

**1348. Dr V Knoetze to ask the Premier:**

*With reference to the implementation of the Isiqalo Youth Fund during the 2024/25 financial year:*

QUESTION	RESPONSE
1) Whether he can kindly state the total budget allocation for the fund in the 2024/25 financial year, specifying (a) the total amount appropriated, (b) actual expenditure incurred, (c) total funds disbursed to beneficiaries, (d) the full amount that remains unspent, withheld or rolled over and (b) the reasons for any failure to disburse the full allocation;	<p>The Isiqalo Youth Fund (IYF) received a total budget allocation of R30 million for the 2024/25 financial year</p> <p>(a) Total amount appropriated: R30 million</p> <p>(b) Actual expenditure incurred: R17.1 million</p> <p>(c) Total funds disbursed to beneficiaries: R17.1 million to 22 beneficiaries</p> <p>(d) Unspent / rolled-over funds: R8 million was approved for rollover to the 2025/26 financial year.</p> <p>(e) Reasons for failure to disburse the full allocation:</p> <ul style="list-style-type: none"><li>✓ The 2024/25 financial year was the first year of implementing the IYF, and significant foundational work had to be completed before disbursement. This included the development of the IYF Policy, establishment of adjudication structures, setting up compliance processes, and finalising the operating framework. As a result, disbursements only commenced in October 2024 (Q3), reducing the time available within the financial year for full implementation.</li></ul>

<p>2) Whether he can kindly provide a complete list of all approved beneficiaries during the aforementioned financial year, including for each (a) the amount approved, (b) the amount actually paid, (c) the business or project funded, (d) the district and municipality of operation and (e) whether each project remains functional or has collapsed;</p>	<p>2. A complete list of all approved beneficiaries for 2024/25 is attached as <b>Annexure A</b>, including:</p> <ul style="list-style-type: none"> <li>(a) the amount approved,</li> <li>(b) the amount actually paid</li> <li>(c) the business or project funded.</li> <li>(d) the district and municipality of operation and</li> <li>(e) Current operational status of each project (functional or non-functional)</li> </ul>
<p>3) Whether he can kindly explain the causes of under-expenditure and project delays, identifying specific (i) administrative bottlenecks, (ii) procurement failures or (iii) non-compliance issues that prevented full implementation of the fund during the above-mentioned financial year;</p>	<p>The key causes of under-expenditure and delays:</p> <ul style="list-style-type: none"> <li>(i) Administrative bottlenecks: At the inception of the fund, several internal systems were not yet in place, including the IYF Policy, adjudication processes, risk and compliance controls, and disbursement workflows. These had to be established to ensure accountability and prevent irregular expenditure. This foundational work resulted in delayed processing and approval of beneficiaries.</li> <li>(ii) Procurement-related challenges: Procurement delays were experienced primarily because the operational</li> </ul>

	<p>systems supporting procurement for the IYF were still being established. This affected turnaround times for sourcing equipment and services for beneficiaries.</p> <p>(iii) Non-compliance issues:</p> <p>No non-compliance by beneficiaries was detected in terms of incomplete documentation, non-reachability etc.</p> <p>All these issues have since been addressed through enhanced systems, dedicated committees and improved monitoring mechanisms</p>
<p>4) Whether he can kindly identify all service providers, consultants or implementing partners contracted in the financial year mentioned above, stating (a) their contract values, (b) scope of work and deliverables, (c) timelines and (d) whether these entities met their obligations including any instances where payments were made without measurable results;</p>	<p>A full list of all service providers contracted for beneficiary support under the fund is provided in <b>Annexure B</b>, including:</p> <ul style="list-style-type: none"> <li>(a) All service providers with contract values</li> <li>(b) Scope of work and deliverables</li> <li>(c) Timelines</li> <li>(d) Verification of delivery:</li> </ul> <p>For every procurement transaction, a three-way verification process is followed:</p> <ul style="list-style-type: none"> <li>✓ Beneficiary signs the delivery note confirming that goods/equipment were received.</li> <li>✓ Service provider confirms that items supplied match the specifications.</li> </ul>

	<p>✓ OTP officials conduct on-site verification before processing any payment.</p> <p>There were no instances where payments were made without measurable, confirmed delivery.</p>
<p>5) Whether he can kindly outline the systems used to verify beneficiary eligibility and utilization of funds, indicating (a) how many projects were physically inspected, (b) how was misuse or non-performance detected and (c) how many cases were referred for investigation or recovery of funds;</p>	<p>The OTP uses the following systems and processes:</p> <ul style="list-style-type: none"> <li>✓ Verification of eligibility is done through document assessment, business viability analysis and site inspections.</li> <li>✓ Utilisation of funds is monitored through quarterly site visits and photographic evidence, supported by beneficiary reporting.</li> </ul> <p>(a) All 82 approved projects were physically verified during the evaluation assessment stage</p> <p>(b) No cases of misuse or non-performance were detected.</p> <p>(c) No cases were referred for investigation or recovery. All beneficiaries have binding Funding Agreements, and OTP enforces compliance through continuous monitoring</p>
<p>6) Whether he can kindly provide details of any internal audit, review or investigation conducted into the fund's financial management or administration during the above-mentioned financial</p>	<p>The Auditor-General of South Africa (AGSA) audited the IYF for the 2024/25 financial year.</p> <p>(a) Key findings:</p> <p>No audit findings were raised against the Isiqalo Youth Fund.</p>

years, including (a) the key findings, (b) any identified irregular or wasteful expenditure and (c) actions taken against responsible officials;	<p>(b) Irregular or wasteful expenditure: None was identified.</p> <p>(c) Actions taken: As no adverse findings were recorded, no corrective action against officials was necessary.</p>
7) Whether he can kindly (a) indicate the number of sustainable businesses and jobs created through the fund in aforementioned financial year and (b) provide evidence of independent verification, including (i) how were the outcomes measured and (ii) the average cost per job created;	<p>(a) For all the 22 business disbursed to in 2024/25 and according to monitoring reports all businesses had showed signs of sustainability. These businesses had created over 100 jobs.</p> <p>(b) In terms of evidence of independent verification:</p> <p>(i) How were outcome measured? The OTP has established an Evaluation Committee which looked at business viability and site verification outcomes using a specific criterial.</p> <p>(ii) In terms of cost per job, it has costed OTP about R 89 000 for each job created in the disbursed list of 22.</p>
8) Whether he can kindly (a) describe what specific corrective measures has his Office implemented	<p>a) In terms of corrective measures created towards addressing the performance:</p>

<p>towards addressing the under-performance, administrative inefficiencies and financial control weaknesses of the Isiqalo Youth Fund and (b) state whether any personnel or management changes have been made as a result?</p>	<ul style="list-style-type: none"> <li>✓ A fully digital Isiqalo application and adjudication system has been developed and is now complete. This automates application processing, evaluation workflows, committee reviews and record-keeping, significantly reducing turnaround times and administrative inconsistencies.</li> <li>✓ Establishment of fully functional committees: Administrative Committee, Evaluation Committee, and Approval Committee, ensuring transparent and compliant decision-making.</li> <li>✓ Strengthening of Internal Audit's role as a quality assurance partner to identify and address weaknesses throughout the process.</li> </ul> <p>b) A Director for Entrepreneurship &amp; Empowerment has been appointed to lead the unit responsible for the IYF. The position had been vacant since October 2023, and the appointment has improved oversight, coordination and operational efficiency.</p>
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