



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements
for the year ended 31 March 2020



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements
for the year ended 31 March 2020

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Annual Financial Statements 31 March 2020

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Department:
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REPUBLIC OF SOUTH AFRICA

EXECUTIVE OVERVIEW



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

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for the year ended 31 March 2020

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2020

To build a new nation, South Africa needs to improve the quality of life for all and reduce poverty in all its dimensions. To achieve this, the country should focus on growing the economy through job creation, expanding small businesses and quality education for all whilst providing healthcare, safer communities as well as reliable and quality basic services.

Government, civil society and communities work together at all times to achieve this and to create an all-inclusive economic growth to ensure that the National Development Plan is realised.

Although donations from various international donors decreased by 9% during the reporting period, the Reconstruction and Development Programme (RDP) fund assisted in achieving the goals below.

1. HEALTH SECTOR

The health sector received R1 118 million from the RDP fund during the 2019/20 financial year. Funding was mainly for the following programmes:

- ZAF-NDOHP01;
- Co-operation in the prevention and controlling of HIV/AIDS and other infectious diseases (COAG) II programme.

ZAF-NDOHP01 aimed at:

- Provision of an enabling environment to increase access to health services by key and vulnerable populations;
- Preventing new HIV/AIDS, Tuberculosis (TB) and Sexually Transmitted Infections (STI) infections;
- Reduction of mortality and morbidity by providing treatment, care and support to the affected individuals; and
- Sustaining health and wellness.

The following were achieved by the programme:

- 5 015 476 patients living with HIV received Anti-Retroviral Treatment (ART) of which 4 866 991 are adults and 148 485 are children under the age of 15 years;
- 2 656 health facilities containing HIV and TB essential medication are available;
- 121 304 HIV infected patients enrolled in HIV care and started on TB preventive therapy;
- Of 5 686 TB cases with drug resistance against TB treatment 4 250 began with second-line treatment;
- 87 884 new cases of HIV positive and TB patients were registered;
- 9 519 children under 5 years of age in contact with TB patients began Isonizide preventive therapy; and
- 508 health care workers were trained on medical ethics and human rights.

COAG II programme

The purpose of the programme is to:

- Strengthen the capacity of the National Department of Health to scale up Primary Health Care (PHC) services for the management of HIV/AIDS services improvement.

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2020

Achievements of the programme are as follows:

- 790 000 new patients registered on the Chronic Care Medicine Distribution and Delivery system;
- To find missing TB patients, scanners and label printers were procured to support deployment of patient unique identifier system;
- 861 community service personnel were appointed; and
- Online system guidelines were developed for accurate allocation of health professionals suitable for medical internship and community service.

2. DEPARTMENT OF SMALL BUSINESS DEVELOPMENT: ECOSYSTEM DEVELOPMENT FOR SMALL ENTERPRISE

The Department of Small Business and Development received an amount of R166 million from the RDP fund during the 2019/20 financial year. This programme is aimed at promoting employment through Small, Medium and Micro Enterprises (SMMEs) also known as the Ecosystem Development for Small Enterprises (EDSE) programme;

Through the above objectives, the following were achieved:

- The Small Enterprise Development Agency (SEDA) could:
 - Commence with the implementation of the Fourth Industrial Revolution (4IR), otherwise known as the digital revolution, and Township Information and Telecommunication (ICT) Hubs; and
 - Develop the Enterprise Supplier Development (ESD) model. The ESD model will strengthen the capacity of state entities to procure from SMMEs.
- SEDA began to incubate SMMEs for the fourth industrial revolution by reviewing:
 - Information and Communications Technology (ICT) development indicators;
 - Four global hub case studies, and their business models, which are France, Barcelona, Spain and USA; and
 - Western Cape Tech ecosystem.
- SEDA established two hubs namely Botshabelo and Limpopo that will render support to young start-ups and innovators. The hubs will provide infrastructure, industry collaborations, access to funding and investor linkages to create businesses poised for rapid growth; and
- Create agro-entrepreneurs through a co-manufacturing chemical plant for soap recycling.

3. NATIONAL TREASURY

The Department received R123 million from the RDP fund during the 2019/20 financial year towards the programme Capacity Building for Improved Service delivery (FMISD). The programme through a Capacity Development Strategy (CDS) needs to address the financial management capacity constraints in the public sector. The programme aims to achieve the following:

- Increased professionalisation of Public Financial Management in all spheres of government, namely national, provincial and local;

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2020

- Enhanced capacity of Provincial Treasuries to provide guidance to provincial departments and municipalities; and
- Improve the capacity of municipalities to manage public funds and deliver services.

4. DEPARTMENT OF TOURISM

The Department received R89 million from the RDP fund during the 2019/20 financial year for the Golden Highlands National Park programme which went towards the creation of a Dinosaur Interpretation Centre (DIC) within the Golden Gate Highlands National Park (GGHNP).

- Department of Tourism together with South African National Parks (SANParks) is in the third year of the development of the DIC within the GGHNP;
- During this financial year, external and internal construction of the physical structure of the DIC were completed. This included site cleaning, earthworks, bulk services, foundations, brickwork, windows, doors, plumbing, electricity plastering, ceiling, floors and finishes of the DIC. Engineer inspections and approvals were completed and the engineer certificate has been obtained.

5. EDUCATION

The education sector received R53 million from the RDP fund mainly for the following two programmes:

- **Teaching and Learning Capacity Improvement Programme** which focuses on strengthening teacher education at universities in four key areas:
 - Early childhood education (ECE);
 - School teacher education;
 - Inclusive education; and
 - Lecturer education for Technical and Vocational Education and Training (TVET) and Central Community Education and Training Colleges.

During the reporting period, structures for a TVET Management Information System were established and 52 projects are currently being implemented across the abovementioned four areas and are progressing well.

- National Open Learning System Training (NOLS) focused on the following:
 - Piloting an open learning system and the development of open learning materials for one skills programme that consists of four subjects for the National Senior Certificate for Adults, two National Certificate subjects and a Career Development Practitioner's programme;
 - Developing case studies on the application of open learning; and
 - Promoting Open Educational Resources.

Capacity building in open learning took place over a period of two years to develop the capacity of officials from the Department, TVET college lecturers and material writers. The following were achieved during the reporting period:

EXECUTIVE OVERVIEW

FOR THE YEAR ENDED 31 MARCH 2020

- For electrician training, three pilot studies were completed for testing navigation of electrician content developed, three electrician courses are available, 72 digital resources uploaded on NOLS and the development of 80% of the materials completed;
- For National Senior Certificate for Adults (NASCA), student and lectures guides were developed for five subjects, 31 content resources and two courses for biodiversity and nature of science were developed and uploaded to NOLS and 95% of the materials completed;
- National Certificate Vocational (NCV), a service provider has been appointed to develop materials and that is in progress. Massive Open Online Courses (MOOC) developed and uploaded on NOLS and training was held during February 2020 to capacitate lecturers;
- For Advanced diploma in technical and vocational teaching a Memorandum of Agreement has been signed by the Accounting Officer of Higher Education and Training with the University of Free State during May 2019. One course was uploaded on NOLS and 30% of the materials completed; and
- 18 case studies commenced at University of Cape Town;

6. JUSTICE SERVICES

The Department received R41 million from the RDP fund during the 2019/20 financial year towards the programme Socio Economic Justice for all (SEJA). The programme is aimed at promoting broad based knowledge and support for values of equality, human dignity as well as fundamental human rights.

The following were achieved:

- Improved awareness of Constitutional Rights, with an emphasis on Socio-Economic Rights especially for vulnerable groups whilst also conducting dialogues with various vulnerable groups.
- Strengthened capacity and participation of Civil Society Organisations (CSOs) in realising constitutional rights;
- Conveyed human rights messages through media campaigns using various radio stations and social media; and
- Sustained collaboration between government, chapter 9 institutions, civil society in terms of justice service delivery and socio-economic rights

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



**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

Annual financial statements
for the year ended 31 March 2020

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 6 to 31, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Reconstruction and Development Programme Fund as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of 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 this auditor's report.
4. I am independent of the Reconstruction and Development Programme Fund in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Reconstruction and Development Programme Fund Act, 1994 (As amended by Act 79 of 1998), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing the Reconstruction and Development Programme Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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.

OTHER INFORMATION

10. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
11. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
12. 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.
13. If based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact.
14. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

15. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
16. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
17 March 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 related to events or conditions that may cast significant doubt on the Reconstruction and Development Programme Fund ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the Fund to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

ACCOUNTING OFFICER'S REVIEW



**RECONSTRUCTION
AND DEVELOPMENT
PROGRAMME FUND**

Annual financial statements
for the year ended 31 March 2020

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

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 2019/20 financial year. Grants and donations received, decreased by 9% (compared to 2018/19) to R1 155 million from R1 276 million. This is a global phenomenon due to the evolving nature of development assistance/aid. The European Union (EU) and member states indicated continued support but on a lesser scale than prior years. It should be noted that technical assistance represents a significant proportion of foreign aid, and several donors do not allow South African Spending Agencies to assume responsibility for the financial management of ODA.

Total accumulated funds in the RDP Fund increased to R5 457 million from R5 048 million in 2018/19. This amount consists of a capital element of R3 477 million and interest accrued on capital invested totaling R1 980 million.

During the 2019/20 financial year approval was obtained from Cabinet to re-allocate the un-earmarked funds, received since inception of the fund in 1994 until the amended RDP Act was passed on 28 October 1998, to the General Budget Support Programme (GBSP). The total amount re-allocated was R361 million inclusive of interest.

The amounts transferred to the Spending Agencies from the RDP Fund increased by 22% when compared to 2018/19 from R1 495 million to R1 739 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, 48% (2018/19: 59%) 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 must be followed. All 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 2020 are net of refunds to donors and include interest accrued.

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

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 | | | |
|--|--------------------------|----|---------|----|--------------------------------------|----|---------|----|
| | 2019/20 | | 2018/19 | | 2019/20 | | 2018/19 | |
| | R'm | % | R'm | % | R'm | % | R'm | % |
| Health | 1 118 | 64 | 973 | 65 | 356 | 7 | 249 | 5 |
| Small Business Development | 166 | 10 | - | - | 275 | 5 | 418 | 9 |
| National Treasury | 123 | 7 | 81 | 5 | 1 940 | 39 | 1 440 | 30 |
| Tourism | 89 | 5 | - | - | 48 | 1 | 44 | 1 |
| Various Departments | 65 | 4 | 122 | 9 | 353 | 7 | 256 | 4 |
| Higher Education and Training | 53 | 3 | 108 | 7 | 275 | 5 | 171 | 4 |
| Justice and Constitutional Development | 48 | 3 | 37 | 2 | 88 | 2 | 120 | 3 |
| Trade and Industry | 46 | 3 | 56 | 4 | 694 | 14 | 687 | 15 |
| Economic Development and Tourism (EC) | 31 | 1 | - | - | - | - | - | - |
| Science and Technology | - | - | 45 | 3 | 233 | 5 | 202 | 4 |
| Public Service and Administration | - | - | 43 | 3 | - | - | - | - |
| Basic Education | - | - | 30 | 2 | 205 | 4 | 229 | 5 |
| Environmental Affairs | - | - | - | - | 117 | 2 | 98 | 2 |
| Social Development | - | - | - | - | - | - | - | - |
| National School of Governance | - | - | - | - | - | - | - | - |
| Provincial Treasury (KwaZulu Natal) | - | - | - | - | - | - | - | - |
| Parliament | - | - | - | - | - | - | - | - |
| Energy | - | - | - | - | 152 | 3 | 248 | 5 |
| Performance Evaluation and Monitoring | - | - | - | - | - | - | - | - |
| Agriculture, Forestry and Fisheries | - | - | - | - | 133 | 3 | 121 | 3 |
| Women | - | - | - | - | - | - | - | - |
| Cooperative Governance and Traditional Affairs | - | - | - | - | 38 | 1 | 36 | 1 |
| Water Affairs and Sanitation | - | - | - | - | - | - | - | - |
| Transport | - | - | - | - | - | - | - | - |
| Defence | - | - | - | - | - | - | - | - |
| Public Works | - | - | - | - | 81 | 2 | 76 | 2 |
| PE Municipality | - | - | - | - | - | - | - | - |
| Economic Development and Tourism (KZN) | - | - | - | - | 32 | - | - | - |
| SA Police Service | - | - | - | - | - | - | - | - |
| International Relations and Cooperation | - | - | - | - | - | - | - | - |

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

| | TRANSFERRED FOR THE YEAR | | | | ACCUMULATED FUND AS AT 31 MARCH 2020 | | | |
|---------------------------------------|--------------------------|------------|--------------|------------|---|------------|--------------|------------|
| | 2019/20 | | 2018/19 | | 2019/20 | | 2018/19 | |
| | R'm | % | R'm | % | R'm | % | R'm | % |
| Sports, Arts and Culture (Free State) | - | - | - | - | - | - | - | - |
| Cabinet Funds | - | - | - | - | - | - | 340 | 7 |
| | | | | | | | | |
| SUBTOTAL | 1 739 | 100 | 1 495 | 100 | 5 020 | 100 | 4 735 | 100 |
| Receivable from Departments | - | - | - | - | 437 | - | 313 | - |
| Total Capital Transfers | 1 739 | 100 | 1 495 | 100 | 5 457 | 100 | 5 048 | 100 |
| Interest Allocated | | | | | | | | |
| Payables to Departments | - | - | - | - | - | - | - | - |
| TOTAL | 1 739 | 100 | 1 495 | 100 | 5 457 | 100 | 5 048 | 100 |

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

TABLE 2

Programmes for which Grant and Donations were received:

| | RECEIVED FOR THE YEAR | | | | TRANSFERRED FOR THE YEAR | | | |
|---|-----------------------|------------|--------------|------------|--------------------------|------------|--------------|------------|
| | 2019/20 | | 2018/19 | | 2019/20 | | 2018/19 | |
| | R'm | % | R'm | % | R'm | % | R'm | % |
| ZAF-C-NDOHP01-D02.0.2 | 482 | 42 | 689 | 54 | 616 | 35 | 546 | 37 |
| COAG I and II | 276 | 24 | 250 | 20 | 492 | 28 | 267 | 18 |
| Education for Employability Sector Reform Contract | 133 | 12 | - | - | - | - | - | - |
| Various other projects | 80 | 7 | 88 | 7 | 197 | 11 | 300 | 20 |
| Teaching and Learning Development Reform | 68 | 6 | - | - | 40 | 2 | 32 | 2 |
| National System of Innovation | 65 | 6 | - | - | - | - | - | - |
| Public Financial Management Capacity Building for Improved Service Delivery | 51 | 3 | - | - | 51 | 3 | - | - |
| Employment Creation Sector Support Policy Programme | - | - | 182 | 14 | 46 | 3 | 57 | 4 |
| Socio-Economic justice for all | - | - | 67 | 5 | 42 | 3 | - | - |
| Employment Promotion through Small, Micro and Medium Enterprises (SMME'S) | - | - | - | - | 166 | 10 | - | - |
| Golden Gate Highlands Park Interpretation Centre | - | - | - | - | 89 | 5 | - | - |
| SAF-C-NDOH-DD01.0.7 | - | - | - | - | - | - | 110 | 7 |
| Primary Health Care Sector Policy Support | - | - | - | - | - | - | 45 | 3 |
| Public Service Improvement Facility | - | - | - | - | - | - | 40 | 3 |
| Southern Africa –Towards Inclusive Economic Development | - | - | - | - | - | - | 35 | 2 |
| Career Advice Services Project | - | - | - | - | - | - | 33 | 2 |
| Green economy for Development | - | - | - | - | - | - | 30 | 2 |
| SUB TOTAL | 1 155 | 100 | 1 276 | 100 | 1 739 | 100 | 1 495 | 100 |
| | | | | | | | | |
| Receivable from Departments | - | - | - | - | - | - | - | - |
| TOTAL | 1 155 | 100 | 1 276 | 100 | 1 739 | 100 | 1 495 | 100 |

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2020

TABLE 3

Analysis of Grants and Donations by Donor

| | RECEIVED FOR THE YEAR | | | | ACCUMULATED FUND AS AT 31 MARCH 2020 | | | |
|---------------------------------------|-----------------------|------------|--------------|------------|--------------------------------------|------------|--------------|------------|
| | 2019/20 | | 2018/19 | | 2019/20 | | 2018/19 | |
| | R'm | % | R'm | % | R'm | % | R'm | % |
| Global Fund | 482 | 42 | 689 | 54 | - | - | 148 | 3 |
| EU | 328 | 28 | 263 | 21 | 4 198 | 84 | 3 715 | 78 |
| CDC of United States | 276 | 24 | 250 | 20 | - | - | - | - |
| Various Donors | 69 | 6 | 74 | 5 | 652 | 13 | 406 | 8 |
| Switzerland | - | - | - | - | 68 | 1 | 62 | 1 |
| UN | - | - | - | - | - | - | - | - |
| African Development Bank | - | - | - | - | - | - | - | - |
| Finland | - | - | - | - | - | - | - | - |
| Denmark | - | - | - | - | - | - | - | - |
| SECO | - | - | - | - | - | - | - | - |
| Belgium | - | - | - | - | - | - | - | - |
| Canada (CIDA) | - | - | - | - | - | - | - | - |
| KFW (Germany) | - | - | - | - | - | - | - | - |
| UNEP | - | - | - | - | 32 | - | 30 | 1 |
| UK | - | - | - | - | 36 | 1 | 52 | 2 |
| Post and Telecoms | - | - | - | - | - | - | 322 | 7 |
| USAID | - | - | - | - | 34 | 1 | - | - |
| SUBTOTAL | 1 155 | 100 | 1 276 | 100 | 5 020 | 100 | 4 735 | 100 |
| Receivables from Departments/Province | - | - | - | - | 437 | - | 313 | - |
| TOTAL | 1 155 | 100 | 1 276 | 100 | 5 457 | 100 | 5 048 | 100 |

ACCOUNTING OFFICER'S APPROVAL



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements
for the year ended 31 March 2020

ACCOUNTING OFFICER'S APPROVAL

FOR THE YEAR ENDED 31 MARCH 2020

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 annual financial statements are based upon appropriate policies, consistently applied and supported by reasonable and prudent judgements of estimates.

The annual financial statements have been approved by the Acting Accounting Officer and Acting Financial Accountant on 11 February 2021.



Karen Maree
Acting Accounting Officer



Thomas Matjeni
Acting Financial Accountant

ANNUAL FINANCIAL STATEMENTS

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RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements
for the year ended 31 March 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

| | Notes | 2020 R'000 | 2019 R'000 |
|-----------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 5 457 300 | 5 048 903 |
| Cash and Cash Equivalents | 2 | 5 020 637 | 4 735 477 |
| Receivables | 3 | 436 663 | 313 426 |
| Total Assets | | 5 457 300 | 5 048 903 |
| LIABILITIES | | | |
| Current liabilities | | 5 457 300 | 5 048 903 |
| Funds awaiting distribution | 5,1 | 5 457 300 | 5 048 903 |
| Total liabilities | | 5 457 300 | 5 048 903 |

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2020

| Notes | 2020 | 2019 |
|---|----------|----------|
| | R'000 | R'000 |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | - | - |
| EXPENSES | - | - |
| Funding of Reconstruction and Development Programme projects and programmes | | |
| Surplus/(deficit) for the period | - | - |

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 R'000 | 2019 R'000 |
|---|----------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash Receipts | | 1 739 601 | 1 495 399 |
| Cash received from Donors | | 1 739 601 | 1 495 399 |
| Cash paid to Spending Agencies | | 1 739 601 | 1 495 399 |
| Cash flow from operating activities | 6 | 285 160 | 306 095 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| | | - | - |
| Net increase/(decrease) in cash and cash equivalents for the year | | 285 160 | 306 095 |
| Cash and cash equivalents at the beginning of the year | | 4 735 477 | 4 429 382 |
| Cash and cash equivalents at the end of the year | 2 | 5 020 637 | 4 735 477 |

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

| | 2020 |
|---------------------------------|--------------|
| | R'000 |
| Balance at 31 March 2017 | - |
| Surplus/(deficit) for the year | - |
| 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 | - |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING POLICIES

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 2020

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, 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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:

- It does not have the power to determine the significant terms and conditions of the transaction;
- 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
- 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.

| | 2020 | 2019 |
|--|-------|-------|
| | R'000 | R'000 |

2 CASH AND CASH EQUIVALENTS

| | 5 020 637 | 4 735 477 |
|----------------------------|------------------|------------------|
| Investments with PIC | | |
| Cash with Standard Bank | 803 256 | 511 866 |
| Money Market accounts | 4 217 381 | 4 223 611 |
| Bank balance: SARB | 1 | 1 |
| Carrying value at year end | 5 020 637 | 4 735 477 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| | R'000 | R'000 |
| 3 ACCOUNTS RECEIVABLE | | |
| Due by Spending Agencies | 436 663 | 313 426 |
| Receivables relating to portfolios | 436 663 | 313 426 |

4 FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES

Amounts to fund projects and programmes

| | | |
|----------|------------------|------------------|
| Capital | 1 732 943 | 1 478 270 |
| Interest | 6 658 | 17 129 |
| | 1 739 601 | 1 495 399 |

5 CURRENT LIABILITIES

5.1 FUNDS AWAITING DISTRIBUTION

| | | |
|--|------------------|------------------|
| Accumulated Capital | 3 477 732 | 3 372 377 |
| Includes: Opening Balance | 3 058 951 | 3 063 840 |
| Grants and Donations | 1 155 445 | 1 276 391 |
| Refunds from Spending Agencies - Receivables | 313 426 | 186 900 |
| Refunds from Spending Agencies - Other | 263 734 | 20 949 |
| Transfer to Spending Agencies | (1 732 943) | (1 478 270) |
| Refunds to Donors | (17 545) | (10 859) |
| Receivables | 436 663 | 313 426 |
| Accumulated interest | 1 979 569 | 1 676 526 |
| Includes: Opening Balance | 1 676 526 | 1 365 540 |
| Interest Payable | 354 825 | 340 648 |
| Transfer to Spending Agencies | (6 658) | (17 129) |
| Refunds to Donor - Interest (Note 4.3) | (36 730) | (4 477) |
| Management Fees | (8 394) | (8 056) |
| | 5 457 300 | 5 048 903 |

* The total amount of R5 457 300 (2018-19 R5 048 903) for capital and accumulated interest includes the undermentioned.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

| | 2020 | 2019 |
|--------------------------------|--------------|--------------|
| | R'000 | R'000 |
| Unallocated Funds | | |
| Opening Balance | - | 9 260 |
| Interest | - | 434 |
| Operating Expenses | - | (11) |
| Allocation during the year | - | (9 683) |
| Current year unallocated funds | - | - |
| | - | - |

5.2 REFUNDS TO DONORS

Capital

| | | |
|--------------------------|---------------|---------------|
| Refund to EU | 8 776 | 22 |
| Refund to KFW | - | 3 565 |
| Refund to Various Donors | - | 4 014 |
| Refund to CDC | 396 | - |
| Refund to Finland | 2 413 | - |
| Refund to Belgium | 551 | 3 258 |
| Refund to Denmark | 4 411 | - |
| Refund to Flemish | 125 | - |
| Refund to UN | 872 | - |
| | 17 544 | 10 859 |

5.3 REFUNDS TO DONORS

Interest

| | | |
|--------------------------|---------------|--------------|
| Refund to Belgium | 272 | 475 |
| Refund to KFW | - | 4 000 |
| Refund to Various Donors | - | 2 |
| Refund to EU | 7 163 | - |
| Refund to Denmark | 9 940 | - |
| Refund to CDC | 12 246 | - |
| Refund to Finland | 4 299 | - |
| Refund to Flemish | 2 591 | - |
| Refund to UN | 219 | - |
| | 36 730 | 4 477 |

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 2020

| | 2020 | 2019 |
|--|----------------|----------------|
| | R'000 | 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 | 285 160 | 306 095 |
| (Decrease)/Increase in trade receivables | (123 237) | (126 527) |
| Decrease/(Increase) in trade payables | 408 397 | 432 622 |
| Decrease/(Increase) in inventories | - | - |
| Net cash flow from operating activities | 285 160 | 306 095 |

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 | 5 020 637 | 4 735 477 |
| Include: Interest | 354 825 | 340 648 |
| Management Fees | (8 394) | (8 056) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

| 2020 | 2019 |
|-------|-------|
| 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 2020

8 FINANCIAL RISK ANALYSIS

8.1 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:

8.1.1 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.

8.1.2 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 2020

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| | R'000 | R'000 |
| Cash and Cash Equivalents | | |
| Standard Bank | 803 256 | 511 866 |
| SA Reserve Bank | 1 | 1 |
| Money Market accounts | 4 217 381 | 4 223 611 |
| Receivables | 436 663 | 313 426 |

8.1.3 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.



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual financial statements
for the year ended 31 March 2020

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national treasury

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