

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 490

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Mr W F Faber (DA-NC) to ask the Minister of Finance:

- (1) Whether the National Treasury has allocated the €850 million which was made available by the European Union Donor Funding to provincial local economic development support programmes in each province; if not, why not; if so, what funds have been allocated to each project in each province;
- (2) whether all annual reports of a certain fund (name furnished) in the Eastern Cape are available; if not, why not; if so, where can the reports be accessed;
- (3) whether the Eastern Cape Provincial Treasury has a quarterly report available on the expenditure of the said fund; if not, why not; if so, where can the report be accessed;
- (4) whether any other provinces which benefitted from this funding submitted (a) annual and (b) quarterly reports of expenditure of such funds; if not, why not; if so, where can the reports be accessed;
- (5) whether the European Union Commission requested a forensic or any other audit on the financial management of this donation in any province; if so, what are the (a) main findings of each audit and (b) relevant details in each case?

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REPLY:

- (1) In 2003 the European Union and the South African government signed a Country Strategy Paper and Multi Indicative programme for the period 2003 – 2006 (extended up to 2007). The total commitment for this period was €850 million. The mentioned amount is voted on and allocated to South Africa for development by the European Union Parliament.

The funds are then programmed in line with the Broad Strategic Objectives of Government. This is done by National Treasury in consultation with all the relevant stakeholders (departments and provinces). The “pocket” of funding is held in Brussels. As financing agreements are processed and signed, these funds are then transferred to South Africa. The funds are transferred to the RDP Fund (an interest bearing account) held at the Reserve Bank. The RDP fund account is administered by the National Treasury. The relevant departments (national and provincial) then draw the funds down as they implement. From this commitment, the following allocations were made for Local Economic Development programmes:

- (a) KwaZulu-Natal €38.5 million;
- (b) Limpopo €34 million; and
- (c) Eastern Cape €30million.

- (2) Reporting on the performance and expenditure of a donor funded project on an annual basis is a requirement that is stipulated in all financing agreements. The annual reports for the Thina Sinakho fund project in the Eastern Cape are tabled in the Eastern Cape Provincial Legislature and copies of the reports can be accessed at the Eastern Cape Provincial Treasury. The contact person at the Eastern Cape Provincial Treasury is Ms Bulelwa Nqadolo, Bulelwa.Nqadolo@treasury.ecprov.gov.za. The annual reports may also be obtained from Ms Miranda Ndindwa the programme secretary at pcu@thinasinako.co.za
- (3) As with the annual reports, quarterly reporting on expenditure of the programme is also a requirement specified in the financing agreements. The quarterly reports are compiled and tabled in the Programme Steering Committee meetings held on a quarterly basis for scrutiny and agreement. Once these reports are agreed upon they are then forwarded to the European Union for their scrutiny and agreement. When agreed to by all parties, these reports are approved and signed off. The quarterly reports can also be obtained from either Ms Bulelwa Nqadolo or from Ms Miranda Ndindwa.
- (4) The other two provinces that benefitted from the European Union funding for local economic development programmes, i.e. Kwazulu-Natal and Limpopo were also required to report annually and quarterly as stipulated in the relevant agreements. The annual reports and quarterly reports of these two local economic development programmes are available and can be obtained from Mr Juda Mphela: mphelaj@premier.limpopo.gov.za for

the Limpopo programme and Ms Shareen Naidoo: NaidooSh@kznded.gov.za for the KwaZulu-Natal programme.

- (5) All donor funded programmes are audited on an annual basis as required by the donor. These annual audits are performed independently by external auditors. It should also be noted that all departments are also audited by the Auditor-General this includes those where donor funded programmes are implemented. Although the programmes are not audited separately by the Auditor-General, all expenditure incurred is audited, this includes donor funding that is managed by the department. The annual audits can be obtained from the aforementioned officials for perusal. With regard to whether the European Union Commission has requested a forensic audit on the financial management of these funds in any province, the answer is no. To date no such request has been forthcoming.