INDEPENDENT DEVELOPMENT TRUST

Annual Performance Plan for 2023/24 Financial Year

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ACRONYMS

ACRONYMS	FULL DESCRIPTION
AAP	Audit Action Plan
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
Asidi	Accelerated Schools Infrastructure Delivery Initiative
B-BBEE	Broad-Based Black Economic Empowerment
BEPCS	Built Environment Professional Consulting Services
Capex	Capital Expenditure
CBE	Centre for Built Environment
CBO	Community-Based Organisation
CDP	Contractor Development Programme
CEO	Chief Executive Officer
CETA	Construction Education and Training Authority
Cidb	Construction Industry Development Board
COIDA	Compensation for Occupational Injuries and Diseases Act
DPW	Department of Public Works (National)
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
ERRP	Economic Reconstruction and Recovery Plan
EXCO	Executive Committee
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information Communications Technology
IDMS	Infrastructure Delivery Management System
IDT	Independent Development Trust
ITM	Information Technology and Management Plan
JBCC	Joint Building Contracts Committee
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NGO	Non-Governmental Organisation
NHI	National Health Insurance
NPO	Non-Profit Organisation
NSS	Non-State Sector
NT	National Treasury
OD	Organisational Development
PFMA	Public Finance Management Act
PIMOs	Performance Information Management Officers
PMTE	Property Management Trading Entity
PPMIS	Programme Project Management Information System
PPPFA	Preferential Procurement Policy Framework Act
PROCSA	Professional Client/Consultant Services Agreements
SACAP	South African Council for the Architectural Profession and the
SACQSP	South African Council for the Quantity Surveying Profession
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SIPDM	Standard for Infrastructure Procurement and Delivery Management
SMART	Specific, Measurable, Attainable, Relevant and Timely
SMME	Small, Medium and Micro Enterprises
SONA	State of the Nation Address
UIF	Unemployment Insurance Fund

FOREWORD BY THE MINISTER

Government recognises the importance of construction as an ideal catalyst for economic growth and social development and a key creator of work opportunities particularly for the emerging sector. As emphasised in the recent Cabinet Lekgotla, addressing unemployment, the energy crisis, the expedited delivery of sustainable infrastructure and land reform initiatives are the most critical factors. Further, with Government being a key player in the construction and built environment sector, which accounts for about 40% of the country's total infrastructure budget and at least 3% to the national gross domestic product, not only is targetted, expedited and streamlined service delivery critical within the sector, but the achievement of value-for-money for government is also essential.

The Independent Development Trust (IDT) is a key implementing agent for, in particular, the delivery of social infrastructure and therefore plays a very important role within the context of achieving the goals of integrated development that furthers the national goals. Coming into a new portfolio, but having had prior experience of engagements with the IDT at the provincial level, and therefore very much familiar with its history, I am however pleased that, even though there is still a long road ahead, the IDT Board and Executive Management Team are now on their way to reposition the IDT to be a fit-for-purpose, financially sustainable entity that contributes to the realisation of the goals of the National Development Plan (NDP) and the recently approved National Infrastructure Plan 2050 (NIP 2050). I am further encouraged to observe that the Board of Trustees have made some critical moves to capacitate the organisation, in order to stabilise the entity.

I am encouraged to see that under IDT's main performance target of "Increased Access to Quality Social Infrastructure", the entity has projected a twenty percent increase in performance, which includes commitment to improve in the quality, quantum and reliability of delivery to IDT's Clients. As the Accounting Authority, the Board of Trustees of the IDT is accountable for the achievement of the targets set in the 2023/24 Annual Performance Plan and to move forward in with executing its mandate, thereby contributing to the alleviation of some of the socio-economic problems that our country is facing and I trust that they will do so. With the above in mind, I endorse the 2023/24 Annual Performance Plan of the Independent Development Trust (IDT) and commit to support the implementation of it. I thank the IDT Board of Trustees, Executive Management and staff of the IDT for the development of this APP and wish them success in its execution.

Sihle Zikalala, MP
MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

STATEMENT BY THE CHAIRPERSON OF THE BOARD

On behalf of the board, I am pleased to write these words of introduction to the IDT's corporate plan for the 2023/24 financial year. The goals of the entity, as presented in the plan, are aligned to and contribute to the realisation of the national development goals. They also reflect the entity's bold, transformative strategic intent to become fit for purpose and financially sustainable.

In the past year and a half that the board has been in office, the entity has reached several milestones. Governance processes have improved, all relevant structures have become functional, policies have been reviewed, and critical vacant positions have been filled. Stakeholder management has improved, and some of the clients who had previously shunned the IDT have shown a willingness to work with the entity. And the increase in business generation activities is testimony to the rising levels of client confidence in the IDT.

Audit outcomes are a strong indicator of the value an institution attaches to good governance. Poor audit outcomes undermine public confidence, while positive outcomes often inspire confidence. After five years of disclaimers, the IDT obtained a qualified audit outcome for the 2021/22 financial year. While this is not an ideal outcome, it bears testimony to the seriousness with which the board and management have applied themselves to the daunting task of changing the fortunes of the IDT.

Over the years, the IDT was dogged by uncertainty over an- appropriate corporate form and shape. Working with the Department of Public Works and National Treasury, the board presided over a reconfiguration process to find the best form and shape for the IDT. The goal is to rebuild the IDT into a compliant, fit-for-purpose entity that will continue to deliver infrastructure units on time, at cost and to the right quality. Once concluded in the 2023/24 financial year, the reconfiguration process will determine the most suitable Scheduling of the IDT in terms of the Public Finance Management Act and an appropriate organisational structure to enable the entity to execute its mandate effectively.

The Board, having considered progress made on some of the critical targets, will continue to provide the necessary oversight to management and remove all obstacles to realising the entity's goals. I hope that in the next financial year and beyond, a reconfigured IDT will be able to reclaim its place as a premier Implementing Agent for social infrastructure in South Africa. I hope, too, that we will continue to receive the sterling support we currently receive from the Executive Authority and all relevant partners who see a bright future for the IDT.

In conclusion, I wish to express a word of appreciation to the Executive Authority, the Deputy Minister, the staff of the Department of Public Works and Infrastructure, and staff of the IDT for their collective efforts to rebuild the IDT. Through such support, we will be able to build an IDT thatcan meet client expectations and deliver on its brand promise, Assured Quality Infrastructure!

Ms. Z HILL

CHAIRPERSON: BOARD OF TRUSTEES

STATEMENT BY THE ACTING CHIEF EXECUTIVE OFFICER

The Annual Performance Plan of the Independent Development trust spells out the entity's objectives for the 2023/24 financial year. The objectives are informed by the national development goals expressed through the National Development Plan and the strategic aspirations of the Department of Public Works and Infrastructure. The plan also reflects the aspirations of the Board of Trustees to turn the IDT into a financially viable entity that delivers infrastructure to the satisfaction of its clients.

The entity is emerging from years of experiencing governance challenges that posed an existential threat to the organisation. Levels of client confidence were low, the vacancy rate was high, the portfolio shrank, and audit outcomes were poor, leading to widespread doubt about the entity's relevance. However, since the new Board of Trustees came into office in the middleof the 2021/22 financial year, much has been achieved to reverse the entity's decline.

Some of the notable achievements, which are critical for regaining public and client confidence, include the following:

- strengthening governance systems by re-establishing all relevant structures,
- updating policy instruments to ensure their continuous relevance,
- improving financial management,
- strengthening stakeholder management and business generation from new and old clients.
- Filling critical vacant positions
- Improving audit outcomes by reversing five successive disclaimers.

The cumulative impact of reaching these milestones has been renewed confidence in the IDT by clients and the public. The implementation of some of these goals has proceeded alongside the reconfiguration process aimed at finding the best form and shape for the IDT. Once concluded, the reconfiguration process will enable the IDT to deliver on its mandate effectively and to the satisfaction of its clients.

While notable progress has been made in turning the organisation around, several challenges remain and will need to be addressed in the 2023/24 financial year and beyond. These include, among others:

- outdated business systems and an inefficient process [that] affect service delivery efficacy.

- Poor oversight amid concerns over the cost and quality of the infrastructure delivered by the entity
- Concerns over the IDT's financial viability and business model, high operating cost, and relatively low management fee collection rate.

To address some of these challenges especially concerns over the quality of the infrastructure, the entity has started building its technical capacity and strengthening client relations to ensure that it attends to client needs before they escalate into huge problems. Thus, regular customer feedback through meetings and client satisfaction surveys have become key features of our turnaround initiatives.

Although we are pleased with the audit outcome for the 2021/22 financial year, since this was the first time in five years that we received a positive outcome, our goal is to ensure that we receive unqualified audit outcomes for the current year and beyond.

I would like to acknowledge the support of the Executive Authority, the Board of Trustees, and the staff of the IDT for their support throughout the previous year. I hope that in the future; we will continue to put our collective efforts into making the IDT an entity that delivers on its value proposition.

Ms T Malaka

Acting Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Independent Development Trust and approved by the Board of Trustees under the guidance of the Minister of Public Works and Infrastructure.

- Takes into account all relevant policies, legislation and other mandates for which the IDT is responsible;

- Accurately reflects the Impact, Outcomes and Outputs which the Independent Development Trust will endeavour to achieve during the 2023/24 financial year.

Name	Designation	Signature
Ms N Modibedi	Executive: Corporate Services	
Mr. T Makofane	Executive Head: Programme Management Office	
Ms. C Simpson	Chief Financial Officer	
Mr. C Mulaudzi	General Manager: Corporate Performance and Governance	
Ms. T Malaka	Acting Chief Executive Officer	
Ms Z Hill	Chairperson of the Board ofTrustees	
Honourable Mr S Zikalala, MP	Minister of Public Works and Infrastructure	

PART A: STRATEGIC OVERVIEW

1. Constitutional mandate

The Independent Development Trust (IDT) is a programme management and implementation agency of the Department of Public Works and Infrastructure. The entity manages the implementation of social infrastructure projects on behalf of [the] government in the construction, renovation, upgrading and maintenance of infrastructure facilities such as schools, clinics and hospitals, and correctional services facilities, among others. The provision and maintenance of these facilities enable the state, through relevant government departments, to achieve the progressive realisation of the following socio-economic rights provided for in the Constitution of the Republic of South Africa, 1996.

Table 1: Constitutional Mandate

Provision of the Constitution	IDT's contribution to the progressive realisation of [the] constitutional rights
Section 27 (1a): Everyone has the right of access to healthcare services, including reproductive healthcare	The IDT supports health authorities to progressively meet the right of access to health by building health facilities.
Section 29 (1a): Everyone has the right to basic education, including adult basic education	The IDT supports education authorities at both national and provincial levels to provide appropriate education facilities and related infrastructure conducive to effective teaching and learning, thereby progressively achieving the right to basic education.
Section 34 Everyone has the right to have any dispute that can be resolved by the application of lawdecided in a fair public hearing before a court.	The IDT supports the Department of Justice Correctional Services in providing court and correctional facilities to enable the state to deliver justice. In recent years, the entity has completed some Magistrate Courts in Gauteng, Kwazulu-Natal and Western Cape, as well as Provincial Divisions of the High Court in Limpopo and Mpumalanga.
Section 35(1)(e)	The entity further supported the Department of Correctional Services in delivering on its mandate of safe, humane incarceration of offenders.

The IDT Trust Deed sets the primary goal of the Trust as "…*to use its resources, together with strategic partners in ways which, in the opinion of the Trustees; will best serve to enable poor communities in the Republic of South Africa to access resources and recognise and unlock their potential so as to continuously improve their quality of life*". In 2001, the Board of Trustees reached an agreement with Government regarding certain amendments to the Trust Deed. It redefined the relationship between the Trust and Government in terms of the management, integration and implementation of certain of the Government's development programmes.

In terms of the redefined relationship, the IDT has a role to influence, support and add value to the national development agenda by deploying its resources in the initiation, planning and implementation of innovative and sustainable development programmes, which make a measurable difference in the levels of poverty, inequality, unemployment and underdevelopment.

This repurposing of the entity was underpinned by a 1997 government resolution to reconstitute the IDT as a development agency and public entity to support all spheres of government. It followed Cabinet endorsement of a recommendation of a Cabinet Advisory Committee that, among other things, "*The IDT must be transformed into a government development agency that will implement projects [which are] commissioned by government departments. It must cease to be a civil society organisation, an independent agency or a funding agency*."[1] Building on its effectiveness as a civil society body and redistributive mechanism, the IDT was integrated into the public service delivery system in 1999 with the promulgation of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended and listed as a Schedule 2 Major Public Entity. The 1997 mandate of the IDT is still in place.

The IDT reports to Parliament through its Executive Authority, the Minister of Public Works and Infrastructure.

1.1 Strategic Repositioning of the IDT.

In recent years, the IDT has had to contend with operational and financial challenges that have resulted in a decline in its business portfolio. This triggered a few transformation initiatives, including revising its operating model and organisational redesign. The aim was to formulate a strategy that would result in business growth and ensure long-term sustainability. Behind these initiatives was the realisation that since the change of mandate in 1997 and subsequent rescheduling as a Schedule 2 entity in terms of the PFMA, the entity's business model - under which it continued to deliver services to the state at no cost - was unsustainable. As the entity's capital base shrank, it undertook a financial modelling exercise in 2006 that predicted that the organisation's initial endowment would be

[1] *Structural Relationships between government and Civil Society Organisations*." A report by the Advisory Committee to the Deputy President, as adopted by Cabinet in March 1997. Page 3.

exhausted by the 2012/13 financial year. This triggered several initiatives to secure the IDT's long-term future. Some of the initiatives included the introduction of cost recovery mechanisms to a category of IDT services (i.e. programme management) as part of short-term interventions, while the other interventions sought to develop a business case for the entity's long-term sustainability in line with its revised mandate. However, the implementation of cost recovery failed to generate sufficient revenue to make the entity financially viable, despite the introduction by National Treasury of Instruction Note 04 in 2014/15, which set the average management fee rate to be billed by the IDT at 5 per cent. However, some clients ignored the Treasury Instruction and continued to pay management fees below the percentage recommended by National Treasury.

While the entity's portfolio continued to decline amid budget cuts and the withdrawal of business by clients, the IDT, in November 2017, approved a turnaround plan to reposition the entity to be financially viable and self-sustaining. However, this plan was not fully implemented owing to a lack of the necessary financial support from the Shareholder. This was followed by the adoption of a new, transformative strategic intent anchored on the assumption that the entity should adopt and operate with a commercial ethos. According to the new ethos, to be financially sustainable, the IDT would improve its capacity and charge a management fee rate that was in line with industry norms. This was followed by a hiatus that almost led to the closure of the IDT by the end of March 2021 amid concerns that the entity was not viable. However, a vote of confidence in the entity's continued role in infrastructure delivery was expressed when the Executive Authority reversed her earlier announcement that the entity would be closed by March 2021. A new, fully constituted, twelve-member Board of Trustees was appointed in July 2021. The new board came with a mandate to turn the IDT into a *fit-for-purpose* entity that is self-sustainable and able to meet client expectations.

After coming into office, the new board developed a 100-day plan of action to find solutions to some of the entity's teething problems. Some of the notable milestones in this regard include, among others, the following:

- Finding the best institutional shape and form for the IDT as part of the reconfiguration process initiated by the Shareholder.
- Identifying and resolving performance-related problems as they relate to some of the projects managed by the entity.
- Identifying the most suitable management fee regime to enable the entity to generate enough revenue for long-term sustainability.
- Building staff competencies by attracting suitably qualified personnel to boost the entity's ability to deliver infrastructure that meets client expectations.

- Addressing the high cost of infrastructure delivery through stricter application of contract management and approval variation orders whilst implementing consequence management, including recouping funds from defaulting professional service providers.

- Expanding service offering by exploring new opportunities in road construction and rehabilitation

Of greater significance is the realisation that the strategic repositioning of the IDT will also be informed by the fact that the entity has a unique role to play in the delivery of infrastructure. Its unique value add is anchored on the following aspirations:

- Boosting clients' capacity to deliver social infrastructure: the IDT uses its skills and capabilities to support government departments in meeting their service delivery mandate.

- Deliver infrastructure projects on behalf of clients in a way that helps to eradicate poverty, create employment and foster sustainable communities; and

- Develop the skills of young built-environment professionals, thereby increasing the human resources pipeline.

In addition to this, there remains a need for the continued existence of the IDT, given the following factors:

- The state continues to experience substantial capacity deficits to meet demands for public infrastructure delivery, which is reflected in cost and time overruns and poor quality of some facilities.

- The IDT remains a valuable asset of the state for public infrastructure and related service delivery

- The IDT's capability, experience and institutional memory are intangible assets the state needs to utilise and build on.

These considerations will continue to have a bearing on the discussions about the future of the IDT. At the time of writing, the reconfiguration process initiated by the Shareholder, working together with the Board of Trustees and the National Treasury, was at an advanced stage, and a Business case with recommendations on the best form and shape for a reconfigured IDT had been concluded and submitted to the Executive Authority for consideration. The next stage will be to submit the Business case to cabinet for approval.

1.2 The Case for a Transformed, Commercially driven IDT

The repositioning of the IDT into a fit-for-purpose, financially sustainable entity that contributes to the realisation of the goals of the National Development Plan will depend on, among others, the following factors, which are primarily within the entity's control:

- Unlock cash flow through programme execution and reduce reliance on the fiscus for operational expenditure: Review programme implementation billing to align with construction project approval stage gates.
- Introduce disbursement billing to recover direct project operational costs.
- Bill client departments on a time/cost basis for work undertaken as part of the planning process before receiving instruction from the client departments to execute the projects and the budget thereto.
- Increase management fees from the current average of 5% to a minimum of 6% and a maximum of 12% per the current industry norm.
- Recover legal costs from client departments that have resulted in litigation against the IDT informed by inadequate client performance in terms of an agreement with the IDT.
- Continue to offer client services to prevent a potential collapse in the delivery of planned and needed social infrastructure.
- Allocation of a project portfolio to the value of R2bn by the Shareholder during 2023/24.

The challenge facing IDT now and beyond is how to transform it into an agile, competitive organisation that delivers quality infrastructure on time and at cost. Delivering infrastructure to our clients' satisfaction also depends on our ability to fully understand and implement what we are better at delivering.

To deliver on this promise, the IDT has identified the following three pillars for its strategy,

- Build an Organisational Capability Fit for Purpose
- Re-focus and streamline client service offering
- Secure the entity's financial sustainability

Figure 1 below provides details for each of the strategic pillars.

Figure 1: Pillars of the IDT Strategy

Pillar 1:

Build an Organisational Capability Fit for Purpose

- Transform the entity into the an agile organisation which responds to customer needs ahead of any competitor.
- Design and strcture the organisation to deliver on its brand promise *(assured efficient infrastructure delivery)*
- Gear it to a transformational leadership mind-set.
- Adopt a people supply chain process that delivers talent ahead of demand.

Pillar 2:

Re-focus and streamline client service offering

- Develop a portfolio of market segmented services and delivery channels which deliveres on customer requirements.
- Reconstitute contract management & income stream system and processes.
- Deliver quality social infrastructure on time, within budget and scope.
- Develop a model to drive customer centricity throughout the organisation.

Pillar 3:

Secure the entity's financial sustainability

- Grow revenue streams- current and new streams {PPP opportunities- feasibility studies; procurement service cost; asset register assessment; maintenance; etc}
- Adapt SCM processes to align with client's services and compliance requirements
- Introduce performance stage-based, time/cost and project value based management fees
- Monitor and adjust cost (of delivery) to sustain long term viability
  - *Debtors collection*
  - *Cost containment / zero budget / legal cost containment*
  - *Activity-based costing*
- Develop alternative funding models to reverse the adverse balance sheet status

2. Legislative and Policy Mandates

The IDT Deed of Trust mandates the IDT to influence, support and add value to the national development agenda by deploying its resources in ways that deliver impact, eradicate poverty and promote sustainable livelihoods. This developmental approach emanates from a Cabinet resolution of 1997, which said, "*The IDT must be transformed into a government development agency that will implement projects which are commissioned by government departments.*

It must cease to be a civil society organisation, an independent agency or a funding agency."[2] Emanating from that Cabinet decision, the IDT has operated as a Schedule Two (2) public entity.

[2] *Structural relationships between government and civil society organisations*." A report by the Advisory Committee to the Deputy President, as adopted by Cabinet in March 1997. Page 3.

The implementation of the IDT's mandate is governed by the relevant Government legislative, regulatory and policy frameworks. Based on the analysis of the current business environment, the following are some of the pieces of legislation and regulatory instruments that are relevant to the IDT:

Table 2: Legislation and regulations informing the IDT

Item	Short title of the Act	Purpose of the Act/Regulation
1	Constitution of the Republic of South Africa: Act of 1996	The constitution of the Republic of South Africa sets out citizens' rights and duties and also defines the structure of government.
2	Public Finance Management Act (PFMA, Act 1 of 1999)	The PFMA regulates the management of finances in the national, provincial government and state-owned entities. It sets out the procedures for efficient and effective management of revenue, expenditure, assets and liabilities.
3	Construction Industry Development Board (CIDB) Act (Act 38 of 2000)	To provide for the establishment of the Construction Industry Development Board (CIDB) to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith.
4	Preferential Procurement Policy Framework Act (Act 5 of 2000)	The Preferential Procurement Policy Framework Act seeks to promote socio-economic transformation, small enterprises, cooperatives, rural and township enterprises development and local industrial development.
5	National Treasury Regulations	The purpose of the Treasury regulations, among other things, is to institute good financial governance, including ensuring that government departments and State-Owned Entities (SOEs) efficiently and effectively manage public resources and that corruption is prevented and detected.
6	Prevention and Combating of Corrupt Activities Act (Act 12 of 2004)	To strengthen measures to prevent and combat corruption and corrupt activities. In addition, it places a duty on certain persons holding positions of authority to report certain corrupt activities.
7	Labour Relations Act (Act 66 of 1995)	It aims to promote economic development, social justice, labour peace and democracy in the workplace. It applies to all employers, workers, trade unions and employers' organisations.
8	Occupational Health and Safety Act (Act 85 of 1993)	To protect workers from health and safety hazards on the job. It sets out duties for all workplace parties and rights for workers.
9	Employment Equity Act (Act 55 of 1998)	To achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through eliminating unfair discrimination and implementing

Item	Short title of the Act	Purpose of the Act/Regulation
		affirmative action measures to redress the disadvantages in employment experienced by designated groups.
10	Pension Funds Act (Act 24 of 1996)	To provide for the registration, incorporation, regulation and dissolution of pension funds and matters incidental thereto.
11	Companies Act (Act 71 of 2009, as amended)	Regulates the workings of business entities and provides stipulations relating to allowable legal form(s).

3. Institutional Policies and Strategies over the planning period

The IDT plays a significant role in ensuring that the Department of Public Works and Infrastructure delivers on its mandate of building and maintaining government immovable assets in the form of social infrastructure across the country. The entity contributes to the national socio-economic development imperatives such as eradicating poverty, job creation and localisation through enterprise development. Its strategy is aligned with the government's Medium-Term Strategic Framework (MTSF) and its strategic themes of poverty eradication and stimulating economic growth.

The IDT takes a special interest in policy positions relevant to its mandate. Currently, the most pertinent policy directive is the National Development Plan (NDP): Vision 2030, the country's blueprint for national development. Furthermore, the entity seeks to contribute to the aspirations of the Sustainable Development Goals (SDGs) and also takes cognisance of and actively aligns its work to the National Infrastructure Plan (NIP) approved by Cabinet in 2012 as well as the more than 50 Strategic Infrastructure Projects announced by the Minister of Public Works and Infrastructure in July 2020. Social infrastructure delivery is anticipated to remain central to the government's development agenda, both in respect of the delivery of critical infrastructure needs and in utilising public spending to support broad social-economic benefits for communities. Although the Social Infrastructure Strategic Integrated Plan for the National Infrastructure Plan is in the process of being developed, the IDT's mandate contributes to the following Strategic Integrated Plans (SIPs) of the current NIP:

- SIP 6: Integrated Municipal Infrastructure Project
- SIP 12: Revitalisation of Public Hospitals and other Health Facilities
- SIP 13: National School Build Programme.
- SIP 14: Higher Education Infrastructure.

Both the NDP and the NIP enjoin the IDT to contribute to the national agenda 2030 by:

- Fostering balanced economic development.
- Unlocking economic opportunities.
- Promoting mineral extraction and beneficiation.
- Promoting job creation; and

- Facilitating the integration of human settlements and economic development.

As part of realising these goals, the entity will focus on the realisation of four outcomes, namely:

- Increased access to quality social infrastructure
- A transformed built environment
- Decent employment through public employment programmes
- A compliant, fit-for-purpose entity

Table 3: IDT's contribution to National Development Goals/ MTSF Priorities

MTSF PRIORITIES	DPWI OUTCOMES	IDT OUTCOMES	IDT OUTCOME INDICATORS	IDT OUTPUT INDICATORS	IDT INTERVENTIONS
Education, Skills and Health	• Sustainable Infrastructure Investment • Productive Assets	• Increased Access to Quality Social Infrastructure	• Percentage of infrastructure projects that meet client expectations	• Percentage of projects completed on time. • Percantage of projects completed within budget. • Number of greenfield or replacement facilities completed. • Number of non-greenfield social infrastructure facilities completed	• Implementation of public social infrastructure programmes to support the provision of health and education infrastructure, e.g. refurbishment, replacement, upgrades and construction of new school infrastructure and health facilities • Deliver quality social infrastructure on time, within budget and scope • Incorporation of community mobilisation and empowerment in development programmes through social facilitation and other interventions
Economic Transformation and Job Creation	• Transformed Built Environment	• A Transformed Built Environment	• Percentage value of programme expenditure on desigbnated groups	• Percentage of programme contracts value (weighted rand value) allocated to designated groups • Percentage of weighted programme spend on designated groups	• Implementation of public social infrastructure programmes to contribute to economic development, growth and support to SMMEs, and enteprised owned by women, youth and people with diabilities
			• Number of contractors who graduate from CDP (inclusive of designated groups)	• Percentage of weighted programme spend on designated groups (based on total programme spend	• Implementation of the Contractor Development Programme • Award contracts to youth, women and people with disabilities • Contribute to the creation of a reservoir of skills in the built environment profession • Implement social infrastructure programmes that contribute to economic development, growth and support to SMMEs, women, youth-owned enterprises and other categories of designated groups (people with disabilities, etc.)

MTSF PRIORITIES	DPWI OUTCOMES	IDT OUTCOMES	IDT OUTCOME INDICATORS	IDT OUTPUT INDICATORS	IDT INTERVENTIONS
Economic Transformation and Job Creation	• Optimised Job Opportunities	• Optimised job opportunities (through public employment Programmes)	• Percentage increase in work opportunities created through public employment programmes.	• Number of construction work opportunities created (IDT Portfolio). • Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio).	• Implement public employment programmes to alleviate poverty as well as stimulate economic growth • Public employment programmes include the EPWP and construction work opportunities created through the IDT portfolio. • The goal is to empower participants with skills that could eventually lead to sustainable employment • Increase the skills base by ensuring a healthy split between technical and non-technical staff
A capable, ethical and developmental state	• A resilient, ethical and capable DPWI	• A Compliant, Fit for Purpose Entity	• Percentage increase in operating surplus ratio.	• Value of programme portfolio • Value of new business (national and regional programme portfolio) • Value of programme spend. • Management fee collection ratio.	• Grow/ increase the size of the IDT portfolio • Grow/ increase the value of programme spend • Building the IDT into a sustainable organisation operating on sound commercial principles and maintaining a clean administration committed to the efficient application of resources; that is accountable and complies with legislation
			• Percentage of compliant invoices paid within the prescribed period	• Percentage of compliant programme invoices paid within 30 days of receipt. • Percentage of compliant overheads invoices paid within 30 days of receipt	• Engage National Treasury and Clients to facilitate tranche payment of programme funds • Upgrade and digitise the project finance management system
			• Vacancy rate	• Vacancy rate	• Recruit and retain suitably qualified personnel to implement IDT mandate

4. Relevant Court Rulings

The construction industry is highly litigious. As a result, the IDT has several legal claims for and against it emanating from matters related to programme delivery. To curb the flurry of litigation, the IDT introduced a new contracting model during the 2018/19 financial year. The contracting model distributes risk proportionately between the IDT and clients with performance obligations on all parties. At the time of writing this plan, the IDT had sixty-three (63) litigation cases. Fifteen (15) of these were claims by the IDT, forty-one (41) were claims against the IDT and seven (7) were dormant matters against the IDT.

In November 2020, the Supreme Court of Appeal declared invalid and inconsistent with the Preferential Procurement Policy Framework Act, No 5 of 2000 and Section 217 Of the Constitution, tenders that are advertised with the pre-qualifying criteria with a bias towards entities that are 51 per cent owned by black women, black youth, people with disabilities and war veterans: the Court.

The IDT has to comply with the ruling and ensure that its goals and targets are aligned to it.

PART B: OUR STRATEGIC FOCUS

As part of its core ideology, the IDT undertakes to contribute to building a capable, ethical and developmental state, and to play a transformational and developmental role in realising its strategic vision into 2024. The IDT is committed to being accountable, transparent and fair in all its work undertakings.

5. Mission

The IDT is a Built Environment project management agency which manages and delivers integrated public infrastructure programmes.

6. Vision

A commercially driven public sector built environment project management enterprise

7. Brand Promise

Assured efficient infrastructure delivery

8. Values and Operating Principles

Our Approach

The IDT's approach to social infrastructure development entails the necessary measures and networks [required] to prepare communities to receive, participate in, own and sustain their development.

The organisation espouses six core values that inform its operating principles as outlined in Table 4 below.

Table 4: Values and Operating Principles

VALUES	OPERATING PRINCIPLES
Thinking like our clients	• Our services are regulatory compliant • Our client's value chain is our concern • We are committed to sustainable development.
Continuous active visibility	• We are physically visible on site • Continuous honest reporting
Commercially minded	• We create value for our clients and shareholders • We are cost-conscious in delivering services to our clients • We do more with less
Competitive and collaborative	• We believe in working together with like-minded business partners, including our competitors, for the good of our clients
Innovative and proactive	• We constantly anticipate different scenarios and find solutions for problems before they escalate
Zero tolerance for corruption	• We conduct our business in a lawful, honest, ethical and corrupt-free manner. • We mean what we say and say what we mean

9. Organisational Structure

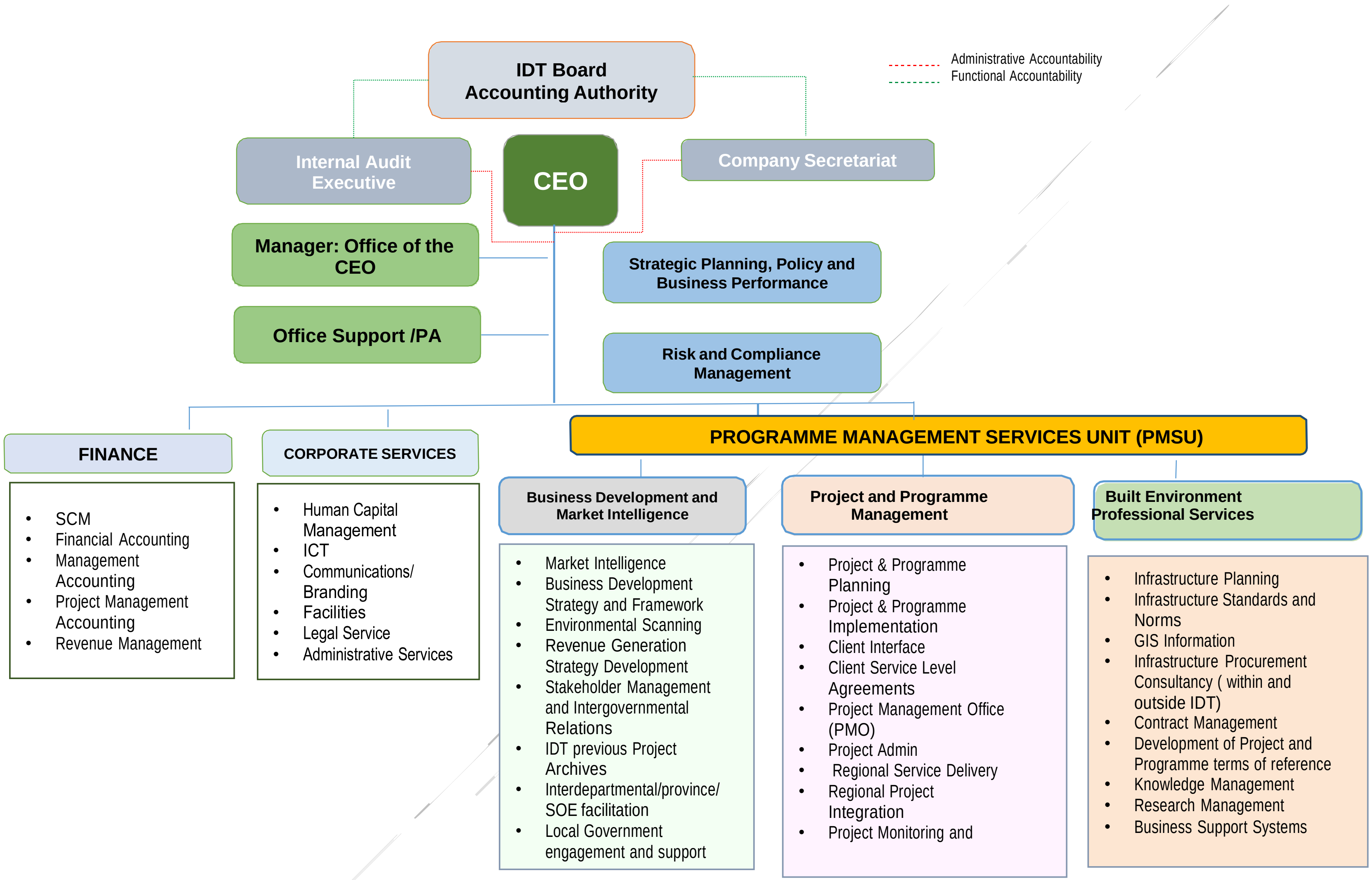


Figure 2: Organisational Structure

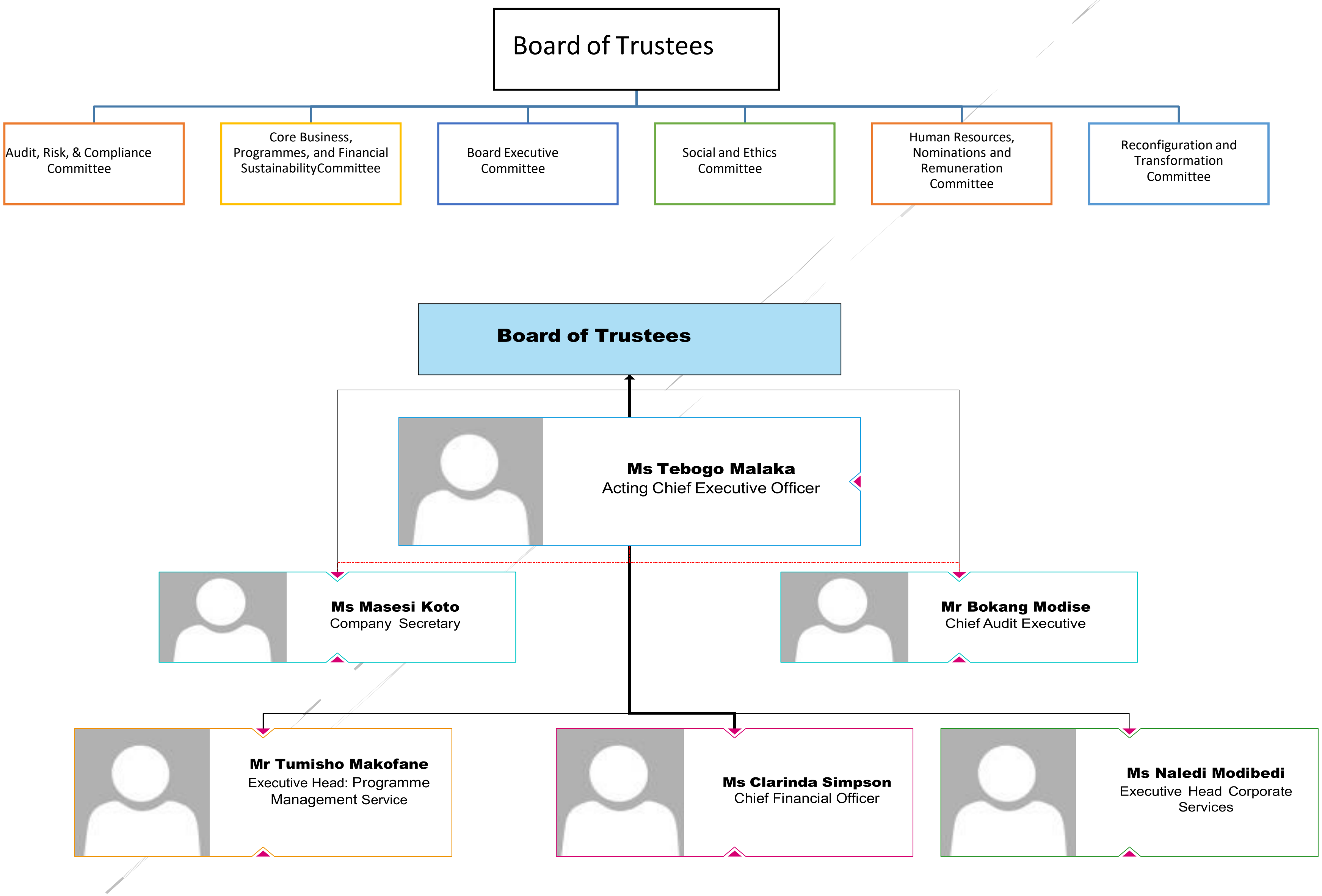


Figure 3: Board and top management structure

10. Situational Analysis

10.1 External Environment Analysis

As part of the annual environmental scanning exercise, the IDT has identified a number of external factors that have an impact on its business operations. The critical external factors that have been identified cover the geopolitical and national political environments, economic and fiscal dynamics, social development issues as well as technology and infrastructure trends. All these external factors have an impact on the country and, to a certain degree, on the operations of the IDT. This is informed by the realisation that the world is confronted with many challenges that could affect the well-being of society. Emerging challenges include the novel corona virus, which has caused untold harm to national economies, including that of South Africa, raising rates of unemployment and poverty to levels not seen in recent years. Moreover, as larger numbers of people migrate fromrural to urban areas in search of a better life, the need for better infrastructure has become increasingly acute. As an implementing agent that plays a critical role in the infrastructure deliveryvalue chain of the state, the IDT has become ever more relevant. As such, the extent to which thestate addresses the ever-increasing needs for social infrastructure amid budget cuts caused by anaemic economic growth has implications for the future of implementing agents such as the IDT.

10.1.1 Political environment perspective

The IDT's ability to secure a sufficient business portfolio and to effectively deliver on current programmes is directly and indirectly influenced by the level of stability in the political environment. For example, changes in governance and administrative structures of the state influence decisions on public investment in social infrastructure. It also affects networks and stakeholder relations invaluable for business generation. As part of the infrastructure delivery mechanism of the state, the entity constantly works on expanding its footprint in parts of the country where its portfolio was negligible.

However, the extent to which the entity succeeds in growing its portfolio is not only determined by the quality of its work but also by the political dynamics, which often have an impact on business decisions that may either be in favour of or against the entity. In some instances in the past, client departments withdrew projects already allocated to the IDT due to a combination of changes in the political leadership in certain provincial departments and concerns over the ability of the entity to deliver amid capacity challenges. As part of the turnaround initiatives, IDT leadership has been working on strategies to mend broken relations with clients and increase the entity's footprint in regions where the entity had a limited presence. Recent business generation activities have yielded positive outcomes in both national and provincial governments.

Economic disparities, inequality and unemployment, particularly among young people, remain pervasive in South Africa. These challenges manifest in [the] lack of access to educational opportunities, services and inadequate living conditions affecting people's quality of life, health and well-being. Most South Africans regard unemployment as the single most pressing issue facing them. As a result of this, more and more people migrate to urban areas where they hope to get a better life. Furthermore, South Africa continues to attract immigrants because of the perceived economic opportunities it provides as well as a conducive human rights culture, which guarantees peace and stability, especially for asylum seekers fleeing persecution in their home countries. A sizable number of migrants are illegal immigrants, and they often find themselves having to compete for jobs with locals. This, at times, results in violent clashes, which are often characterised as xenophobic.

This continuous migration to urban centres puts enormous pressure on existing infrastructure, including schools, clinics and other social infrastructure. The situation makes it increasingly difficult for most people to access education, healthcare and employment opportunities. Amid rising levels of unemployment, frustrated communities have often expressed their disquiet through violent service delivery protests, which often lead to extensive damage to public facilities such as clinics, schools and municipal offices. Service delivery protests are a symptom of growing frustration with the low levels of service delivery and a lack of confidence in the state. Clashes between migrants and locals often thwart efforts to build social cohesion.

These challenges have implications for a public entity such as the IDT, especially as it relates to building and obtaining community buy-in for the social infrastructure it builds. This calls for innovative ways to maximise community participation in and ownership of local development initiatives. Social facilitation remains the IDT's main differentiator and tool for securing community buy-in and ownership of development projects. This, alongside interventions such as the implementation of the provisions of PPPFA to promote localisation in the procurement of services, can be an effective tool for achieving the goals of promoting social cohesion and building an inclusive economy.

10.1.2 Economic environment perspective

According to the International Monetary Fund's Global Economic Outlook report released in October 2022, global economic activity is experiencing a sharp slowdown, with inflation higher than seen in several decades. Some of the factors weighing the world economy down include the high cost of living, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic. Global growth is forecast to slow down from 6.0 per cent in 2021 to between 3.per cent and 2.7 per cent in 2023. This is the weakest growth rate since, 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation isforecast to rise from 4.7 per cent in 2021 to 8.8 per cent in 2022, but to decline to 6.5 per cent in 2023 and to 4.1 per cent by 2024[3].

The war in Ukraine continues to affect the production of several commodities, including food and energy. The supply of energy to Europe is limited in winter, putting a strain on households, businesses and governments alike. The United States and China are also expected to experience lower levels of economic growth. The slower growth of the Chinese economy has a negative impact on commodity-exporting economies like South Africa. As a result of these factors, the South African Reserve Bank forecast for global growth in 2022 has been revised down from 3.3 per cent to 3.0 per cent and lowered from 2.5 per cent to 2.0 per cent for 2023. The South African Reserve Bank forecasts the South African economy to grow by 1.9 per cent, down from 2.1 per cent in 2022. The South African economy is forecast to expand by 1.4 per cent in 2023 and by 1.7 per cent in 2024 (an average of 1.6 per cent over the medium-term) . Private investment has grown, while public sector investment remains weak. Negative global shocks and load-shedding will continue to stifle growth[4].

As a relatively small, open economy that is fully integrated into the world economy, South Africa is depends on international currency flows and the currency is sensitive to changes in market conditions. This makes the economy is prone to global economic shocks. The following are some examples of the impact of global developments on the South African economy:

- Russia and Ukraine are a source market (2021) for 26 per cent of South Africa's copper imports, 13 per cent of South Africa's cereal imports; 11.8 per cent of lead imports; and 10.7 per cent of fertilizer imports.
- South Africa Imports approximately 50 per cent of its total consumption of wheat and 80 per cent of fertilizer (Fertilizer prices increase by an average of 50 per cent in 2021/22).
- The price of oil for 2022 has increased by 34.5 per cent. Basic fuel price increased by 73.6 per cent in May 2022 compared to May 2021).
- In May 2022, consumers paid 32.5 per cent more for a litre of fuel compared to May 2021. Transport costs increased by 40 per cent in 2021
- SARB repo rate forecasts show steady interest rate hikes from 4.75 per cent to 6.7 per cent in 2024[5].

[3] https://www.imf.org/en/Publications/WEO (11 October 2022)

[4] South African Reserve Bank, Statement of the Monetary Policy Committee, 22 September 2022, online, https://www.resbank.co.za/en/home/publications/statements/mpc-statements

[5] , *https://www.cesa.co.za/indaba2022pres/*

The COVID-19 pandemic has worsened South Africa's decades-long problems of inequality, unemployment and poverty, leaving the poor ever more vulnerable to further hardships. In addition to these challenges, the South African economy is hobbled by some of the following factors,

- spending patterns skewed towards consumption instead of investment.
- low levels of innovation and productivity.
- Real GDP per person has been in decline since 2013/14, leaving the average South African poorer.
- Fiscal deficits have been rising and levels of public and private investment have been the lowest since 2005.
- In addition to this, the inability to rein-in debt has been further hindered by an expected sharp contraction in tax revenue associated with the COVID-19 pandemic.

Other challenges which that have negatively affected economic growth include the violent unrest in Kwazulu-Natal and Gauteng in July 2021, flooding in Kwazulu-Natal in April 2022, as well as load shedding[6].

The recovery of the economy faces a number of threats. These include a lack of private investment as a result of low levels of structural reforms and rising public debt. This, combined with a further deterioration of the Rand against major currencies, raises the cost of borrowing and leads to further credit rating downgrades[7]. Similarly, the low levels of economic growth hobble attempts to reduce high levels of unemployment and poverty.

The Economic Reconstruction and Recovery Plan announced by the president in October 2020 puts job creation, especially in new infrastructure investment and large-scale public employment programmes, at the centre of efforts to revive the economy. According to the President, the government seeks to "unlock more than R1 trillion in infrastructure investment over the next three to four years. Infrastructure has immense potential to stimulate investment and growth, to develop other economic sectors and create sustainable employment both directly and indirectly"[8]. The government has also prioritised the reduction of infrastructure backlogs, especially damaged infrastructure and accelerate the construction of new education and health facilities. However, slow economic growth has forced the government to impose further cutbacks on [the] budget allocations to departments. The resultant under-investment in social infrastructure has negatively affected the

[6] https://www.treasury.gov.za/documents/mtbps/2022/mtbps/FullMTBPS.pdf

[7] For details see http://www.treasury.gov.za/documents/National%20Budget/2021/review/FullBR.pdf

[8]https://www.gov.za/speeches/president-cyril-ramaphosa-south-africa%E2%80%99s-economic-reconstruction-and-recovery-plan-15-oct#

size of IDT's portfolio. Given the fact that the construction industry is labour-intensive, this hobbles the entity's ability to contribute significantly to the creation of employment for marginalised groups.

10.1.2.1 Construction sector Outlook

One of the most notable outcomes of COVID-19 was the realisation by several companies that people could work from home, which has reduced the need for office space. As a result, few office blocks are being built, while the construction of shopping malls has also been reduced dramatically. Other trends that have negatively affected the industry include the following.

- **Business/ Community Forums:** commonly known as construction mafia, these forums have been responsible work stoppages in many projects. Members of the construction mafia often demand their cut of the 'work' pie by applying pressure on contractors to employ local 'community' members on the pain of violence. Contractors who fail to comply are threatened withdisruptions and even violence. Contractors are either forced to comply at costs or, in some instances, abandon projects entirely as the situation becomes untenable and not worth the risk.

- **Skills shortage:** Uncertainty about the country's political and economic future has, at times, triggered an exodus of critical skills as more skilled and experienced individuals emigrate. Companies are struggling to afford and retain top talent. Other push factors include rising crime rates and growing social unrest.

- **Pricing:** the scarcity of work and projects leads to pricing wars that have left contractors exposed to the risk of unexpected costs or delays, which often result in penalties thatcontractors are often not able to meet. This forces some to 'cut corners', which leads to cuttingoff skills and, in consequence, compromising quality and safety.

- **Currency fluctuations:** The Rand has declined by 26 per cent against the US dollar in the past five years, and this has severe financial implications for an industry that relies on the importof machinery and specialised materials[9]

In order to cope with these challenges, many construction companies have cut their capital expenditure by as much as 50-60 per cent, jobs have been cut, working hours have been reduced, and property rentals are unlikely to return to pre-COVID-199 levels. The construction industry, asa key driver of the South African economy, is pivotal to the country's recovery from COVID-19[10].

[9] https://aon.co.za/insights/construction-sector-is-critical-to-sa-s-post-covid-economic-recovery/

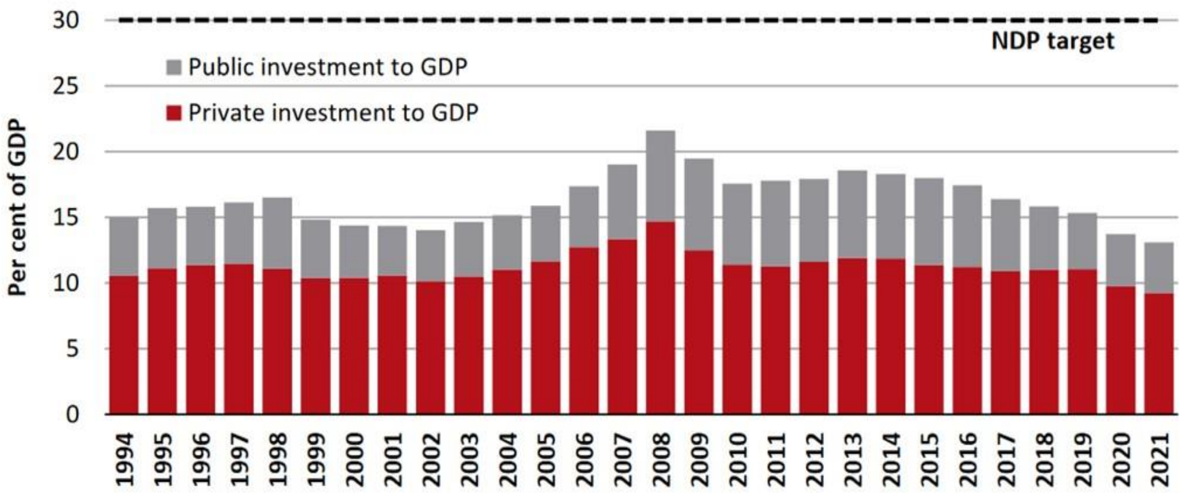
[10] Ibid

10.1.2.2 **Construction Industry Performance:**

Government is the largest spender in the South African infrastructure industry. The construction industry contracted by 6.1 per cent in the first half of 2022 compared with the same period in 2021. The contraction was mainly due to declining demand for residential and non-residential buildings. At the end of June 2021, the share of the South African construction industry to the country's nominal GDP was 3.1 per cent, down from 3.5 per cent in 2020. It also employed over 1.3 million individuals, down from 1.4 million at the beginning of 2020[11]. Infrastructure spending stimulates economic activity and creates jobs. However, without the high levels of public expenditure last seen around 2010, the construction industry has been in decline and contracted by 20 per cent as a result of COVID-19 in 2020. However, as government implements high-impact infrastructure projects, the sector is expected to register annual growth rates of 3.4 per cent from 2022 to 2025[12]. Similarly, several construction projects were halted due to the floods in Kwazulu-Natal in April 2022. Construction activity is expected to resume on suspended projects while damaged infrastructure is repaired.[13]

While the National Development Plan targets capital investment of 30 per cent of GDP, South Africa has consistently invested significantly less. More critically, between 2010 and 2020, public sector capital investment only averaged 5.8 per cent of GDP. To reach the NDP target, public sector investment will have to grow from 3.9 per cent of GDP in 2020 to 10 per cent of GDP by 2030.

Figure 4: Public and private sector capital investment as a share of GDP, 1994–2021*



**All GDP data in this annexure is recalculated in line with Statistics South Africa's 2021 rebasing and benchmarking exercise. It is therefore not directly comparable with GDP data from earlier budget documentation.*

Source: Reserve Bank (as presented in 2023 National Treasury Budget Review)

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11 See for example, http://www.statssa.gov.za/publications/P0211/Presentation%20QLFS%20Q2_2021.pdf and Creamer's Engineering News, www.creamermedia.co.za

12 https://www.researchandmarkets.com/reports/5402880/construction-in-south-africa-key-trends-

13 https://www.treasury.gov.za/documents/mtbps/2022/mtbps/FullMTBPS.pdf

Evidence from the National Treasury budget review suggests that infrastructure spending has declined by R303 bn since 2017. Some of the reasons for this include:

- Deterioration in government finances, deteriorating balance sheets of state-owned enterprises and decreasing public sector investment.
- Corruption and state capture
- Poor project preparation, structuring and procurement
- Lack of management capacity and technical skills.

In addition to these issues, a comprehensive study conducted by the National Planning Commission (NPC) on the delivery of public infrastructure and construction sector dynamism in the South African economy revealed that government is largely unable to spend its infrastructure budget, leading to disappointing outcomes in the delivery of infrastructure targets that are critical to the delivery of infrastructure-led economic growth. According to this study, the root causes of this poor performance include, among others, the following:

- Defects in the identification, assessment and preparation of projects.

- Poor structuring, management of tender processes, contract management and drafting of contracts.

- Poor procurement practices and poor management of outsourced infrastructure-related functions.

- Inappropriate procurement practices that are often reflected in the initiation, creation and fulfilment of contracts and the inability of clients to plan, specify, procure and deliver infrastructure projects efficiently and effectively.

- Political interference, political rush and unrealistic time scales

- A general lack of appropriate skills, capability, capacity and experience among those responsible for planning, specifying, procuring and overseeing the delivery of infrastructure, as well as those involved in the formulation of legislative instruments and the enforcement thereof.

- Lack of management capacity, continuity / frequent changes in the project team and proper quality control mechanism[14]

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[14] National Planning Commission (NPC), Public Infrastructure delivery and construction sector dynamism in the South African economy, 12 April 2020, online, https://www.nationalplanningcommission.org.za/assets/Documents/Public%20infrastructure%20delivery%20and%20construction%20sector%20dynamism%20in%20the%20South%20African%20economy.pdf

In order to address these challenges, in February 2019, National Treasury allocated R625million towards addressing challenges with project preparations. [15]. Government plans to work closely with private partners in order to deepen responses to infrastructure delivery gaps. The idea is to ensure that the planning, design, construction and operation of infrastructure projects are undertaken using the best expertise available. Infrastructure South Africa (ISA) has also been working on standard designs and bills of quantities for small, medium and large schools, clinics, police stations and rural roads. By the end of August 2022, the various designs had not yet been submitted to Cabinet for approval[16].

10.1.2.3 Public Sector Infrastructure Expenditure and Estimates

According to Infrastructure South Africa (ISA), South Africa has a massive school infrastructure backlog, with approximately 3 225 schools that either need to be built (new) or refurbished. The MTEF target and available budget for the 2022/23-2024/25 MTEF years is 141 schools (47 schools a year). At this rate, argues ISA, it will take 68 years to clear the current backlog. At an average of R60 million per new school, over R193 bn is required to reduce the backlog[17]. Although learning and culture, which include education, will be among the recipients of a relatively large share of the budget in the medium term, expenditure in the basic education infrastructure will only grow by 3.6 per cent over the period 2022/23-2025/26. However, despite these challenges, government is committed to economic growth through investment in public infrastructure. Over the medium term. Government consolidated spending on buildings and fixed structures will increase from R66.7bn in 2022/23 to R112.5bn in 2025/26. According to national Treasury, government expenditure is projected to grow and an annual rate of 4 per cent (from R2.21 trillion in 2022/23 to R2.48 trillion in 25/26[18]. Learning and culture has been allocated R1.43 trillion, which is the largest share (24.3 per cent) of the projected growth. In 2023/24, R283.3 million is added to the education infrastructure grant to repair infrastructure damage to schools in the Eastern Cape and KwaZulu- Natal resulting from floods in April 2022, while a further R1.5 billion is allocated over the MTEF period for the Gauteng schools project, which aims to improve infrastructure in schools**[19].**

Table 5 below shows Public-sector infrastructure expenditure and estimates

15 https://www.engineeringnews.co.za/article/lack-of-quantity-surveyors-in-govt-depts-the-root-of-infrastructure-budget-misspending-2019-10-29

16 https://www.cesa.co.za/indaba2022pres/

17 https://www.cesa.co.za/indaba2022pres/

18 18 https://www.treasury.gov.za/documents/mtbps/2022/mtbps/FullMTBPS.pdf

19 https://www.treasury.gov.za/documents/national%20budget/2023/review/Chapter%205.pdf

Table 5: Consolidated expenditure by function

R million	2022/23 Revised estimate	2023/24 Medium-term estimates	2024/25	2025/26	Percentage of total MTEF allocation	Average annual MTEF growth
Learning and culture	**446 731**	**457 085**	**476 546**	**497 267**	**24.3%**	**3.6%**
Basic education	301 970	309 464	316 591	331 279	16.3%	3.1%
Post-school education and training	133 098	135 605	148 321	153 904	7.4%	5.0%
Arts, culture, sport and recreation	11 663	12 015	11 634	12 085	0.6%	1.2%
Health	**259 445**	**259 200**	**268 907**	**281 303**	**13.8%**	**2.7%**
Social development	**357 787**	**378 543**	**361 338**	**356 987**	**18.6%**	**-0.1%**
Social protection	264 363	286 173	266 037	283 014	14.2%	2.3%
Social security funds	93 424	92 370	95 301	73 973	4.4%	-7.5%
Community development	**230 002**	**259 708**	**276 175**	**289 878**	**14.0%**	**8.0%**
Economic development	**221 821**	**237 605**	**259 324**	**277 141**	**13.2%**	**7.7%**
Industrialisation and exports	39 006	40 522	41 347	41 841	2.1%	2.4%
Agriculture and rural development	28 436	27 795	28 633	29 867	1.5%	1.6%
Job creation and labour affairs	23 875	24 583	26 070	27 128	1.3%	4.3%
Economic regulation and infrastructure	112 445	124 863	143 768	159 158	7.3%	12.3%
Innovation, science and technology	18 059	19 843	19 507	19 146	1.0%	2.0%
Peace and security	**227 800**	**227 340**	**236 267**	**247 406**	**12.1%**	**2.8%**
Defence and state security	52 418	52 726	52 812	54 838	2.7%	1.5%
Police services	112 512	112 066	119 244	125 358	6.1%	3.7%
Law courts and prisons	51 472	51 437	53 726	56 081	2.7%	2.9%
Home affairs	11 398	11 110	10 485	11 129	0.6%	-0.8%
General public services	**71 745**	**73 597**	**74 081**	**76 914**	**3.8%**	**2.3%**
Executive and legislative organs	15 406	16 813	16 311	16 830	0.8%	3.0%
Public administration and fiscal affairs	47 811	48 408	48 752	50 664	2.5%	2.0%
External affairs	8 528	8 376	9 018	9 420	0.5%	3.4%
Payments for financial assets	**46 313**	**4 052**	**3 577**	**3 895**		
Allocated by function	**1 861 642**	**1 897 129**	**1 956 215**	**2 030 791**	**100.0%**	**2.9%**
Debt-service costs	307 157	340 460	362 840	397 074		8.9%
Contingency reserve	–	5 000	5 000	5 000		
Unallocated reserve	–	–	35 693	44 533		
Consolidated expenditure	**2 168 799**	**2 242 589**	**2 359 749**	**2 477 398**		**4.5%**

1. The main budget and spending by provinces, public entities and social security funds financed from own revenue
Source: National Treasury

To make up for the funding shortfall, Infrastructure South Africa suggests:

- The creation of a funding structure and special purpose vehicle that will accelerate the school infrastructure build through raising crowdfunding from the private sector and institutional investors such as pension funds.
- Efficient use of available grants e.g. Education Infrastructure Grant ring-fenced for loan repayment.
- Introduce sustainability through Alternative Building Technologies and the efficient use of energy, appealing to impact / ESG investors[20].

20 https://www.cesa.co.za/indaba2022pres/

10.1.2.3 Construction Industry Recovery Plan

Although the construction sector suffered heavily from closures triggered by the national lockdown related to COVID-19, which led to massive job losses, the industry is on a trajectory of recovery and growth, which could see it return to pre-pandemic levels. A recent study on key trends and opportunities in the construction industry to 2025 suggests that the industry is forecast to experience average growth rates of 3.1 per cent between 2023 and 2025. This optimism is fuelled by the fact that the need for infrastructure remains strong. This includes infrastructure such as roads, housing, and power utilities. In addition to this, the government has sent a strong signal that infrastructure will be a key driver for economic recovery after the devastation caused by COVID-19. Similarly, 68 per cent of respondents to the 2022 Construction Industry Outlook Survey said that they expected an increase in project revenue, while 17 per cent of respondents predicted an increase of 15 per cent or more[21].

The Construction Industry Recovery Plan, which is the industry's contribution to the Economic Reconstruction and Recovery Plan, is anchored on five strategic intervention areas which, if fully implemented, are likely to improve the performance of the industry. Three of the most notable of these interventions are:

- **Industry capacity and transformation:** job creation and mainstreaming gender equality; transformation; promoting centres of excellence for construction skills (artisan training); localisation of the supply sector; intensifying contractor development programmes; improving procurement risk management; minimise risk or over-competition in the professional services sector; youth employment

- **Industry growth and Performance Improvements:** Enhanced collaboration to accept information technology tools that can assist the value chain from inception to maintenance and decommissioning; improved construction management.

- **Public Sector Capacity:** Capable clients: improved spending - public sector funding; enhance the role of professional service providers; review regulation; address the illegal takeover of sites

Facilitating skills development in the Construction Industry*:* Government has recognised that infrastructure challenges are not only a matter of finance, but of efficiency and capacity. As a result of this, resources will be made available to build project preparation.[22] To improve the delivery of infrastructure in the public works sector, the Department of Public Works and Infrastructure has a skills pipeline strategy through which its plans to provide bursaries, internships, learner ships, artisanal development to an estimated 3 500 young built environment professionals over the MTEF

21 2022 Outlook for the South African Construction Industry, online, https://www.khplant.co.za/blog/2022-outlook-south-african-construction-industry/#

22 https://www.treasury.gov.za/documents/mtbps/2022/mtbps/FullMTBPS.pdf

period. An amount of R95.5 million has been set aside for this purpose over the medium term.[23] The National Treasury, Department of Public Works and Infrastructure and Infrastructure South Africa and the Infrastructure Fund are working on efforts to strengthen the infrastructure value chain. This includes the National Infrastructure Plan 2050, the Budget Facility for Infrastructure (BFI) and the Infrastructure Fund. The BFI is working on improving the rigour in the planning and appraisal of projects, while the Infrastructure Fund is building capacity and skills in the structuring of blended finance projects, where most of the funding will come from the private sector24.

Other efforts to build a skills pipeline include the Structured Candidacy Programme of the Council for the Built Environment (CBE). Through this programme, candidates working towards professional registration as built environment professionals are assigned mentors in their workplaces. The IDT participates in the programme as part of its skills development programme. These challenges also provide an opportunity for the IDT to use its capability and experience to be at the centre of the delivery of public infrastructure in the country.

Transformation: Efforts to transform the construction industry have proceeded alongside a reversal in fortunes for emerging contractors. According to the CIDB, several contractors in levels 7-9 have deregistered, citing the following as some of their reasons:

- Client department's failure to roll out large-scale infrastructure, which has had a negative impact on CIDB-registered companies
- Liquidation of some companies due to deteriorating economic conditions.
- •Legislation not providing enough support in transforming the construction industry
- Delays in payment by client departments, which have dire consequences for already struggling companies.25

10.1.3 Social environment perspective

Although South Africa has made considerable strides in improving the quality of life for its citizens since the transition to democracy in 1994, the gains have since witnessed a reversal. Levels of poverty remain stubbornly high, while unemployment remains rife, especially among the youth. According to a report released by the World Bank in March 2022, South Africa is the most unequal society in the world. Despite the implementation of redistributive policies such as social spending, levels of inequality remain stubbornly high. Some of the contributing factors include inherited circumstances such as location, gender, age, parental background and race. Lack of tertiary education also hobbles access to jobs and better wages. Similarly, lack of access to land also

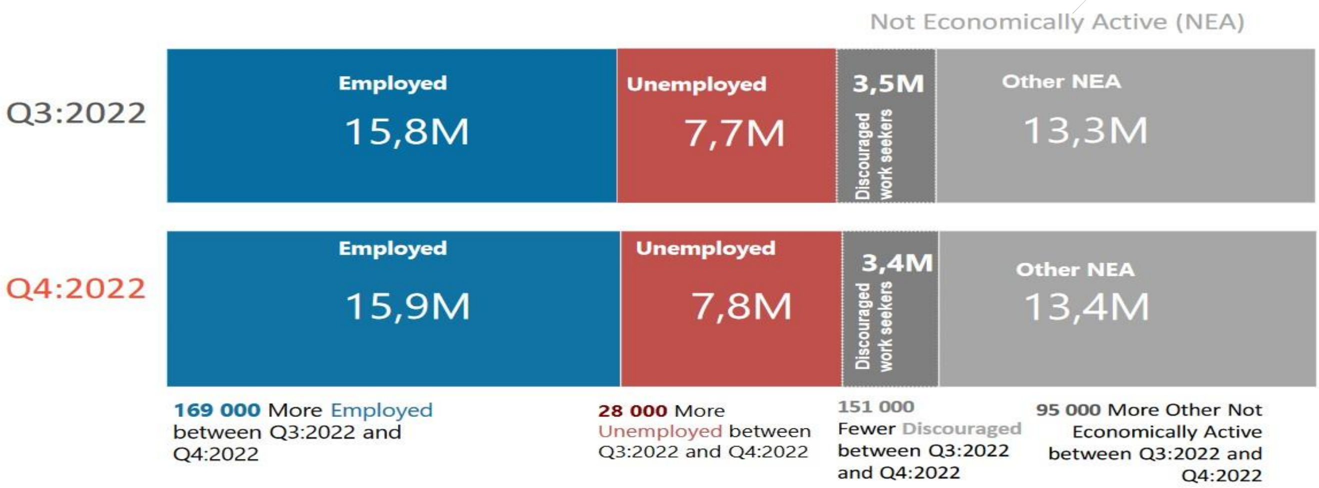
23 ttp://www.treasury.gov.za/documents/national%20budget/2022/ene/Vote%2013%20Public%20Works%20and%20Infrastructure.pdf

24 National Treasury, Budget Vote 2022/ene, Chapter 5 Consolidated spending plans.

25 https://www.cesa.co.za/indaba2022pres

perpetuates historically high levels of income inequality.[26] Access to and supply of graduates withtertiary education remains limited. In 2019, only 5.4 per cent of people aged 18 and 29 were enrolled in higher education compared to 20.5 per cent in Organisation for Economic Cooperation and Development (OECD) countries. This perpetuates a vicious cycle of the shortage of high- skilled workers and skills mismatch, which consequently limits economic growth[27].

A sizable portion of the black population, particularly those living in rural and township settlements,continue to suffer from a lack of adequate skills and decent jobs and live in areas with limited access to government services. Although there was a slight increase in the number of employed people in South Africa during the fourth quarter (September – December 2022) compared to the third quarter (July – September), the unemployment rate remains stubbornly high at 32.7 per cent.[28].



Source: StatsSA, Quartely Labour Force Survey, Quarter 4, 2022 presentation, online

Figure 5: Lbour force participation: Comparison between Q3 and Q4 2022

The socio-economic factors driving the demand for social and basic services infrastructure include:

- High demand for jobs and economic opportunities especially communities in townships, rural areas, and in informal urban, peri-urban and mining settlements.
- Community demand for localisation of development benefits e.g., emphasis on local procurement of supplies, use of local suppliers, and the creation of job opportunities for local communities; and
- Demand for mainstreaming of participation by women, youth and people with disabilities in development programmes as vehicles for promoting inclusive development.

- Declining public confidence in the state as a result of poor service delivery, and lack of visible policing amid rising crime levels. The absence of the state has created a vacuum and

[26] https://documents1.worldbank.org/curated/en/099125303072236903/pdf/P1649270c02a1f06b0a3ae02e57eadd7a82.pdf (Inequality in Southern Africa: An assessment of the Southern African Customs Union, World Bank, March 2022)

[27] OECD Economic Surveys, South Africa, August 2022, online, https://www.oecd.org/economy/south-africa-economic-snapshot/

[28] www.statsasa.gov.za, quarterly labour force survey: Quarter 4, February 2023.

increasingly delegitimised the state, leaving poor communities to take it upon themselves to fill the gaps left by the government. Some of the manifestations of this phenomenon are a rise in vigilantism as more and more communities take the law into their own hands.

Job creation and income support are among the most notable the Post COVID-19 economic recovery strategies. This includes stimulating the economy through mass employment programmes such as the Expanded Public Works Programme (EPWP), which remains the single largest contributor to the creation of work opportunities for unemployed South Africans. The programme has enabled the Department of Public Works and Infrastructure to contribute to the Economic Reconstruction and Recovery Plan. As one of the implementing agents of the programme, the IDT remains uniquely placed to contribute to the economic stimulus plan.

The implementation of IDT programmes has, at times, been derailed by rising demands for localisation in the rollout of infrastructure programmes in the country. The birth of the *construction mafia* and related criminal activity is arguably the most notable consequence of rising unemployment and feelings of exclusion from economic activity. Although the full impact of mafia activity on IDT construction sites is yet to be determined, the risk of disruptions remains relatively high and will need to be factored into the entity's approach to the delivery of social infrastructure.

10.1.4 Technological perspective

Digital technologies have launched the Fourth Industrial Revolution, transforming entire industries. However, the Infrastructure industry has not kept up with recent developments. Most companies in the industry's many sectors still use manual methods, offer traditional products and services and operate according to established practices and business models. Productivity has lagged as a result.[29] Some of the benefits of 4IR include the development of sustainable buildings, better communication among construction professionals and the elimination of construction project delays in the form of cost and time overruns. Cost and time overruns have been a major factor in the South African construction industry, and 4IR could significantly reduce these risks[30].

The South African construction industry lags behind countries such as the United Kingdom in the adoption of new technologies and better ways of doing things, especially in shifting towards collaborative procurement practices, resulting in delays, cost overruns and poor-quality outcomes[31].

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29 http://www3.weforum.org/docs/Future_Scenarios_Implications_Industry_report_2018.pdf (Executive Summary)

30 Temidayo. O. Osunsanmi, Clinton Aigbavboa, Ayodeji Oke; Construction 4.0: The Future of the Construction Industry in South Africa, in World Academy of Science, Engineering and Technology International Journal of Civil and Environmental Engineering,Vol:12, No:3, 2018, online, https://publications.waset.org/10008621/pdf, accessed 29 October 2019.

31 X. Kamudyariwa and D. Root, Barriers top Construction Procurement Change in Higher Education Institution, in, C. Aigbavboa and W Thwala. The construction Industry in the Fourth Industrial Revolution, proceedings of the 11th Construction Industry Development Board (CIDB) post graduate Research Conference, July 2019, Johannesburg. Springer International Publishing, Switzerland, 2020

Despite these challenges, there has been a shift towards embracing 4IR. This is mainly due to an increase in the number of companies dedicated to 4IR, especially building information modelling (BIM), which helps architects, engineers, and other construction professionals to move towards more collaborative, automated ways of working[32]. Results of a 2022 Construction Industry Outlook Survey suggest that the industry has embraced digital transformation and the implementation of lean construction principles. There is also a shift towards off-site prefabrication construction methods and lightweight structures that were used to build hospital wards during COVID-19.[33] In the next few years, the IDT, along with the rest of the construction industry, will have to grapple with the challenge of embracing 4IR as part of the delivery of infrastructure.

10.1.5 Ecological perspectives

The past three decades have seen an increase in average global temperatures, leading to more intense rains, storms and rising sea levels. Extreme weather damages infrastructure, leading to a need for more expenditure on the construction of new infrastructure to replace damaged facilities[34]. Climate-related risks and events have risen in frequency and intensity, especially in the Southern Africa region since 2016. According to climatologists, Southern African areas have been warming at twice the global average, with parts of the interior warming at even higher rates. “Further drastic warming is projected in the region for as long as global warming continues.”35

In April 2022, the eastern coast of the province of KwaZulu-Natal (KZN) experienced unusually heavy rainfall, in some areas within 24 hours. This caused significantly heavy losses in terms of human life and infrastructure. Over 40 000 people were displaced by the floods, more than 435 lives were lost, 55 people were reported injured and 54 were reported missing. At least 13,500 houses were damaged or destroyed - among these, over 4,000 homes in informal settlements in eThekwini Metropolitan Municipality were destroyed, leaving 6278 people homeless and 7245 people in shelters. The floods took a heavy toll on social infrastructure, affecting 630 schools (damaging 124 such facilities, thus affecting around 270,000 students). In addition, large parts of Durban were left without electricity and water for days due to damage to water treatment and power plant stations. The overall damage to property is estimated at around R17 billion36.

Climate change, and the resultant rise in natural disasters such as floods, has implications for the construction industry. In view of the frequency of natural disasters, the building of quality, reliable,

[32] https://www.bizcommunity.com/Article/196/720/223739.html

[33] https://www.khplant.co.za/blog/2022-outlook-south-african-construction-industry/#

[34] Purwanti Sri Pudyastuti, and Nurmuntaha Agung Nugraha, Climate Change Risks to Infrastructures: A General Perspective, AIP Conference Proceedings 1977, 040030 (2018)

[35] https://www.dailymaverick.co.za/article/2022-10-04-why-is-there-a-heat-wave-in-parts-of-sa-when-its-not-yet-summer/

[36] I Pinto, M Zachariah, P Wolski, S Landman et al , Climate change exacerbated rainfall causing devastating flooding in Eastern South Africa, online, https://www.worldweatherattribution.org/wp-content/uploads/WWA-KZN-floods-scientific-report.pdf,(accessed 15. 10. 2022)

sustainable and resilient infrastructure to support human well-being and economic development has become ever more critical. In response to this, National Treasury has introduced a programme to support cities with technical expertise to build resilient infrastructure by supporting them in strengthening project design, packaging and preparation. The programme will also strengthen cities' capability to manage climate-resilient assets by integrating climate-change considerations into their planning tools, including the Infrastructure Delivery Management System[37].

10.1.6 Legal Perspective (Relevant Court Rulings)

The construction industry is highly litigious. As a result, the IDT has a number of legal claims for and against it emanating from matters related to programme delivery. To curb the flurry of litigation, the IDT introduced a new contracting model during the course of the 2018/19 financial year. The contracting model distributes risk proportionately between the IDT and clients with performance obligations on all parties. Although the contracting model is only applicable to all new projects, and will, as such, not address legacy problems, its implementation in the next five years and beyond will significantly reduce the risk of litigation against the entity.

In November 2020, the Supreme Court of Appeal declared the Regulations of the Preferential Procurement Policy Framework Act as invalid and inconsistent with the Preferential Procurement Policy Framework Act, No 5 of 2000 and Section 217 of the Constitution. This has implications for the promotion of BBBEE through the procurement of services from BEE companies that are 51 per cent owned by women, youth and military veterans and people with disabilities. In order to comply with the Court ruling, the entity has had to revise some of its targets.

10.2 The Competitive landscape:

Competition in the business environment determines the industry participants' share of the market. A market participant whose brand is well-known and easily recognisable, trusted and has a good reputation, good track record and affinity with clients performs better in the acquisition of market share. Competition for market share is also a function of the number of participants in the market. An increase in the demand for services attracts new entrants into the market and further increases competition. This has been the case in the delivery of social infrastructure as the government invested significant resources to eradicate infrastructure backlogs. The lack of capacity within the government attracted new participants in the social infrastructure delivery. Some of the new entrants into the social infrastructure delivery value chain include the COEGA Development Corporation (CDC) and the Development Bank of Southern Africa (DBSA), which diversified their service offering to include the implementation of social infrastructure. This was accompanied by growth in their share of the social infrastructure budget, triggering a decline in the size of the IDT's portfolio. The challenge for the IDT is to claw back and reclaim its place in the infrastructure delivery

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[37] http://www.treasury.gov.za/documents/National%20Budget/2020/review/Annexure%20D.pdf

value chain. Success in this regard will depend on the rigorous implementation of the three pillars of the IDT strategy and value proposition.: *Table 6* below provides a list of some of the implementing agents and the nature of their involvement in infrastructure delivery.

Table 6: Infrastructure Implementing Agents categorisation per region, sector & sphere of government.

Infrastructure Implementing Agents (Organs of State)	Executive Authority	Corporate Form	Primary Function	Region		Sector		Sphere of government		
				South Africa	*Africa*	*Public sector*	*Private sector*	*Municipal*	*Provincial*	*National*
Independent Development Trust (IDT)	DPW&I	Trust (PFMA Schedule 2)	Project & Programme Delivery	●		●			●	●
Coega Development Corporation (CDC)	Eastern Cape	Unclear	IDZ Development & Project Services	●	●	●	●	●	●	●
Infrastructure South Africa (ISA)	DPW&I	Project (process to incorporate as a Public Entity)	Project Preparation & Packaging	●		●	#	●	●	●
Development Bank of South Africa (DBSA)	National Treasury	Major Public Entity (DFI) PFMA Schedule 2	Project Finance	●	●	●		●	●	●
Municipal Infrastructure Support Agent (MISA)	CoGTA	Government Components (in terms of PSA)	Municipal Infrastructure Delivery	●		●		●		

ISA's primary clients are organs of state, but an overall objective is to mobilise private participation and finance.

10.3 Internal Environment Analysis

The newly inaugurated board, through the Reconfiguration and Transformation Committee, has identified and reconfirmed eight medium term goals that are critical for the entity's long-term sustainability. The goals, which are part of the Revised Operating Model and Turnaround Plan of 2017, are:

- Service expansion and market growth
- Competency development and skills acquisition
- Systems and process efficacy
- Governance and regulatory compliance
- Strengthening financial viability and organisational sustainability
- Strengthening leadership and culture change
- Collaboration and partnership building
- Trust, image and reputation rebuilding

The targets will form part of a number of initiatives and focus areas for the entity during the 2023/24 financial year and beyond.

10.3.1 Governance and regulatory compliance

The entity has dedicated time and resources to addressing challenges identified in the area of governance and regulatory compliance, including the exercise of board oversight on corporate performance and regulatory compliance. With the IDT performance consistently declining over the years amid negative audit outcomes, focus will continue to be on strengthening internal controls to improve audit outcomes. Board oversight on performance will also continue to be strengthened. There have been significant developments in corporate governance, which necessitates a review of the Deed of Trust to align it with recent developments in legislation and governance. An important milestone that was reached in the past financial year and will continue to be a focus area for the 2023/24 financial year is the conclusion of the reconfiguration of the IDT into an appropriate institutional form and shape. Once concluded, the reconfiguration exercise will resolve the governance challenges that have dogged the IDT for years and hopefully propel the entity into a high-performance trajectory.

10.3.2 Strengthening financial viability and organisational sustainability

The current IDT service model and its supporting funding model have not been able to make it self-sustainable, despite the implementation of National Treasury Instruction 04 of 2014/15. Since the change in the entity's mandate in 1997 and its categorisation as a Schedule 2 in terms of the PMFA, there was an expansion of the entity's services, which were offered to the state at no cost. This business model was unsustainable and quickly depleted the entity's capital base. The increasing overheads associated with a growing programme portfolio and decreasing interest also contributed to the shrinking capital base. As the capital base shrank, the entity undertook a financial modelling exercise in 2006, which indicated that the entity's initial endowment would be exhausted by the 2012/13 financial year. This triggered some initiatives aimed at securing the entity's long-term future. The interventions were twofold. One was to introduce a cost recovery mechanism to a category of IDT services (i.e. programme management) as part of a short-term intervention, while the other sought to develop a business case for long-term sustainability in line with the revised mandate of the entity.

It is, therefore, necessary that both the IDT service delivery model and the funding model be revised for the IDT to be self-sustainable. The turnaround plan identifies the investment required to transform the IDT and provides a long-term financial plan outlining the IDT revenue inflows and expenditure. The proposed repositioning of the entity with a bias towards becoming *a compliant*, *fit for purpose* entity should go a long way towards making the IDT financially viable and sustainable in the long run.

10.3.3 Culture change, leadership development and partnership building

The turnaround plan introduces change and improvements in a variety of areas. Some of the areas for improvement include the introduction of a change management programme that is intended to build an inclusive, performance-driven culture and work ethos. This will entail collaborations and partnerships with organisations that positively affect the work of the IDT and investing in rebuilding the trust that has been lost between the IDT and its clients. These efforts shall also focus on rebuilding the IDT image and reputation through corporate communication, client relations, and stakeholder management.

10.3.4 The status of the institution regarding compliance with the BBBEE Act.

The IDT fully supports and complies with BBBEE legislation and has been at the forefront of promoting BBBEE for many years. The entity has an empowerment strategy. Anchored on the goals of “procure to empower” and “transform the industry”, the strategy seeks to promote the participation of previously disadvantaged individuals in the construction industry. This is reflected in some of its performance targets, which focus on expenditure on BBBEE companies, and the implementation of the Contractor Development Programme, among others. Of greater significance is the fact that the IDT subscribes to the implementation of the PPPFA and its provisions. However, the ruling by the Supreme Court of Appeal, which rendered regulations of the PPPFA invalid, is likely to derail the transformation of the built environment and the economy.

10.3.5 The status of the institution regarding women, youth and people with disabilities.

The entity supports the promotion and participation of women, youth and people with disabilities in the built-environment industry. The entity has entered into collaborative efforts and partnerships with the Advisory Councils on the Empowerment of people with disabilities, youth and women. The collaboration agreements seek to deepen the representation and participation of these designated groups in the construction sector. This will promote and facilitate their active empowerment in the delivery of social infrastructure.

10.4 Key issue from the Environment Analysis

The table hereunder provides a synopsis of key issues from the internal and external environment that form the basis for strategy options. The strengths and weaknesses of the internal environment will be addressed in the plan through key interventions aimed at building a commercial mindset among the entity’s personnel and ensuring that the entity is led and managed along sound commercial principles. The plan will present three key focus areas to address these challenges: Services rendered by the entity; the entity’s capability to deliver on its brand promise, and the entity’s revenue to safeguard its financial sustainability

The impact of the entity is dependent on access to a sizable portfolio of business (value of programme portfolio). The external environment opportunities and threats are summarised in the table hereunder, as well as interventions aligned with the strategic objectives of the entity for the duration of the MTEF period.

Table 7: Key issue from the Environment Analysis

		Key Issues	Interventions
Internal Environment	**Strength**	• Organisational agility and decision-making response time on operational matters • A mixture a bread of personnel with infrastructure and social development outlook (orientation) able to serve the interests of communities the entity works with – commitment to the development agenda of the country • Geographic location in all provinces which facilitates accessibility of the entity's services	• Build the entity's capability to deliver on its promise (fit for purpose capability – in respect of people, technology, and business process aligned to deliver on clients' perception of excellent service) • Refocus and streamline client service offering • Drive a client-centric operating culture in line with the brand promise and operating values of the entity
	Weaknesses	• Declining delivery capacity following uncertainty about the protracted transformation of the entity (start-stop-start-hold approach to implementation of the turnaround and transformation project) • Corporate governance challenges associated with the entity's transformation agenda • Obsolete technology infrastructure and enabling technology for effective and efficient services delivery • Financial unsustainability threatening the going-concern status of the entity	• Build the entity's capability to deliver on its promise (fit for purpose capability – in respect of people, technology, and business process aligned to deliver on clients' perception of excellent service) • Resolve corporate governance and leadership gaps (conclusion of the reconfiguration process)
External Environment	**Opportunities**	• Under expenditure on infrastructure budget (leading to reduction in infrastructure grants and infrastructure allocation) • Inadequate capacity and skills to plan and implement infrastructure projects on time and within budget leading to erosion of infrastructure budgets • Plans to accelerate infrastructure delivery in health and education sectors • Government reform in the delivery of infrastructure (to provide infrastructure faster, manage/control cost, share risk with private sector and integration of climate change response for resilient infrastructure facilities)	• Refocus and streamline client service offering • Redesign the entity to operate fully on commercial principles – a commercially oriented organisation design • Grow the entity's current and new revenue stream • Consider delivery innovation in respect to infrastructure status assessment and project planning and packaging

	Key Issues	Interventions
Threats	• Declining trend in infrastructure spending as a percentage of GDP (2% average real growth decline) • Negative perception about the IDT as a brand following consecutive years of audit disclaimer • Competition with other implementing agents over a diminishing supply of infrastructure projects.	• Refocus and streamline client service offering • Drive a client-centric operating culture in line with the proposed brand promise and values of the entity • Establish working relationships with other state-owned agencies operating within the infrastructure delivery value chain for value maximisation and timeous delivery of infrastructure (cost and budget overruns reductions and delivery on time) • Resolve corporate governance gaps that besieged the entity over the year – entity transformation programme (conclusion of the reconfiguration process)

PART C: MEASURING OUR PERFORMANCE

11. Institutional Programme Performance Information

IDT Impact Statement	Quality, Accessible Public Infrastructure that Contributes to National Priorities

The impact statement and outcomes in this Annual Performance Plan align to the goals of government, the Department of Public Works and Infrastructure and reflect the IDT's contribution to the realisation thereof.

The IDT is part of the service delivery machinery of the state and its targets are informed by, and contribute to the realisation of some of the key delivery targets set by the government in the National Development Plan as expressed through the plans of the Department of Public Works and Infrastructure as well as other government departments. Of particular relevance to the IDT is the reduction of infrastructure backlogs, building resilient infrastructure, creating work opportunities through public employment programmes, and transforming the built environment. **Table 3 in PART A** illustrates linkages between IDT targets their contribution to specific government-wide outcomes and goals. Similarly, some of the targets reflect the entity's turnaround plan, which seeks to make it self-sustaining. This, in turn, dovetails with government goals to make public entities less dependent on the fiscus to sustain themselves.

The achievement of the targets in this plan will depend on, among others, the following enablers:

- Allocation of programme portfolio budget by clients
- Implementation of the envisaged delivery capacity improvement critical for the entity to fulfil its mandate
- Quality and capacity of the delivery partners in the infrastructure delivery value chain.

Through its diversified business portfolio and service offering, the IDT will contribute to the following outcomes:

- Increased Access to Quality Social Infrastructure
- A Transformed Built Environment
- Optimised Job Opportunities (through public employment programmes)
- A compliant, Fit-for-Purpose Entity

Figure 6 below illustrates the link and alignment between the IDT outcomes with those of the DPWIand the seven national priorities of the sixth administration

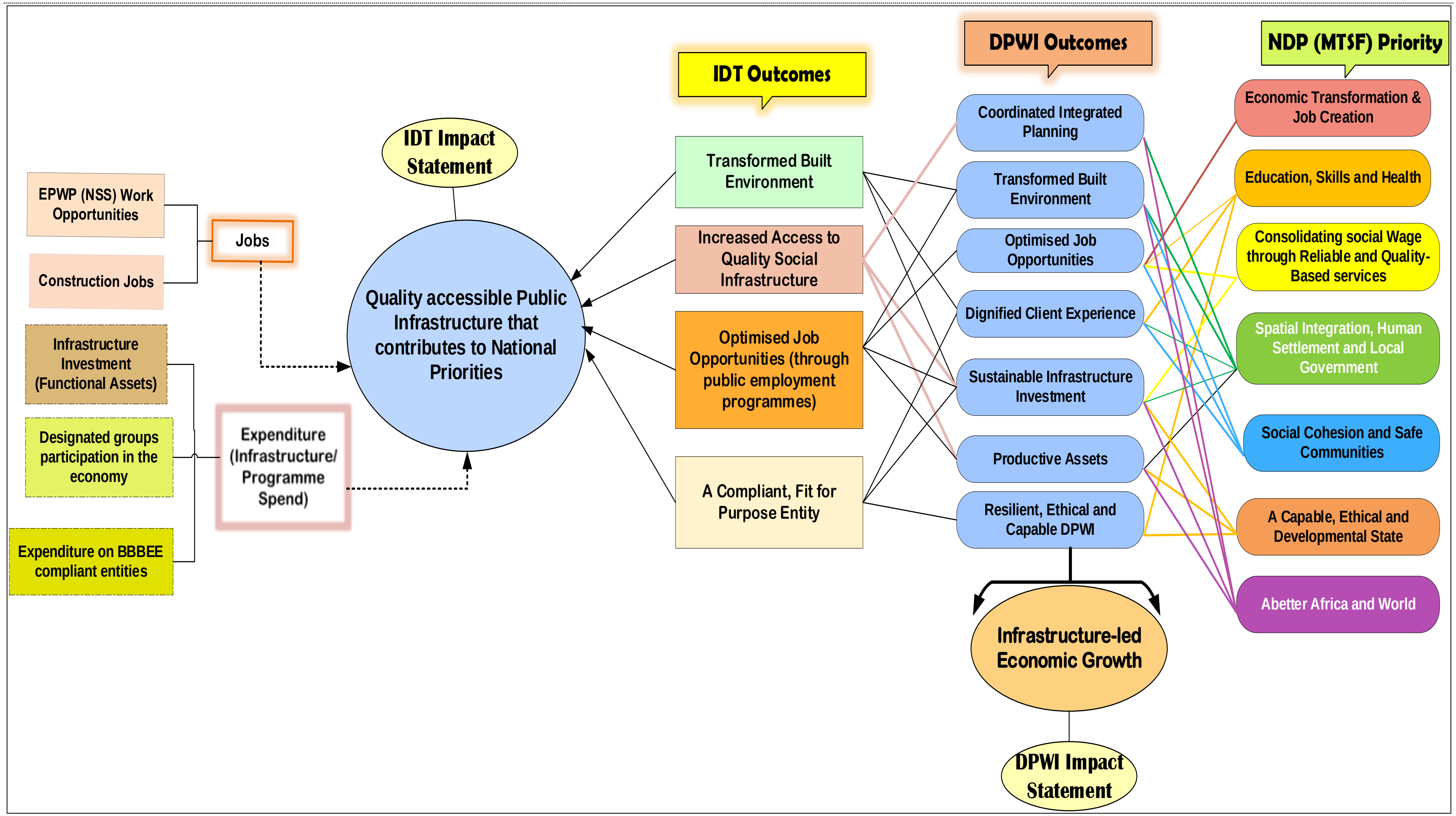

Figure 1: Impact, Outcomes and MTSF priorities alignment

11.1 Programme 1: Integrated Service Delivery

The purpose of this programme is to ensure provision of efficient, effective and integrated public social infrastructure delivery management services to satisfy client requirements and impact positively on government development agenda. It ensures that the entity delivers on its core mandate and contributes to the reduction of infrastructure backlogs through the construction of public infrastructure, creating work opportunities through public employment schemes and transforming the built environment.

11.1.1 Outcomes #1: Increased access to quality social infrastructure

The delivery of quality social infrastructure is directly related to the services the IDT offers to clients. It is in this context that the entity will ensure the delivery of quality social infrastructure on time, within budget and scope.

- The rationale for choosing the *efficiency targets* under this outcome is to ensure that the IDT continues to deliver infrastructure on scale in order to widen access to such facilities by the end-users. The underlying assumption is that delivering infrastructure on time, within budget and to the right quality promotes efficiency, which in turn ensures that more infrastructure units are delivered to more end-users. This then reduces the infrastructure backlogs while ensuring that more people benefit from the infrastructure facilities completed in a given period. Thus, efficiency enables the IDT to contribute to the state's capacity to provide public goods to a sizable number of people as well as reduce the infrastructure backlogs within reasonable time frames.

- Similarly, the ability to deliver infrastructure on time, at cost and to the right quality demonstrates the entity's agility and ability to respond to customer needs ahead of any competitor. In turn, this has the potential to make the IDT the implementing agent of choice with client departments.

- Quality infrastructure that meets client expectations ensures that end-users feel that they are treated with dignity (A dignified customer experience).

- The delivery of infrastructure efficiently also creates employment for more South Africans which in turn empowers the citizenry, increases levels of public expenditure and stimulates economic growth, which in turn contributes to the realisation of the goal of inclusive economic growth.

Table 7 presents outputs, indicators and MTEF targets under this outcome whilst Table 8 presents output indicators and annual targets.

Table 8: Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. Increased Access to Quality Social Infrastructure	1.1 Greenfield (new) or replaced facilities	1.1.1 Number of greenfield or replacement infrastructure (facilities) completed	10	10	17	5	15	20	25
	1.2 Non-greenfield social infrastructure facilities	1.2.1 Number of non-greenfield infrastructure (facilities) completed	60	25	19	20	40	50	70
	1.3 Projects completed on time	1.3.1 Percentage of projects completed on time	61%	26%	56%	57%	75%	75%	80%
	1.4 Projects completed within budget	1.4.1 Percentage of projects completed within budget	77%	94%	100%	80%	80%	85%	85%

Table 9: Output Indicators - Annual and Quarterly Targets

#	Output indicators	Annual target	Q1	Q2	Q3	Q4
1.1.1	Number of greenfield or replacement infrastructure (facilities) completed	15	0	3	5	7
1.2.1	Number of non-greenfield social infrastructure facilities completed	40	3	8	12	17
1.6.1	Percentage of projects completed on time	75%	75%	75%	75%	75%
1.7.1	Percentage of projects completed within budget	80%	80%	80%	80%	80%

11.1.2 Outcomes #2: A transformed built environment

This outcome contributes to the empowerment of previously disadvantaged groups and inclusive economic growth through the implementation of targeted contracting and skills development within the built environment industry. The IDT will leverage the value of its programme portfolio to influence transformation in the built environment. The entity's strategic intent aligned to this outcome is to *increase ownership and participation by designated groups in the built environment industry.* The following are key interventions:

- Implement targeted procurement in line with applicable regulations (specific goals in terms of PPPFA regulation, 2022) in the implementation of infrastructure projects.
- Implement the Contractor Development Programme (CDP).
- Implement planned infrastructure projects within allocated budget(s) and on time.

The entity implements the Contractor Development Programme, which is a key component of attempts to transform the built environment [industry] and make it more inclusive by increasing the ownership and participation of historically disadvantaged individuals in the construction industry. This programme creates opportunities for women, youth, and other designated groups, such as people with disabilities, to participate in the industry in a supportive environment. In addition, increased expenditure on entities owned by the designated groups not only adds to the transformation of the built environment but also stimulates the goal of infrastructure-led economic growth.

Client capacity to complete projects on time and within budget through improved delivery capacity is critical. This requires the entity to improve its delivery capacity, expanding the built environment skills base. Inherent in the delivery of infrastructure is the assumption that this also expands the skills base and contributes to the goal of transforming the built-environment industry.

A transformed, inclusive built environment creates opportunities for social cohesion while building a strong foundation for an inclusive economy.

Table 1: Outcomes, Outputs, Performance Indicators and Targets (MTEF)

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. A Transformed Built Environment	2.1 Contracts awarded to Designated groups	2.1.1 Percentage of programme contracts value (weighted rand value) allocated to designated groups	N/A	N/A	N/A	30%	30%	40%	45%
	2.2 Programme Expenditure on designated groups	2.2.1 Percentage of weighted programme expenditure on designated groups (based on total programme spend	N/A	N/A	N/A	30%	30%	40%	45%
	2.3 CDP Contractors' panel	2.3.1 Number of contractors participating in the IDT Contractor Development Programme(CDP) – (CDP Panel)	52	50	50	60	60	60	60
		2.3.2 Percentage of women contractors participating in the IDT Contractor Development Programme	45%	45%	0%	40%	40%	40%	40%
		2.3.3 Percentage of youth contractors participating in the IDT Contractor Development Programme	N/A	N/A	N/A	30%	30%	30%	30%
		2.3.4 Percentage of Persons with disabilities participating in the IDT Contractor Development Programme	N/A	N/A	N/A	2%	2%	2%	2%

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	2.4 Projects allocated to the CDP	2.4.1 Number of construction projects allocated to the IDT CDP	N/A	N/A	N/A	N/A	20	25	30
		2.4.2 Percentage of construction projects awarded to women contractors participating in the IDT CDP	N/A	N/A	N/A	N/A	40%	40%	40%
		2.4.3 Percentage of construction projects awarded to youth participating in the IDT CDP	N/A	N/A	N/A	N/A	30%	30%	30%
		2.4.4 Percentage of construction projects awarded to persons with disability participating in the IDT CDP	N/A	N/A	N/A	N/A	2%	2%	2%
	2.5 CDP Contractors graduated from the CDP (CIDB higher grades designation)	2.5.1 Number of CDP contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	0	42	18
		2.5.2 Percentage of women contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	0%	40%	40%
		2.5.3 Percentage of youth contractors who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	0%	30%	30%
		2.5.4 Percentage of people with disabilities who graduate[d] from the IDT CDP	N/A	N/A	N/A	N/A	0%	2%	2%

Table 11 hereunder presents outputs, output indicators and targets (annual and quarterly targets) for the outcomes: *A transformed built environment.*

Table 2: Output Indicators - Annual and Quarterly Targets

#	Output indicators	Annual target	Q1	Q2	Q3	Q4
2.1.1	Percentage of programme contracts value (weighted rand value) allocated to designated groups	30%	30%	30%	30%	30%
2.2.1	Percentage of weighted programme expenditure on designated groups (based on total programme spend	30%	30%	30%	30%	30%
2.2.2	Number of contractors participating in the IDT Contractor Development Programme (CDP) – (CDP Panel)	60	60	-	-	-
2.3.1	Percentage of women contractors participating in the IDT Contractor Development Programme	40%	40%	-	-	-
2.4.1	Percentage of youth contractors participating in the IDT Contractor Development Programme.	20%	20%	-	-	-
2.5.1	Percentage of People with disabilities participating in the IDT Contractor Development Programme	2%	2%	-	-	-
2.6.1	Number of construction projects allocated to the IDT CDP	20	0	2	8	10
2.7.1	Percentage of construction projects awarded to women contractors participating in the IDT CDP	40%	40%	40%	40%	40%
2.8.1	Percentage of construction projects awarded to youth participating in the IDT CDP	30%	30%	30%	30%	30%
2.9.1	Percentage of construction projects awarded to persons with disability participating in the IDT CDP	2%	2%	2%	2%	2%

11.1.2.1 Planned Performance over the MTEF Period

11.1.3 Outcomes #3: Optimised job opportunities (through public employment programmes)

The creation of work opportunities is one of the key elements of the Economic Reconstruction and Recovery Plan and is the single most notable contribution to the plan by the Department of Public Works and Infrastructure, including its entities. IDT contributes to the creation of employment opportunities through the implementation of its infrastructure programmes and, significantly, through the implementation of the Expanded Public Works Programme – Non-State Sector. More than half a million job opportunities have been created since the IDT started implementing the programme. Thus, the entity will continue to play a significant role in the creation of employment opportunities to revive the post-COVID-19 economy. EPWP provides temporary employment and training to its participants through skills development initiatives such as learner-ships and artisan development. The skills and training provided are to enhance the participants' chances of being employable on other projects after exiting the EPWP. The creation of job opportunities through the implementation of the IDT infrastructure programme has similar goals.

The rationale for choosing this outcome and its targets is the realisation that market forces alone cannot reduce the high rate of unemployment.

- Thus, a mass employment programme such as EPWP enables the IDT to contribute to the goal of job creation.
- Although EPWP job opportunities are temporary, there are positive social and economic outcomes related to the programme. These include an empowered citizenry and that the stipend and wages received by participants enable them to meet some of their basic needs and participate in economic activity through spending their earnings.
- Work opportunities created through the IDT portfolio enable the IDT to contribute to the revival of the construction industry, which enables the industry to contribute to job creation and economic growth.

Table 11 presents the outputs, performance indicators (output) and targets for the MTEF period under this outcome and table 12 presents output indicators as well as annual and quarterly targets.

Table 12: Outcomes, Outputs, Performance Indicators and Targets (MTEF)

Outcome	Outputs	Outputs Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
3. Optimised Job Opportunities (through public employment programmes)	*3.1* Construction work opportunities created	3.1.1 Number of construction work opportunities created (IDT Portfolio)	3 830	2 780	3 950	3 100	4 367	4 833	5 135
	3.2 EPWP Work opportunities created	3.2.1 Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)	71 374	35 937	100 212	64 000	64 000	80 000	96 000

Table 13: Indicators, Annual and Quarterly Targets

#	Output indicators	Annual target	Q1	Q2	Q3	Q4
3.1.1	Number of construction work opportunities created (IDT Portfolio)	**4 367**	578	892	1 193	1 704
3.2.1	Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)	**64 000**	0	12 000	20 000	32 000

11.2 Programme 2: Administration

The purpose of this programme is to ensure that the Independent Development Trust is a financially viable, complaint, results-based, efficient and focused organisation. Its targets address the entity's delivery capacity, corporate governance and financial sustainability. Indicators and targets under this programme are aligned with the expectations of clients as well as enabling the entity to contribute to building a capable state and transformation of the built environment by expanding and strengthening its delivery capacity.

11.2.1 Outcomes #4: A Compliant, Fit for Purpose Entity

The success of the IDT depends on its ability to transform itself and adopt commercially sound operating principles. This is based on the assumption that the Shareholder believes that the IDT remains part of the infrastructure delivery value chain. It also assumes that the entity should and can be financially sustainable and continue to play a significant role in delivering infrastructure on time and within budget and desired quality.

The financial sustainability of state-owned entities is critical to achieving the goal of creating a capable, ethical developmental state. This plan is centred on the assumption that the IDT can be financially sustainable, given the portfolio of social infrastructure that the government plans to deliver during the MTEF period. In the past three financial years, the entity depended on grants from the Shareholder following a significant decline in operations as a result of its shrinking portfolio and the cloud of uncertainty about its future. Under the current scenario, a portfolio value of R6.5 billion will be sufficient to ensure the entity achieves a financial break-even. Implementation of interventions for this outcome can accelerate progress towards financial sustainability. The following are some of the interventions to turn the IDT into a financially sustainable entity:

- Grow revenue streams (procurement service cost)/asset register assessment and maintenance
- Adapt SCM processes to align with customer revenue streams
- Introduce performance-based, time/cost and project value-based management fees
- Monitor and adjust cost to sustain long-term viability
- Develop alternative funding models
- Expand customer service offering
- Continuous market research into emerging trends in the built environment industry

One of the critical success factors for the implementation of the IDT turnaround is its ability to garner and manage the knowledge, tools, talent, people, resources, systems, and capital at its disposal to translate the turnaround strategy into the desired results. The recruitment of professionals with technical expertise will not only make the IDT fit-for-purpose, but it will also enable the entity to meet client expectations and in consequence, create more business opportunities for the entity.

Similarly, transformational leadership is essential to transform the entity into an organisation fit for purpose - capable of delivering on its promise to clients and other stakeholders. This in turn will contribute to the building of a capable, ethical developmental state.

Improved revenue management: this is a significant part of building an efficient, agile organisation that is able to augment the state's capacity to manage resources efficiently. Key components of this are to improve billing systems, collection of fees and processing payments for contractors within the 30-day payment turnaround time. This builds a compliant, effective and efficient administration, which in turn makes the IDT a key contributor to the building of a capable, ethical state.

Compliant governance: good governance is a critical success factor in building public confidence. Proper internal controls and the implementation of risk mitigation strategies, as well as updated policy and legislative instruments, build public confidence and contribute to the goal of building a capable, ethical, developmental state.

A financially sustainable entity: financial sustainability is one of the most important focus areas for the transformation of the IDT into a financially stable entity known for efficiency and effectiveness. Part of this effort will be to grow the portfolio, generate an operating surplus and ensure that the entity charges and receives competitive management fees. The annual plan makes provision for social infrastructure programme portfolio allocation by the shareholder. Shareholder allocation of the portfolio is critical in driving the entity towards financial sustainability – reduction of annual operating deficits to a point of break-even and cancelling the need for government grand to support the entity's operations**.**

Similarly, the payment of compliant invoices within the required 30-day period speaks to efficiency, which in turn contributes to the realisation of the goal of financial sustainability and growing revenue. All these efforts enable the IDT to meet its goal of becoming *a compliant, fit for purpose* entity. This dovetails with the wider government goal of building a capable state.

The tables in this section present outcomes, outputs, performance indicators and targets, as well as output indicators and related annual and quarterly targets.

Table 14: Outcomes, Outputs, Performance Indicators and Targets (MTEF)

Outcome	Outputs	Outputs Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period (R'000)		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
4 A Compliant, Fit for Purpose Entity	4.1 Business generated	4.1.1 Value of business portfolio (confirmed programmes)	N/A	N/A	N/A	R3,535bn	R'000 R4 819 905	R'000 R6 465 640	R'000 R6 282 702
		4.1.2 Value of new business generated	N/A	N/A	N/A	R 1,317bn	R2 427 630	R3 034 537	R3 944 898
	4.2 Operating Surplus	4.2.1 Value of programme spend	R2.525bn	R2.122bn	R2,283 bn	R3,691bn	R4 751 999[38]	R6 882 829	R7 752 662
		4.2.2 Management fee collection ratio	87% annual management fee collection ratio	80 % annual management fee collection ratio	81% annual management fee collection ratio	80 % annual management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio
	4.3 Human capital strategy implemented	4.3.1 Vacancy rate	N/A	N/A	N/A	40%:	10%	10%	10%
	4.4 Compliance with legislative requirements	4.4.1 Percentage of compliant programme invoices paid within 30 days of receipt	82%	35% compliant programme invoices paid within 30 days	65% compliant programme invoices paid within 30 days	78% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days

[38] This expenditure target excludes R2,0 billion worth of required additional DPWI allocation needed to transition the entity towards financial sustainability as contained in the 2023 IDT budget framework

Outcome	Outputs	Outputs Indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period (R'000)		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		4.4.2 Percentage of compliant overheads invoices paid within 30 days of receipt	N/A	84%	83% compliant overheads invoices paid within 30 days	80% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days

Table 15: Indicators, Annual and Quarterly Targets

#	Output indicators	Annual target	Q1	Q2	Q3	Q4
		R'000	R'000	R'000	R'000	R'000
4.1.1	Value of business portfolio (confirmed programmes)	4 819 905	3 243 194	519 174	552 376	505 161
4.1.2	Value of new business generated[39]	2 427 630	0	485 526	849 671	1 092 434
4.2.1	Value of programme spend	4 751 999	580 308	1 255 900	1 367 566	1 548 225
4.2.2	Management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio	90 % annual management fee collection ratio
4.3.1	Vacancy rate	10% vacancy rate	10% vacancy rate	10% vacancy rate	10% vacancy rate	10% vacancy rate
4.4.1	Percentage of compliant programme invoices paid within 30 days of receipt	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days	100% compliant programme invoices paid within 30 days
4.4.2	Percentage of compliant overheads invoices paid within 30 days of receipt	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days	100% compliant overheads invoices paid within 30 days

[39] Value of New Business includes total social infrastructure programme allocation from DPWI (Shareholder)

12. Programme Resource Considerations (Budget)

MTEF 2023 Estimates

Details	ACTUAL 2019/20 R'000	ACTUAL 2020/21 R'000	ACTUAL 2021/22 R'000	ANNUALISED SPEND 2022/23 R'000	BUDGET 2023/24 R'000	ENE 2024/25 R'000	ENE 2025/26 R'000	ENE 2026/27 R'000	
Programmes	**3 963 753**	**2 525 339**	**2 454 122**	**2 883 484**	**6 751 999**	**7 382 829**	**9 252 662**	**9 716 413**	
Expenditure: Confirmed Programme Contracts	3 574 689	2 141 863	1 960 989	1 965 259	3 808 025	4 438 855	5 308 688	5 672 439	Note 1
EPWP NSS (from DPWI Allocation)	389 064	383 476	493 133	918 225	943 974	943 974	943 974	943 974	Note 1
Required Additional DPWI Allocation					2 000 000	2 000 000	3 000 000	3 100 000	Note 1
Staffing requirements	**278**	**390**	**220**		**298**	**298**	**298**	**298**	
Staff Numbers	**278**	**390**	**220**		**298**	**298**	**298**	**298**	Note 2
Average Gross Management Fee Rate	**6%**	**5%**	**5%**	**5%**	**5%**	**5%**	**5%**	**5%**	
Revenue	**264 269**	**162 425**	**216 896**	**266 900**	**390 125**	**423 024**	**518 922**	**543 566**	
Management Fee Revenue: Confirmed Programmes	222 026	148 593	122 112	114 700	190 401	221 943	265 434	283 622	Note 3
Management Fee Revenue: EPWP NSS				76 100	80 238	80 238	80 238	80 238	Note 3
Management Fee Revenue: New / Prospective Business				0	100 000	100 000	150 000	155 000	Note 3
Cost Recovery - Travel Disbursement Recovery (Projects)				0	5 986	6 643	7 350	8 107	Note 3
Cost Recovery - Legal Cost Recovery (Projects)				0	8 500	10 200	11 900	13 600	Note 3
Other Income	13 881	8 832	1 784	5 800	5 000	4 000	4 000	3 000	Note 5
Grant Funding	28 362	5 000	93 000	70 300	0	-			Note 4
						-			
Operational Expenditure	**261 334**	**270 037**	**205 020**	**281 638**	**455 194**	**468 416**	**487 600**	**510 147**	
Employment costs	196 836	186 295	134 432	182 349	225 503	236 778	248 617	261 048	Note 6
Recruitment of Project Managers									Note 6
Staff Training	2 135	1 080	168	439	4 510	4 736	4 972	5 221	Note 7
Internship programme	394	0	1 420	12 609	11 352	11 920	12 516	13 141	Note 6
Restructuring costs	0	118	5	221	5 000				Note 8
Non-Employment:				0					
Travel - Projects	8 636	8 093	6 524	10 500	7 483	7 816	8 167	8 533	Note 9
Travel - Administration			0	0	3 207	3 350	3 500	3 657	Note 9
Litigation fees	14 169	15 394	16 995	17 888	24 000	22 000	20 000	18 000	Note 10
Consultants fees	4 285	530	1 442	4 087	6 668	5 000	3 000	3 000	Note 11
Depreciation - Non Cash item	6 487	4 703	4 676	2 903	6 478	6 766	7 070	7 387	Note 12
External Audit Fees	8 569	8 261	8 159	9 172	12 000	13 200	14 520	15 972	Note 13
IT Cost (Maintenance and support costs)	1 278	1 028		896	18 926	19 769	20 656	21 584	Note 14
Communication	1 701	1 129	1 290	3 292	11 575	12 090	12 633	13 200	Note 15
Facilities			0	7 997	21 403	22 355	23 359	24 408	Note 16
Leases: Office rental including rent parking	14 620	12 850	7 146	8 533	21 278	23 406	25 746	28 321	Note 17
Other Operating expenses	-1 999	24 348	12 615	10 889	47 260	49 364	51 580	53 896	Note 18
Centralised Cost	**4 223**	**6 208**	**10 148**	**9 863**	**28 550**	**29 868**	**31 264**	**32 777**	
Telephone	3 101	5 292	4 686	4 755	10 000	10 445	10 914	11 404	Note 19
Rent photocopiers	112	18	4 052	897	1 000	1 000	1 000	1 045	Note 20
Insurance	630	557	1 000	61	1 650	1 815	1 997	2 196	Note 21
Software Licences and Subscriptions	380	341	410	1 675	12 400	12 952	13 533	14 141	Note 22
Network Data			0	2 475	3 500	3 656	3 820	3 991	Note 23
Net Operating Surplus / (deficit) for the year before Capex Items	**2 935**	**-107 612**	**11 876**	**-14 738**	**-65 069**	**-45 392**	**31 322**	**33 420**	
Capex Items	**167**	**150**	**312**	**7 815**	**16 730**	**9 500**	**9 000**	**4 000**	
HR Information System					980				Note 24
Incident Management System - IT					2 000				Note 25
Team Mate Audit Software					750				Note 26
Project Management System					5 000	5 000	5 000		Note 27
Procurement System					0				Note 28
Furniture HeadOffice					1 000				Note 28
Furniture and Fittings		**150**		1 529					
Finance ERP System Enhancements					2 000	500			Note 29
IT and other equipment	**167**		**312**	6 286	5 000	4 000	4 000	4 000	Note 30
Net Operating Surplus / (deficit) for the year after Capex Items	**2 768**	**-107 762**	**11 564**	**-22 553**	**-81 799**	**-54 892**	**22 322**	**29 420**	Note 31
Required Additional Critical mass projects to break even					**1 635 971**	**1 097 846**	**0**	**0**	Note 1

Notes:

1. Programme expenditure is based on estimated confirmed contracted work to be carried out on behalf of client departments. EPWP NSS annual allocation is still to be concluded at the beginning of each financial year. There is a further R2 billion rand allocation required from DPWI in terms of fully funded projects that are ready for implementation on 01 April 2023. If this work is not allocated, this will result in the organisation requiring grant funding to fund operational costs. The required critical mass programmes refer to required additional programme portfolios for the organisation to implement in order to achieve a break-even financial result for theyear.
2. Budgeted staff numbers are indicative of the organisation's resource requirement over the ENE budget cycle. This item will be adjusted yearly according to the HR input and will drastically affect the operational cost and required funding in the subsequent years.
3. Management fee revenue is based on an average of 5% of programme work carried out. The rate for EPWP NSS is 8.5% that is chargeable for the implementation of the programme.
4. Travel disbursement cost recovery is based on travel related to projects. The recovery rate is expected to increase year on year (from 80% to 95%) as more programme contracts include a clause for travel cost recovery.
5. Legal cost recovery is based on the legal cost that IDT has incurred on behalf of projects where IDT is not at fault for litigation action from contractors and professional service providers. The recovery rate is expected to increase from year on year from a conservative 50% recovery to 80% as new programme contracts include a clause for legal cost recovery.
6. Grant funding is required to fund the deficit for the financial year.
7. Other income comprises of interest income and tender deposits.
8. Employee costs are based on the current payroll and new staff recruits identified for the 2023/24 FY. Currently, there are 229 staff employed by IDT. The organisation is expected to recruit a further 70 resources to assist with programme implementation and delivery. Employee costs include salary adjustments of 7.5% for 2023/24 and 5% for the subsequent years. The Public Service Act does not apply to the IDT in its current legal form and as such DPSA salary agreements cannot be implemented in the organisation.
9. Staff training is based on 2% of employee costs over the ENE budget cycle.
10. Restructure costs have been limited to R5m. Once the business case has been approved by Cabinet, the organization will be in a position to assess the cost requirement of such an exercise. It is expected that DPWI will fund this process to completion.
11. Project-related travel accounts for 70% of the budget and 30% relates to administration.
12. The organisation has a high litigation list emanating mostly from the programme work carried out on behalf of client departments. While the litigation list is reducing (year on year), there is still a requirement for legal representation at court proceedings, mediations and meetings with the plaintiff parties. In addition, there are internal legal costs that have been provided for due to the increase in CCMA and disciplinary matters. The budgeted cost for external litigation amounts to R17m and internal legal costs account for R7m. The total budgeted legal fees amount to R24m.
13. Consultant costs are based on strategy implementation and clean audit objective.
14. This is a noncash item. Depreciation is based on the organisation's assets over their useful life.
15. The external audit fee takes into account the Auditor General's view of IDT as a high-risk client and as such a high level of substantive testing procedures will be utilised.
16. IT costs comprises mainly of IT support and maintenance costs.
17. Communications include branding, publication and event coordination activities.
18. Facility costs include cleaning, electricity, facility maintenance and repairs, national office property management fees and security.
19. Lease costs pertain to office and parking rental. This amount has been adjusted by 10% in the outer years. Lease costs relate to Eastern Cape, Free State, KZN, Limpopo, Mpumalanga, North West, Northern Cape and National Office. Western Cape offices are currently accommodated at DPWI provincial offices and the Gauteng Office is accommodated at National Office.

Notes:

20. Other overhead expenses include bank charges, catering, recruitment fees, resources costs (internal audit), forensic audit fees, stationery and printing costs, storage and trustees' remuneration.
21. Telephone costs are based on expected usage per regional office and units at the National office.
22. Photocopier rentals are contractually determined i.e., R2.5m over three years. This line item also includes copier charges.
23. Insurance includes asset cover for buildings, office contents, electronic equipment, motor vehicles, employment practice infringements, Board and committee cover, commercial crimes, third-party claims and SASRIA-related cover.
24. Software licences and subscriptions include all IT-related software required for the organisation to carry out its function. The following licences are utilised by the organisation: Microsoft EAS, Kaspersky, Symantec, Mimecast, Websense, SSL Certificate, AD Audit Plus, TeamViewer, Quantum I Scalar Tape Library, Microsoft Dynamics Great Plains and Sage.
25. Network data is the IT costs pertaining to the IT infrastructure required to support the organisation. Data costs are split according to the following items: VPN Supreme (voice and data), hosting, LAN management and firewall services. .

CAPEX includes the following:

26. HR Information System which will automate certain transactional and reporting activities within the unit.
27. Incident Management System - IT Helpdesk system which will improve efficiencies in dealing with user queries and complaints.
28. Teammate Audit Software will assist the Internal Audit unit with documenting the internal audit activities when auditing regions and units.
29. The project management system will improve effectiveness and efficiency related to the core business. The organisation currently does not have a dedicated project management system.
30. Furniture – Head Office. The Head office will be relocating from its current premises. Some of the furniture is not in a usable condition. A provision has been set aside for the purchase of office furniture.
31. Finance ERP enhancements include changes in the financial system to improve efficiencies within the current accounting software to support new requirements in core business as well as reporting standards for audit.
32. IT and other equipment relate mostly to the purchase of computer equipment as tools of the trade for IDT employees.
33. There is a funding requirement of R81.8 million (2023/24) and R54.9 million (2024/25). Based on the projections received, grant funding is not required for the outer two years. The allocation of programme portfolios to be implemented from 01 April in each financial year will assist in reducing the grant funding required by IDT. These contracts must be finalised six months before the beginning of the financial year to allow for planning, procurement and the billing of management fees from April month going forward.

13. Key Risks and Risk Management Plan

The IDT is guided by the PFMA (1999, as amended), National Treasury Regulations, the King IV Code on Corporate Governance and the Enterprise Risk Management Policy and Framework, which address the structures, processes and standards that are implemented to manage risks in the organisation. The Board of Trustees is responsible for ensuring that the organisation implements effective risk management policies and processes.

The Audit, Risk and Compliance Committee of the Board of Trustees has the overall responsibility to ensure that the organisation has identified the key risks facing the IDT and that a strategy to manage those risks is implemented. The Risk Management Committee has the responsibility to review the organisation's Risk Management Strategy. The entity has an Enterprise Risk Management Policy and Framework which provides guidelines and procedures to effectively manage risks.

The Compliance and Risk Office is responsible for facilitating risk assessments and ensuring that there is constant monitoring and reporting on progress made in mitigating risks within the organisation. Compliance with legislation is tested by conducting regular compliance audits in various units and the Compliance and Risk Office provides training to staff as and when required.

Executive Management conducts an Annual Risk Assessment following which key corporate risks are identified and the strategic risk register developed. These risks are constantly monitored by the Board and progress is discussed during the Audit, Risk and Compliance Committee meetings.

Strategic risks facing the entity include reputation, litigation, financial sustainability, and organisational relevance. Table 15 presents a list of governance structures, board subcommittees while Table 16 presents strategic risks related to effective implementation of the 2022/23 Annual Performance Plan targets.

Table 16: Board Committee

COMMITTEE	NO OF MEMBERS	NAME OF MEMBERS
Audit, Risk, and ComplianceCommittee	4	Ms. K Siyila Ms. R Parker Mr. K Sukdev Adv T Nevondwe
Core Business, Programmes, and Financial Sustainability Committee	4	Mr. T Sukazi Prof R Nkado Ms. L Kumalo Mr. M Mbambisa
Board Executive Committee	5	Ms. Z Hill Mr. K Sukdev Dr. M Sutcliffe Ms. N Mkhwanazi Mr. T Sukazi
Social and Ethics Committee	5	Mr. K Sukdev Prof R Nkado Mr. M Mbambisa Ms. N Mkhwanazi Dr. M Sutcliffe
HR, Nominations and Remuneration Committee	4	Ms. N Mkhwanazi Adv T Nevondwe Ms. K Siyila Ms. Z Hill

Table 17: Key Risks and Mitigation

Outcome	Key Risks	Mitigation
Increased Access to Quality Social Infrastructure	**Litigation**	• Adherence to turn-around times (internal process-10 days to capture. Verify and submit payment request to Head Office) • Adhere to contract clauses, standard operating procedures, policies and laws • Enforcement of the agreement with Service Providers) apply penalty clause). • Legal Services & PMSU to conduct workshops to Improve Contract Management and programme implementation. • Engage National Treasury on client institutionalisation of tranche transfer of programme funds
A Transformed Built Environment	Lack of B-BBEE level 1&2, women, youth and people with disabilities owned companies that are well capacitated and meet procurement requirements	• Collaborate with CIDB to access contractor database and DPWI to implement Contractor Development Programme. • Advertise in construction and project management publications
A Compliant, Fit for Purpose Entity	Declining business portfolio.	• Implement stakeholder engagement strategy and profiling of the IDT
	Lack of capacity and capability to deliver projects on time and within budget (improved delivery capacity) • Over-runs on programme/project implementation delivery and budgets • Quality of programmes/project not aligned to industry norms and standards	• Attracting and retaining of appropriate technical personnel • Training and development of current personnel • Procure and implement PMIS • Ensure compliance with IDMS and FIDPM
	• Reduced portfolio (by departments), consequently programme expenditure and management fees • Ineffective cost management • Delayed payments by clients	• Business development and stakeholder engagement • Monthly report to the EXCO on IDT's liquidity. • Project Mitigation Plans • Improve billing and collection system, through monthly monitoring and reporting of debts. • Overhead cost containment on a project-to-project basis.

Outcome	Key Risks	Mitigation
		• Track project budget (capex and overheads) to ensure cost/return effectiveness • Recapitalise project management with supporting staff to augment project capability • Use previous data on projects to work a cost v benefit analysis to contain costs. • Explore and use efficiencies on projects, i.e. digital and technology to lower costs. • Implementation and close monitoring of Internal Audit Plan.
	Inadequate processes, procedures and policies • Nonresponsive SCM policies and processes	• Update all company policies and procedures and publish on IDT portal. • Improve SCM through introduction of a procurement committee to evaluate and approve all future supply chain contracts. • Potential acquisition of an integrated / customised project management system. • Develop a 5-year ITC Strategic Framework. • Development a new project pricing model and processes. • Align new project pricing model with finance APP and budget. • Improving billing and collections system. • Strengthening of governance, financial management and supply chain procedures. • Reviewing relevant policies and procedures to ensure adherence and control. • Improve oversight monitoring and reports.

13.1 Materiality and Significance Framework

The IDT has developed a Materiality and Significance Framework as required by the PFMA (1999, as amended) and Treasury Regulations. In terms of this legislation, the Accounting Authority must develop a framework of acceptable levels of materiality and significance. The materiality threshold should be updated at least annually once the financial plan and the budget framework are concluded.

13.1.1 Non – Financial Materiality

The non-financial materiality is derived from legislation that requires the IDT to report certain incidents, disclosures in the annual report. Section 54(2) of the PFMA states that the accounting authority for the public entity must inform the relevant Treasury and submit relevant particulars to its Executive Authority for approval in respect of:

a) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement (section 54(2)(b);
b) Acquisition or disposal of a significant shareholding in a company (section 54(2)(c);
c) Acquisition or disposal of a significant asset (section 54(2)(d);
d) Commencement or cessation of a significant business activity (section 54(2)(e); and
e) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture, or similar arrangement (section 54(2)(f).

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year. Based on this, the Board of Trustees has assessed that the level of non-financial materiality would be:

a) All losses in respect of criminal conduct;
b) Any criminal or disciplinary steps taken as a consequence of such losses;
c) Any irregular expenditure and fruitless and wasteful expenditure involving gross negligence; and
d) Any other irregular, fruitless and wasteful expenditure.

Where appropriate, IDT will report and highlight any material and significant matters because of the Materiality and Significance framework for the Board of Trustees' attention.

13.1.2 Financial Materiality

The National Treasury provides parameters for the calculations of materiality using the latest audited financial statements but requires sound judgement, consistency and other qualitative factors to be considered. It further proposes that the framework be reviewed at least annually and that applications are forwarded to the Executive Authority and Minister of Finance. The parameters provided are as follows:

Table 18: Materiality Parameters

Element	% range to be applied to the R value
Total assets	1.0% -2.0%
Total Revenue	0.5%-1.0%
Total Expenditure	0.5%-1.0%
Surplus	2.0%-5.0%

Considering the above elements, IDT believes the surplus is an inappropriate measure as the intention is to use the funds allocated to IDT in full in each accounting period. Any surplus or deficit realised is a non-cash surplus or deficit resulting from timing differences between the purchase of assets and recognition of depreciation and the straight-lining (smoothing) of leases over the period of the leased assets. In using the parameters, the following results have emerged, revenue is simple to calculate because the largest part of the amount is a transfer payment received from DPWI. It is a considered view of IDT that expenditure is a more appropriate measure, as the amount of revenue recognised is reduced by funds not spent.

Table 19: Measure of Materiality

	2021/22	2020/21
Total Expenditure for the year	R1,225,055 (0.5% of Total for 2021)	R1,350,185 (0.5% of Total for 2020)

Furthermore, as the IDT is only acting as the agent for various clients, the programme assets and liabilities reported should be judged with independent materiality.

Table 20 Materiality Measure for Programme Assets and liabilities

	2021/22	2020/21
Programme Assets @ 31 March	R17,427,600 (1% of the Total for 2021)	R29,030,430 (1% of the Total for 2020)

IDT adjusts the financial statements for any errors identified during the external audit process, irrespective of the amount. In matters of judgement, where there is disagreement with the external auditors, items exceeding the amounts identified above will be referred to the Audit and Risk Committee and appropriate disclosure made in the financial statements. This aims to ensure that the financial statements fairly present the financial position and performance of the IDT.

13.1.3 Materiality for Preparation of Financial Statements and Assessment of Appropriate Disclosure

In determining materiality for the preparation of financial statements, consideration is given to the nature of the activities of the IDT and the areas where significant judgement is exercised. The most significant line items in the trial balance of the IDT are revenue (i.e. the transfer payment received to fund the activities of the IDT and management fees) and remuneration of employees and the Board of Trustees. Revenue requires judgement as the determination of what portion of the transfer payment should be recognised as revenue and what portion should be surrendered as unused is complex.

Management fees are subject to the tariff per Treasury Instruction. However, the underlying programme expenditure is subject to judgement and timing of recognition. Employee related cost is influenced by the determination of the amount of the provision for leave pay which requires judgement of the days leave that should be accrued and the rate at which the leave should be accrued. Both remuneration of Trustees and employees related costs are sensitive issues in the public sector and users pay specific attention to it.

Based on this assessment, the following accounting policies should be disclosed in the 2022 annual report:

a) Financial instruments
b) Programme assets and liabilities
c) Property, plant and equipment
d) Provisions
e) Initial funding
f) Revenue (including from exchange and non-exchange transactions)
g) Employee related costs;
h) Operating leases, and
i) Budget information.

13.1.4 Delegation of Authority and Implementation of Materiality Framework

All materiality and significance activities shall be executed in accordance with pre-established levels of authority through delegation of authority to ensure control and segregation of responsibility. Delegations shall be in writing to a specific individual or designation and shall be in line with the Board of Trustees' delegated powers. A delegation shall be subject to such limitations and conditions as the Board of Trustees may impose in a specific case. A delegation may only be revoked by the person who approved the delegation in the first place or any higher authority. The Board of Trustees/CEO is entitled to confirm, vary, or revoke any decision taken in consequence of a delegation by such lower authority, provided that no such variation or revocation of a decision should detract from any rights that may have accrued because of the decision.

14. Infrastructure Projects

The list of infrastructure projects hereunder reflect commitment made by different client department whose projects the IDT is a designated implementing agent. The table reflects selected projects valued at R20 million and above.

Table 21: Infrastructure Projects

#	Region	Programme	Project Number	Project Name	Description	Outputs	Start Date	Completion Date	2023 / 2024 Expenditure Target[40] R
1	Eastern Cape	IDT Special Schools	DPW04ECAR008	Kanyisa Special School (Hostels)	Construction of Dining Hall, Kitchen & Laundry, Dormitories (88 Boys and 88 Girls), Dormitory Security Fence, Mother Cottage, Parking & Landscaping, Electrical upgrade, and Fencing school site.	Dining Hall, Kitchen & Laundry, Boys & Girls Dormitories, Security Fence, Parking, and Dormitory furniture, cutlery, crockery, etc, Parking; Land scaping, Electrical upgrade and school fence	29 August 2022	28 March 2024	**54 844 056**
2		IDT EIRH II	DOE14ECAR003	Ntsonkotha Senior Secondary School	Renovate existing blocks, provision of additional ablution facilities, additional ACM hostel accommodation and security fence	Renovated block, ablution facilities, security fence and ACM hostel accommodation	10 June 2022	27 February 2026	**89 735 041**
3	Kwa-Zulu-Natal	DOT - Roads and Bridges (Conventional)	DOT01KZNR001	Amajuba (Ward 13) L1259 New Bridge	Construction of a new river bridge over Mbabane River on L1259 in Ladysmith Region	A new river bridge	01 July 2023	30 September 2024	**20 000 000**
4		DOE - Upgrade & Additions	DOE42KZNR064	Buhlebuzile Primary School	Construction of 6 standard classrooms, renovations of 20 classroom, 2 x multipurpose classrooms, 1 team teaching, 1 media centre, 1 computer room, guard house, 29 x parking bays, SNP Kitchen and fencing	New School Facilities	26 February 2021	26 April 2023	**25 000 000**
5		DOE - Upgrade & Addition	DOE42KZNR070	Isikhalisezwe Primary School	Upgrading of existing school infrastructure facilities - classrooms, admin block, ablution facilities	Upgraded school Facilities	01 March 2023	02 March 2025	**32 006 220**

40 These figures remain preliminary until confirmed by clients following tabling of annual budget in respective legislatures. Budget presented are as per previous year MTEF allocation.

#	Region	Programme	Project Number	Project Name	Description	Outputs	Start Date	Completion Date	2023 / 2024 Expenditure Target[40] R
6	Kwa-Zulu-Natal	DOT - Roads and Bridges (Conventional)	DOT02KZNR001	The Rehabilitation of P50-3 from Km 0,0 to Km 30	Rehabilitation of the surfaced road P50-3 in Nkandla Area, Empangeni Region	Rehabilitated and re-surfaced road	01 October 2023	31 March 2025	**32 500 000**
7		DOT - Roads and Bridges (Conventional)	DOT02KZNR002	The Rehabilitation of P340 from Km 22 to Km 38	Rehabilitation of the surfaced road P340 in Bergville Area, Ladysmith Region	Rehabilitated and re-surfaced road	01 October 2023	31 March 2025	**32 500 000**
8		DOE - Upgrades and Additions	DOE42KZNR093	Bhekintuthuko S School	Upgrading of existing school infrastructure facilities - classrooms, admin block, ablution facilities	Renovated and Upgraded school	16 September 2023	17 August 2026	**34 200 000**
9		DOT - Roads (TURN-KEY)	DOT02KZNR003	The Rehabilitation of P61from Km 0,0 to Km 25	Rehabilitation of the surfaced road P61 in Weza Area, Ethekwini Region	Rehabilitated and re-surfaced road	01 August 2023	31 May 2025	**35 000 000**
10		DOT - Roads (TURN-KEY)	DOT02KZNR004	The Rehabilitation of P284 from Km 0,0 to Km 25	Rehabilitation of the surfaced road P284 in Ezinqoleni Area, Ethekwini Region	Rehabilitated and re-surfaced road	01 August 2023	31 May 2025	**35 000 000**
11		DOE - Upgrades and Additions	DOE42KZNR094	Oqungweni P School	Upgrading of existing school infrastructre facilities - classrooms, admin block, ablution facilities	Renovated and Upgraded school	01 October 2023	01 October 2025	**35 400 000**
12		DOE - Upgrades and Additions	DOE42KZNR068	Bambanani Primary School	1 x Construction of Admin Block, 20 x standard classroom, media classroom x 1,1 x computer room, science laboratory x 1, team teaching x 1, counseling room x 1, general store x 1, garden store x 1, gate house x 1, SNP Kitchen x 1, Girls toilet x 6, Boys toilet x 6, teacher toilets	New School Facilities	01 June 2022	31 March 2024	**35 677 215**
13		DOE - Upgrades and Additions	DOE42KZNR063	Dingukwazi High School	21 x standard classrooms, 1 x Administration Block, 1 x team teaching room	New School Facilities	08 November 2018	07 December 2023	**50 000 000**
14	**Limpopo**	Limpopo Emergency	DOE13LIMR125	Mang le Mang Secondary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	16 February 2022	14 June 2023	**20 218 957**

#	Region	Programme	Project Number	Project Name	Description	Outputs	Start Date	Completion Date	2023 / 2024 Expenditure Target[40] R
		School Programme							
15		Limpopo Public Works New Addition Programme	DOE11LIMR077	Monala Primary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	03 February 2022	03 August 2023	**23 921 103**
16		Limpopo Emergency School Programme	DOE13LIMR094	Mathede Secondary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	08 February 2022	08 December 2023	**25 993 854**
17		Limpopo New Addition and Rehab Programme	DOE10LIMR135	Roedtan Combined School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	03 February 2022	03 August 2023	**29 504 968**
20		Limpopo Emergency School Programme	DOE13LIMR115	Mpelegeng Primary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	04 February 2022	24 February 2024	**30 277 222**
21	**Limpopo**	Limpopo New Addition and Rehab Programme	DOE10LIMR124	Nkoshilo secondary school	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	23 February 2022	23 February 2024	**30 700 569**
22		Limpopo Public Works New Addition Programme	DOE11LIMR047	Nhlayisi Secondary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	03 February 2022	03 May 2024	**32 008 764**
23		Limpopo Emergency School Programme	DOE13LIMR086	Monyong Secondary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	22 February 2022	22 August 2024	**35 091 113**
24		Limpopo New Addition and Rehab Programme	DOE10LIMR069	Manthe Primary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	23 February 2022	23 July 2024	**39 359 914**

#	Region	Programme	Project Number	Project Name	Description	Outputs	Start Date	Completion Date	2023 / 2024 Expenditure Target[40] R
25		Limpopo Emergency School Programme	DOE13LIMR116	Ramphelane Secondary School	New upgrades additions & Rehabilitation schools	Renovated and Upgraded school	09 February 2022	09 February 2024	**107 790 067**
27	Northern Cape	DOE	DOE03NCAR060	Redirile PS	Major Upgrading and Additions to Redirile Primary School	Major Upgrading and Additions to Redirile Primary School	23 May 2019	30 April 2023	**33 000 000**
28	Western Cape	NDOH Refurbishment	DOH02WCAN0005	Oudtshoorn Hospital	Refurbishments and Upgrades at Oudtshoorn Hospital	Upgraded Facility	01 November 2022	31 July 2024	**22 888 352**
29		NDOH Refurbishment	DOH02WCAN0006	Oudtshoorn Clinic	Refurbishments And Upgrades at Oudtshoorn Clinic	Upgraded Facility	01 November 2022	31 July 2024	**22 888 352**
30		DCS Refurbishment and Upgrade	DCS06WCAN001	Brandvlei Old Maximum Centre	The Refurbishment Project at Old Brandvlei Correctional Facility In The Western Cape	Refurbished Facility	01 November 2022	31 July 2024	**46 524 214**

Part D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

Programme 1: Infrastructure Programme Management Services

1. Outcome # 1: Increased access to quality social infrastructure

Indicator title (1.1.1)	1.1.1 Number of greenfield or replacement infrastructure (facilities) completed
Definition	Total number of greenfield (new) or replacement infrastructure facilities for which a practical completion certificate or related instrument certifying completion has been issued as per the applicable contract • **New infrastructure asset**: A unit/suite of physical structures erected for a particular purpose on a greenfield site. • **Replacement**: A unit/suite of physical structures that have been substantially rebuilt or substituted with new structure/s. A facility (or infrastructure asset) is substantially rebuilt if over 50% of its area is affected • **Completed**: A physical structure(s) which has been newly built or replaced, and for which a practical completion certificate has been issued as per the applicable contract. • **Practical completion certificate**: A practical completion certificate (PC) means the Works are sufficiently complete for the infrastructure facility to be safely used for the intended purpose. (NB: The Contractor may still complete minor items and fix defects after Practical Completion, as long as the user isn't inconvenienced) The PC is regarded as a certification that the completed infrastructure facility or asset was constructed according to the approved scope and designed standard (infrastructure norms and standards applicable in the design of infrastructure approved by the client).
Source of data	Technical Assessment Report (Scope of Work) or List of Projects or Project Implementation Plan
Method of calculation	A simple count of the number of projects completed based on practical completion certificates received
Means of verification	Practical completion certificate and scope of work completed (technical progress report). (**where the scope of work is not included in the PC**).
Assumptions	Projects structured in phases thereby resulting in multiple practical completion certificates are counted as a project completed at the respective phase. This shall not constitute over-reporting or double counting when subsequent phases come online. Incidences of exceptional circumstance where for example a client decrease or increase the number of facilities to be completed based on available funding or terminate the agreement will have no impact on the final number of facilities completed.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Dependent on the location of the facility completed within the municipal area.
Calculation type	Cumulative (Year-end).
Reporting cycle	Quarterly (Annually.

Indicator title (1.1.1)	1.1.1 Number of greenfield or replacement infrastructure (facilities) completed
Desired performance	Target achieved (15 facilities) or target over-achieved. Higher figures indicate good progress towards IDT's contribution towards the eradication of backlogs and improvements in service delivery.
Indicator Responsibility	National office: GM: Portfolio Management. Regional office: PfM/RGM.

Indicator title (1.2.1)	1.2.1 Number of non-greenfield infrastructure facilities completed
Definition	Non-greenfield infrastructure facilities include all infrastructure facilities completed other than new or replacement facilities. These include renovations, rehabilitations, maintenance and upgrades (including additions) {(RRMUs)}. The indicator describes a unit/suite of physical structure(s) or a facility that has been restored to an original condition through repairs or remodelling and existing within its original site • **Renovations, Rehabilitations, Maintenance and Upgrades** (including additions, e.g. an ECDC facility in an existing school): A unit/suite of physical structure(s) that has been restored to an original condition through repairs or remodelling and existing within its original site. • **Completed**: A physical structure(s) which has been restored to an original condition through repairs or remodelling and existing within its original site, and for which a practical completion certificate or related instrument certifying completion has been issued as per the applicable contract. • **Practical completion certificate**: A practical completion certificate (PC) or related instrument certifying completion means the Works are sufficiently complete for the infrastructure facility to be safely used for the intended purpose. The PC) or related instrument certifying completion is regarded as certification that the completed infrastructure facility or asset was constructed according to the approved scope and designed standard (infrastructure norms and standards applicable in the design of infrastructure approved by the client).
Source of data	Technical Assessment Report (Scope of Work) or List of Projects or Project Implementation Plan
Method of calculation / Assessment	A simple count of the number of projects completed based on practical completion certificates received
Means of verification	Practical completion certificate and scope of work completed (technical progress report). (**where the scope of work is not included in the PC**).
Assumptions	Projects structured in phases thereby resulting in multiple practical completion certificates are counted as a project completed at the respective phase. This shall not constitute over-reporting or double counting when subsequent phases come online. Incidences of exceptional circumstance where for example a client decrease or increase the number of facilities to be completed based on available funding or terminate the agreement will have no impact on the final number of facilities completed.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Dependent on the location of the facility completed within the municipal area.
Calculation type	Cumulative (Year-end).
Reporting cycle	Quarterly and annually.

Indicator title (1.2.1)	1.2.1 Number of non-greenfield infrastructure facilities completed
Desired performance	Target achieved (40 facilities) or target over-achieved. Higher figures indicate good progress towards IDT's contribution towards the eradication of backlogs and improvements in service delivery.5bn or more (value of programme spend).
Indicator Responsibility	National office: GM: Portfolio Management. Regional office: PfM/RGM.

Indicator title (#1.3.1)	1.3.1 Percentage of projects completed on time
Definition	The indicator describes the percentage of projects completed on the approved timeframe out of the total completed projects in a financial year. Approved project time frame refers to the time frame approved by the principal agent per the latest project plan (project schedule), inclusive of the variation order (VO) and extension of time (EoT)
Source of data	Practical completion certificate (designates project completion). VO/EoT register (approved time extension and Variation Orders)
Method of calculation / Assessment	The total number of projects completed on time / total number of projects completed in a reporting period X100. The total number of projects that constitute the "population" for calculation are the completed new or replacement facilities and non-greenfield facilities (as per APP target). Projects that reach practical completion
Means of verification	Practical completion certificates. VO/EoT Register
Assumptions	Conclusive identification of an approved project plan (e.g. no disputed and /or unauthorised approval of variation orders by the principal agent).
Disaggregation of beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Dependent on the location of the facility completed within the municipal area.
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	At least 75% of projects are completed on time in a given year.
Indicator Responsibility	National office: GM: Portfolio Management. Regional office: PfM/RGM.

Indicator title (1.4.1)	1.4.1 Percentage of projects completed within budget
Definition	The indicator describes the percentage of projects completed within budget out of the total completed projects in a financial year based on the approved project budget. The approved project budget includes variation order (VO).
Source of data	The completion certificate designates project completion inclusive of the cost report. Final Account Project VO register.
Method of calculation / Assessment	The total number of projects completed within budget /total number of projects reached the final account in a reporting period X100.
Means of verification	Completion Certificate Final Account Statement Project VO Register

Indicator title (1.4.1)	1.4.1 Percentage of projects completed within budget
Assumptions	Conclusive identification of an approved project plan (e.g. no disputed and /or unauthorised approval of variation orders by the principal agent).
Disaggregation of beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Dependent on the location of the facility completed within the municipal area.
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	At least 80% of projects are completed within budget in a given year.
Indicator Responsibility	National office: GM: Portfolio Management. Regional office: PfM/RGM.

2. Outcome # 2: A transformed built environment

Indicator title (2.1.1)	2.1.1 Percentage of programme contracts value (weighted rand value) allocated to designated groups
Definition	This indicator describes the (total) proportion of programme contract value allocated to entities with designated groups' shareholding in a particular reporting period. • Designated group means, Black people, Women, Youth (as defined in the National Youth Commission Act 19 of 1996), People with Disabilities; and Military Veterans (as defined in the Military Veteran Act, 2011). • The percentage or proportion of an entity's equity ownership by the designated groups determines the proportional weighting of the contract value awarded to the entity that is assigned or allocated to designated the groups. • The weighted value of programme contracts awarded relates to the implementation of specific goals in terms of section 2(d) of the Preferential Procurement Framework Act number 4 of 2000.
Source of data	Programme Contract Awards register Report (quarterly) on contracts awarded to designated groups compiled by the Supply Chain Management Unit based on information drawn from the Supply Chain Management function and the Vendor Management System and/or Central Supplier Database Supplementary sources of information include CIPC/CIPRO Certificate or Shareholder Certificate/Memorandum of Association or Valid Tax clearance certificates (if sole proprietor) and RSA ID.
Method of calculation	Value of contracts awarded x proportion of the designated group equity per awarded vendor = Weighted programme contract value allocated to the relevant designated group,(i.e. Women, Youth, PwD, etc.) The sum of weighted programme contract value allocated to designated groups / total value of programme awarded x 100 = % of weighted programme contracts value allocated to designated groups
Means of verification	Programmes Contract Awards Register Central Supplier Database - CIPC/CIPRO Certificate or Shareholder certificate/Memorandum of Association or Valid Tax clearance certificates (if sole proprietor) and RSA ID or. Applicable certification for designation such as Disability, Military Veteran, etc

Indicator title (2.1.1)	2.1.1 Percentage of programme contracts value (weighted rand value) allocated to designated groups
Assumptions	PPPFA-specific goals are implemented in terms of the Preferential Procurement Regulations, 2022. Total compliance with relevant prescripts
Disaggregation of beneficiaries	% of total programme contracts allocated to designated groups: 30% disaggregated as follows: • **Women: 50%** (of total designated groups allocation: 30%) • **Youth:40%** (of total designated groups allocation: 30%) • **Military Vets:8%** (of total designated groups allocation: 30%) • **People with Disability: 2%** (of total designated groups allocation: 30%)
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	30% of the total programme contract is allocated to designated groups.
Indicator Responsibility	National Office: General Manager - Supply Chain Management Regional Office: Regional Finance Manager

Indicator title (2.1.2)	2.1.2 Percentage of weighted programme expenditure on designated groups (based on total programme spend)
Definition	This indicator describes the percentage of weighted programme expenditure on designated groups out of the total programme spend for a given period. • Designated group means, Black people, Women, Youth (as defined in the National Youth Commission Act 19 of 1996), People with Disabilities; and Military Veterans (as defined in the Military Veteran Act, 2011). • The percentage or proportion of an entity's equity ownership by the designated groups determines the proportional weighting of programme expenditure on the entity assigned or allocated to designated groups. • The weighted value of programme expenditure on designated groups relates to the implementation of specific goals in terms of section 2(d) of the Preferential Procurement Framework Act number 4 of 2000.
Source of data	Report on expenditure on designated groups compiled by the Performance Information Manager based on information drawn from the payment system and the Vendor Management System and/or Central Supplier Database.
Method of calculation	Vendor programme expenditure x proportion of the designated group equity = Weighted programme expenditure (on the relevant designated group, i.e. Women, Youth, PwD, etc.) The sum of weighted programme expenditure on designated groups / Value of programme spend x 100 = % of weighted programme expenditure on designated groups
Means of verification	Programmes expenditure report Central Supplier Database - CIPC/CIPRO Certificate or Shareholder certificate / Memorandum of Association or Valid Tax clearance certificates (if sole proprietor) and RSA ID or. Applicable certification for designation such as Disability, Military Veteran, etc
Assumptions	PPPFA-specific goals are implemented in terms of the Preferential Procurement Regulations, 2022. Total compliance with relevant prescripts

Indicator title (2.1.2)	**2.1.2 Percentage of weighted programme expenditure on designated groups (based on total programme spend)**
Disaggregation of beneficiaries	% of total programme expenditure on designated: 30% of the total programme spend • **Women: 50%** (of total expenditure on 30% designated groups) • **Youth:40%** (of total expenditure on 30% designated groups) • **Military Vets:8%** (of total expenditure on 30% designated groups) • **People with Disability: 2%** (of total expenditure on 30% designated groups)
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	60% of the total programme spend is on designated groups
Indicator Responsibility	National Office: General Manager - Supply Chain Management Regional Office: Regional Finance Manager

Indicator title (2.2.1)	**2.2.1 Number of contractors participating in the IDT Contractor Development Programme (CDP) – CDP Panel.**
Definition	This indicator describes the desired number of CDP participants (Panel of CDP Contractors) drawn from the designated groups to participate in the IDT Contractor Development Programme (CDP). Contractors are selected through a defined process and specified criteria as participants in the IDT CDP and client-initiated emerging contractor empowerment programmes. An entity with 50%+ equity ownership of a specific designated group is considered fully owned by that designated designed group. Designated group means, black people, women, people living with disabilities and small enterprises, as defined in section 1 of the National Small Enterprise Act (Act 102 of 1996). It includes Women, Youth (as defined in the National Youth Commission Act 19 of 1996), People with disability, Military Veterans, etc. as defined in the Codes of Good Practice in the Broad-Based Black Economic Empowerment The CDP panel of contractors remain valid for at least three years. Therefor CDP participants are not recruited very year.
Source of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Performance Information Management System Description and CDP Manual.
Method of calculation/ Assessment	A simple count of the number of designated groups participating in the CDP.
Means of verification	A contract with CDP participants Service provider training reports and attendance register (where training was provided or Service provider mentorship reports (where mentoring was provided).
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time) Service provider reports and/or attendance registers reflect accurate/complete information such as ID numbers

Indicator title (2.2.1)	**2.2.1 Number of contractors participating in the IDT Contractor Development Programme (CDP) – CDP Panel.**
Disaggregation of beneficiaries	Women, Youth, People with disability and Military Veterans
Spatial Transformation	N/A
Calculation type	Non-cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	Target achieved (60 CDP participants). or target over-achieved:
Indicator Responsibility	National Office: Development Planning Specialist. Regional Office: RGM/PM.

Indicator title (2.3.1)	**2.2.2 Percentage of women contractors participating in the IDT Contractor Development Programme**
Definition	This indicator refers to the proportion of women contractors participating in the CDP at a given period out of the total number of CDP participants. An entity with 50%+ equity ownership by women is considered fully owned by women Designated groups refer to Women and Youth
Source/collection of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Dashboard report
Method of calculation (formula)	The number of women participating in the CDP / Number of CDP participants x 100. = % of women contractors participating in the CDP
Means of verification	CDP functional area reports.
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time)
Disaggregation of beneficiaries	Women (40%)
Spatial Transformation	N/A
Calculation type	Non-cumulative.
Reporting cycle	Quarterly and annually.
New indicator	No.
Desired performance	Target achieved or target over-achieved (40 % of CDP participants drawn from women)
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM

Indicator title (2.3.1)	**2.2.3 Percentage of youth contractors participating in the IDT Contractor Development Programme**
Definition	This indicator refers to the proportion of youth contractors participating in the CDP at a given period out of the total number of CDP participants. An entity with 50%+ equity ownership by youth is considered fully owned by youth.

Indicator title (2.3.1)	**2.2.3 Percentage of youth contractors participating in the IDT Contractor Development Programme**
	A contractor will be considered youth owned for the duration of the programme window even if their status changes during the period[41].
Source/collection of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Dashboard report
Method of calculation (formula)	The number of youth participating in the CDP / Number of CDP participants x 100. = % of youth contractors participating in the CDP
Means of verification	CDP functional area reports.
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time)
Disaggregation of beneficiaries	Youth (30%)
Spatial Transformation	N/A
Calculation type	Non-cumulative.
Reporting cycle	Quarterly and annually.
New indicator	No.
Desired performance	Target achieved or target over-achieved (30% of CDP participants drawn from youth)
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM

Indicator title (2.3.1)	**2.2.1 Percentage of People with Disability participating in the IDT Contractor Development Programme**
Definition	This indicator refers to the proportion of people living with disability participating in the CDP at a given period out of the total number of CDP participants. An entity with 50%+ equity ownership by People with Disability (PwD) is considered fully owned by PwD.
Source/collection of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Dashboard report

[41] In cases where the status of a participant as a youth change during the period of participating in the programme (3 years programme window), such a contractor (participant) will be considered as a youth owned for the duration of the programme, provided such status is confirmed (as a youth participant) at the time of recruitment to participate in the IDT CDP.

Indicator title (2.3.1)	2.2.1 Percentage of People with Disability participating in the IDT Contractor Development Programme
Method of calculation (formula)	Number of PwD participating in the CDP / Number of CDP participants x 100. = % of PwD contractors participating in the CDP
Means of verification	CDP functional area reports.
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time)
Disaggregation of beneficiaries	People with Disability (2%)
Spatial Transformation	N/A
Calculation type	Non-cumulative.
Reporting cycle	Quarterly and annually.
New indicator	No.
Desired performance	Target achieved or target over-achieved (2 % of CDP participants drawn from PwD contractors)
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM

Indicator title (2.3.1)	2.3.1 Number of construction projects allocated to the IDT Contractor Development Programme
Definition	This indicator describes the desired number of construction projects allocated to the Contractor Development Programme to ensure CDP participants get the opportunity to implement projects to meet quality and expenditure specifications for CIDB grading. Participating contractors access the opportunity to implement construction projects through a defined process and specified criteria as the panel of contractors in the IDT CDP. Projects are allocated to the CDP with the concurrency of the client departments (client-initiated emerging contractor empowerment programmes).
Source of data	Programme / Project PIA or MOAs PIA, Programme Contract, MOA Client confirmation letter/correspondence Project implementation plan
Method of calculation/ Assessment	A simple count of the number of construction projects allocated to the CDP.
Means of verification	PIA, Programme Contract, MOA, Letter from the client, Project implementation plan
Assumptions	Clients will be keen for construction projects to be implemented through the Contractor Development Programme IDT will be able to access and influence portfolio planning and budgeting decisions An automated system will be available to manage performance information New programmes and projects are updated continuously The responsible PM will inform systems and support once the programme and projects have been loaded on Great Plains
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Cumulative (Year-end).
Reporting cycle	Quarterly and annually.

Indicator title (2.3.1)	2.3.1 Number of construction projects allocated to the IDT Contractor Development Programme
Desired performance	Target achieved or target over-achieved (20 projects allocated to the CDP).
Indicator Responsibility	National Office: Development Planning Specialist. Regional Office: RGM/PM.

Indicator title (2.3.2)	2.3.2 Percentage of construction projects awarded to women contractors participating in the IDT Contractor Development Programme (CDP).
Definition	This indicator describes the proportion of construction projects (contracts) awarded (allocated) to women contractors participating in the CDP during a reporting period. An entity with equity ownership above 50% by women is regarded as women-owned
Source of data	List of CDP Contractors and report on contracts awarded to companies owned by women participating in CDP. Supplementary sources of information include CIPC/CIPRO Certificate or Shareholder Certificate/Memorandum of Association and RSA identity document (ID).
Method of calculation	The sum of construction projects awarded to women / Total number of construction projects allocated to the Contractor Development Programme x 100 = % of construction projects awarded to women contractors.
Means of verification	List of Contracts awarded within CDP CIPC/CIPRO Certificate or Shareholder certificate/Memorandum of Association and RSA ID.
Assumptions	Projects will be identified for implementation through the CDP and client departments will give concurrence to the utilisation of the IDT CDP Panel. Changes in member shareholding, either a percentage ownership change, resignation or addition during the implementation of the project will not be considered valid for the purpose of reporting
Disaggregation of beneficiaries	Women: 40%
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	40% of the total number of construction projects allocated to the Contractor Development Programme (CDP) are awarded to women.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

Indicator title (2.3.3)	2.3.3 Percentage of construction projects awarded to youth contractors participating in the Contractor Development Programme (CDP).
Definition	This indicator describes the proportion of construction projects (contracts) awarded (allocated) to youth contractors participating in the CDP during a reporting period. An entity with equity ownership above 50% by youth is regarded as youth-owned. A contractor will be considered youth owned for the duration of the programme window even if their status changes during the period[42].

[42] In cases where the status of a participant as a youth change during the period of participating in the programme (3 years programme window), such a contractor (participant) will be considered as a youth owned for the duration of the programme, provided such status is confirmed (as a youth participant) at the time of recruitment to participate in the IDT CDP.

Indicator title (2.3.3)	**2.3.3 Percentage of construction projects awarded to youth contractors participating in the Contractor Development Programme (CDP).**
Source of data	List of CDP Contractors and report on contracts awarded to companies owned by youth participating in CDP. Supplementary sources of information include CIPC/CIPRO Certificate or Shareholder Certificate/Memorandum of Association and RSA identity document (ID).
Method of calculation	The sum of construction projects awarded to youth / Total number of construction projects allocated to the Contractor Development Programme x 100 = % of construction projects awarded to youth contractors.
Means of verification	List of Contracts awarded within CDP CIPC/CIPRO Certificate or Shareholder certificate/Memorandum of Association and RSA ID.
Assumptions	Projects will be identified for implementation through the CDP and client departments will give concurrence to the utilisation of the IDT CDP Panel. Changes in member shareholding, either a percentage ownership change, resignation or addition during the implementation of the project will not be considered valid for the purpose of reporting
Disaggregation of beneficiaries	Youth: 30%
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	30% of the total number of construction projects allocated to the Contractor Development Programme (CDP) awarded to youth.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

Indicator title (2.3.4)	**2.3.4 Percentage of construction projects awarded to PwD contractors participating in the Contractor Development Programme (CDP).**
Definition	This indicator describes the proportion of construction projects (contracts) awarded (allocated) to people with disability (contractors) participating in the CDP during a reporting period. An entity with equity ownership above 50% by PwD is regarded as owned by People with Disability.
Source of data	List of CDP Contractors and report on contracts awarded to companies owned by PwD participating in CDP. Supplementary sources of information include CIPC/CIPRO Certificate or Shareholder Certificate/Memorandum of Association and RSA identity document (ID).
Method of calculation	The sum of construction projects awarded to PwD / Total number of construction projects allocated to the Contractor Development Programme x 100 = % of construction projects awarded to PwD contractors.
Means of verification	List of Contracts awarded within CDP CIPC/CIPRO Certificate or Shareholder certificate/Memorandum of Association and RSA ID.
Assumptions	Projects will be identified for implementation through the CDP and client departments will give concurrence to the utilisation of the IDT CDP Panel. Changes in member shareholding, either a percentage ownership change, resignation or addition during the implementation of the project will not be considered valid for the purpose of reporting
Disaggregation of beneficiaries	People with Disability: 2%

Indicator title (2.3.4)	**2.3.4 Percentage of construction projects awarded to PwD contractors participating in the Contractor Development Programme (CDP).**
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	2% of the total number of construction projects allocated to the Contractor Development Programme (CDP) awarded to PwD.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

Indicator title (2.4.1)	**2.4.1 Number of contractors who graduate[d] from the IDT Contractor Development Programme**
Definition	This indicator describes the desired number of CDP participants (Panel of CDP Contractors) who graduate from the IDT Contractor Development Programme (CDP). It measures the movement of CDP participants or potential movement up the CIDB grading (CIDB grading from grade 1 to 6).
Source of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Performance Information Management System Description and CDP Manual List of completed project/scope of construction project completed Expenditure on construction project completed
Method of calculation/ Assessment	A simple count of the number of contractors who graduated from the CDP.
Means of verification	A contract with CDP participants Service provider training reports and attendance register (where training was provided or Service provider mentorship reports (where mentoring was provided). Project completion certificate/report/ CIDB contractor assessment report CIDB grading (progress at the end of the programme)
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time) Service provider reports and/or attendance registers reflect accurate/complete information such as ID numbers
Disaggregation of beneficiaries	Men, Women, Youth, and People living with disability
Spatial Transformation	N/A
Calculation type	Cumulative (Year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Target achieved or target over-achieved:(60 designated groups participate in the CDP graduated)
Indicator Responsibility	National Office: Development Planning Specialist.

Indicator title (2.4.1)	2.4.1 Number of contractors who graduate[d] from the IDT Contractor Development Programme
	Regional Office: RGM/PM.

Indicator title (2.4.2)	2.4.2 Percentage of women contractors who graduate[d] from the IDT Contractor Development Programme (CDP).
Definition	This indicator describes the proportion of women contractors who graduate from the IDT Contractor Development Programme (CDP). It measures the movement of participants or their potential movement up the CIDB grading (CIDB grading from grade 1 to 6). An entity with equity ownership above 50% by women is regarded as women-owned.
Source of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Performance Information Management System Description and CDP Manual List of completed project/scope of construction project completed Expenditure on construction project completed
Method of calculation	The number of women who graduate from the IDT CDP / Number of CDP participants who graduate from IDT CDP x 100. = % of Women contractors who graduate from the IDT CDP
Means of verification	A contract with CDP participants Service provider training reports and attendance register (where training was provided or Service provider mentorship reports (where mentoring was provided). Project completion certificate/report/ CIDB contractor assessment report CIDB grading (progress at the end of the programme)
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time) Service provider reports and/or attendance registers reflect accurate/complete information such as ID numbers
Disaggregation of beneficiaries	Women: 40%
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	40% of the total number of contractors who graduate from the IDT Contractor Development Programme (CDP) are Women.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

Indicator title (2.4.3)	**2.4.3 Percentage of youth contractors who graduate[d] from the IDT Contractor Development Programme (CDP).**
Definition	This indicator describes the proportion of youth contractors who graduate from the IDT Contractor Development Programme (CDP). It measures the movement of participants or their potential movement up the CIDB grading (CIDB grading from grade 1 to 6). An entity with equity ownership above 50% by youth is regarded as youth-owned. A contractor will be considered youth owned for the duration of the programme window even if their status changes during the period[43].
Source of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Performance Information Management System Description and CDP Manual List of completed project/scope of construction project completed Expenditure on construction project completed
Method of calculation	The number of youth who graduate from the IDT CDP / Number of CDP participants who graduate from IDT CDP x 100. = % of Youth contractors who graduate from the IDT CDP
Means of verification	A contract with CDP participants Service provider training reports and attendance register (where training was provided or Service provider mentorship reports (where mentoring was provided). Project completion certificate/report/ CIDB contractor assessment report CIDB grading (progress at the end of the programme)
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time) Service provider reports and/or attendance registers reflect accurate/complete information such as ID numbers
Disaggregation of beneficiaries	Youth: 30%
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	30% of the total number of contractors who graduate from the IDT Contractor Development Programme (CDP) are Youth.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

[43] In cases where the status of a participant as a youth change during the period of participating in the programme (3 years programme window), such a contractor (participant) will be considered as a youth owned for the duration of the programme, provided such status is confirmed (as a youth participant) at the time of recruitment to participate in the IDT CDP.

Indicator title (2.4.4)	**2.4.4 Percentage of People with Disabilities (PwD) who graduate[d] from the IDT Contractor Development Programme (CDP).**
Definition	This indicator describes the proportion of People with Disabilities (contractors) who graduate from the IDT Contractor Development Programme (CDP). It measures the movement of participants or potential movement up the CIDB grading (CIDB grading from grade 1 to 6). An entity with equity ownership above 50% by PwD is regarded as owned by people with disability.
Source of data	Signed selection letter/agreement for participation or signed evaluation report by RGM, GM, Executive or signed agreement/appointment letter by participant (in the case of a client participant) and/or service provider training reports bearing at the least the training type, company name, trainee name, ID number, gender, training period, facilitator signature and attendance register. Service provider mentorship reports bearing at least the mentorship area, company name, mentee name, identity number, gender, mentorship period and/or Performance Information Management System Description and CDP Manual List of completed project/scope of construction project completed Expenditure on construction project completed
Method of calculation	Number of PwD who graduate from the IDT CDP / Number of CDP participants who graduate from IDT CDP x 100. = % of People with Disability (contractors) who graduate from the IDT CDP
Means of verification	A contract with CDP participants Service provider training reports and attendance register (where training was provided or Service provider mentorship reports (where mentoring was provided). Project completion certificate/report/ CIDB contractor assessment report CIDB grading (progress at the end of the programme)
Assumptions	Availability of structured training including funding; suitable CDP participant; and mentors (including funds for mentors' payment) The IDT has work and the ability to monitor contractor performance (time) Service provider reports and/or attendance registers reflect accurate/complete information such as ID numbers
Disaggregation of beneficiaries	People with Disability: 2%
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	2% of the total number of contractors who graduate from the IDT Contractor Development Programme (CDP) are People with Disability.
Indicator Responsibility	National Office: GM: Portfolio Management. Regional Office: PfM/RGM.

3. Outcome # 3: Optimised work opportunities through public employment programmes

Indicator title (3.1)	**3.1.1 Number of construction work opportunities created (through IDT Portfolio)**
Definition	This indicator describes the total number of work opportunities created through IDT-implemented projects. Work opportunities created are represented by the sum of the number of people engaged for work in each project (excluding projects under EPWP-NSS) for a minimum of a day. Where a participant leaves and returns during the same financial year in a single project/initiative, this is counted as one work opportunity. Work opportunities created

Indicator title (3.1)	3.1.1 Number of construction work opportunities created (through IDT Portfolio)
	should always equate to the number of participants in projects implemented in a given financial year.
Source/collection of data	Report on IDT job opportunities created or generated by regional PIMOs based on project information processed by PIMs and PIAs and other supplementary information sources including the IDT Beneficiary Reconciliation Form (BRF).
Method of calculation (formula)	Simple count. The total number of beneficiaries as per the IDT Beneficiary Reconciliation Form arrived as follows: A beneficiary should have a valid 13-digit SA ID number. The register should be signed by the IDT and client representatives. To be counted, a beneficiary should sign an attendance register. Foreigners without a valid 13-digit SA ID number are not counted. The beneficiary should have the number of days worked indicated on their form.
Means of verification	Signed Beneficiary Reconciliation Form
Assumptions	Beneficiary Reconciliation Forms; properly signed by either representative or beneficiaries is a true reflection of the work opportunity created.
Disaggregation of beneficiaries:	N/A
Spatial transformation:	N/A
Calculation type	Cumulative (Year-end).
Reporting cycle	Quarterly and annually.
Desired performance	Target achieved or target over-achieved (4 367). work opportunities created).
Indicator Responsibility	National Office: GM: Portfolio Management Regional Office: PfM/RGM.

Indicator title (3.2)	3.2.1 Number of EPWP work opportunities created through EPWP (EPWP-NSS IDT excluding IDT portfolio).
Definition	This indicator describes the total number of people engaged for work in an IDT-managed project (including projects under EPWP-NSS) for a minimum of a day. Where a participant leaves and returns during the same financial year in a single project/initiative, this is counted as one work opportunity. Therefore, work opportunities created should always equate to the number of participants in a project in a given financial year.
Source of data	Report on job opportunities created through IDT-managed projects generated by regional PIMOs based on project information processed by PIMs and PIAs and other supplementary information sources including the IDT Beneficiary Reconciliation Form (BRF) The generated information is processed in the EPWP Reporting System (EPWP-RS)
Method of calculation / Assessment	Simple count. Total number of beneficiaries as per the IDT Beneficiary The total number of beneficiaries as per the EPWP attendance register Reconciliation Form arrived as follows: A beneficiary should have a valid 13-digit SA ID number. The register should be signed by the IDT and client representatives. To be counted, a beneficiary should sign an attendance register. Foreigners without a valid 13-digit SA ID number are not counted. The beneficiary should have the number of days worked indicated on their form.

Indicator title (3.2)	**3.2.1 Number of EPWP work opportunities created through EPWP (EPWP-NSS IDT excluding IDT portfolio).**
Means of verification	Signed Beneficiary Reconciliation Form
Assumptions	Beneficiary Reconciliation Forms; properly signed by either representative or beneficiaries is a true reflection of the work opportunity created.
Disaggregation of beneficiaries	Women (60%); Youth (55%); People with disability (2%)
Spatial Transformation	N/A
Calculation type	Non-Cumulative (Year-To-date).
Reporting cycle	Quarterly and annually.
Desired performance	Target achieved or target over-achieved (64 000 work opportunities created).
Indicator Responsibility	National Office: GM: Portfolio Manager RGMs

Programme 2: Administration: A financially viable, effective, efficient and sustainable organisation

3. Outcome #4: A Compliant, Fit-for-Purpose Entity

Indicator title # (4. 1.1)	**4.1.1 Value of business portfolio (confirmed programme portfolio)**
Definition	The indicator describes the total rand value of programme portfolio for the financial year. Value of the programme portfolio is inclusive of the multi-year portfolio confirmed and new business generated during the financial year. i.e.: - It includes the current portion of the multi-year programme portfolio confirmed in previous financial years (***confirmed business***) - The current year portion of new business generated during the financial year under review (***new business***).
Source of data	Programme / Project PIA or MOAs PIA, Programme Contract, MOA Collect programme rand value from the programme agreement
Method of calculation / Assessment	**Value of business portfolio** = The sum of the rand value of the current portion of the programme portfolio (sum of project allocation – rand value - for the financial year) - Establish the total rand value of the programme/project (in terms of available agreement/plans/budget/programme or project implementation plan etc. - Disaggregate programme value into rand value for each financial year (designated/allocated/budgeted programme/project value for a financial year) - Determine the rand value of the ***current portion of the new programme portfolio*** (the portion of the new programme portfolio allocated to the current financial year). - Add the value of annual programme allocation (current portion of agreement/plans/budget/programme or project implementation plan etc. = Value of programme portfolio for the MTEF The total value of programme portfolio designated/allocated/ budgeted for a financial year in terms of available agreement/plans/budget etc. = **Value of business portfolio**
Means of verification	PIA, Programme Contract, MOA.
Assumptions	IDT will be able to access and influence portfolio planning and budgeting decisions An automated system will be available to manage performance information New programmes and projects are updated continuously The responsible PM will inform systems and support once the programme and projects have been loaded on Great Plains

Indicator title # (4. 1.1)	**4.1.1 Value of business portfolio (confirmed programme portfolio)**
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Cumulative (Year to date).
Reporting cycle	Quarterly and annually.
Desired performance	R 4,819 905 bn or more (value of programme portfolio).
Indicator responsibility	National Office: Programme Manager: Information Systems. Regional Office: Regional AFM/RGM.

Indicator title # (4.1.2)	**4.1.2 Value of new business generated**
Definition	The indicator describes the total value of new business and/or programme allocations (programme portfolio) generated during the *financial year or the period under review* - It excludes ***confirmed business*** (the current and future portion of the multi-year – MTEF - programme portfolio allocation confirmed in previous financial years
Source of data	Programme / Project PIA or MOAs and/or SDA PIA, Programme Contract, MOA and/or SDA Collated programme rand value from programme agreement
Method of calculation	*Determine the rand value of the* ***new programme portfolio confirmed*** *during the period under review*. - Establish the total rand value of the programme/project (in terms of available agreement/plans/budget/programme or project implementation plan etc.) **Value of new business generated** = The sum of the rand value of the new programme portfolio confirmed during the year or period under review
Means of verification	Any of the following: PIA, Programme Contract, MOA and/or SDA, Programme Implementation Plan (PIP), Budget allocation confirmation letter
Assumptions	IDT will be able to access and influence portfolio planning and budgeting decisions An automated system will be available to manage performance information New programmes and projects are updated continuously The responsible PM will inform systems and support once the programme and projects have been loaded on Great Plains
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually.
Desired performance	R 2,427 630 billion or more (value of programme portfolio).
Indicator responsibility	National Office: Executive Programme Management Unit. Regional Office: Regional General Manager.

Indicator title (4.2.1)	4.2.1 Value of programme spend
Definition	The indicator describes the total value of expenditure on all the IDT's programmes at a given period. Value includes expenditure on both social infrastructure and social development programmes.
Source/collection of data	Great Plains Programme Expenditure Report and general ledger for programmes accruals – primary source. Finance unit report (financial review) Retrieve programme expenditure report from Great Plains
Method of calculation / Assessment	The total value of programme expenditure as per the Great Plains Expenditure Report for programmes plus programme accrual as determined by the Financial Services Unit.
Means of verification	Great Plains Expenditure Report or Schedule of project expenditure or Finance unit report (financial review & programme funds reconciliation)
Assumptions	New programmes and projects are automatically updated on Great Plains Accruals, payment certificates and cut-off periods are correctly accounted for All expenditure is reported in the appropriate period (accrual accounting)
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	R 4,751 999bn or more (value of programme spend).
Indicator Responsibility	National Office: General Manager – Financial Management Regional Office: RGM/Regional Finance Manager

Indicator title (4.2.2)	4.2.2 Management fee collection ratio
Definition	This indicator describes the desired management fee collection ratio for the financial year in order to improve the financial sustainability of the entity.
Source of data	Financial Review report/management fee billing report generated from the management fee billing system and/or the Great Plains system.
Method of calculation / Assessment	Total management fees collected as at the end of period / Total management fee billed as at the end of period (reporting period) x 100.
Means of verification	The calculated ratio from financial records (including FSU financial review report) - Debtors Collection Report
Assumptions	None
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	Target achieved or overachieved with a minimum collection ratio of 90%
Indicator Responsibility	National Office: PMSU Executive and the CFO. Regional Office: RGMs

Indicator title (4.3.1)	4.3.1 Vacancy Rate
Definition	This indicator measures the level of corporate occupancy for funded positions as per the approved Human Capital Strategy of the IDT.
Source of data	HR statistics on the number of personnel in the organisation
Method of calculation / Assessment	A simple count of the number of employees in the organisation divided by the total number of funded positions (expressed as a percentage)
Means of verification	HR statistics on the number of employees. (Quarterly report)
Assumptions	The entity will have funds to fill vacant funded positions
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	10% vacancy rate.
Indicator Responsibility	General Manager: Human Resources.

Indicator title (4.4.1)	**4.4.1 Percentage of compliant programme invoices paid within 30 days of receipt.**
Definition	This indicator describes the percentage of compliant project invoices paid within 30 days (payment turnaround time) from the date of receipt.
Source of data	Financial review report from FSU.
Method of calculation / Assessment	Count the number of compliant invoices paid within 30 days in a given period and express this as a percentage of the total number of compliant invoices paid during the same period. The number of compliant invoices paid within 30 days of receipt / total number of compliant invoices paid for the same period x 100.
Means of verification	The calculated ratio from financial records (including FSU financial review report) - Invoice Register; Monthly Accrual Report; invoice captured report (Great Plains System).
Assumptions	All received complaint invoices are captured on the invoice register The invoice payment turnaround period is continuously tracked
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	Pay 100% of compliant invoices within 30 days of receipt.
Indicator Responsibility	General Manager: Finance/RGMs/ AFMs/SM: Project Accounting.

Indicator title (4.4.2)	**4.4.2 Percentage of compliant overhead invoices paid within 30 days of receipt.**
Definition	This indicator describes the percentage of compliant overhead invoices paid within 30 days (payment turnaround time) from the date of receipt.
Source of data	Financial review report from FSU.

Indicator title (4.4.2)	**4.4.2 Percentage of compliant overhead invoices paid within 30 days of receipt.**
Method of calculation / Assessment	Count the number of compliant invoices paid within 30 days in a given period and express this as a percentage of the total number of compliant invoices paid during the same period. The number of compliant invoices paid within 30 days of receipt / total number of compliant invoices paid for the same period x 100.
Means of verification	The calculated ratio from financial records (including FSU financial review report) - Invoice Register; Monthly Accrual Report; invoice captured report (Great Plains System).
Assumptions	All received complaint invoices are captured on the invoice register The invoice payment turnaround period is continuously tracked
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-Cumulative.
Reporting cycle	Quarterly and annually.
Desired performance	Pay 100% of compliant invoices within 30 days of receipt.
Indicator Responsibility	General Manager: Finance/RGMs/ AFMs/SM: Project Accounting.

ANNEXURE A: SHAREHOLDER COMPACT

public works & infrastructure

Department: Public Works and Infrastructure

REPUBLIC OF SOUTH AFRICA

Independent development trust

SHAREHOLDER'S COMPACT

For the period

1 April 2023 to 31 March 2024

Entered into by and between the

INDEPENDENT DEVELOPMENT TRUST

and

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

Represented by the

MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

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SHAREHOLDERS' COMPACT

1. INTERPRETATION

The headings of the clauses in this agreement are for the purpose of reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this agreement nor any clause hereof. In this Agreement, unless otherwise indicated or contrary to the context, the words and phrases set out below shall have the meanings ascribed to them herein.

1.1. **"Accounting Authority"** means the Board of Trustees of the Independent Development Trust, appointed from time to time

1.2. **"Chairperson"** means the Chairperson of the Accounting Authority appointed from time to time.

1.3. **"Chief Executive Officer"** means the Chief Executive Officer of the Independent Development Trust.

1.4. **"Corporate Plans"** means the Business Plan, Strategic Plan or a combination of these, to be developed and submitted to the Shareholder in terms of clause 8 hereof.

1.5. **"Department"** refers to the national Department of Public Works and Infrastructure.

1.6. **"Executive Authority"** means the Minister of Public Works or any other member of Cabinet who is designated by the Cabinet as the Independent Development Trust's Executive Authority.

1.7. **"IDT"** means the Independent Development Trust; Registration Number 669/91; a Schedule 2 Public Entity in terms of the Public Finance Management Act 1 of 1999; as amended.

1.8. **"King Report"** means the King Report on Corporate Governance.

1.9. **"Minister"** means the Honourable Minister of Public Works in his/her capacity as the Executive Authority of the Independent Development.

1.10. **"NDPW"** means the national Department of Public Works and Infrastructure.

1.11. **"PFMA"** means the Public Finance Management Act 1 of 1999, as amended.

1.12. **"Parties"** means the Shareholder and the Independent Development Trust.

1.13. **"Protocol"** means the Protocol on Corporate Governance in the Public Sector, as amended.

1.14. **"Shareholders' Compact"** means this Agreement including annexures where applicable.

1.15. **"Shareholder"** means the Government of the Republic of South Africa, represented by the Minister.

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2. INTRODUCTION

2.1 This Shareholders' Compact represents the agreement between the Shareholder represented by Executive Authority and the Independent Development Trust represented by the Accounting Authority. It is a reflection of the expectations of each party, expressed in terms of outcomes and outputs that need to be achieved.

2.2 The Shareholder and the Independent Development Trust ("IDT") subscribe to good governance principles as outlined in the King Report, the purpose of which is to promote the highest standard of corporate governance in South Africa.

2.3 Government has approved a "Protocol on Corporate Governance in the Public Sector", to be read in conjunction with the King Report, applicable to all Public Entities listed in Schedule 2, 3B and 3D of the PFMA. The protocol is intended to provide guidance to Public Entities, relating to, inter alia, good governance in the public sector, effective accountability on financial and non-financial matters, and the pursuit of socio-politico-economic objectives of Government.

2.4 The Shareholder Compact is in keeping with the provisions of the PFMA, and the Regulations promulgated in terms thereof.

2.5 The Shareholder Compact represents an element of the governance framework and agreement between the Shareholder and the IDT.

2.6 The parties, in endeavouring to advance good corporate governance of the parties, strengthen NDPWI oversight over the IDT, and foster conducive relations between the parties, hereby agree on the terms and conditions set out below.

3. OVERVIEW OF GOVERNANCE ISSUES

3.1 The Government's relationship to its SOE's is similar to the relationship between a holding company and its subsidiaries, features of which include:

3.2 A strong interest in the financial performance of the SOE;

3.3 Reporting and accountability arrangements that facilitate an appropriate oversight by the Shareholder; and

3.4 Remedial action by the Shareholder where the SOE's strategic direction deviates from that preferred by the Shareholder.

3.5 The relevant Executive Authorities, as contemplated in the PFMA, and the Minister of Finance represent the Government's ownership interest in the SOEs.

4. GUIDING PRINCIPLES

The guiding principles of the Protocol are as follows:

4.1 Executive Authority should exercise policy control over the SOE's consistent with their accountability to Parliament and the public;

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4.2 Executive Authority should set clear objectives for SOE's;

4.3 Any Social Service Obligations that a SOE is to undertake should generally be specified through a Shareholder compact;

4.4 The directors of a SOE should ensure the development of business strategies, policies and and monitor management in the implementation thereof.

4.5 The directors of a SOE should ensure that:

4.6 The SOE's activities are conducted so as to minimise any divergence of interests between the SOE and the Shareholder;

4.7 SOE's are managed in the best interests of the SOE's, Shareholder and other stakeholders;

4.8 SOE's and their officers maintain the highest standards of integrity, accountability and responsibility.

5. PERIOD

The Shareholders' Compact is effective from 1 April 2023 until 31 March 2024.

6. INDEPENDENT DEVELOPMENT TRUST'S MANDATE AND ITS RELATIONSHIP WITH THE EXECUTIVE AUTHORITY

6.1 The Shareholder has mandated the IDT to be the national Department of Public Work and Infrastructure's agency responsible for government's programme and project management for social infrastructure, underpinned by community mobilisation and empowerment.

6.2 It is acknowledged by the parties that in the execution of the stated mandate, the IDT will endeavour to influence, support and add value to the national development agenda.

6.3 The IDT will execute its mandate by deploying its resources towards augmenting the state's capacity to effectively implement social infrastructure programmes delivery, with intent to positively contribute to socio-economic development and poverty eradication.

6.4 The Accounting Authority shall on matters relating to the execution of the IDT mandate, pursue the same having regard to the guidance of the Executive Authority, and the Department's priorities, strategic thrust and stipulated frameworks.

6.5 To foster conducive relations between the Department and the IDT, enable effective governance and oversight over the IDT, and facilitate complementarity of IDT to national DPWI, the parties shall endeavour to formulate and enter into ancillary operational instruments, namely:

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6.5.1 The NDPWI-IDT Business Development and Projects Allocation Protocol: The instruments shall provide a guiding framework for IDT business development in relation to the national government sphere and other spheres of government. Furthermore, the Protocol shall outline arrangements relating to the allocation of projects by the national DPW to the IDT.

6.5.2 The NDPWI Service Standards and Practices Framework (DPW SSPF) for IDT Social Infrastructure Programme Management: The instrument shall stipulate at a programme and project level, the procedure requirements and expectations of the DPW for infrastructure development management by the IDT.

6.6 To facilitate the Executive Authority's effective oversight over the IDT's remuneration practices, the Accounting Authority shall present for ratification by the Executive Authority on a three-year interval basis or when changes are proposed, the IDT Remuneration Strategy and Framework. In addition, the Accounting Authority shall report to the Executive Authority and other stakeholders the annual update on the implementation of the framework in line with the relevant legislative prescripts.

6.7 The Accounting Authority shall submit the proposed / existing board remuneration framework to the Executive Authority for ratification on a three-year interval basis and / or when changes to the framework are proposed. In addition, the Accounting Authority shall report to the Executive Authority and other stakeholders the annual update on the implementation of the framework in line with the relevant legislative prescripts.

6.8 The IDT shall align its corporate and projects branding to the corporate brand of the Department. Interventions in this regard may include the insertion of the statement "An entity of the national Department of Public Works and Infrastructure" on the IDT letterhead and other relevant corporate material. Furthermore, this may also include the insertion and/or use of the Government logo and the Department's corporate emblem on identified IDT corporate material and gear.

6.9 The Accounting Authority represented by the Board Chairperson, shall endeavour to hold quarterly meetings at the minimal, with the Executive Authority with the purpose of nurturing relations and maintaining regular contact to ensure that the Executive Authority is fully informed on the IDT activities at all relevant stages.

6.10 The parties shall at all times conduct their relationship in a manner intended at promoting the objectives of the parties in relation to the mandate of the IDT.

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7. UNDERTAKINGS BY THE ACCOUNTING AUTHORITY OF THE INDEPENDENT DEVELOPMENT TRUST

7.1 The Accounting Authority undertakes to act in accordance with the Executive Authority approved strategic plan, corporate and annual business plans. Where it cannot do so, it will seek [the] approval of the Executive Authority.

7.2 The Accounting Authority undertakes to provide the Shareholder with an externally facilitated, independent annual Board performance assessment report with clear evaluation results and remedial actions taken or to be taken that is in terms of its legal mandate and the APP.

7.3 The Accounting Authority undertakes to draw up plans in pursuit of the achievement of the objectives set out the Economic Reconstruction and Recovery Plan (ERRP), and to submit it to the Executive Authority for approval no later than one calendar month after the commencement of the financial year.

7.4 Upon approval of the ERRP, its shall become and annex to this Shareholder's Compact.

7.5 The Accounting Authority shall submit quarterly reports to the Department, detailing progress on the achievement on the activities and outputs detailed in the IDT's ERRP, towards the advancement of the goals of the ERRP.

7.6 Recognising that the IDT is in transition, the Accounting Authority undertakes to:

7.7 Provide the Executive Authority with Strategic and technical support in the process of formulating the long-term Sustainability Business Case.

7.8 Provide the Department with the relevant information pertaining to the operations of the IDT, in order to facilitate and enhance Executive Authority oversight over the work of the IDT, and decision-making relating to the entity.

7.9 In addition to the above, the Accounting Authority undertakes not to:

7.10 Enter into any transactions other than in the ordinary, regular and normal course of business;

7.11 Purchase or dispose of any asset other than in the ordinary, regular and normal course of business;

7.12 Be liable, whether contingently or otherwise and whether as surety, co-principal debtor, guarantor, for the liabilities of any third party other than in the ordinary, regular and normal course of business;

7.13 Make decisions falling outside the ambit of its Deed of Trust and the scope of the mandate and authority granted in terms of this Shareholder Compact without the approval of the Shareholder.

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8. ROLE OF THE ACCOUNTING AUTHORITY

8.1 The Board of the IDT has absolute responsibility for the performance of the IDT and is fully accountable to the Shareholder for such performance. As a result, the Board should give strategic direction to the IDT, and in concurrence with the Executive Authority appoint the Chief Executive Officer and ensure that an effective succession plan for all key executives is in place and adhered to.

8.2 The Board shall retain full and effective control over the IDT and monitor management closely in implementing Board plans and strategies.

8.3 The Board should ensure that the IDT is fully aware of and complies with applicable laws, regulations, government policies and codes of business practice and communicates with the Shareholder and relevant stakeholders openly and promptly with substance prevailing over form. As a result, it is imperative that the Board should have an agreed procedure in terms of which it may, if necessary, solicit independent professional advice at the expense of the IDT.

8.4 All Board members should ensure that they have unrestricted access to accurate, relevant and timely information of the IDT and act on a fully informed basis, in good faith, with diligence, skill and care and in the best interest of the IDT, whilst taking account of the interests of the Shareholder and other stakeholders, including employees, creditors, customers, suppliers and communities. To this end, the Board must monitor closely the process of disclosure, communication and exercise objective judgment on the affairs of the IDT, independent of management. In so doing, each individual member of the Board must maintain confidentiality protocols on all confidential matters of the IDT.

8.5 The Board should formulate, monitor and review corporate strategy, major plans of action, risk policy, annual budgets and business plans of the IDT and regularly identify key risk areas and key performance indicators, based on both financial and non-financial aspects such as the socio-political expectations of the Shareholder.

8.6 Without derogating from its fiduciary duties, the Board should ensure that the Shareholder's performance objectives are achieved and that same can be measured in terms of the performance of the IDT. In addition, the Board should ensure that the IDT prepares annual budgets against which, inter alia, its performance can be monitored.

8.7 The Board should monitor and manage potential conflicts of interest of management, Board members and the Shareholder. The Board as a whole and each individual member must not accept any payment of commission relating to IDT business, any form of bribery, gift or profit for himself.

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8.8 The Board should develop a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself. Delegated authority must be in writing and evaluated on a regular basis.

8.9 The Board should convene an annual strategy session to ensure that each item of the business is reviewed to continue maximising Shareholder value.

8.10 The Board should ensure that financial statements, which fairly presents the affairs of the IDT, are prepared for each financial year. In addition, they must maintain adequate accounting records, ensure that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the financial statements, and they must also ensure that relevant accounting standards have been applied.

8.11 The Board should appraise its performance on an annual or such basis as the Board may determine. The Board should also, on a regular basis, review and evaluate its required mix of skills and experience and other qualities in order to assess the effectiveness of the entire Board, its committees and the contribution of each individual member during the entire term of office.

8.12 The Board should facilitate a confidential Board member appraisal and establish an appropriate mechanism for reporting the results of the assessment to the Shareholder.

8.13 The Board should ensure that there are appropriate and effective induction, education and training programmes offered to new and existing Board members.

8.14 The Board should always maintain the highest standard of integrity, responsibility and accountability and ensure that it finds a fair balance between conforming to corporate governance principles and the performance of the IDT.

9. UNDERTAKING(S) BY THE SHAREHOLDER

9.1 The Executive Authority undertakes to seek regular contact and consultation opportunities with the Accounting Authority.

9.2 The Executive Authority further undertakes to provide strategic leadership to the Accounting Authority which includes:

- **9.2.1** Informing the Accounting Authority of relevant decisions by the Shareholder pertaining to the strategic and operating environment of the Department and the country in general which might have an impact on the IDT operations.
- **9.2.2** The development and conclusion of the Shareholder Compact, as well as the related ancillary operational instruments.

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9.2.3 Supporting the long-term sustainability review process of the IDT, in line with relevant legislation, National Treasury Guidelines and any other relevant prescripts. This may include a refining the mandate, governance arrangement and funding model.

9.2.4 Provision of the necessary support and assistance for the IDT's transition to a substantially self-funding Organisation, including availing of financial resources in the intermediate period, where required.

9.2.5 Committing a portfolio of projects to enable the IDT to become financially sustainable.

9.2.6 Spearheading the funding of the developmental services component of the social infrastructure programme delivery management on a standing basis through an appropriate annual budget allocation to facilitate community mobilisation and empowerment. This relates to emerging contractor development, community skilling, job creation, local enterprise and supplier development and support.

9.2.7 Facilitate through inter-governmental structures the timely transfer of programme funds and management fees to the IDT by client departments.

9.2.8 Where deemed necessary, facilitate the formulation and enactment of an IDT Legislation.

9.3 Furthermore, the Executive Authority undertakes not to

9.3.1 Introduce new or additional requirements during the validity of this compact other than through a process of consultation with the IDT. Reasonable notice and the resources shall be provided re the introduction of any new requirements.

9.3.2 Not to impede or in any way restrict the discretion of the Board regarding matters falling within its authority;

9.3.3 Not to cause undue delays in the proper constitution of the Board including any undue delays in appointing members to any vacancies in the Board of the IDT;

9.3.4 Not to cause the IDT or its Chief Executive Officer and Executive Management to act in contravention of the Deed of Trust or this Compact, to contravene any law or to breach any of its duties and obligations.

10. CORPORATE GOALS, OBJECTIVES AND KEY PERFORMANCE INDICATORS

10.1 The IDT must execute its mandate in accordance with its governance and compliance frameworks, applicable legislation and Strategy.

10.2 The Strategic Objectives, Key Performance Indicators and Targets must be captured in the Strategy, Corporate and Annual Performance Plans.

10.3 The members of the Accounting Authority shall individually and collectively:

10.3.1 Exercise their skills, expertise and fiduciary duties to pursue the goals and objectives in the Deed of Trust and Corporate Plan and ensure that such targets are met.

10.3.2 Commit themselves to the achievement of the vision, mission, objectives and strategic intent of the IDT and to act in its best interests, within its powers and to avoid any conflict of interests and to make a full disclosure of any possible or actual conflicts of

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interest.

10.3.3 Accept its responsibility to direct and guide the business in a proper manner in keeping with the PFMA subject to any exemptions granted in terms of the PFMA.

10.3.4 Recognize the importance of speedy decision-making and use its best endeavours to prevent undue delays in critical decisions.

11. REPORTING

11.1 The Accounting Authority will furnish the Executive Authority with quarterly performance reports as per PFMA requirements including major activities of the IDT and on such other activities as the parties may agree from time to time.

11.2 All such reports shall be furnished to the Executive Authority or to such designated officials in the Department as determined by the Accounting Officer of the Department from time to time.

11.3 The Shareholder and the Executive Authority shall be entitled to any further information required for the exercise of their mandates as Shareholder and Executive Authority, and may from time-to-time request that the IDT furnish information regarding its:

11.3.1 Strategic priorities;

11.3.2 Strategic Plan, Long-term Sustainability Plan, Investment Plan, Risk Management Plan and Fraud Prevention Plan;

11.3.3 Remuneration Strategy and Framework;

11.3.4 Register of Conflict of Interests;

11.3.5 Corporate governance policies, practices and processes;

11.3.6 Financial performance; and

11.3.7 Any other information necessary for the Department and Executive Authority oversight over the IDT.

11.4 Quarterly performance reports shall include information on the major risk areas and mitigation plans thereof.

11.5 The Department and/or Executive Authority may request reports on specific subjects from time to time.

11.6 The Chairperson of the IDT Board shall be the point of contact in dealing with the Shareholder and the Executive Authority, unless the Chairperson delegates in writing to another official of the IDT.

12. NOTICES

12.1 Any notices given in terms of this agreement shall be in writing and addressed to the other party's chosen domicilium citandi, and shall, unless the contrary be proved:

12.1.1 When delivered by hand, be deemed to have been duly received by the addressee on the date of delivery;

12.1.2 If posted, be conveyed by pre-paid registered post and be deemed to have been received by the addressee on the eighth day following the date of such pre-paid posting;

12.1.3 If transmitted by e-mail or telefax, be deemed to have been received by the addressee one day after such dispatch.

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12.2 Notwithstanding anything to the contrary contained in this agreement, a written notice or communication actually received by a responsible official of one of the parties, including by way of e-mail, telex or facsimile transmission shall be adequate written notice or communication to such party.

12.3 For the purpose of this clause, it is recorded that the parties chose the following as their respective *domicilium citandi:*

SHAREHOLDERS:
MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE
FOR THE ATTENTION OF: THE DIRECTOR-GENERAL CNR.
BOSMAN AND MADIBA STREETS
CGO BUILDING
PRETORIA

INDEPENDENT DEVELOPMENT TRUST:
THE BOARD CHAIRPERSON
FOR THE ATTENTION OF: THE CHIEF EXECUTIVE OFFICER
GLENWOOD OFFICE PARK
CNR. OBERON & SPRITE STREETFAERIE
GLEN, PRETORIA

13. WHOLE AGREEMENT

This Shareholder Compact constitutes the whole agreement between the parties as to the subject matter thereof and no instructions, agreements, representations or warranties between the parties other than those set out herein are binding on the parties.

14. VARIATION

No addition to or variation, consensual cancellation or novation of this agreement, and waiver of any right arising from this agreement, or its breach or termination shall be of any force or effect unless reduced to writing and signed by both parties or their duly authorized representatives.

15. NON-COMPLIANCE

15.1 In the event that any of the parties do not comply with the terms and conditions of this Shareholder Compact, the other party shall in writing request that party to comply with the terms and conditions hereof within 14 (fourteen) days of the date of receipt of the letter, (or in the event that compliance is required on an urgent basis, any shorter period that is reasonable), and in the event of that party failing to comply as requested, the other party shall be entitled to either:

15.1.1 Immediately apply to a Court of competent jurisdiction to get an order directing the other party to comply with the terms and conditions hereof if the matter is urgent; or

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15.1.2 Refer the matter to arbitration in terms of the provisions of clause 16.

16. DISPUTES

16.1 In the,event a dispute, disagreement or claim arises between the Parties in relation to, or otherwise in connection with the implementation, execution, interpretation, rectification, termination or cancellation of this Agreement, or otherwise arising out of any of the provisions of this Agreement, the parties shall try to resolve the dispute by negotiation. This entails that one party invites the other party in writing to meet and attempt to resolve the dispute.

16.2 Should the parties fail to resolve their dispute; the dispute should be resolved in terms of chapter 4 of the Intergovernmental Relation Framework Act, 13 of 2005, which deals with the settlement of Intergovernmental Disputes.

17. INCONSISTENCY WITH LEGISLATION

17.1 To the extent that the provisions of the Shareholders' Compact are in conflict with:

17.1.1 The provisions of the PFMA, provisions of PFMA shall apply;

17.1.2 Any other applicable law or the provisions of the Trust Deed, the provisions of the applicable law or the Trust Deed as the case may be, shall apply subject to the overriding provisions of the PFMA;

17.2 Where the PFMA and any other applicable law afford protection to the Board of the IDT, individually and collectively, arising out of the execution by them of their duties and functions, such protections is by reference incorporated into this Shareholder Compact.

18. CHANGE CONTROL

18.1 The Shareholder Compact may be reviewed and amended as and when need the arises.

18.2 Should either party wish to make any amendment or alteration to the Shareholder's Compact, that party shall prepare a Change Order and present the same to the other party, specifying the following:

18.2.1 The date of the change order;

18.2.2 The description of the proposed amendment or alteration;

18.2.3 If applicable, previous unspecified ad-hoc work was already undertaken;

18.2.4 The reason for making the proposed amendment or alteration;

18.2.5 When the party requires the change to be implemented;

18.2.6 The resources implications of the change order;

18.2.7 The impact of the change order on the balance of the parties' obligations under this Agreement.

18.3 The other party shall be given an opportunity to consider such change order and to respond accordingly.

18.4 No change order shall be of any force and effect until it is signed by duly authorised

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representatives of each of the parties.

19. ATTESTATION

AGREED TO AND SIGNED **AS WITNESS**

(CHAIRPERSON: IDT BOARD OF TRUSTEES)

SIGNED AT <u>CAPE TOWN</u> ON THIS <u>1ST</u> DAY OF <u>JUNE</u> 2023

AGREED TO AND SIGNED: **AS WITNESS:**

MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

SIGNED AT PRETORIA ON THIS 07TH DAY OF APRIL 2023