

Strategic Goal Two: Facilitate research that informs grant-funding decisions and policy

Purpose: To understand the nature of poverty in South Africa and what must be done to alleviate it, who the main role players are and what they are doing, and what the NDA and other role players might do to fashion effective programmes and influence policy.

Strategic objective	Output	Performance indicator	Target	Achievements for 2008/09	Variances
	3.2 Facilitated learning networks	<ul style="list-style-type: none"> ■ Functional learning networks 	<ul style="list-style-type: none"> ■ Knowledge sharing networks sessions. 3 completed 	<ul style="list-style-type: none"> ■ National October poverty workshop in partnership with DSD NPO done ■ Provincial dialogues and seminars in collaboration with provinces took place. 	None
	3.3 Easily accessible development information	<ul style="list-style-type: none"> ■ Board-approved language policy ■ Disseminate development information to the sector 	<ul style="list-style-type: none"> ■ Develop language policy ■ Publication of case studies/ flagship projects 	<ul style="list-style-type: none"> ■ Draft done and submitted to EXCO before Board approval ■ The Directorate has been continuously disseminating reports and updates on development and poverty and other related issues to all the NDA staff ■ The unit assisted NDA provincial offices with the editing, layout and placement of RFP adverts in various media ■ RFP adverts were also posted on the website ■ NDA information brochures were distributed to NDA provincial offices which in turn distributed the bulk of the brochures at their requests for proposals briefing sessions and provincial exhibitions ■ The unit assisted the DSD and NDA's Research Unit with logistics of the Civil Society seminar hosted in October 2008 ■ Two issues of <i>The Voice</i> newsletter were produced and distributed to key stakeholders, ■ Information brochures were translated into Sesotho and Isizulu ■ Newsflashes were distributed to keep staff abreast of developments within the NDA ■ Unit assisted CEO's office with the production of the agency Strategic Document 2009-2012 ■ Board-approved organisational policy documents were also loaded onto the intranet for easy access ■ A number of sessions were organised for sharing information with staff on a face-to-face basis and to communicate urgent matters ■ The unit has also embarked on a video shoot exercise which will result in the production of a corporate video and multimedia presentation for the NDA 	90% achieved

Report Against NDA Strategic Goals

Strategic Goal Three: Build and sustain organisational capabilities

Purpose: To build and sustain the capacity needed to deliver on our mandate, and to operate efficiently and effectively, with sound governance, and as one committed team adhering to agreed values.

Strategic objective	Output	Performance indicator	Target	Achievements for 2008/09	Variances
1. 'The right people in the right jobs': effective recruitment, induction, training and development, and retention	1.1 Competent staff	<ul style="list-style-type: none"> ■ Appropriate recruitment and placement processes ■ Effective retention strategy. 	<ul style="list-style-type: none"> ■ Review, consult and obtain approval for an appropriate and effective recruitment, induction training and development and retention strategy ■ Conclude assessment of current manpower in light of the strategy ■ Conclude identification of jobs as per needs identification exercise and job profiles ■ Determine need for job evaluations and facilitate job evaluation processes. 	<ul style="list-style-type: none"> ■ Draft policies in place for approval for recruitment, induction, talent, retention and succession policy and relocation policies. 	80% achieved
	1.2 Skilled workforce	<ul style="list-style-type: none"> ■ Workplace skills plan/report. 	<ul style="list-style-type: none"> ■ Facilitate company-wide training and development needs ■ Report on workplace skills ■ Incorporate learnerships, interns and volunteers in reviewed policy ■ Facilitate study assistance applications 	<ul style="list-style-type: none"> ■ 58 employees were taken to training; this is inclusive of short courses, seminars and conferences through the provision of external service providers ■ 14 study assistance were awarded for formal qualification ■ HRD policy reviewed to incorporate learnerships, interns, ABET, RPL, professional and occupations memberships awaiting approval by the board. 	80% achieved
2. Entrench values and sound operating policies	2.1 Best-practice policies and processes	<ul style="list-style-type: none"> ■ Integrated and aligned policies. 	<ul style="list-style-type: none"> ■ Identify policies for review and integration and allocate tasks 	<ul style="list-style-type: none"> ■ The NDA restructuring process focusing on the current organisational structure to align it with the revised NDA organisational strategy. 	70% achieved

Strategic Goal Three: Build and sustain organisational capabilities

Purpose: To build and sustain the capacity needed to deliver on our mandate, and to operate efficiently and effectively, with sound governance, and as one committed team adhering to agreed values.

Strategic objective	Output	Performance indicator	Target	Achievements for 2008/09	Variances
	2.2 Functional HR administration and processes	<ul style="list-style-type: none"> Functional administrative systems 	<ul style="list-style-type: none"> Facilitate education and awareness on policies and process, via road shows. 	<ul style="list-style-type: none"> The new organisational model and developing integrated business processes for the entire organisation which will include effective governance and management. 	<ul style="list-style-type: none"> Phase two will focus on designing the NDA business processes and organisational structure; and
	2.3 Living the NDA values	<ul style="list-style-type: none"> Professionalism 	<ul style="list-style-type: none"> Implement and monitor approved policies and processes. Entrench values and sound operating policies Identify plan for education, awareness and internalisation of NDA values Workshop behaviours associated with NDA values Link NDA values to performance agreements 	<ul style="list-style-type: none"> Inclusion of values in performance management contracts. 	<ul style="list-style-type: none"> Phase three will be focussing mainly on conducting competency assessment and matching people to jobs and structure. The OD Manager started in February 2009
3. Effective business systems and governance processes	3.1 Best practice policies and processes	<ul style="list-style-type: none"> Integrated and aligned policies. 	<ul style="list-style-type: none"> Update of finance and procurement policies Development of service standards between finance and other NDA units. 	<ul style="list-style-type: none"> Service standards between finance and all other units will be finalised in the 09/10 financial year. 	<ul style="list-style-type: none"> To be implemented in the next financial year

Report Against NDA Strategic Goals

Strategic objective	Output	Performance indicator	Target	Achievements for 2008/09	Variances
	3.2 Functional corporate business system	<ul style="list-style-type: none"> ■ Functional administrative systems ■ Achieve labour peace and harmonious environment 	<ul style="list-style-type: none"> ■ Review performance management policy and practices ■ Align performance agreements with strategic objectives ■ Implement and monitor performance management processes ■ Ensure T&D plans identified via performance management system is incorporated in Training plan ■ Review and communicate employee relations policies and procedures ■ Facilitate annual wage negotiations ■ Facilitate IR Training for DM's and middle managers ■ Establish employee forum to promote consultation, consensus seeking 	<ul style="list-style-type: none"> ■ Draft Performance management policy and procedure in place ■ New PMS templates development ■ The salary negotiations for 2009/10 requires a new approach considering the NDA financial constraints and the need to balance the ratio of 60% and 40% that is direct project cost and staff cost. 	<ul style="list-style-type: none"> ■ The performance management reviews and assessments for 2008/ 2009 are finalised and processed. However the NDA Board still has to declare and approve the payment of performance bonus. ■ A three-tiered performance management system (organisational scorecard, directorate scorecard and employee scorecards) has been approved. ■ The system will be implemented in the first quarter of the next financial year. ■ Consultations and workshops to obtain approval for performance management ■ Policy and procedure and new PMS templates will be conducted in the next financial ■ Ongoing process, alignment of PDP's with training plans ■ The salary wage negotiations are still continuing; both parties have not reached an agreement. ■ Training ongoing process no variance
	3.3 Compliance	<ul style="list-style-type: none"> ■ Effective risk management and internal controls 	<ul style="list-style-type: none"> ■ Enterprise-wide risk management. 	<ul style="list-style-type: none"> ■ Risk assessment in compliance with legislation conducted and completed and risk register updated. ■ Fraud prevention plan and whistle-blowing policies reviewed. ■ Contracts with various stakeholders including funded projects and service level agreements with service providers were vetted and approved. ■ All legal matters have been attended to. 	<ul style="list-style-type: none"> ■ Fraud prevention plan and whistle-blowing policies to be submitted to the Board for approval in the 2009/10 financial year.

Strategic objective	Output	Performance indicator	Target	Achievements for 2008/09	Variances
	3.4 Assurance provision	<ul style="list-style-type: none"> ■ Audit coverage plan 	<ul style="list-style-type: none"> ■ Closure or resolution of findings from previous audits ■ Reduce number of audit findings from previous year ■ Improve audit reporting by maintaining unqualified audits. 	<ul style="list-style-type: none"> ■ Findings reduced from previous year-end findings ■ Audit findings raised in previous audits have been addressed ■ An unqualified audit opinion was secured for the financial year 2009/10. 	<ul style="list-style-type: none"> ■ Closure and resolution of findings from previous audits will be finalised in the 2009/10 financial year.
	3.5 Safe and healthy working environment	<ul style="list-style-type: none"> ■ Health, wellness and safety plan 	<ul style="list-style-type: none"> ■ Consult with staff and develop occupational health and safety (OHS) policy and procedures ■ Appoint health and safety committee, and train health and safety officers ■ Inform and educate staff re health and safety regulations, compliance and wellness programmes. 	<ul style="list-style-type: none"> ■ Draft OHS policy/plan in place awaiting the Board's approval 	<ul style="list-style-type: none"> ■ Wellness strategy will be developed in the next financial year ■ Consultations and workshops to obtain approval for OHS policy and procedure will be conducted the next financial ■ Ongoing process, training of OHSR ■ Ongoing creating a safe and healthy working environment.
	3.6 Effective financial management	<ul style="list-style-type: none"> ■ Financial management reports ■ Budgets according to prescribed formats and timeframes ■ Quarterly financial management accounts 	<ul style="list-style-type: none"> ■ Produce management reports on a monthly basis for Exco ■ Consolidate budgets and submit to Department of Social Development by end of September ■ Produce quarterly reports for MANCO. 	<ul style="list-style-type: none"> ■ Partially achieved/ work in progress ■ Draft policies for recruitment, induction, talent, retention and succession and relocation policies are in place and awaiting approval ■ Achieved ■ Achieved ■ Achieved 	None
	3.7 IT Plan	<ul style="list-style-type: none"> ■ IT security plan and security implemented and monitored 	<ul style="list-style-type: none"> ■ Implement intrusion detection systems ■ Activate new directory domain ■ Action disaster recovery protocol ■ Activate NDA network. 	<ul style="list-style-type: none"> ■ Achieved 	None

Performance Report



The implementation of NDA strategy takes place primarily through the two operational directorates, namely Development Management, and Research and Developmental. These two organisational functions are supported by the Human Resources, Communications and Marketing and Finance departments. The Internal Audit and Legal and Risk departments and the Company Secretariat provide a compliance and support role to the organisation as a whole.

Development Management Directorate

During the last financial year, the Development Management Directorate has focussed on the granting of funds and the strengthening of institutional capacity in civil society organisations (CSOs).

The granting of funds takes place through two approaches: Request for Proposals, and Programme Formulation. Request for Proposals is a competitive grant-funding approach that targets well-established community-based organisations (CBOs), NGOs and community co-operatives. These bodies are invited, through relevant media, to submit proposals based on pre-set policy criteria and processes. Proposals are then considered and, where the application is successful, are submitted to the Board for approval.

Programme Formulation involved reaching out to identify deserving communities, and undertaking activities that build 'social capital' at community level. In essence, this approach targets specific areas and sectors based on primary research on priority poverty pockets. While the NDA continues to consider all suitable projects, food security and income generating projects remain its identified focus.

In the past, the NDA has experienced significant challenges in payments to projects. However, during the period under review the organisation has achieved a marked improvement in overall levels of payment. In 2006/07, the amount disbursed to projects was R49,5

million. This increased to R76,4 million in 2007/08, and again to R118,2 million in 2008/09.

The organisation is actively addressing the remaining challenges it faces around payments. An annual payment and monitoring schedule for all funded projects is being finalised that will stipulate the expected date of payment and the date for submission of monitoring and closing reports. It is expected that this schedule will significantly improve the administration and management of projects. Furthermore, payment stipulations have been incorporated in the organisational strategy as well as the performance agreements of relevant staff members.

The other mandated focus of Development Management is the strengthening of the institutional capacity of community organisations to deliver services to the poor. The Development Management capacity-building unit has continued to manage and co-ordinate CSO-strengthening projects, at least 80% of which have concluded the implementation stage of the programme within this financial year. This programme has had a tremendous impact on the beneficiaries, some of which have managed to qualify for funding from the NDA and other agencies for the first time.

Capacity-building service providers were selected in a transparent process and contracted with specific deliverables and milestones. Payment is divided into tranches, made against the submission

of acceptable monitoring reports. R22 926 408 of the allocated R25 757 586 has already been disbursed, and the remainder will be paid in tranches to the 17 projects that are still ongoing.

The capacity-building unit conducted a learning forum for community-based service providers in January 2009 which proved very fruitful and provided valuable feedback from service providers on the ongoing implementation of the programme. A mid-term evaluation was also conducted which confirmed the valuable impact it was having on beneficiaries and recommended that the programme should be continued and augmented. A final evaluation report is being concluded and will be made available to the stakeholders at the conclusion of this round of the capacity-building exercise.

Research and Development Directorate

The Research and Development directorate has continued to fulfil the NDA mandate through the promotion of consultation, dialogue and the sharing of development experience between civil society organisations and the relevant organs of state, as well as through the promotion of debate on development policy. In addition, the directorate has undertaken research and publication aimed at providing the basis for development policy.

During the period under review the directorate has established a resource centre for staff use. A project

reporting system, database of due diligence service providers in the provinces and statistical reports have been compiled and made available, and will be useful for project monitoring and evaluation activities. The directorate has also made available the year 2008 municipal Integrated Development Plans, provincial poverty nodal profiles and a database of CSOs and NPOs. Implementation and training in the use of the system has been completed in eight of the nine provinces.

The directorate has compiled data on settled land claims. A strategic review of the list has been disseminated into various functional areas that the NDA funds and has been forwarded to the provinces as part of the priority list for project funding planning in 2009/10. It is expected that this information will also facilitate the programme formulation process.

In partnership with the Department of Social Development NPO directorate, the NDA's Research and Development directorate held a successful National Poverty Workshop in October 2008, and five dialogues and seminars have taken place in the provinces. Research and Development staff have represented the NDA on the Reference Committee for the update of poverty nodal points recently concluded by the Departments of Social Development and provincial and local government. The NDA also participated in the Public Service Commission 2008/09 series of dialogues on poverty reduction strategies and interventions and continues to be part of the ongoing review of the 2008/09 municipi-

pal IDPs and the National Volunteer Programme.

The directorate has provided technical support to Development Management on the Technical Review and Programme Screening committees. The evaluation of the capacity-building programme is in progress. All impact studies have been completed and all requests for due diligence processes have been accomplished in full.

Finance and Information Technology Directorate

The Finance and Information Technology directorate reports that management accounts are being produced and considered regularly and the budget for 2009/2010 was approved by the board timeously. Finance and procurement policies are being reviewed and updated in accordance with best practice, and standard finance and IT operating procedures have been developed. As part of the steps to ensure best practice, a report is being developed to manage and report on deviations from the procurement process. In this regard cognisance has also been taken of the comments by the external auditors. The development of a supplier database has been deferred to the first quarter of 2009/10 in order to align it with the revised procurement policy to be approved by the Board.

The overhaul of the infrastructure system that was proposed and approved as part of the IT strategy was implemented and the benefits to users are already evi-

dent. The overhaul comprised of an upgrade of security systems, the development of a comprehensive disaster recovery plan and the standardisation of user hardware. The implementation of these systems enabled automatic audit trails, assisting the NDA in its governance and risk control. New business modules for the enterprise resource planning system have been completed and implemented and consist of project contracting, travel reconciliation and online help systems.

Human Resources Directorate

During the period under review, a new Human Resources (HR) executive was appointed. His main focus has been to improve the human resources directorate's ability to play a strategic role within the NDA and act as a catalyst for improved service delivery and organisational performance. This process has involved key HR processes such as management and administration, planning, reporting and policy development, human resources development; employee wellbeing and employee relations. Within the NDA, HR is acknowledged as critical to recruiting talent with the necessary skills, to managing, developing and retaining these skills and creating a working environment that encourages productivity and is compliant with labour laws.

The tables to the right summarise the positions with regard to recruitment, vacancies and terminations as at 31 March 2009. The vacancy rate reflects the percentages of positions not filled.

Employment and vacancies as at 31 March 2009

Occupational category	Number of filled positions	Number of positions vacant	Number of contract workers	Total number of positions
Senior officials and managers	19	1	–	20
Professionals	11	2	–	13
Technicians and associate professionals	31	5	2	38
Clerks	28	–	–	28
Elementary occupations	8	–	–	8
	97	8	2	107

Recruitment by gender, race and occupational category

Occupational category	Female				Male			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Senior officials and managers	1	1	–	1	1	–	–	–
Professionals	1	–	–	–	3	–	–	–
Technicians and associate professionals	1	–	–	–	2	–	–	–
Clerks	4	1	–	–	–	–	–	–
Service and sales workers	7	–	–	–	–	–	–	–
	14	2	0	1	6	0	0	0

“ The NDA is aware of the need for skills training and development within the organisation and makes every effort to identify and assess the needs of its employees and to develop their ability to meet the demands of their jobs. ”



Terminations by occupational category, gender and race

Occupational category	Female				Male			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Senior officials and managers	–	1	–	–	3	–	–	–
Professionals	1	–	–	–	2	–	–	–
Technicians and associate professionals	3	1	–	–	–	–	–	–
Clerks	2	2	–	–	–	–	–	–
	6	4			5			

The NDA has a performance management system which includes reviews and assessments. All processes for 2008/09 have been finalised and the NDA Board has discretion to declare and approve the payment of a performance bonus. A three-tiered performance management system with organisational, directorate and employee scorecards has been approved and will be implemented in the first quarter of the next financial year.

The NDA is aware of the need for skills training and development within the organisation and makes every effort to identify and assess the needs of its employees and to develop their ability to meet the demands of their jobs. During the 2008/09 financial

year R412 325 was spent on capacity training, and 58 employees participated in short courses, seminars and conferences run by external service providers.

The NDA also provides study assistance to its employees. The bursaries help employees to become suitably qualified for their roles and responsibilities while simultaneously enabling the organisation to acquire the skills necessary to achieve its objectives.

During this reporting period R474 885 was disbursed in the form of bursaries, bringing the total training and skills development spend to R887 319.

The table below summarises the training interventions that were implemented during the review period

Capacity training						Study assistance		
Directorates	Male	Female	Short courses	Workshop seminars/conferences	Total training attended	New applications	Old applications	Total study assistance
CEO office	2	–	1	2	2	–	–	–
Development management	15	21	37	–	36	5	9	14
Research and development	2	1	1	2	3	–	–	–
Marketing and communication	–	3	3	1	3	–	–	–
Human resources	1	5	12	2	6	–	–	–
Internal audit	3	2	9	4	5	–	–	–
Finance and IT	1	2	4	–	3	–	–	–
	24	34	67	11	58	5	9	14

The Human Resource directorate is reviewing the current organisational structure to align it with the revised NDA organisational strategy and address any problems associated with the implementation of the strategy. The project will be implemented in three phases: **Phase One** will analyse the current situation and develop a Human Resources Plan. **Phase Two** will focus on designing the NDA business processes and supporting organisational structure. **Phase Three** will be implementation, focusing on competency assessment and matching people

to jobs and structure.

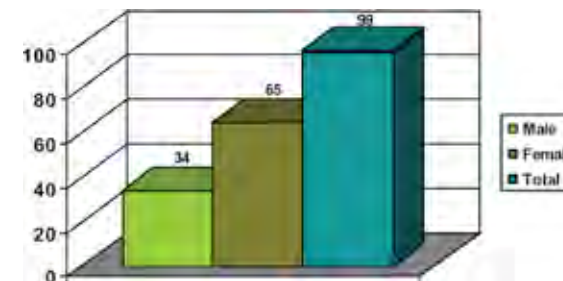
Phase One of the project has been completed and approved by the NDA Board. Phases Two and Three will be implemented in the first and second quarters of financial year 2009/10.

In view of the financial constraints and the need to maintain a 60:40 ratio of mandated costs to administrative costs, salary negotiations for 2009/10 will require a new approach.

A review of labour relations indicates that there is only one outstanding case with the matter presently the subject of CCMA action.

The NDA has made good progress towards achieving the desired employment equity balance as shown in the tables and graphs below, which profile NDA employment equity according to gender, disability, race, salary grade and by occupational category.

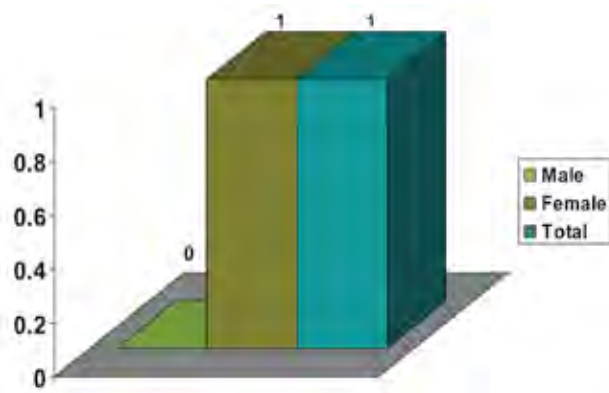
Employees by gender



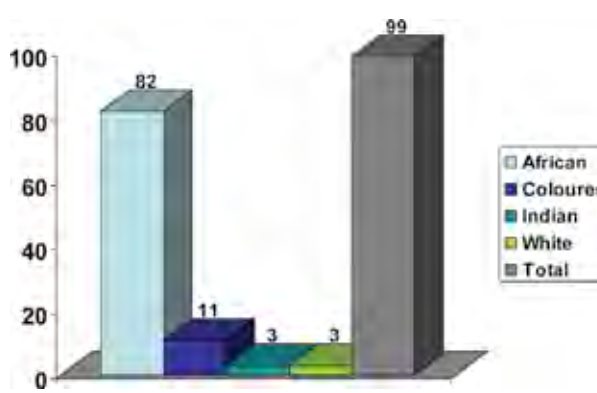
Occupational category	Number of employees
1 Senior officials and managers	22
2 Professionals	15
3 Technicians and associate professionals	37
4 Clerks	32
5 Service and sales workers	7
9 Elementary occupations	1
	114

“ The NDA also provides study assistance to its employees. The bursaries help employees to become suitably qualified for their roles and responsibilities while simultaneously enabling the organisation to acquire the skills necessary to achieve its objectives. ”

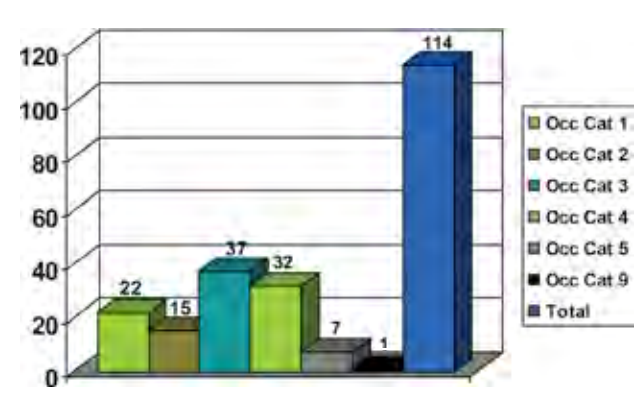
Employees with disabilities



Employees by race



Employees by occupational category



Note: The numbers reflected in the tables and graphs above will not necessarily correlate with the number of employees as at 31 March 2009 due to the fact that it is a reporting requirement that any staff member who has been in the employ of NDA, even for less than a month, should be included in the statistics.

As part of the transparency and disclosure position of the NDA, the following table summarises final audited expenditure and provides an indication of the NDA's staffing costs

Staffing costs	April – June 2008	July – September 2008	October – December 2008	January – March 2009	Annual total
	Rounded off figures				
Salaries	5 778 710	6 419 774	6 414 053	6 614 383	25 226 921
Travel	763 866	820 349	814 449	838 449	3 237 113
Acting allowance	47 291	37 681	6 788	6 931	98 691
Overtime					
Leave payouts	16 441	157 160	63 000	17 656	254 257
Performance bonus	22 581		564 451	17 929	604 961
UIF	65 444	68 202	68 766	69 067	217 479
Provident fund	1 080 768	1 223 978	1 216 267	1 258 080	4 779 093
Medical aid	408 441	412 905	409 714	476 513	1 707 573
13 th cheque	436 611	434 444	404 538	394 428	1 670 020
	8 620 152	9 574 492	9 962 026	9 693 435	37 850 106

The following table provides information with regard to injuries occurred on duty

Nature of injury	Gender	Race	Total number of cases
Requiring basic medication only	Female	White	2
		African	
			2

The following table demonstrates the nature and utilisation of external consultants

Project name/ consultants	Serviced rendered	Project value in (R)
Deloitte Consulting (Pty) Ltd	Assessment centre for recruitment purposes	449 997
The Human Capital Group	Recruitment and selection	104 968
Human Communications	Recruitment and selection	229 946
Gap Recruitment Specialists	Appointment of temporary office and administrative staff	114 998
Hoosen Wadiwala Inc. Attorneys	Legal opinion and legal services	42 085
Glyn Marais Business Account	Legal opinion and legal services	25 068
Softline VIP		83 611
The Careways Group	Employee assistance programmes	9 477
		1 060 150

The Marketing and Communications directorate supports the organisation as a whole. It reports that during this financial year, constraints resulted in some delays in delivery and the implementation of planned programmes, however much was still achieved.

Marketing and Communications Directorate

The Marketing and Communications directorate steered the NDA's participation in the National Council of Province's 'Taking parliament to the people' campaign where the NDA obtained good exposure. The directorate also built confidence in the NDA in the corporate sector through the prominent part played in three corporate social responsibility and investment conferences. A total of 20 successful projects funded by the NDA were launched and a total of 77 projects branded countrywide. Overall, the publicity associated with the NDA has been positive throughout the year.

Legal and Risk

The Legal and Risk directorate has continued to play an important role in fostering a culture of good corporate governance, compliance and internal control within the NDA. The Legal and Risk directorate also carries a responsibility or securing and protecting the assets of the organisation, including recouping monies from debtors, claiming properties bought with NDA monies from lapsed projects and defending litigation against the organisation.

Furthermore, it has been recognised that the NDA has a range of risks inherent in its business, as well as risks arising from processes, people and the external environment. As part of its responsibility to assess risk in a



way which informs strategic planning, the NDA Board has ensured that key strategic risks facing the organisation are identified. During the period under review, the Legal and Risk unit has updated the risk register and enhanced internal controls with a review of the fraud prevention and whistle-blowing policies. All contracts with stakeholders including funded projects and service level agreements with service providers were vetted and approved. All legal matters have been attended to and advice and assistance provided to the organisation in general.

Internal Audit Directorate

The Internal Audit directorate has developed an audit coverage plan to ensure coverage of the

prioritised risk in the NDA. The coverage plan for 2008/09 has been completed, except for follow-up on the Strategy Development audit, which was deferred as the NDA is developing a new strategy for the 2009/10 financial year. It has been agreed that the Internal Audit directorate will conduct three additional reviews in the remainder of the current 2009/10 financial year.

Company Secretariat

The company secretariat reports that the organisation has undergone a corporate governance audit and is in the process of implementing a number of suggestions to ensure compliance with all relevant legislation and best practices guidelines.

As at 31 March 2009, there were 10 non-executive directors appointed by the Minister of Social Development. Board and committee procedures have been followed and members have been advised of all relevant corporate governance compliance and regulatory matters. Continuing professional development information is provided to members to meet individual needs.

A process of board assessment and evaluation is recognised and implemented. All information and documentation for meetings is provided to members through the company secretariat. All conflict of interests by members are recorded.



Together with research, the main function of the **National Development Agency** is the funding of projects aimed at improving the quality of life in poor communities. Key activities considered by the NDA are food security and income generation. While all nine provinces are eligible for funding, the NDA **does focus on identified poverty nodes**. The projects listed are examples of successful poverty eradication projects funded.

GAUTENG

Winterveldt Citrus Project

The Winterveldt area in Gauteng is unique in that it was subdivided into plots of between 5 and 10 hectares and sold to black farmers on freehold basis as long ago as the 1940s. In 2002, a small group of these plot owners got together to form the Winterveldt Citrus Project, a membership-based association which now has 145 members.

Seeing in the Winterveldt Citrus Project an agricultural programme with the potential to create jobs, ensure food security and generate income for members and other beneficiaries, the NDA board approved a grant of R1 509 000 in March 2007.

The NDA funding was used to buy farm equipment and 30 000 young orange trees. On the infrastructure side, a borehole irrigation system was installed on the anchor farm and a packing house constructed where the oranges can be cleaned, waxed, sorted and packed.

The harvesting, planting and tending of the citrus trees are completely in the hands of the farmers, and crop figures have shown spectacular improvement. In 2007, the project harvested 13 tons of oranges, which increased to 72 tons in 2008 – a 450% growth which has resulted in greatly improved income streams for the participating farmers.

In line with its partnership ethos, the NDA has liaised with a number of other key players in its support for the Winterveld Citrus Project. A contribution from the City of Tshwane helped towards purchasing the packing house, and the city also provided administration infrastructure. Pick n Pay contributed funds and is currently purchasing the project's oranges. The North West Department of Agriculture, the Citrus Research International body, the Magalies Farmers Co-operative and the Kellogg Foundation have all contributed funds, technical support or advice.

Future plans include acquiring more land and introducing activities with quicker interim financial returns such as pig farming and bee keeping, vegetable gardening and morula growing. Project members are also looking into the possibility of adding value to their produce by manufacturing jam, sweets, orange juice and animal feed.

The Winterveldt Citrus Project presents rural South Africa with a partnership model that can easily be adopted by other communities. NDA funding is making a significant contribution to the fight against poverty and unemployment by giving the project beneficiaries an opportunity to generate income for their families while at the same time contributing towards mainstream economic development in the Winterveldt area.

NORTHERN CAPE

Tshwaraganang Hydroponics

The Tshwaraganang Hydroponics project is located in Windsorton, about 65km north of Kimberley, Northern Cape. The project qualified for granting on the basis of the location's good logistics and the likelihood of the project being viable and thus able to generate sustainable income and employment in the Windsorton community.

Tshwaraganang Hydroponics is a contract hydroponic cucumber grower, set up in October 2007 with the aid of a R886 000 grant from the NDA. Its hydroponics system is housed in a multi-span greenhouse where all the production takes place. The project is contracted to supply cucumbers for distribution company Freshmark.

Although geographically quite isolated, the Windsorton community is on the main road connecting the Northern Cape to its neighbouring provinces, North West and Gauteng. The cucumbers, harvested three times a week, can therefore easily be transported to Kimberley, from where Freshmark takes them to their central distribution warehouse in Bloemfontein, which supplies the Checkers supermarket chain with vegetables.

The Tshwaraganang project has largely achieved

its production targets – ideally 7 000 cucumbers a week. At the height of summer season, output rises to 10 000 cucumbers per week; but, together with its mentor, the project is adjusting its production programme to avoid fluctuations and produce more consistent volumes over time. Output is currently stabilising at about 6 000 cucumbers week. At the current market price of R4 per cucumber, this translates into income of around R96 000 per month

Tshwaraganang Hydroponics employs between 11 and 13 people. These employees get salaries in excess of the stipulated NDA grant stipend, the excess being made up from the revenue of the project. The Windsorton area is economically depressed, so the income they earn improves lives in the community quite noticeably. The NDA grant also funded the acquisition of a truck, which has saved the project thousands of rand in transport costs, now put to effective use elsewhere in the business.

With the help of NDA funding, this project has grown from a half-completed structure to a fully operational enterprise, strengthening the project personnel's partnership with the provincial Department of Agriculture and putting to use a facility which had already been constructed.



The NDA's funding has empowered the Tshwaraganang Hydroponics beneficiaries to a point where they can now produce goods consistently on a contract basis for a national supplier. The boost to self-esteem in the area has been immense, and has captured the attention of other agencies such as the IDC which has already shown an interest in getting involved in assisting the venture towards even more success in the future.

FREE STATE

Epilepsy SA

Epilepsy SA is a national non-profit organisation which looks after the interests of people with epilepsy and cares for the disabled.

Its facility in Parys, Free State province, has in-house care facilities for epileptic and disabled people, and also runs outreach programmes which give training in small-enterprise development and management, particularly vegetable farming and food processing and preservation. The organisation runs community development programmes which empower families affected by disabilities.

The NDA board approved a grant of R787 820 in March 2007 to support the community vegetable gardens part of the Epilepsy SA's Parys activities. This food security project organises community-based organisations into operational structures and negotiates leases for gardens on school premises and on municipal and government department land. There are fifteen community-based organisations affiliated to Epilepsy SA in this programme, but Epilepsy SA provides training for any community group that asks for assistance.

The community vegetable garden project has to date directly benefited more than 160 people, who

have been trained in running vegetable gardens and similar small enterprises. It has enhanced food security, enabling beneficiaries to feed not only their families, but others in need, and beneficiaries have also diversified into food processing.

The project has provided real jobs for people with disabilities. About 20 beneficiaries, who were unemployed before the intervention, now have paid employment. Beneficiaries have gained substantial knowledge about crop production, hydroponics farming operations, and in financial management and book-keeping.

The NDA involvement in this project has encouraged other funders to contribute. These include the Departments of Agriculture, Correctional Services and Labour. The project has received funding from the European Union.

EASTERN CAPE

Tsomo Valley Farmer Co-operative

Tsomo Valley Farmer Co-operative is an emerging farmer support programme in Tsomo Valley in Sakhisizwe municipality in the Eastern Cape. The purpose of the programme is to help Land Restitution for Agricultural Development (LRAD) beneficiaries in the Tsomo Valley improve the quality of their livestock and so help them graduate from subsistence farming to sustainable commercial operation.

The headline objectives of the programme are: to build the capacity of Tsomo valley's livestock farmers through mentorship and training, and strengthen the farmers co-operative as a business entity; to improve the genetic quality of the livestock by introducing new heifers and bulls and boost calving percentage to 85%; and to achieve annual turnover of R240 000 in the first year and R559 000 in the second year of implementation by organising auctions and facilitating access to markets.

The NDA Board approved a grant in the amount of R845 820 to enable the co-operative to initiate this plan.

To date, substantial numbers of farmers have been trained in farm and livestock management, fencing, crop production and veld management. The live-

stock improvement programme has increased by 234 the number of sheep owned, and wool production has consequently improved. Introduced rams have improved the quality of breed to 'mutton merino' status. Cattle numbers have increased by 141, and the new bulls (including Nguni, Brahman, Simmentale and Bonsmara animals) have improved the quality of herds.

Crop yields have shown major improvement. Irrigation equipment has been installed on the 152 hectares newly planted with lucerne. Infrastructural improvements in fencing have helped with livestock control and have helped improved neighbour relations, while better handling facilities and dehorning and dipping equipment has improved animal health and product marketing.

The NDA's funding has had welcome knock-on effects. The Department of Agriculture has contributed R3 million towards infrastructural development. The Chris Hani District Municipality agreed to finance a feedlot and include the project in its Nguni breeding programme. The District Department of Agriculture has assisted the project, contributing R451 500 for crop production from the Massive Food Programme.

GAUTENG



Siyakhana Project

The Witwatersrand University's Health Promotion Unit (HPU) is involved in civic engagement initiatives aimed at improving the quality of life of rural and urban communities. One of its focus areas is Johannesburg's inner city. Its emphasis has been on capacity development and the empowerment of NGOs involved in home-based care (HBC) and early childhood development (ECD). This engagement and subsequent research carried out by the Health Promotion Unit indicated that food security and nutrition were important issues needing to be urgently addressed. This led to the mobilisation of NGOs and ECD centres to participate in the Siyakhana project, a food garden initiative set up in partnership with key government and corporate stakeholders.

The Siyakhana project permaculture food garden was started in early 2005 by Wits HPU on a derelict plot in Bezuidenhout Park, Johannesburg. One of its aims was to establish a model food garden which could be replicated in other inner city communities and which would also serve as a focus for education, research and women's empowerment. The project received a grant of R733 150 in March 2007 and now produces fresh vegetable, herbs and grains which it distributes to nine ECD and HBC organisations. Fresh vegetables produced in the garden benefit nearly 700 children in the ECD centres.

The Siyakhana project has created permanent employment for nine beneficiaries, and has trained 25 adults from the Rainbow Nation Farmers organisation in permaculture techniques and business management. In a broader educational sense, the project has created vivid awareness of the importance of good nutrition, and has changed lives by providing work and training for unemployed youth and street children.

EASTERN CAPE

SaveAct

SaveAct was founded in 2005 with the aim of empowering poor and vulnerable groups in South Africa by helping them secure more sustainable livelihoods by using their savings as the seed capital for people-driven development initiatives.

The strategies involved focus on three complementary areas:

- the development of financial services controlled and managed by the poor themselves
- attention to life skills to improve the capacity of people to plan and act within the scope of their actual situation, and
- the development of ability to engage in enterprise or other sustainable livelihood strategies.

The NDA board approved a R555 500 grant in March 2007 to mobilise and mentor savings and credit groups (SCGs) in Richmond and Mkhambathini, encouraging some 2 700 beneficiaries to participate meaningfully in local economic development.

The impact of the project has been far-reaching. Within communities, the project has created and improved valuable social networks. The benefits associated with helping one another, the utility of the social fund in economically stressful times and the visible accumu-

lation of assets by SCG members have contributed to increased demand for the programme's services.

The programme set out to reach 1 260 active SCG members, and has exceeded its target. Participating members have used their savings and investment income to build and renovate houses, and have bought productive assets and agricultural inputs, earning respect in their communities. The programme has provided financial stability for many households, and has helped some members pay off exploitative loans.

The improvement in financial management resulting from participation in the project has greatly increased the self-esteem and confidence of the many women who run households. In addition, many members have benefited from enterprise development training and have set about looking for potential income-generation opportunities. The agricultural sector has been particularly popular, with members investing their savings in raw materials and other production.



The SaveAct project has mobilised over R1 million of savings across 150 SCGs. As a result of the initiative, many social grant recipients are consciously planning their financial activities and investing these funds in their SCGs. Savings strategy is a chronically under-researched area in South Africa. If SCGs are found to be effective instruments for grant-management and investment (as feedback suggests), the implications for development policy and strategy are far-reaching.

“ *The improvement in financial management resulting from participation in the project has greatly increased the self-esteem and confidence of the many women who run households.* ”



Financial Statements



44..... Report of the **Audit and Risk Committee**

46..... Report of the **Auditor-General**

49..... Report by the **Board**

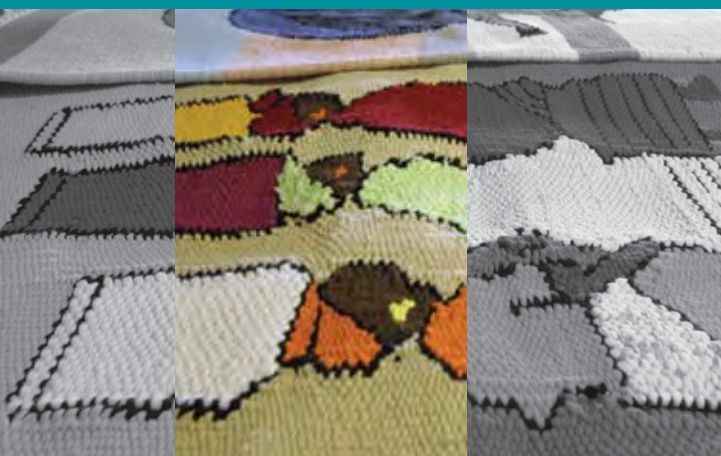
50..... Statement of **Financial Performance**

51..... Statement of **Financial Position**

52..... Statement of Changes in **Net Assets**

53..... **Cash Flow Statement**

54..... Notes to the Annual **Financial Statements**



The National Development Agency (NDA) Audit and Risk Committee's primary function is to assist the Accounting Authority, in this case being the Board of the NDA, to discharge its responsibilities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended).

Report of the Audit and Risk Committee for the year ended 31 March 2009

We are pleased to present our report for the financial year ended 31 March 2009, as follows:

The Committee has a Board-approved charter which specifies the terms of reference and sets out clear responsibilities for the Committee.

The Committee is comprised of two Board members as well as two additional external members who have specific expertise and experience pertinent to the mandate of the Committee. The Committee is comprised of four members and is obliged to meet at least four times a year. The following table indicates the meetings for the financial year under review:

Committee members	Meetings attended
Mr D Adler	6
Mr M Pheelwane	5
Mr K Mockler	6
Ms K Malapela	5

Number of meetings for the year: six (6)

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) of the Public Finance Management Act and Treasury Regulation 3.1.13. It is also reported that the Committee has adopted formal terms of reference and has an audit and risk committee charter. The affairs of the Committee have been regulated in accordance with this charter and all the responsibilities as contained therein have been duly discharged.

The Audit and Risk Committee's assessment

In terms of the Treasury Regulations (3.1.12 and 3.1.13) the Committee must report and make recommendations to the Accounting Authority, which retains responsibility for implementation of any such recommendations.

The Committee is also required to comment on:

- the effectiveness of internal controls;
- the quality of in-year management and monthly/quarterly reports submitted in terms of the National Development Agency Act and the Division of Revenue Act; and
- its evaluation of the annual financial statements.

Effectiveness of internal controls

During the financial year under review, Internal Audit successfully completed the audits listed below in terms of their approved audit plan:

Risk Management Audit

- Follow up review of Corporate Governance
- Follow up review of Research and Development
- Follow up review on Use of Consultants
- Follow up review of Marketing and Communications
- Follow up review of Human Resources

The following additional audits were conducted for the remainder of the financial year:

- Review of the Grant Administration System
- Review of the process followed in the appointment of KPMG
- Review of the relocation costs

It is the opinion of the Audit and Risk Committee that the overall controls within the organisation are adequate; however there are areas which require improvement, specifically in relation to the implementation of and adherence to procurement procedures. The areas specifically highlighted by the Auditor-General in his management report as well as identified by the internal audit department relate to project management at project level; unsuccessful projects and losses associated therewith; high percentage of write-backs on projects; project administration in general; procurement processes; value for money in marketing and research sections; excessive use of consultants and leave administration. These concerns have been noted by both the Board and management and a follow-up exercise is being conducted to ensure corrective action is taken without delay.

We note the Auditor-General's raising as "other matter" that the Board appointment is not as it should be. This matter has been one of interpretation for a while now and will require to be resolved with the Minister of Social Development. We are grateful to the AG for raising the issue and will be taking it up with the Minister in that spirit. The issue of effective policies and procedures as well as the review thereof has been addressed during this financial year.

Through the endeavours of the internal audit department as well as the Legal and Risk manager there has been an extensive exercise to assess and improve on the internal controls, quality, integrity and reliability of the National Development Agency's corporate accountability and the associated risk management.

The NDA has and continues to have an effective, efficient and transparent system of financial and risk management and internal control and complies with Section 51 (1) (a) (i) of the Public Finance Management Act.

Quality of 'in-year' management and monthly/quarterly reports

The NDA is a schedule 3A entity and as such is required, in terms of the Public Finance Management Act, to report to the executive authority and the Minister of Social Development, on its performance against mandate.

The NDA has submitted quarterly reports in this re-

gard to the Department of Social Development and the report is backed up with detailed portfolios of evidence. There has been a significant improvement within this financial year with regard to the reporting compliance by the entity.

Annual financial statements

The Audit and Risk Committee has noted and accepts the conclusions of the Auditor-General on the annual financial statements of the National Development Agency for the year ended 31 March 2009.

The Committee is pleased to report that the NDA has received, for the third consecutive year, an unqualified audit report from the Auditor-General. This is a welcome outcome and management and staff are to be congratulated. There are, however, areas for continued improvement specifically within the internal controls and adherence to procurement procedures.

It is recognised that corporate governance and the systems associated therewith require ongoing reassessment and realignment with best practices. It is incumbent on the Committee to acknowledge and recognise that the agency's going concern status remains dependent on the Department of Social Development and as such concurs with the going concern premise framed in the annual financial statements is appropriate.

Staff changes

During the financial year under review the NDA ap-

pointed both a new human resources executive as well as a new chief financial officer; both appointments being to replace staff members who resigned. In addition, the chief executive officer left the organisation and a process to identify and select a suitable replacement is in progress.

Conclusion

I would like to extend my thanks and appreciation to my colleagues who have served with me on this Committee and have given tirelessly of their time and expertise to ensure the effectiveness of the committee. The staff of the Internal Audit Department has continued to meet their commitments despite the impact of illnesses and changed membership.

I would also like to recognise the efforts and the unwavering commitment and unfailing constructive criticism of both the Auditor-General's staff as well as the staff of the sub-contracted external auditors and extend to them our appreciation on behalf of the Committee and the staff of the NDA.

To the executive team and the acting chief executive officer who have worked very hard under difficult conditions to achieve a good result, I would like to extend my thanks for their efforts and commitment.

D. Adlee

Chairperson of the NDA Audit and Risk Committee
Date: 31 July 2009

Report on the financial statements

Introduction

I have audited the accompanying financial statements of the National Development Agency which comprise the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 50 to 69.

The accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statement of Generally Accepted Accounting Practice and Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 11 of the National Development Agency Act, 1998 (Act No. 108 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Inter-

national Standards on Auditing read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the South African Statement of Generally Accepted Accounting Practice and

Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act and the National Development Agency Act, 1998.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matter:

Irregular expenditure

As disclosed in note 26 to the financial statements, irregular expenditure to the amount of R2 583 251 was incurred, as proper procurement processes as defined in the National Development Agency Procurement Policy, had not been followed.

Other matter

Without qualifying my opinion, I draw attention to the following matter that relates to my responsibilities in the audit of the financial statements:

Non-compliance with the NDA Act

According to section 5(1)(a) of the National Development Agency Act, 1998 (Act No. 108 of 1998) the National Development Agency Board must consist of five members to represent government. At 31 March 2009 only two out of the 11 appointed board members were still employed full time in government. The interest of government is therefore not sufficiently taken care of.

Key governance responsibilities

The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 55 of the PFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	The National Development Agency had an audit committee in operation throughout the financial year.	✓	
	The audit committee operates in accordance with approved, written terms of reference.	✓	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA.	✓	
7.	Internal audit		
	The National Development Agency had an internal audit function in operation throughout the financial year.	✓	
	The internal audit function operates in terms of an approved internal audit plan.	✓	
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	✓	
12.	Delegations of responsibility are in place, as set out in section 56 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA/Oversight resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the National Development Agency against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 30.1.	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

Report on other legal and regulatory requirements

Report on performance information

I have reviewed the performance information as set out on pages 27 to 35.

The accounting authority's responsibility for the performance information

The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008.

In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Other reports

Performance audits

A performance audit was conducted during the year under review concerning projects at the National Development Agency. The report is in process of being finalised.

Appreciation

The assistance rendered by the staff of the National Development Agency during the audit is sincerely appreciated.

Auditor-General

Pretoria

31 July 2009

