

RDP

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

for the year ended 31 March 2021



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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VACCINATE TO SAVE SOUTH AFRICA



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**RECONSTRUCTION AND
DEVELOPMENT PROGRAMME FUND**

for the year ended 31 March 2021

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for the year ended 31 March 2021

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National Treasury
REPUBLIC OF SOUTH AFRICA



RDP

**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

for the year ended 31 March 2021

**EXECUTIVE
OVERVIEW**

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2021

The advent of the deadly COVID-19 pandemic that swept across South Africa and the whole world drastically changed the way the world operated. The South African economy was negatively impacted because of this pandemic. For the South African economy to recover, reforms are needed to create sustainable jobs, fight corruption and address operational and financial health in State-Owned Enterprises, attract investments and undertake a massive vaccination programme to save lives and dramatically reduce COVID-19 infections across the population.

Rebuilding our country requires a common effort. Through funds received by the Reconstruction and Development (RDP) fund, the following was achieved during this reporting period.

1. HEALTH SECTOR

- Cooperative Agreement. (COAG II); and
- ZAF-C-NDOHP02-D01.0.4

COAG II

The International community contributed an amount of R 938 million towards the COAG programme.

This programme achieved the following:

- Through the support of Human Resources, the National Department of Health (NDOH) achieved a wide range of activities which enabled the Department to meet the National Strategic Plan on Human Immunodeficiency Virus (HIV), Sexually Transmitted Illnesses (STIs) and Tuberculosis (TB);
- 997 Community Service Personnel were funded. 871 were appointed and placed in HIV high volume facilities across the 27 priority districts;
- Lifeline South Africa AIDS helpline has been established to provide counselling services 24/7 that supports the government's HIV and AIDS comprehensive plan;
- IT equipment to support the utilization of the Health Patient Registration System (HPRS) that assigns the Unique Patient Identity were procured in 7 Provinces; and
- Through the South African Health Product Regulatory Authority (SAHPRA), primary and peer review for 130 HIV and TB new registration applications were completed.

ZAF-C-NDOHP02-D01.0.4

The main objective of this programme is to:

- Reduce new HIV infections to less than 100,000 by 2022 through a combination of prevention interventions such as:
 - Increased engagement, collaboration and advocacy of key and vulnerable populations in the development and implementation of social and health support activities;
 - Provide an enabling environment to increase access to health services by key and vulnerable populations; and

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- Implement social and behaviour change programmes to address key drivers of the epidemic and build social cohesion.

The following achievements were made during the financial year:

- 4 948 925 people living with HIV received antiretroviral therapy;
- 1 532 health facilities have essential medicines and life-saving commodities in stock;
- 71 957 newly enrolled people living with HIV started treatment on TB preventive therapy;
- 1 721 cases with RR-TB or MDR-TB began second-line treatment;
- 16 457 people living with HIV were on ART during TB treatment. These include new and relapse TB patients;
- 2 335 children younger than 5 years, who were in contact with TB patients, received Isonizide preventive therapy;
- 1 645 TB treatment defaulters were traced;
- 30 274 TB clinically diagnosed or bacteriologically confirmed patients, completed their treatment and were treated successfully

2. SMALL BUSINESS DEVELOPMENT

An amount of R 341 Million was contributed during the 2020/21 financial year towards sustainable economic growth and employment creation through Small, Micro and Medium Enterprises (SMME's) Programme, in line with the Government of the Republic of South Africa's objectives. The aim of this programme is to reduce the official unemployment rate by reducing the cost of doing business especially for SMME's and by enhancing their business, marketing and production skills. As a result of the COVID-19 pandemic and its devastating economic impact on SMME's, a review was done on all projects to confirm their relevance and support to SMME's.

The programme focused on:

- The impact of COVID-19 on the SMME sector and reduced survival rate of SMME's and the urgent need for support;
- The need to rather focus on outcomes than activities to achieve Sectoral reform; and
- The need for Sector policy reforms and institutional changes and realising that the need for digital solutions and transformation is non-negotiable.

The following were achieved:

- Through cooperation with the private sector, technical assistance and other government departments, the following SMME database was designed and developed as the main portal www.smmmesa.gov.za. All systems for this sector are linked and aligned to this.
- Enterprise Supplier Development (ESD) project was strengthened significantly in response to COVID-19 challenges;
- Enhanced e-Commerce solutions to expand the reach and on time service delivery to SMMEs;

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FOR THE YEAR ENDED 31 MARCH 2021

- Improved SMME competitiveness through cluster and market system development; and
- Preparing SMMEs for the fourth industrial revolution through the sustainability of incubators and hubs.

3. NATIONAL TREASURY

The Finance sector contributed R 100 million towards the COVID-19 pandemic relief through the Solidarity Fund. The Fund is mandated to contribute towards the national health response, provide humanitarian relief and mobilise all who live in South Africa to do their part in the fight against the pandemic.

The Solidarity Fund is focused on the following:

- Health Response;
- Humanitarian Effort; and
- Solidarity Campaign

The health response mainly focused on the following areas:

- Bolstering national testing capacity. Through this, the following was achieved:
 - 1.2 million reagent and extraction kits purchased;
 - 106 000 tests enabled;
 - 25 hours' turnaround time from 8-10 working days turnaround time;
 - 45 000 tests per day by July 2020 from 100 tests in March 2020;
 - 35 504 tests enabled through academic laboratories;
 - 55 testing sites established nationwide; and
 - 3 HDIs equipped with new lab equipment and training.
- Support public hospitals through the provision of PPE, supporting the local manufacturers of ventilators and provision of essential medical equipment and vaccines. Through this the following were achieved:
 - 51 million units of PPE has been ordered and received;
 - 18 000 ventilators have been produced by CSIR, of which 9 803 have been distributed countrywide;
 - SAVE-P have produced 2 000 ventilators (100%) to date of which 1190 have been distributed; and
 - Payment made to cover the up-front payment required to join the COVAX programme. This represents 15% of the total cost of securing access to vaccines for 10% (roughly 6 million) of the population.

The Humanitarian effort mainly focused on:

- Providing food relief. Through this the following was achieved:
 - 299 433 Food parcels and vouchers delivered to vulnerable households;
 - 69 008 Food parcels delivered by faith-based organisations;
 - 59 433 Food parcels delivered through Community Nutrition Development Centre (CNDs).

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- 16 716 Food vouchers delivered through South African Council of Churches (SACC); and
- 154 276 Food parcels delivered through four large None Profit Organisations (NPOs).

Combating gender-based violence (GBV).

- Through this the following was achieved:
 - 133 shelters and care centres were provided with PPE and critical medical services to assist women and children affected by GBV;
 - GBV Command Centre supported through recruitment and training of 10 social worker supervisors and trauma training for social workers; and
 - Furniture, laptops, tablets and data supplied to GBV command centre.

The Solidarity campaign focused on behavioural change. Behaviour change is encouraged through:

- The Citizens in Solidarity campaign and Behaviour change messaging and nudges
 - Reached 33,9million adults across various platforms in 6 weeks;
 - the safe school campaign *PhephauFunde* has kicked off successfully;
 - retail campaign is drawing to a close and has delivered 40 000 spaza packs;
 - 2 600 radio inserts thus far, reaching ±28 million people;
 - Spaza Shop Campaign produced 37 000 spaza packs that were distributed via the Premier Foods network; and
 - Funeral Compliance Project completed, 409 leaders trained and 195 Compliance officers recruited.

4. SCIENCE AND INNOVATION

The International Donors contributed R 43 million towards the Science and Innovation sector. It was mainly intended for the National System of Innovation. This programme is aimed at:

- Strengthening policy around innovation and learning in the National System of Innovation (NSI) by ensuring wider and inclusive participation of Research and Development (R&D) stakeholders. This includes groups advocating for the rights of women and other vulnerable groups in science and business;
- Developing policy and programme interventions through dialogue and consultations with non-conventional partners that will stimulate investment in R&D. Focus is placed on innovation for service delivery to improve access to socio-economic rights for all and in particular women and vulnerable groups; and
- Supporting learning from models that have been successful in applying the above.

This programme focuses on the following components:

- Research and Development (R&D) Partnerships for Competitiveness.
- Viability Validation of Innovation for Service Delivery (VVISD); and
- International Innovation Support Programme

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FOR THE YEAR ENDED 31 MARCH 2021

The Programme achieved the following:

- The “call for proposals” document for industry partners, based on existing programmes and outcomes of the stakeholder engagements was established;
- Stakeholder inputs into the design of the R&D partnerships were documented;
- Approved R&D partnerships with the private sector were established;
- Business plans and reports for innovative technology solutions for improving access and quality of basic services and technology inventory were approved;
- Acquisition instruments for local uptake across the local government sphere, policy briefs and dialogues were developed;
- Monitoring and Evaluation Framework for innovation for service delivery was developed; and
- Strengthen provincial and local systems of innovations.

5. JUSTICE SERVICES

The Justice sector received R 38 million towards the Socio-Economic Justice for All (SEJA) Programme to:

- Increase awareness of constitutional rights in South Africa, particularly amongst vulnerable groups;
- Support civil society actors in the justice and human rights sector through the development of a sustainable mechanism;
- Build the internal capacity of the constitutional development branch to implement the Department’s mandate;
- Develop a sector wide policy on social justice and delivering on socio-economic rights in line with the prescripts of the Constitution; and
- Develop a sector policy framework on complementarity in the justice and human rights sector.

SEJA focused on the following activities:

- An Animation series #KeepItConstitutional can be viewed on the learning channel Mindset 319 MultiChoice’s DSTV and Star TV in the rest of Africa;
- Through the Foundation for Human Rights (FHR) specific campaigns were supported and challenges mapped;
- Provision of support and ensure awareness of Gender Based Violence (GBV) services available to women during COVID-19 lockdown; and
- Monitoring, documenting and advocating for women’s rights during the COVID-19 lockdown;
- Gender Based Violence and Femicide (GBVF) free zones were launched in local communities in South Africa;
- A plan to raise awareness on the right to water as a direct cause of GBVF has been finalized by Young Women in Vision Organisation operating in KZN.

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FOR THE YEAR ENDED 31 MARCH 2021

6. ENERGY SECTOR

The energy sector received R 31 million from the RDP fund during the 2020/21 financial year. Funding was mainly for the achieving a net-zero energy of Wastewater Treatment Plants (WWTPs) in South Africa.

This programme focused on the following components:

- Enhancing the capacity of municipalities to improve energy performance of WWTPs.
- Achieving a Net-Zero Energy WWTPs through the deployment of Integrated Biogas Cogeneration/Combined Heat and Power (CHP) and EE Technologies.

ENHANCING THE CAPACITY OF MUNICIPALITIES TO IMPROVE ENERGY PERFORMANCE OF WWTPs

The following was achieved:

- Establish project management and Co-ordination Committee;
- Development of energy demand model using data collected from WWTPs;

ESTABLISH PROJECT MANAGEMENT AND CO-ORDINATION COMMITTEE

Through this activity the following was achieved:

- Facilitating terms of reference for establishment of Project Manager and coordinating Committee
 - The Terms of Reference for the establishment of the Project Management and Coordinating Committee have been developed;
 - The Standard Operating Procedure (SOP) was developed to outline processes and procedure in implementing project between Department of Minerals and Energy (DMRE) and South African National Development Institute (SANEDI);
 - Memorandum of Agreement between the Department of Mineral Resources (DMRE) and SANEDI was approved;
- Co-ordinate monthly and quarterly management meetings:
 - Various meetings were held between the Project Management team and beneficiary municipalities to identify procurement and implementation requirements of the project.
- Facilitate capacity building and training workshop for municipal officials:
 - Final pre-feasibility report was submitted by the service provider during mid-March 2021

DEVELOPMENT OF ENERGY DEMAND MODEL USING DATA COLLECTED FROM WWTPS

Through this activity the following was achieved:

- Development of tools and techniques to collect data and information on the current energy consumption and technologies installed in WWTPs.
 - Reporting tools and techniques were developed through GIZ under South African German Energy Programme.

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- Templates to collect data in 14 wastewater treatment plants have been compiled.
- Development of the Energy Demand Model to Forecast Energy Savings of WWTPs;
- Collection of Data on the current Energy Consumption and Installation of Renewable Energy (RE) and Energy Efficient (EE) Technologies;
 - A pre-feasibility study to determine energy consumption and energy savings potential of 14 wastewater treatment plants in 8 local municipalities was completed;
 - Transactional advisory service of the Zeekoegat WWTP in City of Tshwane was completed to determine performance contracts to implement biogas combined heat and power (CHP) plant.
 - The Transactional Advisor (TA) was appointed through GIZ to support the City of Tshwane Municipality transactional advisory services and financial options for Zeekoegat WWTP. Specifications were also reviewed to improve construction, maintenance and operations for CHP and WWT plants.
- Development of a Technology catalogue for Installed and potential RE and EE Technologies in 3 WWTPs

ACHIEVING A NET-ZERO ENERGY WWTPs THROUGH THE DEPLOYMENT OF INTEGRATED BIOGAS COGENERATION/COMBINED HEAT AND POWER (CHP) AND ENERGY EFFICIENT TECHNOLOGIES

Through this the following was achieved:

- Development of Technical Specifications for the selected High - EE equipment, procurement and installation thereof at Zeekoegat WWTP (Tshwane) have been completed.
- Procurement and installation of High - EE equipment.
 - 14 service providers have been appointed by both DMRE and SANEDI for the actual installation of the required technologies and measures;
 - Tender documents for the Zeekoegat biogas CHP plant were completed.
- Procurement document was developed and tender documents were completed of 3 Biogas Cogeneration or Combined Heat and Power in 3 WWTPs.

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for the year ended 31 March 2021

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 21 to 33 which comprise the statement of financial position as at 31 March 2021, 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 Reconstruction and Development Programme Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practises (GRAP) and the requirements of the Reconstruction and Development Programme Fund Act 1994, as amended by 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 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 South African Standards of Generally Recognised Accounting Practise and the requirements of the RDP Act of 1994, as amended by act 79 of 1998, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and

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

using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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

10. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the 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. The other information does not include the financial statements that have been specifically reported in this auditor's report.
13. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
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 have nothing to report in this regard.

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

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.
17. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

6 December 2021



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 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 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 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 a 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 to communicate with them 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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PROGRAMME FUND**

for the year ended 31 March 2021

**ACCOUNTING
OFFICER'S REVIEW**

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2021

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 2020/21 financial year. Grants and donations received, increased 34% (compared to 2019/20) to R1 545 million from R1 155 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 443 million to R5 312 million in 2020/21. This amount consists of a capital element of R3 133 million and interest accrued on capital invested totalling R2 179 million.

The amounts transferred to the Spending Agencies from the RDP Fund increased by 20% when compared to 2019/20 from R1 739 million to R2 080 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, 60% (2019/20: 48%) 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 2021 are net of refunds to donors and include interest accrued.

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2021

TABLE 1

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

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2020			
	2020/21		2019/20		2020/21		2019/20	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	939	45	1 118	64	381	8	356	7
Small Business Development	342	16	166	10	220	4	275	5
National Treasury	290	14	123	7	2 316	47	1 940	39
Tourism			89	5	51	1	48	1
Trade and Industry	208	10	46	3	45	1	694	14
Agriculture, Land Reform and Rural Development	-	-	-	-	192	4	133	3
Science and Innovation	95	5	-	-	269	5	233	5
Mineral Resources and Energy	53	3	-	-	105	2	152	3
Justice and Constitutional Development	38	2	48	3	87	2	88	2
Environmental Affairs, Forestry and Fisheries	37	2	-	-	88	2	117	2
Parliament	26	1	-	-				
Economic Development and Tourism (KZN)	24	1	-	-			32	-
Various Departments	10	-	65	4	430	9	353	7
Higher Education and Training			53	3	361	7	275	5
Economic Development and Tourism (EC)			31	1			-	-
Public Service and Administration	-	-	-	-				
Basic Education	-	-	-	-	215	4	205	4
Social Development	18	1	-	-			-	-
Performance Evaluation and Monitoring	-	-	-	-			-	-
PE Municipality	-	-	-	-	31	1		
Women	-	-	-	-	41	1	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-			38	1
Public Works	-	-	-	-	86	2	81	2
SUBTOTAL	2 080	100	1 739	100	4 918	100	5 020	100
Receivable from Departments	-	-	-	-	389	-	423	-
Bank	-	-	-	-	5	-	-	-
Total Capital Transfers	2 080	100	1 739	100	5 312	100	5 443	100
Interest Allocated								
Payables to Departments	-	-	-	-	-	-	-	-
TOTAL	2 080	100	1 739	100	5 312	100	5 443	100

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2021

TABLE 2

Programmes for which Grant and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2020/21		2019/20		2020/21		2019/20	
	R'm	%	R'm	%	R'm	%	R'm	%
ZAF-C-NDOHP01-D02.0.2	575	37	482	42	571	27	616	35
COAG I and II	253	16	276	24	367	18	492	28
Education for Employability Sector Reform Contract			133	12			-	-
Employment Promotion through Small, Micro and Medium Enterprises (SMME'S)	246	16	-	-	341	16	166	10
Various other projects	184	14	80	7	199	9	197	11
Budget Support Programme concerning the National System of Innovation	98	6	-	-	-	-	-	-
Teaching and Learning Development Reform	60	4	68	6	-	-	40	2
EU-SADC Economic Partnership Employment Programme	54	3	-	-	-	-	-	-
Socio-Economic justice for all	38	2	-	-	38	2	42	3
Gender Equality and Women Empowerment Programme Sector Reform Performance Contract	37	2	-	-	-	-	-	-
National System of Innovation	-	-	65	6	43	2	-	-
Public Financial Management Capacity Building for Improved Service Delivery	-	-	51	3			51	3
Employment Creation Sector Support Policy Programme	-	-	-	-	205	10	46	3
Golden Gate Highlands Park Interpretation Centre	-	-	-	-	-	-	89	5
GBS 5th Call Municipalities	-	-	-	-	148	7	-	-
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	1 545	100	1 155	100	2 080	100	1 739	100
Receivable from Departments	-	-	-	-	-	-	-	-
TOTAL	1 545	100	1 155	100	2 080	100	1 739	100

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2021

TABLE 3

Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUNDS AT 31 MARCH 2020			
	2020/21		2019/20		2020/21		2019/20	
	R'm	%	R'm	%	R'm	%	R'm	%
EU	651	42	328	28	4 090	83	4 198	84
Global Fund	575	37	482	42	265	5	-	-
CDC of United States	253	16	276	24	-	-	-	-
Various Donors	22	2	69	6	447	10	652	13
USAID	21	1	-	-	57	1	34	1
Switzerland	12	1	-	-	59	1	68	1
World Bank	12	1	-	-	-	-	-	-
African Development Bank	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	-	-
Denmark	-	-	-	-	-	-	-	-
SECO	-	-	-	-	-	-	-	-
Belgium	-	-	-	-	-	-	-	-
Canada (CIDA)	-	-	-	-	-	-	-	-
KFW (Germany)	-	-	-	-	-	-	-	-
UNEP	-	-	-	-	-	-	32	-
UK	-	-	-	-	-	-	36	1
SUBTOTAL	1 545	100	1 155	100	4 918	100	5 020	100
Receivables from Departments/Province	-	-	-	-	389	-	423	-
Bank	-	-	-	-	5	-	-	-
TOTAL	1 545	100	1 155	100	5 312	100	5 443	100

RDP

**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

for the year ended 31 March 2021

**ACCOUNTING
OFFICER'S APPROVAL**

ACCOUNTING OFFICER'S APPROVAL

FOR THE YEAR ENDED 31 MARCH 2021

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 Acting Accounting Officer and Acting Financial Accountant on 17 November 2021.



Karen Maree
Acting Accounting Officer



Thomas Matjeni
Acting Financial Accountant

RDP

**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

for the year ended 31 March 2021

**ANNUAL
FINANCIAL
STATEMENTS**

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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Current assets		5 312 867	5 443 160
Cash and Cash Equivalents	2	4 923 885	5 020 638
Receivables	3	388 982	422 523
Total Assets		5 312 867	5 443 160
LIABILITIES			
Current liabilities		5 312 867	5 443 160
Funds awaiting distribution	5.1	5 312 867	5 443 160
Total liabilities		5 312 867	5 443 160

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2021

	Notes	2021 R'000	2020 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 2021

	Notes	2021 R'000	2020 R'000
Cash flow from operating activities			
Cash Receipts		2 080 212	1 739 601
Cash received from Donors		2 080 212	1 739 601
Cash paid to Spending Agencies		2 080 212	1 739 601
Cash flow from operating activities	6	(96 752)	285 160
Cash flow from investing activities			
		-	-
Cash flows from financing activities			
		-	-
Net increase/(decrease) in cash and cash equivalents for the year		(96 752)	285 160
Cash and cash equivalents at the beginning of the year		5 020 637	4 735 477
Cash and cash equivalents at the end of the year	2	4 923 885	5 020 637

STATEMENT OF CHANGES IN NETT ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 R'000
Balance at 31 March 2018	-
Surplus/(deficit) for the year	-
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	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

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, Firststrand, Nedbank and Standard Bank. Funds are available upon request. Investments are subsequently measured at amortised cost which includes the amount at which financial assets were measured at initial recognition, minus repayments plus interest received. This is adjusted for any write down for impairment in value.

1.4.3 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	R'000	R'000

2. CASH AND CASH EQUIVALENTS

Investments with PIC	4 918 885	5 020 637
Cash with Standard Bank	422 323	803 256
Money Market accounts	4 496 562	4 217 381
Bank balance: SARB	5 000	1
Carrying value at year end	4 923 885	5 020 638

3 ACCOUNTS RECEIVABLE

Due by Spending Agencies	388 982	422 523
Receivables relating to portfolios	388 982	422 523

4 FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES

Amounts to fund projects and programmes		
Capital	2 067 612	1 732 943
Interest	12 601	6 658
	2 080 213	1 739 601

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	R'000	R'000

5 CURRENT LIABILITIES

5.1 FUNDS AWAITING DISTRIBUTION

Accumulated Capital	3 133 063	3 463 592
Includes: Opening Balance	3 041 069	3 058 951
Grants and Donations	1 544 905	1 155 445
Refunds from Spending Agencies - Receivables	422 523	313 426
Refunds from Spending Agencies - Other	65 456	263 734
Transfer to Spending Agencies	(2 067 612)	(1 732 943)
Refunds to Donors	(262 260)	(17 545)
Receivables	388 982	422 523
Accumulated interest	2 179 803	1 979 569
Includes: Opening Balance	1 979 569	1 676 526
Interest Payable	259 651	354 825
Transfer to Spending Agencies	(12 601)	(6 658)
Refunds to Donor - Interest (Note 4.3)	(37 887)	(36 730)
Management Fees	(8 929)	(8 394)
	5 312 867	5 443 160

* The total amount of R5 312 867 (2019-20 R5 443 160) for capital and accumulated interest includes the undermentioned.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 R'000	2020 R'000
5.2 Refunds to Donors		
Capital		
Refund to CDC	232 679	396
Refund to Norway	14 891	-
Refund to UK	6 185	-
Refund to KFW	2 630	-
Refund to African Development Bank (ADB)	2 106	-
Refund to Global Fund	1 578	-
Refund to Flemish	1 294	125
Refund to EU	806	8 776
Refund to Ireland	92	-
Refund to Finland	-	2 413
Refund to Belgium	-	551
Refund to Denmark	-	4 411
Refund to UN	-	872
	262 260	17 545
5.3 Refunds to Donors		
Interest		
Refund to UK	31 123	-
Refund to CDC	3 799	12 246
Refund to Norway	2 357	-
Refund to African Development Bank (ADB)	347	-
Refund to Ireland	119	-
Refund to Flemish	143	2 591
Refund to Belgium	-	272
Refund to EU	-	7 163
Refund to Denmark	-	9 940
Refund to Finland	-	4 299
Refund to UN	-	219
	37 888	36 730

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 2021

	2021 R'000	2020 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	(96 752)	285 160
Decrease/(Increase) in trade receivables	33 541	(123 237)
(Decrease)/ Increase in trade payables	(130 293)	408 397
Decrease/(Increase) in inventories	-	-
Net cash flow from operating activities	<u>(96 752)</u>	<u>285 160</u>

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	4 923 885	5 020 637
Include : Interest	259 651	354 825
Management Fees	(8 929)	(8 394)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	R'000	R'000

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 2021

	Restated Figures	Prior Year Figures	Difference
	2020	2020	
	R'000	R'000	R'000

8 PRIOR PERIOD ERROR

8.1 STATEMENT OF FINANCIAL POSITION

ASSETS			
Current Assets	5 443 160	5 457 300	14 140
Cash and Cash Equivalents	5 020 637	5 020 637	-
Receivables	422 523	436 663	14 140
Total Assets	5 443 160	5 457 300	14 140
LIABILITIES			
Current liabilities	5 443 160	5 457 300	14 140
Funds Awaiting Distribution	5 443 160	5 457 300	14 140
Total liabilities	5 443 160	5 457 300	14 140

The 2019/20 audited Annual Financial Statements (AFS) for Eastern Cape, Department of Economic Development, Tourism and Environmental Affairs reflected an unutilised funds from other sources of R10 114. The Department was informed that the AFS should state a repayable to RDP Fund of R14 140 (a calculation to this effect was also attached).

The 2020/21 audited AFS for Eastern Cape, Department of Economic Development, Tourism and Environmental Affairs did not restate 2019/20 as requested above. Furthermore, in the 2020/21 Financial year these unutilised funds were spent and therefore the receivable is restated.

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:

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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, Firststrand, 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.

	2021	2020
	R'000	R'000
Cash and Cash Equivalents		
Standard Bank	422 323	803 256
SA Reserve Bank	5 000	1
Money Market accounts	4 496 562	4 217 381
Receivables	388 982	422 523

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

RDP

**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

for the year ended 31 March 2021

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