Agencies	(2 469 908)	(2 067 612)
Refunds to Donors	(221 804)	(262 260)
Receivables	676 070	388 982
Accumulated interest	2 288 825	2 179 803
Includes: Opening Balance	2 179 803	1 979 569
Interest Payable	190 809	259 651
Transfer to Spending Agencies	(35 070)	(12 601)
Refunds to Donor - Interest (Note 4.3)	(38 683)	(37 887)
Accounts Payable**	21	-
Management Fees	(8 055)	(8 929)
	4 995 353	5 312 867
* Opening balance for current year for accumulated capital consists of:		
Closing balance as at 31 March 2021	3 133 063	
Less receivables	(388 982)	
	2 744 081	

** The total amount of R4 995 353 (2020-21 R5 312 867) for capital and accumulated interest includes the undermentioned. For more information also see note 8.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	R'000	R'000
5.2 Refunds to Donors		
Capital		
Refund to CDC	206 341	232 679
Refund to World Bank	12 540	-
Refund to Switzerland	1 183	-
Refund to Flemish	833	1 294
Refund to KFW	780	2 630
Refund to African Development Bank (ADB)	88	2 106
Refund to Belgium	39	-
Refund to Norway	-	14 891
Refund to UK	-	6 185
Refund to Global Fund	-	1 578
Refund to EU	-	806
Refund to Ireland	-	92
	221 804	262 260
5.3 Refunds to Donors		
Interest		
Refund to Switzerland	37 539	-
Refund to Flemish	557	143
Refund to World Bank	464	-
Refund to KFW	121	-
Refund to African Development Bank (ADB)	2	347
Refund to UK	-	31 123
Refund to CDC	-	3 799
Refund to Norway	-	2 357
Refund to Ireland	-	119
	38 683	37 888

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 R'000	2021 R'000
6. RECONCILIATION OF NET CASHFLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	-	-
Add/deduct: Non cash movement	-	-
Interest Received	-	-
Add/(less) changes in working capital	(604 604)	(96 752)
Decrease/(Increase) in trade receivables	(287 088)	33 541
(Decrease)/ Increase in trade payables	(317 514)	(130 293)
Decrease/(Increase) in inventories	-	-
Net cash flow from operating activities	(604 604)	(96 752)

7. RELATED PARTY TRANSACTIONS

7.1 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	4 319 283	4 923 885
Include: Interest	190 809	259 651
Management Fees	(8 055)	(8 929)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 R'000	2021 R'000
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7.2 National Treasury

Services Received in kind

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 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.

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.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8. SUBSEQUENT EVENTS

During the 2021-2022 financial year, the PIC management fees for February 2022 excluded one day's accrual for all portfolios. Management Fees recorded by the RDP Fund therefore excludes R20 775.73. These fees were subsequently added by the PIC in April 2022.

9. FINANCIAL RISK ANALYSIS

9.1 FINANCIAL RISK FACTORS

In terms of section 8 of the RDP act the investment of funds not immediately required may be invested with the Public Investment Commissioners (PIC).

It was therefore agreed with the PIC that 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:

9.1.1 MARKET RISK

The RDP Fund have no exposure to earnings or capital adversely affected by changes in the level or volatility of market rates or prices such as foreign exchange rates and trade market risks.

The RDP Fund eliminates market risk by only investing in cash instruments.

9.1.2 CREDIT RISK

To manage the risk of the RDP Fund the signed investment policy with the PIC states that funds can only be invested in cash and money instruments. These transactions are limited to the PIC as determined in respect of section 8 of the RDP Act No 7 of 1994 (As amended by Act 79 of 1998). Funds are invested at variable interest rate.

Investments are only made with domestic 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. These investments will be spread across domestic issuers. 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 R4 million will be earned less or more per month when the interest rate is adjusted with a 100 basis points.

Receivables from National departments are all due within the short-term. These funds are recoverable from National departments which forms part of the account configuration of the National Revenue Fund. The RDP Fund is exposed to credit risk with regard to the receivables due from the Provincial departments as they do not form part of the account configuration of the National Revenue Fund.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 R'000	2021 R'000
Cash and Cash Equivalents		
Standard Bank	586 242	422 323
SA Reserve Bank	1	5 000
Money Market accounts	3 733 040	4 496 562
Receivables	676 070	388 982

9.1.3 LIQUIDITY RISK

The RDP Fund is not exposed to liquidity risk. Funds are only transferred to the Spending Agencies when received from the donor and after requirements were met. Funds are invested in cash and money instruments and are immediately available.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2022 RDP

**RECONSTRUCTION AND
DEVELOPMENT PROGRAMME FUND**

for the year ended 31 March 2022

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national treasury

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