



NDA

National
Development
Agency

This annual report is dedicated to former President Nelson Mandela



National Development Agency
Annual Report
2012/13

BEYOND **10** yrs
OF UNLOCKING
POTENTIAL

OFFICE OF THE PRESIDENT

No. 1541 27 November 1998

It is hereby notified that the President has assented to the following Act which is hereby published for general information:-

No. 108 of 1998 National Development Agency Act, 1998.

KANTOOR VAN DIE PRESIDENT

No. 1541 27 November 1998

Hierby word bekend gemaak dat die President sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepuuliseer word: -

No. 108 van 1998: Wey op die Nasionale Ontwikkelingsagentskap, 1998.

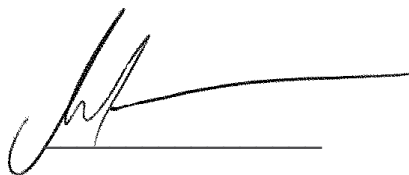
*(English text signed by the President.)
Assented to 19 November 1998.)*

*"Overcoming poverty is not a task of charity, it is an act of justice. Like Slavery and Apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. YOU can be that great generation. Let your greatness blossom."
Nelson Mandela*

"During my lifetime I have dedicated myself to this struggle of the African people. I have fought against White domination, and I have fought against Black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die."
Nelson Mandela

***We would like to dedicate this Annual Report to
Tata Rolihlahla Nelson Mandela.***

The NDA was formed in 1998 at the time which he served as the first President of the Republic of South Africa. Nelson Mandela's life is one of servant leadership, of personal sacrifice to achieve an idea which seemed almost impossible, of commitment to the poor and of equality amongst all South Africans and the citizens of the World. We must continue to honour his leadership by never relenting in our commitment to serve the poor. He sacrificed more than 27 years of his life in prison for a better South Africa. We must not flinch in our quest to address poverty and inequality. We owe it to Tata and many of his Comrades who fought for our Freedom. We must through our actions honour the sacrifices they have made.



Malose Kekana
Chairman
National Development Agency

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Acronyms

AgriSETA	- Agricultural Sector Education Training Authority
BAT	- Bartel Arts Trust
CCMA	- Commission for Conciliation, Mediation and Arbitration
CEO	- Chief Executive Officer
CORE	- Community Organisation for Race Equality
CSO	- Civil Society Organisation
DBSA	- Development Bank of Southern Africa
DSD	- Department of Social Development
EAP	- Employee Assistance Programme
ECD	- Early Childhood Development
ENE	- Estimates of National Expenditure
GAAP	- Generally Accepted Accounting Principles
GCIS	- Government Communication and Information System
ICT	- Information Communication Technology
IECA	- Interception of Electronic Communications Act
KPA	- Key Performance Area
KPI	- Key Performance Indicator
MoA	- Memorandum of Agreement
MoU	- Memorandum of Understanding
MTEF	- Medium Term Expenditure Framework
NCOP	- National Council of Provinces
NDA	- National Development Agency
NEDLAC	- National Economic Development and Labour Council
NGO	- Non-governmental Organisation
NQF	- National Qualifications Framework
PFMA	- Public Finance Management Act
PMS	- Performance Management System
PMU	- Programmes Management Unit
SASSA	- South African Social Security Agency
SLA	- Service Level Agreement
UIF	- Unemployment Insurance Fund



"There is no easy walk to freedom anywhere, and many of us will have to pass through the valley of the shadow of death again and again before we reach the mountaintop of our desires."
Nelson Mandela



“We owe it to all the peoples of the sub-continent to ensure that they see in us, not merely good leaders waxing lyrical about development, but as the front commanders in the blast furnaces of labour, productive investments and visible change.”
Nelson Mandela

"For to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."

Nelson Mandela

General Information

Part



BEYOND **10** yrs
OF UNLOCKING
POTENTIAL



NDA

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General Information

Strategic Overview

1.1 Strategic Overview

Vision

A society free from poverty

Mission

Facilitate sustainable development by strengthening civil society organisations involved in poverty eradication through enhanced grant funding and research.

Values

As a development agency, we subscribe to the following values, which are embedded in our performance management system:

Integrity

- We act with integrity and accept responsibility for our actions
- We conduct our activities in an accountable and transparent manner

Dignity

- We show respect for self and others
- We treat other people the way we would like to be treated

Empowerment

- We seek and realise the potential in all people
- We encourage performance and embrace a positive outlook
- We build capacity in our people to improve performance

Accountability and responsibility

- We make informed decisions collaboratively
- We honour obligations, expectations and requirements
- We adhere to processes, systems and policies
- We assume responsibility for our actions and the consequences thereof
- We perform duties according to set standards
- We commit to enhancing personal, team and organisational performance
- We accept accountability for the outcomes of our actions



Transparency

- We include all relevant stakeholders when making decisions
- We share and communicate relevant information openly
- We conduct our activities in a transparent manner

Excellence

- We promote, recognise and reward excellent service delivery to all our stakeholders
- We show competence in what we are doing
- We continuously implement improvement strategies to provide excellent service

Partnering

- We recognise our mutual interdependence
- We promote teamwork and support one another

1.2 Legislative Mandate

The NDA is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA). It was established by the National Development Agency Act, (Act No 108 of 1998) as amended, and reports to the Parliament of the Republic of South Africa through the Minister for Social Development.

Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

- Implement development projects in poor communities
- Strengthen the institutional capacity of CSOs that provide services to poor communities.

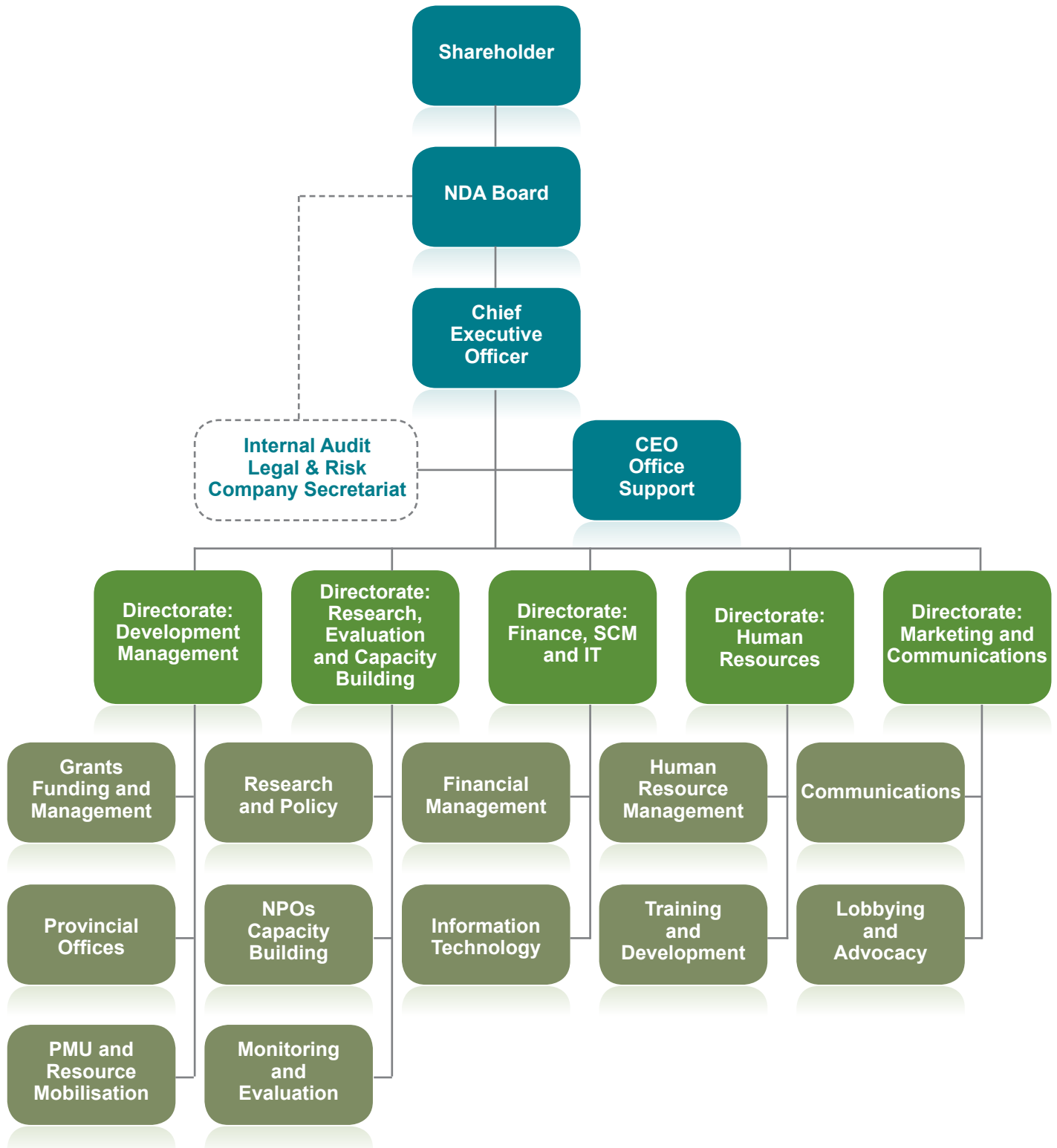
The secondary mandate is to:

- Promote consultation, dialogue and sharing of development experience between CSOs and relevant organs of state
- Debate development policy
- Undertake research and publication aimed at providing the basis for development policy.

General Information

Organisational Structure

1.3 Organisational Structure





“What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.”

Nelson Mandela

General Information

Minister's Foreword

1.4 Minister's Foreword



Bathabile Dlamini
*Minister of Social
Development*

"There is nothing I fear more than waking up without a program that will help me bring a little happiness to those with no resources, those who are poor, illiterate, and ridden with terminal disease."

Nelson Mandela

It is my pleasure to present the National Development Agency's 2012/13 annual report. During the year under review, the NDA played a crucial role in assisting many of our communities to join the mainstream economy. Its grant funding initiatives continued to act as catalysts for job creation and skills development of civil society organisations that implement development projects within poor communities. These, in turn, contribute towards an active citizenry.

The Agency's focus was on early childhood development, food security, enterprise development and capacity building of funded civil society organisations. The emphasis on capacity building was to ensure broad skilling of our civil society organisations to empower them with the much-needed skills to run their organisations effectively and ensure compliance with their funder's



General Information

Minister's Foreword

expectations. Early childhood development (ECDs) initiatives were aimed at bridging the gap between formal and informal ECDs, to ensure that as many South African children as possible get a solid foundation that will see them getting a good start in their formal schooling. This, I believe, will contribute to ensuring that South Africa can compete with the rest of the world.

Much as we may not be able to have halved poverty by 2014, we have indeed brought hope where there was none; we have brought skills where they were lacking and we have made a difference in the lives of many of the people that we serve. This was achieved, not only by the NDA alone, but in partnership with the many government departments and companies that proved that 'together, we can do more' to change lives and bring hope.

My gratitude goes to the NDA Board, under the chairmanship of Mr Malose Kekana. It is through its guidance and leadership that the NDA took a strategic decision to focus its efforts on crucial, early childhood development. The Board also put emphasis on food security to address issues of food insecurity and assist government in ensuring that beneficiary communities are empowered to produce their own food.

All this would not have been possible without Dr Vuyelwa Nhlapo, the Chief Executive Officer, her executive committee team and NDA staff who work tirelessly to deliver NDA services to people in the remote areas of our land.

Bathabile Dlamini
Minister of Social Development

"Democracy will have little content, and indeed, will be short lived if we cannot address our socioeconomic problems within an expanding and growing economy."

Nelson Mandela

"Our human compassion binds us one to the other - not in pity or patronizingly, but as human beings who have learnt how to turn our common suffering into hope for the future."

Nelson Mandela

General Information

Chairman's Report

1.5 Chairman's Report

A reflection on the past three years



Mr Malose Kekana
Chairperson

"But internal factors may be even more crucial in assessing one's development as a human being. Honesty, sincerity, simplicity, humility, pure generosity, absence of vanity, readiness to serve others - qualities which are within easy reach of every soul - are the foundation of one's spiritual life."

Nelson Mandela

The term of the Board of Directors ends in November 2013 and it is important that we reflect on its achievements and areas requiring improvement.

The following key strategic issues faced the National Development Agency:

- The organisation was inward focused and dependent solely on the government for grant funding
- The strategy did not harness all the options available to the NDA (such as inform development policy) according to the Act of Parliament that established the NDA
- The relationship with civil society organisations (CSOs) or non-governmental organisations (NGOs) was largely one defined by their being grant recipients as opposed to partners in development



General Information

Chairman's Report

- The organisation had very few formal relationships with government departments operating in the same arena of poverty eradication as the NDA. Thus, it was not fully fulfilling the agency role that gave rise to its formation, with government departments being the principal stakeholders
- Operational excellence was affected by organisational weaknesses in terms of human resources, systems, diminishing funding and compliance with high standards of financial management
- The organisation's brand suffered due to the weaknesses detailed above.

Despite these weaknesses, there were many positive outcomes:

- A permanent Chief Executive Officer was appointed in November 2010 and this brought some stability to the organisation
- Despite the NDA not having the desired reputation in its market place, it is well known
- Minister Bathabile Dlamini is a supportive shareholder, giving every encouragement towards the success of the agency
- Although funding was insufficient, the NDA was able to optimise the available funding
- The majority of staff members were enthusiastic and passionate about development
- The rich, ten-year history of the organisation provided a great depth of experience for planning future developments.

Although three years is a short time to fully turn any organisation around, the following was nevertheless achieved:

- The strategy of the organisation was enhanced for it to achieve the following:
 - An increase in partnerships, whereby the NDA can leverage its resources or be a service provider lending its capacity to stakeholders engaged in providing service to the poor or in poverty eradication. This enables the organisation to diversify from being inward focused and consequently reduces funding reliance from just one government window, providing the opportunity to access other budget votes.

The NDA has introduced three specific measures to achieve this outward-looking focus:

- As was indicated in the 2011/12 Annual Report, the Programme Management Unit (PMU) has been established. The PMU works with various business units or divisions within the NDA to offer project management capacity to government departments and the private sector whereby the NDA shares its expertise
- The Early Childhood Development (ECD) campaign, called 'Adopt an ECD', was, as at year-end, approved and ready to be launched. The campaign constituents are aimed at mobilising society at large to support ECD as an important tool for eradicating trans-generational household poverty
- The Capacity Building programme has been revised for it to become an intervention aimed at supporting the capacity development of non-profit organisations broadly, and not just those funded by the NDA. Negotiations with several provincial social development departments are at an advanced stage for the NDA's capabilities to be enlisted to provide capacity building to their beneficiary organisations.

General Information

Chairman's Report

- Avail the provincial office capacity of the NDA to civil society so that supporting them does not monolithically remain a function of grant funding but partnering with them provides the platform to launch into poverty eradication. The Board approved the transformation of the NDA's provincial offices into CSO/NGO resource centres that will be able to access resources such as the Internet, advice and counselling, and assistance with funding applications.
- Strengthened compliance to applicable regulations and best practices. The Auditor-General made a considerable number of significant findings in terms of compliance, controls and systems. We are pleased that the NDA achieved an unqualified audit.

Going forward, the NDA will pay attention to the following areas in its quest for a comprehensive turn-around:

- Communications - the NDA brand will be refreshed to improve awareness of the organisation's products and services
- Human resource capacity - the number of people who have specialist knowledge of key focus areas, such as ECD, Food Security, Capacity Building, Disability and Gender will be increased
- Food Security campaign - a Food Security campaign will be introduced to improve access to food and nutrition security
- Knowledge Management and Policy Development - the NDA has an important role to inform or review national development policies, working with government, CSOs and NGOs. In the 2013/14 financial year, a programme, at present called the *Integrated Development Plan of Poor Communities* (IDPPC), will be investigated and developed. The IDPPC will focus on how government can more specifically work with civil

society and the private sector to develop rural areas and townships to eradicate poverty. The National Development Plan (NDP) and other plans or policies have detailed a number of ideas for developing poor communities. The task of the NDA is to probe and develop a set of practical initiatives to develop rural areas and townships, working with civil society. This will also enhance the notion of active citizenship.

The first initiative will be to collate information on development projects that have been implemented during the first 20 years of our democracy by different sectors that are deemed to have worked. The main purpose of this exercise is to identify the good and bad practices of these projects, detailing the successes and their rationale. The result of this collation process will be a compendium called *Effective Practices for the Development of Poor Communities*.

Thereafter, we will introduce *Standards for Effective Development Programmes of Poor Communities*. These standards will serve as a benchmark that will detail the nature or type of activities (based on proven, effective practices) that are required within a development programme in order for it to succeed. The IDPPC will embrace initiatives that work and adhere to these standards.

The NDA will produce a handbook (of these standards) that government departments, the private sector and civil society can use as a reference manual or guide on designing, implementing and measuring an effective development programme for poor communities. The Capacity Building unit will then develop training programmes on the application and implementation of effective programmes in line with these standards.



The focus, under the IDPPC, is not growth per se, but development. We know that growth in the Gross Domestic Product does not necessarily translate into jobs or economic participation for the poor, or reduce inequality. Consequently, the intention of the IDPPC is not about introducing new projects by the NDA but about informing what is happening in the field and development arena by other sponsors. As a result, the Board has adopted a resolution that the NDA programmes must begin to establish how projects can impact on households and communities and not just on participating beneficiaries.

There are undoubtedly benefits from development, but it is important that outcomes are more directly planned and measured than at present. This also applies to government projects. The NDA will work closely with the National Planning Commission, relevant government departments (especially Performance Monitoring and Evaluation, and Rural Development), the private sector, academic institutions, international agencies, CSOs and NGOs to develop the IDPPC and concomitant initiatives.

The NDA has received immeasurable support from various stakeholders and we would like to thank Minister Bathabile Dlamini, the Social Development Department's staff, members of the Executive Councils (MECs) in various provinces and their staff, members of the National Parliament's Portfolio Committee on Social Development, led by Ms Yolanda Botha, as well as the members of the National Council of Provinces Social Development Committee. During the year, the Board visited various provinces and we would like to thank the political leadership and their staff in these provinces for extending a warm welcome and continuing to support the NDA.

The work of the NDA could not be accomplished without the tireless efforts of our staff under the able leadership of the CEO, Dr Vuyelwa Nhlapo; we thank you for your stewardship. It has been a great pleasure to work with the Board and I would like to thank its members for their commitment and guidance, which has ensured that we can make a significant contribution to turning around the NDA.

Malose Kekana
Chairman

"I feel my heart pumping hope steadily to every part of my body, warming my blood and peppering up my spirits. I am convinced that floods of personal disaster can never drown a determined revolutionary nor can the cumulus of misery that accompany tragedy suffocate him. To a freedom fighter hope is what a life belt is to a swimmer - a guarantee that no one will keep afloat and free from danger."

Nelson Mandela

General Information

NDA Board

1.6 NDA Board



Mr Malose Kekana
NDA Chairman

- Former Chief Executive Officer of Umsobomvu Youth Fund
- Currently also serves as Chairman of Ithala Bank
- B.Comm. University of the Witwatersrand
- Executive Leadership Development Programmes, US Educational Institutions



Ms Thabi Shange
NDA Deputy Chairperson

- Chief Executive Officer of Ubuqotho Integrity Institute (Pty) Ltd
- MBA, University of Exeter Business School, United Kingdom
- BA Honours in Development Studies, University of the Witwatersrand
- BA in Geography & History, National University of Lesotho



Mr Mbana Peter Thabethe

- Free State Head of Department (HOD) Agriculture and Rural Development
- Masters in Development Communication, University of Pretoria
- B Agric and B Agric Honours, Fort Hare University



Ms Nokuzola Gladys Tolashe

- Secretary General: ANC Women's League
- Member of the Standing Committees on Education, Sport, Arts and Culture, Youth, Gender and the Disabled
- Former Chairperson of Portfolio Committee on Roads and Transport
- Member of the ANC National Executive Committee
- Member of the ANC National Working Committee



Ms Malekgoloane Malapane

- MBA, University of Maryland, USA
- Bachelor of Accountancy, George Washington University, USA.
- Accounts Clerk National Certificate, Kenya Polytechnic, Nairobi, Kenya.
- Current Chief Financial Officer, Department of Science and Technology



Mr Andrew Madella

- Currently completing Masters Degree in Public Administration, University of Stellenbosch.
- BA Honours in Public Administration and B Philosophy, University of Stellenbosch. Certificate in Construction Management, Cape Peninsula University of Technology
- Higher Diploma in Social Work, University of the Western Cape
- Secretary-General for the Disabled People South Africa



Ms Suraya Bibi Khan

- Founding Member of the South African Women in Dialogue (SAWID)
- National Steering Committee Member: Progressive Women's Movement of South Africa



Reverend Mcebisi Osman Xundu

- Certificate in Theology, St Beds College, Umtata
- Diploma in Development Studies, Institute of Social Studies, The Hague, Netherlands
- Honorary Doctorate of Divinity, Interdenominational Theological Seminary, Atlanta, USA
- Currently serves as President of the National Welfare Leaders Council

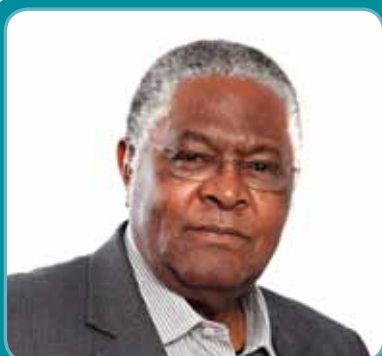
General Information

NDA Board



Ms Mandisa Monakali

- Diplomas in Development Studies and Gender Studies, University of Cape Town
- Certificate in Adult Education, University of Cape Town
- Certificate in Gender and Development, The Hague, Netherlands
- Currently serves as an Executive Director of Ilitha Labantu



Mr Zolile Ngcakani

- Master of Science: Environmental Health Engineering, University of Nairobi, Kenya
- Master of Science: Food and Biochemical Engineering, University of Western Ontario, Canada
- Diploma in Chemical Engineering, St Petersburg Institute of Chemical Technology, Russia
- Currently serves as a Commissioner in the National Defence Force Service Commission



Ms Rowena Lozizwe Mdhloshe

- Programme in Provincial Government in Transition, University of the Witwatersrand
- Currently serves as Director at the Ministry of Defence



"There are many people in South Africa who are rich and who can share those riches with those not so fortunate who have not been able to conquer poverty."

Nelson Mandela

General Information

Chief Executive Officer's Overview

1.7 Chief Executive Officer's Overview



Dr Vuyelwa Nhlapo
Chief Executive Officer

*"If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language that goes to his heart."
Nelson Mandela*

Through the adoption of the National Development Plan, the government has decided to focus on sustainable measures aimed at overcoming the triple challenges of unemployment, poverty and inequality. The National Development Agency continued to make a meaningful contribution towards the government's priority of creating jobs and reducing poverty.

The organisation was successful in delivering against its objectives and it is my privilege to be able to report some of our successes.

Grants Disbursed

The NDA disbursed a total of R71,1 million to 70 of the 82 approved projects, against an annual allocation target of R42 million for 2012/13 financial year. This figure includes disbursements to projects approved in the 2011/12 financial year.



General Information

Chief Executive Officer's Overview

Early Childhood Development (ECD)

In terms of the investment in the training of early childhood development practitioners, the NDA succeeded in training 667 ECD practitioners. Furthermore, ECD projects and sites, which targeted 4 122 primary beneficiaries and 507 job opportunities, were approved against the respective annual targets of 3 850 primary beneficiaries and 114 job opportunities.

Food Security

The National Development Agency succeeded in generating 3 480 primary beneficiaries of food security projects, with the creation of 477 job opportunities. These achievements exceeded annual targets for both indicators.

Income Generation

Income generation projects were approved that created 906 job opportunities against an annual target of 1 686. This is an area that will receive focused attention in the forthcoming financial year.

Resource Mobilisation through Partnerships

In addition to its formal income stream from the National Treasury, the NDA established a Programme Management Unit (PMU) in 2012, with the objective of mobilising alternative funding for poverty alleviation programmes. Partnerships were developed with provincial departments of social development and private institutions. To this end, R80,6 million was mobilised for poverty eradication programmes.

People

The organisation's staff remains the cornerstone of the NDA's success and sustainability and will continue the journey of sustaining an environment where people contribute to their optimum. Key initiatives, including an upgrade of the Performance

Management system, the introduction of a competency framework, and Organisational Development interventions focusing on leadership development, culture and team cohesion have positively influenced overall levels of employee engagement.

Governance

Strong internal governance controls, supported by well functioning Board and Board committees, allowed the NDA to achieve an unqualified audit by the Auditor-General, for the third consecutive year. At the same time, the NDA has continued to champion a zero-tolerance approach to fraud and corruption, which resulted in zero occurrence of fraud, especially in the vulnerable sphere of projects.

Conclusion

The NDA needs to continue to harness its experience in dealing with Civil Society Organisations to deliver performance that will make a qualitative difference in the lives of poor people. My sincere thanks goes to the executive team, which tirelessly ensures that the NDA delivers against its mandate and strategy, and to the NDA staff who continue to serve with dedication, passion, integrity and an unwavering commitment to meeting the needs of the poor communities of South Africa.

Dr Vuyelwa Nhlapo
Chief Executive Officer

*"Hope is a powerful weapon even when nothing else may remain."
Nelson Mandela*

General Information

NDA Executive Committee

1.8 NDA Executive Committee



Dr Vuyelwa Nhlapo
Chief Executive Officer



Ms Hajra Mansour
Executive Director:
Internal Audit



Ms Lunga Mangcu
Executive Director:
Marketing &
Communications



Billy Mokale
Acting Company
Secretary



Mr Samuel Lewatle
Executive Director:
Human Resources



Mr Reuben Mogano
Executive Director:
Development
Management



Bongani Magongo
Executive Director:
Research &
Development



Mr Phumlani Zwane
Chief Financial
Officer



1.9 Provincial Managers



Ms Mapule Phora
Provincial Manager:
Gauteng



Mr Clive Moses
Provincial Manager:
Northern Cape



Ms Jessica Fortuin
Provincial Manager:
Western Cape



Mr David Potlako Ntlatleng
Provincial Manager:
North West



Ms Nokulunga Skeyi
Provincial Manager:
Eastern Cape



Mr Maxwell Mathebula
Provincial Manager:
Mpumalanga



Dr Anthony Bower
Provincial Manager:
Free State



Prof Zach Chuenyane
Provincial Manager:
Limpopo



Ms Thamo Mzobe
Provincial Manager:
KwaZulu-Natal



"We speak here of the challenge of the dichotomies of war and peace, violence and non-violence, racism and human dignity, oppression and repression and liberty and human rights, poverty and freedom from want."

Nelson Mandela

"I was not a messiah, but an ordinary man who had become a leader because of extraordinary circumstances."

Nelson Mandela

Performance Information

Part

B

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NDA

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"After climbing a great hill, one only finds that there are many more hills to climb."
Nelson Mandela

Performance Information

Statement of Responsibility for Performance Information

2.1 Statement of Responsibility for Performance Information



Dr Vuyelwa Nhlapo
Chief Executive Officer

"As I have said, the first thing is to be honest with yourself. You can never have an impact on society if you have not changed yourself... Great peacemakers are all people of integrity, of honesty, but humility."
Nelson Mandela

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgments made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the operations of the National Development Agency for the financial year ended 31 March 2013.

A handwritten signature in black ink, appearing to read 'V. Nhlapo', positioned above a horizontal line.

Dr Vuyelwa Nhlapo
Chief Executive Officer
Date: 31 July 2013



Performance Information

Overview of the Public Entity's Performance

2.2 Overview of the public entity's performance

2.2.1 An overview of the service delivery environment

To fulfill its mandate to contribute towards the eradication of extreme poverty and its causes, the National Development Agency continued to grant funds to Civil Society Organisations, which will enable them to implement development projects in poor communities, in line with the approved 2012 to 2016 NDA strategy. During the period under review, the NDA focused on early childhood development programmes, food security programmes, income generation programmes, and projects and capacity building initiatives for CSOs, in support of government priority areas on poverty eradication.

2.2.1.1 Early Childhood Development

The NDA contributes to the ECD sector through interventions that support food security at ECD sites, strengthen the institutional, leadership and management capacity of ECD sites and improve the infrastructure of ECD sites. The Agency provided limited financial resources for capital infrastructure for ECD sites, given the limited resources at its disposal. Over the past few years, the Agency has partnered with the Departments of Basic Education and Social Development to take the lead in resourcing infrastructure development, curriculum development and ensuring compliance with their approved norms and standards.

Supporting Food Security interventions at ECD sites

Recognising the importance of balanced nutrition at ECD sites, the NDA provided financial assistance to 153 ECD sites to establish food gardens that will serve as a source of consistent access to food for learners. The emphasis was on providing the necessary inputs to enable a food garden to be established, as well as facilitating technical training for identified staff to produce food in a sustainable, and in some instances, profitable manner.

Improving ECD Infrastructure

The NDA made limited infrastructure investment in the amount of R10,8 million as part of a holistic approach to enhance access to the provision of quality ECD education. This was only provided in exceptional instances when it was believed that improvements to the provision of ECD education were dependent on establishment of basic infrastructure.

2.2.1.2 Food Security Programme

The National Development Agency has worked for more than a decade to find ways of enhancing food security as a measure of overcoming the challenge of poverty. An increased focus on food security and agro-processing in rural and peri-urban areas has allowed the NDA to develop significant experience and expertise in identifying, resourcing, capacitating and monitoring the implementation of these initiatives.

Performance Information

Overview of the Public Entity's Performance

In the period under review, the NDA committed R18,7 million to food security programmes and projects, impacting on at least 3 480 beneficiaries. Apart from working with the provincial departments of Social Development, the Agency worked closely with the Department of Agriculture to source capital, expertise and collaboration in project implementation.

A specific contribution related to the establishment of household food gardens, which provided starter packs, training and support for food production. In addition, support was provided for community food gardens and emerging farmers.

Considering the history of food security interventions in poor communities, the NDA was able to provide significant additional value to grant recipients. This was far more effective than would have been achieved through simply making cash contributions. In addition, the NDA partnered with civil society structures to capacitate and empower members involved in food security initiatives to improve the prospects of their sustainability beyond the scope of NDA funding alone.

The ability of the NDA to enhance food security projects' success and sustainability reinforces the organisation's position and role as the leading proponent in this vital sector of community support and upliftment.

2.2.1.3 Income Generation Programme

The NDA has invested significant resources in income generating projects that seek to create alternative or complementary income streams and employment for poor households in pre-determined localities.

In the period under review, the NDA committed R30,2 million to programmes and projects aimed at empowering the poor to participate in the mainstream economy, particularly in rural areas. These rural enterprises created 906 sustainable jobs.

The income generation programmes and projects that the NDA funded included mostly 'traditional sectors' that either required limited capital input (comparatively) and/or a low skills base. These projects included, amongst others, sewing, primary agriculture (crops and livestock), brick-making, arts and crafts, tourism, bakery and hydroponics. Generally, these enterprises required a low skills base. Consequently, poor communities with very little expert knowledge were able to access these sectors and generated employment and income for themselves to improve their living standards.



Performance Information

Overview of the Public Entity's Performance

Case Studies of some of our funded projects

Bantu Bonke Project

Background

The Bantu Bonke project was established in 2000 after Anglo Operations Limited, Anglo American Farmers Limited and the Department of Land Affairs donated 23 000 hectares of land to the Panfontein Community Association. The Bantu Bonke community is situated to the east of Vereeniging in the Midvaal Local Municipality. The project's objectives were to:

- Develop a strong institutional capacity in organisational management and technical training
- Erect five hydroponics tunnels for production of vegetables
- Produce fresh vegetables weekly to generate an income
- Create jobs for unemployed members of the community.

The project started with 46 beneficiaries who did not have any experience in hydroponics. The Rand Water Foundation then appointed a mentor for the 'Magidi Agricultural Project' who developed a concept paper and a proposal to request for funding on behalf of the project. The other critical role played by the mentor was to identify potential funders for the project. The required funding that the project needed to start activities in 2005 was R6 million.

Methodology

The Bantu Bonke project uses a covered hydroponics system and crops are planted in plastic pots and not directly on the ground. The project first planted the vegetables and then went out to look for markets for its produce.

The period from planting to harvesting is two months, and then harvesting lasts for three months, meaning the project can only sell its produce in five to six months from the planting period. Bantu Bonke uses the plastic-covered hydroponic system and a heating system for the tunnels. The temperature set on the heating system is between 5 and 18 degrees and when the temperature reaches 18 degrees, the heating system automatically switches off.

Tomatoes and spinach are sold to the local market. The project beneficiaries are getting a monthly stipend of R1 000 per month from the sales of the vegetables.

NDA Contribution

The NDA has provided the project with a grant amount to the value of R1,5 million, which has been used for erecting five tunnels, purchasing the heating systems, office furniture and a bakkie to transport vegetables to the market, as well as six months stipend for the project beneficiaries.

Performance Information

Overview of the Public Entity's Performance

Achievements

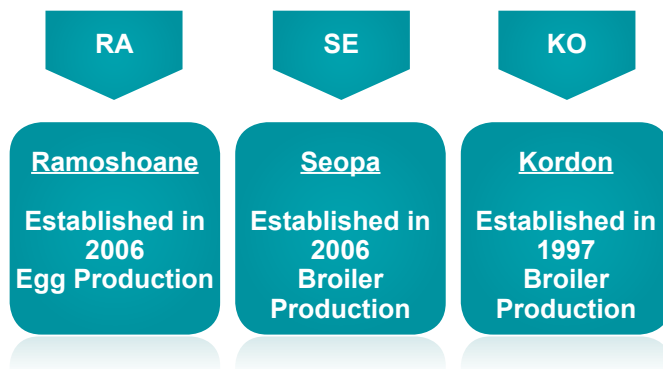
The project believes in working as a team, and has achieved the following:

- Created 18 permanent jobs in the community
- Erected 18 tunnels, which is more than the initial target of five tunnels
- The project generates an average monthly income of R70 000 from its sales
- The project was renting a container as their office, but now they have an office and are no longer paying for container rental.

RASEKO Poultry

Background

RASEKO Poultry is a secondary co-operative which represents the following communities:



The RASEKO project is located in rural villages of the Aganang Local Municipality, which falls within the Capricorn District Municipality. Aganang Municipality is the fourth-most populous municipality, consisting of 109 villages and divided into 18 wards. It is a totally rural area and has no townships. In terms of the Spatial Development Framework, it has potential for agriculture and tourism.

Methodology

The RASEKO project was initiated by community members who were concerned about high levels of unemployment and poverty. It stemmed from a passion for poultry, with the aim of establishing sustainable poultry production in the Aganang Local Municipality to create jobs. The project specialises in both egg and broiler production. Ramoshoane is the most experienced in poultry production and serves as a central service unit for the two satellite co-operatives.



Performance Information

Overview of the Public Entity's Performance

The RASEKO project approached the National Development Agency to assist with funding to establish the following:

- Three sustainable egg production projects in Aganang Local Municipality
- Employment of 36 beneficiaries of the co-operative
- Three fully-equipped poultry houses for the three co-operatives
- To provide technical skills for the project beneficiaries.

Methodology used by RASEKO

Ramoshoane handles the procurement process for the required equipment and production inputs. It also provides technical advice, industry linkages and marketing for the other two satellite projects, which are Seopa and Kordon.

Battery cages are used for the layers for the purpose of space and labour saving. Several tiers of cages can be placed one above the other and this offers opportunities for mechanisation such as automatic feed and water systems, egg collection, manure disposal, etc. The battery system also makes it easy to control diseases and regulate the lighting to stimulate egg production.

Collection of eggs

The project members and employees collect the eggs twice or three times daily in egg racks.

Packaging of eggs

After the collection of eggs from the cages, the eggs are sorted and then packaged according to their sizes. The egg-production division of the co-operative specialises in producing egg grades from 1 to 4.

The eggs are standardised as follows:

- Jumbo, with a mass of more than 43 grams
- Extra large, with a maximum mass of 43 grams.

Distribution of eggs to the clients

Direct distribution to the customers is currently being used. When the eggs are sold to local people, the customers arrange their own transport to collect the products and the project delivers the eggs to crèches and schools.

Sales of layers

The sale of live layers takes place when the production cycle comes to an end after the 55th week.

Performance Information

Overview of the Public Entity's Performance

NDA Contribution

In November 2010, the National Development Agency funded the project a total grant amount of R1 943 225 over a period of 24 months. The co-operative was trained in project and financial management and the Department of Agriculture also trained project beneficiaries in poultry production (layers and broilers) and poultry care.

Project Achievements

There is a high demand for eggs in the Ramoshoane community and a demand for chickens in the Seopa and Kordon communities.

- The poultry infrastructure is in place in all three of the projects
- There are currently 14 permanent staff who are paid salaries on a monthly basis, and seven youth members as temporary workers who are also paid on a monthly basis
- The project is supplying twenty-four crèches in Aganang Municipality with eggs on a monthly basis, and local schools through the Department of Basic Education's school nutrition feeding scheme
- An average monthly income of approximately R30 000 from sales is currently being generated by the project
- An average of 800 eggs is produced per day.

Thusanang Day Care Centre

Background

Four women from the community of Mashemong in Hammanskraal established the Thusanang Day Care Centre in 1989. They were given a piece of land by the tribal authority, under Chief Kekana, to start the centre because of unsafe conditions that children were exposed to in Mashemong. Thusanang Day Care Centre is one of the 200 early childhood development (ECD) centres in Hammanskraal.

It was one of the ECD centres identified by the South African Congress of Early Childhood Development (SACECD) in 2010 to participate in the training and development of vegetable gardens. Thusanang Day Care Centre started with 80 children and to date the centre has managed to enroll 133 children and employ 12 staff members, of whom six are teachers.



Performance Information

Overview of the Public Entity's Performance

Methodology

Thusanang Day Care Centre has divided the children into four age group categories:

- 2 to 3 years - 10 children
- 3 to 4 years - 44 children
- 4 to 5 years - 48 children
- 5 to 6 years - 28 children.

Since the centre has only six teachers and 133 children, the ratio is one teacher to 22 children. The centre uses the food menu that was provided by the Department of Health and Social Development and the menu is rotated every two weeks.

The monthly school fee for the centre is R150 per child. Teachers earn a salary of R2 000 per month, which is comprised of the R773 stipend that is received from the Department of Social Development and R1 227 from the school fees. The centre has also hired five gardeners to grow vegetables for the centre and their stipends are paid by the National Development Agency.

NDA Contribution

The Agency is building the ablution structure for the centre, has purchased office equipment (computers and printers) and provided funds to install ceilings and flooring in the classrooms. The Agency is also paying the R1 200 monthly stipend to the volunteers who work on the centre's vegetable garden and human resource staff of the Thusanang Centre.

Biomass Project

The Biomass project, also known as 'Moving South Africa Forward in Oilseed Production' is being funded by NL Agency (Netherlands Government) through the National Development Agency, with support from the Chris Hani District Municipality. The objective of the project is to improve food security in rural communities through the creation of sustainable jobs and entrepreneurial business opportunities for the local emerging farmers.

Biomass Pilot Project Objectives

Short term

To set up a pilot in a degraded area of around 2 000 hectares for the production of oilseed crops, being rotated with maize, in co-operation with farmers from the Free State and Eastern Cape. The project will be supported by a training programme and certification scheme.

Performance Information

Overview of the Public Entity's Performance

Long term

To achieve sustainable rehabilitation of underutilised land that is prone to degradation, together with optimum job creation in these two regions. In addition, the production of certified biomass creating long-term socio-economic development.

The project was designed with the understanding that it would:

- Alleviate poverty in rural South Africa and thereby decrease the levels of migration to urban areas
- Create small, independent, rural economies that are self-sustaining
- Reduce the dependence of small-scale farmers on the infrastructure (of white-owned co-operatives). This dependence has proven to be detrimental for small scale-farmers due to high costs of storage, transportation, implements etc.
- Provide an environment in which rural communities can become involved in the beneficiation of their produce for food security and development purposes.

Methodology

The 'Conservation Agriculture' methodology is used in the Biomass Project.

Definition of Conservation Agriculture:

Conservation Agriculture systems, as defined by the United Nations' Food and Agriculture Organisation in 2001, promote the simultaneous implementation of the following three main principles:

- **Minimal disturbance of the soil surface using specialised implements**
Minimum or reduced tillage manipulates the soil as little as possible as it minimises the frequency of the use of tillage equipment. Innovative combination equipment units are used and, in the field of engineering, exciting adaptations have been made to existing farm machinery, as well as the development of new equipment.
- **Diversified Cropping Systems**
Mixed species cropping, multi-cropping, intercropping and crop rotation are synonymous in that they imply the growing of two or more plant species in the same field in the same year and at least, in part, at the same time.



Performance Information

Overview of the Public Entity's Performance

- **Permanent Organic Soil Cover or Mulching**

It is well known that mulching, or crop residue retention, in reduced or no-till systems can increase soil organic carbon, leading to improved soil structure, water regimes, fertility, soil biology, and hence, soil productivity. Residue retention significantly reduces the effects of wind and water erosion, organic carbon build-up is enhanced and soil nutritional status is supplemented through residue breakdown. Evaporative water loss from the surface layers, as well as the risk of potential compaction of the topsoil, are largely reduced.

NDA Financial Contribution

R 1 800 000

Project Achievements 2012/13

- Lessons learned translated into improved approaches to the remainder of the project
- Training and accreditation of farmers for export of their produce: RSB, the certification body from the Netherlands Government, visited the smallholder farmers in February 2013 to gain an understanding of the conditions under which they operate. This will enable amendments to the certification process to be made to encourage smallholder farmers to obtain and maintain certification. This process was very important to the biomass project as it opened up whole new markets for the programme, both locally and internationally. The quality management process is still in progress. The first phase, which covers vital records and the twelve principles of the certification standard have been discussed with the beneficiaries. The process is still continuing
- Acceptable yield on harvesting expected as a result of focused interventions.

Planting

500 hectares have been planted at Elliot: 250ha of maize and 250ha of soya beans. It is expected that 450 hectares will be successfully harvested. About 450 hectares have been planted in Engcobo and will be harvested with minimal wastage expected.

Capacity Building

The capacity building programme will continue in the new financial year, starting in April 2013, with a focus on financial management. Programmes being implemented have been custom-made after assessments of beneficiaries. They are all in the process of certification and being linked to unit standards.

"Our children are our greatest treasure. They are our future. Those who abuse them tear at the fabric of our society and weaken our nation."

Nelson Mandela

Performance Information

Overview of the Public Entity's Performance

Expansion plan

An application to the Development Bank of Southern Africa is in preparation, with the assistance of Lehakoe, for project expansion funding. Proposals for expansion funding will also be submitted to other institutions.

Reporting

A progress report was developed for Chris Hani District Municipality (CHDM) and NL Agency, both of which were missing financial progress. A summary of expenditure was included in the presentation for CHDM and is specific to the R4 million contribution that the biomass programme received from CHDM. The financial report for NL Agency was near completion at the end of the financial year.

Conclusion

A consultative and report-back conference in Mozambique provided the organisation with the right platform to profile the work currently being undertaken by the NDA and its partners in particular and South Africa in general. There was consensus among participants that supply chain management was a serious area of concern in most of the pilot sites. It was agreed that the choice of technology and methodologies for successful implementation of these projects would differ from country to country due to the different climatic patterns and soil typologies. Although most African countries, except South Africa, have chosen *Jatropha* seed, it has not been successful in all environments and its use will be discontinued in some countries.

"I am not an optimist, but a great believer of hope."

Nelson Mandela



Performance Information

Overview of the Public Entity's Performance

2.2.1.4 Research, Policy, Monitoring and Evaluation

Research and development remains a key element of the NDA's business and studies are conducted to support the continuous improvement of project implementation. During the year under review, four studies were conducted in collaboration with the Human Science Research Council (HSRC) and other research companies. The research reports were:

- Challenges facing the Early Childhood Development Sector in South Africa
- Active Citizenship, Dialogue and Partnership
- Food Security Study
- Income Generation Activities Study.

These research studies have provided useful information on how to plan effective poverty alleviation programmes for poor communities. The policy papers produced by the NDA for the financial year under review included topics such as:

- Measurement of Food Security in South Africa
- Government's Role in Ensuring Food Security
- Income Generating Activities for the Poor in South Africa
- Position paper on Early Childhood Development
- The Role of Civil Society in Achieving the Millennium Development Goals.

These papers are useful in informing policy debate on how the government can support civil society organisations in ensuring that they remain relevant in the development discourse of the country.

Over and above the research papers, the NDA produced 19 publications in the financial year. These publications included synthesis reports, best practice reports and case studies on NDA programmes. These publications will be shared with all NDA stakeholders through an IT platform which will be operational in the next financial year.

In a continuous drive to improve project implementation during the period under review, the NDA established processes, systems and tools that will support the NDA in monitoring and evaluating its operations. Notable is that the first Monitoring and Evaluation framework and guidelines for the NDA were developed. The framework has been defined and tools developed for institutional monitoring and verification of reported information, thus contributing to the accuracy and reliability of reported information. During the financial year, 47 mid-term and 88 close-out projects evaluations were produced on NDA-funded projects in the country. These reports are essential for informing project planning, implementation, lessons learned and monitoring.

Performance Information

Overview of the Public Entity's Performance

2.2.1.5 Capacity Development

A number of studies on capacity building conducted by various institutions confirm that a skilled society is an essential requirement for the growth of South Africa, and therefore capacity building and development is becoming increasingly important. Thus, it is imperative for the NDA to be seen to be adopting a business operation model that is anchored, through its development management programme, on fostering capacity building for civil society organisations, especially those in resource constrained communities. To this end, the NDA developed a capacity building approach, which was approved by the Board as the new strategic direction of NDA operations.

The NDA managed to conduct capacity strengthening training for 223 Civil Society Organisations during the reporting period. The capacity-strengthening training covered areas of project management, financial management, CSOs governance, conflict management, resource mobilisation, business plan development and technical training for mixed farming. During the financial year, CSOs that demonstrated improvement in areas in which they had been trained were measured. The results indicate that 78 percent of the CSOs that were trained between April 2012 and December 2012 showed improvement in applying learning from the training. These are encouraging results. Whereas financial management showed an improvement of only 58 percent, all other areas exceeded 80 percent improvements. Lack of mentorship, support and the short duration of the course have been identified as the reasons for the poor improvement in the area of financial management.

Strengthening the institutional, leadership and management capacity of ECD sites.

Acknowledging that the ECD sector is fundamentally nascent in most poor communities, the NDA implemented targeted capacity enhancement interventions aimed at strengthening the leadership, management and institutional capacity of ECD sites.

In the period under review, the NDA trained 667 ECD practitioners and principal care givers in the areas of financial management, organisational governance, and fundamental and core learning areas leading to a National Qualifications Framework level 4.

Primarily, the NDA focused on enabling ECD sites to set up processes and systems to manage finances, plan, record and report on implementation of activities, and to develop policies for procurement, asset management, recruitment, selection and development of staff. These organisations were also trained to develop leadership competencies, human relations, organisational development and the conflict management capabilities of ECD practitioners to foster optimal team performance.



Performance Information

Overview of the Public Entity's Performance

2.2.2 Overview of the organisational environment

2.2.2.1 Implementation of Strategic Priorities

Adopt an ECD Campaign

The NDA conceptualised the 'Adopt an ECD Campaign' as part of an activity of the South African ECD conference and the ECD Awards. The purpose of the campaign is to facilitate, advocate and lobby for expanded access to provision of ECD in poor communities. The campaign is premised on the assumption that South Africa commands sufficient resources to meet current and future needs of learners in the ECD sector. Therefore, improved access to ECD can create a solid foundation for development, lifelong learning and to mitigate vulnerability to structural poverty.

The primary objectives of the campaign are the following:

- To mobilise government, the private sector, local and international donors to increase resource flows to the ECD sector
- To identify and profile ECD sites in predetermined poor communities to access financial and non-financial resources to improve the overall quality of ECD provision.

During the year under review, the NDA finalised and approved a concept document on the ECD campaign, established ECD advisory committees in all provinces, developed pledges for all members of the Provincial Advisory Committees, convened inaugural meetings for Provincial Advisory Committees and profiled 154 targeted ECD sites.

Food Security Campaign

The NDA initiated a Food Security Campaign in 2012/13. The overall purpose of the campaign is to facilitate expanded access to food security for poor households and communities, whilst creating sustainable livelihoods. The specific objectives are to:

- Contribute to the 'Food For All' programme through supporting households and community gardens
- Fund projects and programmes that support government's Integrated Food Security Strategy
- Support food security at ECD sites
- Reduce levels of hunger for vulnerable groups.

During the period under review, the NDA finalised and approved a concept document on the food security campaign, established Food Security Advisory Committees in all provinces, developed pledges for all members of the Provincial Advisory Committees, convened inaugural meetings for Provincial Advisory Committees and profiled 50 percent of the targeted food security sites.

Performance Information

Overview of the Public Entity's Performance

Establishment of the Programme Management Unit (PMU)

The PMU was established in February 2013 with the express aim of providing project management services to the organisation, mainly through resource mobilisation from both the private and public sectors, locally and internationally. The unit further seeks to provide expert management of the project value chain, underpinned by an established and significant track record of working with civil society. In pursuit of a successful and sustainable establishment of the unit, it is in the process of finalising products and service offerings, tools for programme management and reporting, a communication and branding strategy, and a resource mobilisation strategy.

Notwithstanding the fact that the PMU was formally established towards the end of the financial year, the NDA was able to mobilise R80,6 million for programmes and projects in ECD, food security, income generation and capacity building during the period under review.

Conversion of Provincial Offices into Advisory Centres

The decision to turn provincial offices into advisory offices is primarily driven by the objective of promoting the NDA service offering to a wider client base in the provinces. It also supports the objective of expanding and enhancing the brand value of the NDA as a premium development agency to the broader public.

The Agency has developed a comprehensive approach for the advice centres and has disaggregated implementation plans according to provinces and resources required to ensure successful execution. The Agency plans to launch 27 sites in the 2013/14 financial year.

Audit Turnaround Strategy

A strategy was developed to assist the organisation to improve processes, internal controls and address control weaknesses identified by the external audit in the 2011/12 year-end audit. Significant strides were made in addressing these weaknesses, resulting in about 80 percent of the organisational-wide audit findings being addressed to date.



Performance Information

Overview of the Public Entity's Performance

Systems

An independent ICT governance review was undertaken by an external service provider, which benchmarked the NDA against other entities of similar size. This resulted in useful recommendations, which have been incorporated into the current Business Analysis scope of engagement. A focused and independent IT audit was also completed during the year to test all our systems' internal controls and governance processes throughout our environment. Recommendations are currently being implemented.

Risk Management

The Enterprise Wide Risk Management (EWRM) process, in terms of the PFMA and Treasury Regulations, is implemented and there is a continuous monitoring and reporting of risks to EXCO and the Audit and Risk Committee. In order to institutionalise risk management, the organisation will invest in a risk management system that will improve on the implementation of effective and efficient risk management. This process is fully supported by an approved Fraud Prevention Plan, Disaster Recovery Plan, Whistle-Blowing Policy and Fraud Hotline.

Enhancing NDA visibility and brand

During the year under review, the NDA implemented a number of marketing and communication activities nationally in order to raise the profile of the organisation. Various platforms were used to reach key stakeholders and beneficiary communities to increase awareness of the NDA's work. The organisation also succeeded in doubling free publicity through the use of electronic and print media.

Various events were held, aimed at building, improving and maintaining relationships with beneficiary communities and key stakeholders. A number of funded projects were branded in various provinces and some launched to increase the visibility of the NDA. The NDA participated in the ABSA ECD Awards at provincial and national levels, DSD Month, as well as 'Taking DSD to the People' public outreach programmes. Twelve publications, aimed at lifting the profile of the NDA and showcasing successful projects, were produced and distributed amongst the various stakeholders.

Media and Publicity

The NDA secured more than R1 million worth of free publicity on both electronic and print media platforms for its funded projects. Overall publicity has been favourable during this reporting period, with positive publicity that is almost double the value of neutral coverage.

Various media platforms and tools were used to reach out to a broader population group that could not be reached through publications and events. The organisation focused on showcasing its successful projects and announcing the Early Childhood Development campaign.

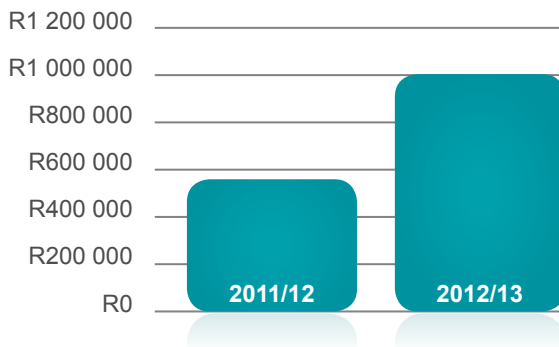
Performance Information

Overview of the Public Entity's Performance

Solicited media coverage

Amongst the platforms that generated free publicity were AgriTV, Morning Live and various community radio stations, and, to a lesser extent, provincial SABC radio stations. Advertorials worth R398 742 were placed in Mail & Guardian, City Press, Mail & Guardian's Book of Women, North West FM and in BBQ Magazine. These advertorials featured the NDA's new strategic direction, the Programmes Management Unit, NDA women leaders and NDA projects in general.

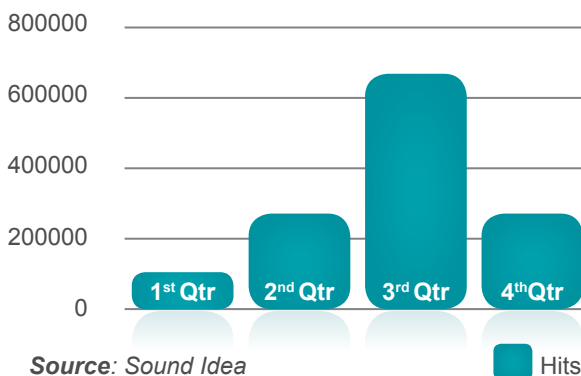
Solicited publicity



Electronic media

The NDA used electronic media platforms to make available information to all key stakeholders on a platform that is not limited by time or geographical area. Regular updates were loaded onto the website to keep the information current and relevant to targeted audiences. The recruitment page attracted the most hits, followed by pages with generic NDA information. There was a marked improvement in the number of hits compared to previous years. The intranet, targeted at NDA staff, was uploaded with fresh information and revised policies.

Website hits





Performance Information

Overview of the Public Entity's Performance

Events

External

The NDA participated in more than 15 external events that targeted government, local communities and the private sector. The majority of events were in the form of the Department of Social Development's public outreach programme, Taking DSD to the People, and Social Development Month activities. These events were used as a platform to highlight the NDA's contribution to poverty eradication. The NDA participated in the form of speech delivery and exhibitions to spread the word on poverty eradication efforts and appeals for partnerships.

Amongst events organised was the Elliotdale Multipurpose Centre handover in March 2013, which happened amidst much celebration and fanfare. The building of the centre resulted from a directive by the Minister of Social Development, Ms Bathabile Dlamini, during a visit to Elliotdale. The Deputy Minister of Social Development, Ms Maria Ntuli handed the facility over to the visibly excited community of upper Mncwasa. The King, Zwelonke Sigcawu, and an entourage of traditional leadership threw their weight behind the Mncwasa project.

A container was handed over to elderly persons in Mdantsane by the MEC, Ms Pemmy Majodina. This initiative enables women making arts and crafts to have a roof over their heads.

The NDA held a stakeholder gathering of CSI practitioners at which the ten-year book celebrating success stories of the NDA was launched. This was done in partnership with Trialogue at their national annual CSI conference.

Internal

A number of internal events were celebrated, linked to the South African/United Nations Calendar of Events. The aim was to boost morale and improve cohesion amongst staff. These included events such as Human Rights Day, Mothers and Fathers Days, Secretaries Day, Nelson Mandela Day, Women's Day, Heritage Day and the year-end function to mention a few. These events brought NDA staff together and rekindled team spirit. Face-to-face interactions, in the form of 'rara' sessions, were also staged to allow for two-way communication between management and staff. These platforms afforded staff the opportunity to bond, ask questions and get immediate answers to issues of concern.

"One of the things I learned when I was negotiating was that until I changed myself, I could not change others."

Nelson Mandela

Performance Information

Key Policy Developments and Legislative Mandates

2.3. Key Policy Developments and Legislative Mandates

There were no major changes to relevant policies or legislation that may have affected the NDA's operations during the period under review or future financial periods. However, it should be noted that National Treasury and the Department of Social Development appointed a service provider to conduct a review of the NDA mandate. This will focus primarily on the NDA's current functions, what it should be doing and opportunities that the NDA can explore that are currently not catered for by other development finance and government institutions.

2.3.1 Summary of Expenditure per Programme

The table below illustrates how the entity's resources were spent, per programme, in the 2012 and 2013 financial years.

Programme Name	2012/2013			2011/2012		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Programme 1: Development Management	R110 860	R109 996	R 864	R77 726	R75 838	R1 888
Programme 2: Research and Development	R2 633	R4 513	(R1 880)	R2 706	R1 103	R1 603
Programme 3: Capacity Building	R2 650	R2 819	(R169)	R8 335	R6 896	R1 439
Programme 4: Administration and Support	R79 209	R80 158	(R948)	R85 094	R82 738	R2 356
Total	R195 352	R197 486	(R2 134)	R173 861	R166 574	R7 286

"Money won't create success, the freedom to make it will."

Nelson Mandela

2.4 Programme Performance

2.4.1 Programme 1: Development Management

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of programmes approved.	New Indicator	<ul style="list-style-type: none"> • 3 programmes approved: • Early Childhood Development (ECD) programme • Food Security programme • Income Generation programme 	3 programmes approved: <ul style="list-style-type: none"> • Early Childhood Development (ECD) programme • Food Security programme • Income Generation programme 	0	Target achieved.
Rand value split of total grants allocated per sector (ECD, food security, income generation).	R9,7m ECD	R22,4m ECD	R26,6m ECD	R4,2m ECD	Target exceeded as more funds were allocated to ECD than planned target due to the need for infrastructure support in most of the ECD sites approved.
	R50,9m food security	R22,4m Food Security	R18,7m Food Security	(R3.7m) Food Security	Target not met. Even though the target was not met more food security beneficiaries were supported with reduced funding, representing efficiency in utilisation of resources.

Performance Information

Programme Performance

2.4.1 Programme 1: Development Management (Continued)

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
	R50,9 m Income Generation	R30m Income Generation	R30,2m Income Generation	R0,2 m Income Generation	The target was exceeded through re-allocation of resources from the amount allocated from the food security programme.
Rand value of allocation to projects.	R81,1 m	R74,8m	R79m	R4,2m	Target exceeded. The amount of R4,2m was approved for capacity building projects which was allocated under the Research and Development budget.
Rand value of grants disbursed.	New indicator	R42m	R27m of the R42m 2012/13 allocation was disbursed R71,1m was disbursed, including disbursements to projects approved in the previous years	R29,1m Rand value disbursed	R29,1m Target exceeded. Disbursements to projects exceeded target mainly due to under-targeting. The target did not make a distinction between disbursements to projects approved in the 2012/13 financial year and those approved in prior years.



Performance Information

Programme Performance

2.4.1 Programme 1: Development Management (Continued)

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Rand value of investment in ECD infrastructure.	New indicator	R6,3m	R10,8m	R4,5m	Target exceeded due to re-allocation from the food security budget.
Number of ECD practitioners trained.	New indicator	774	667	(107)	Target not met. Although the training of the practitioners is currently under way, some of the modules and full qualifications have not been completed for recording in accordance with the required portfolio of evidence.
Number of food gardens on ECD sites funded.	New indicator	129	153	24	Target exceeded. The funded projects were able to support more food gardens on ECD sites due to budget savings in procurement of inputs.

Performance Information

Programme Performance

2.4.1 Programme 1: Development Management (Continued)

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of beneficiaries per vulnerable group in NDA focus areas.	New indicator	70% for women beneficiaries	60,5% for women beneficiaries	(9.5%) for women beneficiaries	Target not met due to the high uptake of youth, particularly in food security and income generation. The majority of the youth were male.
	New indicator	10% people with disability	1,2% people with disability	(8.8%) people with disability	Target not met. There was over-targeting in this area as the national norm is 2%.
	New indicator	20% youth and children	73,1%	53,10%	Target exceeded as there was significant uptake of youth across sectoral focus areas, reflecting the lack of opportunities for this grouping in the formal economy.



Performance Information

Programme Performance

2.4.1 Programme 1: Development Management (Continued)

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Rand value of funds mobilised for poverty eradication programmes.	New indicator	R80m mobilised	R80,6m	R0,6m	The target was exceeded due to increased level of resource mobilisation and partnerships that the agency was able to forge during the year.
Number of beneficiaries per programme (ECD, food security and income generation).	New indicator	3 850 ECD beneficiaries	4 122 ECD beneficiaries	272 ECD beneficiaries	The target was exceeded due to high uptake of beneficiaries at ECD sites.
	15 555 food security beneficiaries	2 912 food security beneficiaries	3 480 food security beneficiaries	568 food security beneficiaries	The target was exceeded due to high uptake at food security sites.

"Our daily deeds as ordinary South Africans must produce an actual South African reality that will reinforce humanity's belief in justice, strengthen its confidence in the nobility of the human soul and sustain all our hopes for a glorious life for all."

Nelson Mandela

Performance Information

Programme Performance

2.4.1 Programme 1: Development Management (Continued)

STRATEGIC OBJECTIVE	TO CARRY OUT PROJECTS OR PROGRAMMES AIMED AT MEETING DEVELOPMENT NEEDS OF POOR COMMUNITIES				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of jobs created (ECD, food security and income generation).	47 Jobs created through ECD	114 Jobs created through ECD	507 Jobs created through ECD	393 Jobs created through ECD	Target exceeded as the targeted ECD sites provided more jobs by employing more care givers to deal with the high number of children. They were able to attract additional resources from other donors.
	New indicator	400 Jobs created through food security	477 Jobs created through food security	77 Jobs created through food security	Target exceeded as some of the food security sites were expanded due to additional resources being secured from other donors.
	1 481 Jobs created through ECD	1 686 Jobs created through income generation programmes	906 Jobs created through income generation programmes	(780) Jobs created through income generation programmes	Target not met. The target was reviewed to take into account-increased stipends for project members.



Performance Information

Programme Performance

2.4.2 Programme 2: Research and Development

STRATEGIC OBJECTIVE	TO UNDERTAKE RESEARCH AND PUBLICATIONS AIMED AT PROVIDING THE BASIS FOR DEVELOPMENT POLICY				
	Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance
Research agenda approved.	New indicator	Approved research agenda	Approved research agenda	-	Target achieved.
Research Think Tank established.	New indicator	Think Tank established	Think Tank not established	(Process not completed)	Target not met. The Think Tank panel was approved by the PRD Committee of the Board, with an eleven-member panel. However, the launch was postponed to next financial year.
Number of baseline reports produced on NDA-approved projects.	New indicator	58	38	(20)	Target not met. There were fewer projects that required baseline information funded by the NDA.
Number of mid-term evaluation reports on NDA funded projects produced	New indicator	127	47	(80)	Target not met. There were fewer projects that required mid-term evaluation than the targeted number.
Number of close-out evaluation reports on NDA-funded projects produced.	20	85	88	3	Target exceeded. There were close out evaluations that were delayed in 2011/12 which were conducted in 2012/13.

Performance Information

Programme Performance

2.4.2 Programme 2: Research and Development (Continued)

STRATEGIC OBJECTIVE	TO UNDERTAKE RESEARCH AND PUBLICATIONS AIMED AT PROVIDING THE BASIS FOR DEVELOPMENT POLICY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of case studies produced on NDA programme areas.	3	3	3	0	Target achieved.
Number of good-practice reports produced on NDA programme areas.	2	4	4	0	Target achieved.
Number of programme synthesis reports produced.	New indicator	12	12	0	Target achieved.
Online Resource Centre established.	New indicator	Online Resource Centre established	Online Resource Centre not established.	(process not complete)	Target not met. The framework and structure of the Online Resource Centre was completed and submitted to the website developer and Communications Division for construction of the webpage.
Number of performance monitoring reports produced for NDA-funded projects.	36	42	47	5	Target exceeded by 5 projects monitored, due to additional capacity recruited in the M&E Unit.



Performance Information

Programme Performance

2.4.2 Programme 2: Research and Development (Continued)

STRATEGIC OBJECTIVE	TO UNDERTAKE RESEARCH AND PUBLICATIONS AIMED AT PROVIDING THE BASIS FOR DEVELOPMENT POLICY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Five-year impact assessment of NDA-funded projects.	New indicator	Impact assessment report	Impact assessment report not produced	(process not complete)	Target not met due to extended period it has taken to plan and conduct the impact assessment.
Number of research reports on NDA programme areas.	2	2	4	2	Target exceeded by 2 research reports, due to partnership agreement signed with HSRC to increase our research capacity.
Number of position papers/policy briefs on NDA programme areas.	New indicator	4	5	1	Target exceeded by 1 due to partnership agreement signed with HSRC to increase our research capacity.
Number of journal articles produced.	New indicator	2	0	(2)	The target not met because the research studies that informed the journal articles were completed in March 2013, limiting the time required to complete writing and producing journal articles.

Performance Information

Programme Performance

2.4.2 Programme 2: Research and Development (Continued)

STRATEGIC OBJECTIVE	TO UNDERTAKE RESEARCH AND PUBLICATIONS AIMED AT PROVIDING THE BASIS FOR DEVELOPMENT POLICY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
NDA Annual Development Report published.	New indicator	Development report produced	Development report not produced	(process not complete)	Target not met caused by the time it has taken to plan and conduct the studies required to write and produce the development report.
South African CSOs MDGs country report produced.	MDGs country report	South African CSOs MDGs country report	South African CSOs MDGs country report not produced	(process not complete)	Target not met, caused by the time it has taken to plan and conduct the studies required to write and produce the development report.

2.4.3 Programme 3: Capacity Building

STRATEGIC OBJECTIVE	TO STRENGTHEN THE INSTITUTIONAL CAPACITY OF CIVIL SOCIETY ORGANISATIONS				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of CSOs capacitated in governance, financial, project and conflict management, business plans, strategic planning and technical skills.	199	210	223	13	Target exceeded by 13 CSOs capacitated due to new staff who joined the Capacity Building Unit in the fourth quarter.



Performance Information

Programme Performance

2.4.3 Programme 3: Capacity Building (Continued)

STRATEGIC OBJECTIVE	TO STRENGTHEN THE INSTITUTIONAL CAPACITY OF CIVIL SOCIETY ORGANISATIONS				
	Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance
Number of beneficiaries from CSO's capacity building interventions (governance, financial, project and conflict management, business plans, strategic planning and technical skills).	400	2 520	3 831	1 311	Target exceeded by 1 311 beneficiaries due to new staff who joined the Capacity Building Unit in the fourth quarter.
Percentage of CSOs demonstrating improved implementation (governance, financial, project and conflict management, business plans, strategic planning and technical skills).	New indicator	80%	78%	(2%)	The target was not met by 2%. This was due to poor improved performance (58%) in financial management by training participants.
Rand value allocated and disbursed to capacity building for lobbying and advocacy by CSO networks.	New indicator	R4,2m	R4,4m	R0,2m	Target exceeded by R0,2m due to demand from CSOs that are providing services on lobby and advocacy.
Mapped CSOs database by geographic location and sector.	New indicator	CSOs database by geographic location and sector developed	CSOs database by geographic location and sector developed	-	Target achieved.

Performance Information

Programme Performance

2.4.4 Programme 4: Governance and Administration

2.4.4.1 Sub-Programme: 4.1 Human Resources

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
	Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance
Percentage of vacancy rate against approved staff complement.	New indicator	5%	2,26%	2,74%	Target exceeded. HR reviewed its recruitment and selection processes which enhanced its turnaround times (two months) in filling a vacancy.
Percentage staff turnover in critical skills.	New indicator	8%	1,75%	6,25%	Target exceeded. The NDA identified Development Management and Capacity Building as critical skills and these were prioritised to be filled as soon as the position became vacant.
Percentage of staff trained according to the Work Skills Plan.	New indicator	70%	70% of staff trained	0%	Target achieved.



Performance Information

Programme Performance

2.4.4.1 Sub-Programme: 4.1 Human Resources (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of all staff achieving a performance rating of 3 and above.	New indicator	95%	96,1%	0,1%	Target exceeded. Performance Management system was reviewed and ongoing training and support was provided to staff and management on how to monitor and track performance to ensure that performance standards are met.
Percentage of positive staff rating perceptions.	New indicator	60%	62,5%	2,5%	Target exceeded. The over-achievement was as result of how staff has perceived the organisational climate. The following areas were rated higher which have attributed to the over-achievement i.e. : Organisa-tional Culture and Values, Job Satisfac-tion and access to resources, Communication, etc

Performance Information

Programme Performance

2.4.4.1 Sub-Programme: 4.1 Human Resources (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of implemented recommendations from the climate and perception survey report.	New indicator	100%	100%	0%	Target achieved.
Percentage of the HR strategy executed per timeline.	New indicator	80%	100%	20%	Target exceeded, due to that HR processes and systems were reviewed and automated which enhanced the delivery of the HR targets and outputs.
Percentage compliance to HR-related legislation and regulations.	New indicator	100%	100%	0%	Target achieved.
Percentage reduction in repeat internal and external audit findings.	New indicator	80%	80%	0%	Target achieved.
Percentage of staff performance contracts submitted on time.	New indicator	90%	98%	8%	Target exceeded. Performance Management system was reviewed and automated which enhanced the submission of performance contracts on time.



Performance Information

Programme Performance

2.4.4.1 Sub-Programme: 4.1 Human Resources (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of staff performance reviews conducted bi-annually.	65%	90%	98%	8%	Target exceeded. Performance Management system was reviewed and automated which enhanced the submission of performance reviews on time.

2.4.4.2 Sub-Programme: 4.2 Marketing And Communication

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of resource mobilisation events hosted.	New indicator	2	3	1	Target exceeded. The NDA anticipated to attract more potential partners for resource mobilisation.
Number of CSO Provincial sector fora hosted.	New indicator	9	9	0	Target achieved.
Number of national CSO sector fora hosted.	New indicator	1	1	0	Target achieved.
Number of NDA profiling events sponsored.	New indicator	2	2	0	Target achieved.

"Thus shall we live, because we will have created a society which recognises that all people are born equal, with each entitled in equal measure to life, liberty, prosperity, human rights and good governance."
Nelson Mandela

Performance Information

Programme Performance

2.4.4.2 Sub-Programme: 4.2 Marketing And Communication (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of provincial dialogues hosted.	New indicator	9	4	(5)	Target not met. The remainder of the dialogues were cancelled to avoid duplication of provincial sector dialogues.
Number of national dialogues hosted.	New indicator	1	0	(1)	Target not met. The national dialogue was cancelled to avoid duplication.
Percentage of brand awareness.	New indicator	60%	0%	(60%)	Target not met. Survey moved to 2013/14 financial year due to delays in appointing supplier.
60 percent customer satisfaction survey rating achieved.	New indicator	60%	0%	(60%)	Target not met. A follow-up survey was undertaken but was disqualified due to the low number of responses received.
Number of NDA publications produced.	New indicator	12	12	0	Target achieved.

"When the water starts boiling it is foolish to turn off the heat."

Nelson Mandela



Performance Information

Programme Performance

2.4.4.2 Sub-Programme: 4.2 Marketing And Communication (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
	Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance
Rand value of media advertorials secured.	New indicator	R0,7m	R0,4m	(R0,3m)	Target not met due to budgetary constraints. The planned target had to be reduced.
Rand value of free publicity (print, electronic and online) secured.	New indicator	R0,25m	R1m	R0,75m	Target exceeded due to the partnerships with media.
Number of NDA website hits.	New indicator	25 000	676 246	651 246	Target exceeded due to vacancy adverts on the NDA website.
Time spent on NDA website.	New indicator	85 hours	10 000 hours	9 915 hours	Target exceeded due to vacancy adverts on the NDA website.
Number of Intranet hits.	New indicator	20 000	0	(20 000)	Target not met. The current Intranet does not have a statistical reporting mechanism.
Number of audiovisual material items collected from dialogues.	New indicator	10	11	1	Target exceeded. The total is made up of joint DSD/ NDA dialogues and NDA focus area-based dialogues.

Performance Information

Programme Performance

2.4.4.2 Sub-Programme: 4.2 Marketing And Communication (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Number of internal communication initiatives implemented ('rara' sessions, newsflashes and newsletters).	New indicator	110	114	4	Target exceeded due to the number of newsflashes sharing information with staff.
Number of special development profiling events implemented.	New indicator	7	7	0	Target achieved.

2.4.4.3 Sub-Programme: 4.3 Finance

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage compliance with procurement regulations achieved.	New indicator	100%	88%	(12%)	Target not met. Variance due to new controls introduced, that will be improved in new financial year.
Percentage compliance with all PFMA and Treasury regulations.	New indicator	95%	95%	0%	Target achieved.
Ratio of mandate costs versus admin costs as a percentage of government grant achieved.	New indicator	55:45	59:41	4:1	Target exceeded due to mobilized resources allocated to projects funding.



Performance Information

Programme Performance

2.4.4.3 Sub-Programme: 4.3 Finance (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage cash efficiently managed.	New indicator	100%	100%	0%	Target achieved.
Percentage of surplus cash investments, within target as set per policy, in compliance with regulations.	New indicator	100%	100%	0%	Target achieved.

2.4.4.4 Sub-Programme: 4.4 Information Technology

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of implementation of ICT improvement project.	New indicator	100%	35%	(65%)	Target not met. The integrated ERP system was not implemented due to insufficient responses to the tender, resulting in the tender withdrawal.
Minimum time on disaster recovery achieved.	New indicator	48 hours	48 hours	0 hours	Target achieved.

Performance Information

Programme Performance

2.4.4.4 Sub-Programme: 4.4 Information Technology (Continued)

STRATEGIC OBJECTIVE	TO PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of uptime on ICT network achieved.	New indicator	90% uptime	99,8%	9,8%	Target exceeded. The implementation of newer improved technologies has reduced downtime.
Percentage of improved IT User satisfaction rating through customer survey.	New indicator	95%	0%	(95%)	Target not met. The survey was not conducted due to cancellation of the ERP systems implementation.

2.4.4.5 Sub-Programme: 4.5 Risk, Audit and Governance

STRATEGIC OBJECTIVE	PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Percentage of audit findings closed out per audit year.	New indicator	70%	80%	10%	Target exceeded. The NDA had done an Audit Turnaround strategy, which was monitored quarterly by EXCO, Audit Committee and AGSA through dashboard.
Percentage compliance to governance principles and prescripts.	New indicator	80%	80%	0%	Target achieved.



Performance Information

Programme Performance

2.4.4.5 Sub-Programme: 4.5 Risk, Audit and Governance (Continued)

STRATEGIC OBJECTIVE	PROMOTE AND MAINTAIN ORGANISATIONAL EXCELLENCE AND SUSTAINABILITY				
Performance indicators	Actual achievement 2011/12	Planned targets 2012/13	Actual achievement 2012/13	Variance	Comments on variances
Unqualified AG audit report.	Unqualified AG audit report	Unqualified A-G audit report	Unqualified AG audit report	-	Target achieved.
Percentage reduction in high risks.	New indicator	70%	70%	0%	Target achieved.
Percentage reduction in number of fraud cases at project level.	New indicator	90%	90%	0%	Target achieved.
Percentage implementation of internal audit coverage plan.	100%	100%	80%	(20%)	Target not met. The Auditor-General requested that Internal Audit conduct reviews on the performance information and management accounts. In addition to the approved Internal Audit coverage plan, five ad hoc audits were completed.
Percentage of performance achieved against 2012/13 annual Performance Plan	New indicator	80%	71%	(9%)	Target not met. During target setting, NDA did not anticipate the complexity of work required in the planning phase especially in the area of Research and Development

2.5 Strategy to Overcome Areas of Underperformance

The NDA has developed a number of key strategies to overcome underperformance.

Review of delivery model and organisational structure

During the period under review the NDA Board commissioned the Organisational Structuring Project with the aim of aligning the strategy with structure and competencies to be able to deliver on the strategic plan for the period from 2012 to 2017.

Monitoring and evaluation

The NDA Monitoring and Evaluation (M&E) Framework and Guidelines were developed to promote and support the growing M&E culture in the National Development Agency. They will be implemented in the 2013/14 financial year, through monitoring and evaluation of programme performance, business operation processes and implementation constraints to ensure that the efficiency, effectiveness, and impact of poverty alleviation programmes and projects is measured, as outlined in the strategic plan of the Agency. The M&E Framework and Guidelines will also assist in informing long-term planning, budgeting, resource allocation and enhance transparency and accountability, as well as in reviewing programme performance and identification of challenges in planning and implementation in the NDA.

Strategic workforce plan

In responding to the demand for delivering Strategic Plan and Annual Performance Plan targets, the NDA developed the Strategic Workforce Plan to support the achievement of the NDA strategic goals by ensuring adequate supply of human capital in terms of both numbers and skills. Thus, the Workforce Plan is aimed at resolving gaps that may exist due to the capacity required to achieve the strategic objectives.



2.6 Changes to Planned Targets and Performance Indicators

During the 2011/12 audit, the Auditor-General reported findings on predetermined objectives. These related to:

- Invalid reported performance
- Inaccurate reported performance
- Incomplete source information supporting actual performance.

The above findings were due to non-compliance with the National Treasury Framework for Managing Performance Information. The NDA took corrective action to review all the KPIs and targets to comply with the framework. To avoid similar audit findings for the period under review, all KPIs and targets of the initially approved 2012/13 Annual Performance Plan (APP) were reviewed to ensure that they comply with the framework principle of indicators and targets. These must be: specific, measurable, achievable, reliable and time-bound (SMART). The revised APP was submitted and approved by the NDA Board and Executive Authority.

"It is wise to persuade people to do things and make them think it was their own idea."

Nelson Mandela



“The ideals we cherish, our fondest dreams and fervent hopes may not be realised in our lifetime. But that is besides the point. The knowledge that in your day you did your duty, and lived up to the expectations of your fellow men is in itself a rewarding experience and magnificent achievement.”

Nelson Mandela

*"It is not where you start but how high you aim that matters for success."
Nelson Mandela*

Report on Corporate Governance

Part



BEYOND **10** yrs
OF UNLOCKING
POTENTIAL



NDA
National
Development
Agency

Report on Corporate Governance

Portfolio Committees

3. Report on Corporate Governance

Introduction

The Board of the NDA is responsible for upholding the application of corporate governance principles and adherence to the governance prescripts. The Board takes accountability for the performance of the NDA. The current NDA Board was appointed for a period of three years, commencing November 2010.

The annual report for this financial year will be the third performance report of the NDA under the leadership and guidance of the current Board.

3.1 Portfolio Committee

The Portfolio Committee exercises oversight over the service delivery performance of public entities and, as such, reviews the financial and non-financial information contained in the annual reports and strategic plans of public entities.

During the 2012/13 financial year, two meetings were held with the Portfolio Committee for presentation of the NDA Strategic Plan and the Annual Report. The Portfolio Committee recognises the important role of the NDA in alleviating poverty. However, it was concerned with the limited budget of the NDA which might not meet the demand of funding by targeted stakeholders (CSOs). In addition, the Committee was concerned with the sustainability of projects. NDA management together with the Board, undertook to strengthen the capacity of funded projects in order to achieve sustainability.

3.2 Executive Authority

In terms of the PFMA, the NDA has an accounting authority as the Board. The Accounting Authority reports to the Minister of Social Development, being the Executive Authority.

The accountability and performance relationship between the Board and the Minister is facilitated through a Shareholder's Agreement, implemented through submission of Quarterly Performance Reports and the Annual Report. All four quarterly performance reports were submitted to the Minister at the end of each quarter. The variances on agreed targets and audit issues raised were discussed, and a corrective implementation plan was agreed to in the meetings.



3.3 The Board

The Board is the accounting authority (as defined in the PFMA) and, as such, the members have a collective responsibility to meet fiduciary duties outlined in the PFMA, Treasury Regulations, Companies Act and the principles of the King III Code of Governance.

The constitution and composition of the Board are governed by the National Development Agency Act 108 of 1998, as amended. The current Board composition is in compliance with the requirements of the NDA Act. There are eleven Board members appointed.

3.3.1 The Role of the Board

In addition to the provisions on Board accountability within the above governance prescripts, and as recorded in the Board Charter, the roles and responsibilities of the Board are as follows:

- General oversight of all aspects of the business
- Determining the NDA's purpose, policies and values, and monitoring compliance with them
- Approving the NDA's strategy and monitoring its implementation
- Approving the accounting policy, financial and other controls, and any changes to them
- Approving the budget and forecasts
- Approving management initiatives, resource allocations, capital investments and divestments subject to limitations as defined in the approved Delegations of Authority
- Ensuring that risk management systems and procedures are in place to protect the NDA's assets and reputation
- Recommendations to the Minister of Social Development for the appointment and removal of the Chief Executive Officer
- Approving the organisational structure, human resource plans, recruitment, development and succession of executive management, the assignment of executive management responsibilities and the staff compensation strategy
- Any matter which would have a material effect on the entity's financial position, liabilities, future strategy or reputation
- Delegation of the Board's powers
- Ensuring that the NDA complies with all relevant laws, regulations and codes of best business practice
- Reviewing financial and operating results
- Approving the annual report
- Reporting quarterly and annually to the Minister of Social Development on all aspects of the NDA's performance as per the milestones recorded in the Shareholders Compact
- Evaluating the performance of the Board and of individual Board members
- Making recommendations to the Minister regarding:
 - Remuneration of Members
 - Changes to the NDA Act and the Agency Agreement.

The Board requires a formal strategic planning system for the development and approval of strategic plans presented annually by management, and monitors the organisation's performance against those plans.

Report on Corporate Governance

The Board

3.3.2 Board Charter

A Board charter defines the NDA Board's oversight responsibilities. This is to be read in conjunction with the NDA Act, the PFMA, Treasury Regulations and the Board sub-committees' terms of reference. The Board also takes note of the Shareholder's Agreement between the organisation and the Minister of Social Development to monitor the performance of the NDA.

3.3.3 Composition of the Board

The Board has 11 external members; the CEO is an ex-officio member of the Board; the CEO and the CFO are standing invitees to Board Meetings; the Board is appointed by the Minister of Social Development.

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	No of meetings attended
Mr Malose Kekana	Chairperson	2010.11.23	N/a	BComm Honours Finance	Finance	JSE-AltX listed Ideco, Ithala Development Corporation, Pan African Investments Holdings, Waterberg Economic Development Agency, Khula Enterprise Finance	12
Ms Thabi Shange	Deputy Chairperson	2010.11.23	N/a	MBA (Finance and Marketing) BA Hons Dev BA (History and Geography) Certificate (Education)	Rural Development Business Strategy Finance	Ubuqotho Integrity Institute (Pty) Ltd, The Rock Investments (Pty) Ltd, Philisisizwe Investment (Pty) Ltd IRED Development Innovation	12



3.3.3 Composition of the Board (Continued)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	No of meetings attended
Ms Bibi Khan	Board Member	2010.11.23	N/a	Bookkeeping	NGO and Development Practice	N/a	13
Mr Andrew Madella	Board Member	2010.11.23	N/a	Masters Degree in Public Administration	Labour and Development Practice	N/a	6
Ms Malekgoloane Malapane	Board Member	2010.11.23	N/a	MBA	Finance	N/a	10
Ms Lozizwe Mdhlalose	Board Member	2010.11.23	N/a	UCT SADEP Certificate (Project Planning and Management), Executive programme – Group dynamics, public and Development management, Advanced Diploma in Secretarial.	Labour and Development Practice	N/a	4
Ms Mandisa Monakali	Board Member	2010.11.23	N/a	Diploma in Development Studies	Development	N/a	3
Mr Zolile Ngcakani	Board Member	2012.09.04	N/a	Dip in Chemical Engineering, MSC Environmental health Engineering and MSC Food and Biochemical Engineering	Development and Strategic Consultancy	N/a	6

Report on Corporate Governance

The Board

3.3.3 Composition of the Board (Continued)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	No of meetings attended
Mr Peter Thabethe	Board Member	2010.11.23	N/a	Masters Degree in Development Communication	Development and Agriculture	N/a	1
Ms Nokuzola Tolashe	Board Member	2010.11.23	N/a	Human Rights Activist	Development	N/a	6
Rev Mcebisi Xundu	Board Member	2010.11.23	N/a	Certificate in Theology, Diploma in Development studies	Development and theology	EC Council of Churches	10

3.3.4 Record of Attendance at Board Meetings

Board Members	2012.04.12	2012.04.26	2012.05.30	2012.05.31	2012.07.30	2012.07.31	2012.08.22	Total
Mr Malose Kekana	Y	Y	Y	Y	Y	-	Y	6
Ms Thabi Shange	Y	Y	Y	Y	Y	Y	Y	7
Ms Bibi Khan	Y	Y	Y	Y	Y	Y	Y	7
Mr Andrew Madella	-	-	Y	Y	Y	-	Y	4
Ms Malekgoloane Malapane	-	Y	Y	Y	Y	-	Y	5
Ms Lozizwe Mdhlalose	Y	-	-	-	Y	-	Y	3
Ms Mandisa Monakali	Y	-	-	-	-	-	-	1
Mr Zolile Ngcakani *	N/a	N/a	N/a	N/a	N/a	N/a	N/a	0
Mr Peter Thabethe	Y	-	-	-	-	-	-	1
Ms Nokuzola Tolashe	Y	-	-	-	Y	-	Y	3
Rev Mcebisi Xundu	Y	Y	Y	Y	-	-	Y	5

* Appointed as Board Member on 4 September 2012



3.3.5 Board Committees

The Board has three committees, namely:

- Audit and Risk
- Human Resource and Remuneration
- Projects, Research and Development

Committee	No of meetings held	No of members	Names of members
Audit and Risk	8	5	Ms Thabi Shange (Chairperson) Ms Bibi Khan Ms Malekgoloane Malapane Mr Vishnu Naicker Mr Zolile Ngcakani
Human Resource and Remuneration	4	5	Ms Mandisa Monakali (Chairperson) Mr Andrew Madella Rev Mcebisi Xundu Ms Lozizwe Mdhlalose Ms Nokuzola Tolashe
Projects, Research and Development	5	6	Mr Zolile Ngcakani (Chairperson) Mr Peter Thabethe Ms Bibi Khan Mr Andrew Madella Ms Lozizwe Mdhlalose Rev Mcebisi Xundu

In order to strengthen its oversight responsibilities, the Board reconstituted its Board Committees on 16 January 2013 as follows:

- Mr Ngcakani was appointed a member of the Audit and Risk Committee and to the PRD Committee as a Chairperson
- Ms Tolashe was moved from the Audit and Risk Committee to the HR&R Committee
- Mr Madella, as a member of the HR&R Committee, was also appointed to the PRD Committee
- Ms Mdhlalose, as a member of the PRD Committee, was also appointed to the HR&R Committee
- Rev Xundu, as a member of the PRD Committee, was also appointed to the HR&R Committee
- Ms Khan, as a member of the PRD Committee, was also appointed to the Audit and Risk Committee.

Report on Corporate Governance

The Board

The following matrix represents the reconstitution of the Board and its Committees:

Record of Attendance of Audit and Risk Committee Meetings

Committee members	2012.04.04	2012.04.24	2012.05.21	2012.05.25	2012.07.24	2012.10.23	2013.01.18	2013.03.20	Total
Ms Thabi Shange	Y	Y	Y	-	Y	Y	Y	Y	7
Ms Bibi Khan **	N/a	N/a	N/a	N/a	N/a	N/a	Y	Y	2
Ms Malekgoloane Malapane	Y	Y	Y	Y	-	Y	Y	Y	7
Mr Vishnu Naicker	Y	Y	Y	Y	Y	Y	Y	Y	8
Mr Zolile Ngcakani *	N/a	N/a	N/a	N/a	N/a	N/a	Y	Y	2
Ms Nokuzola Tolashe ***	-	-	-	-	-	Y	N/a	N/a	1

* Appointed as Board Member on 4 September 2012

** Appointed as Audit Committee Member on 16 January 2013

*** Moved from Audit Committee on 16 January 2013. Her non attendance was due to undergoing an operation and taking sick leave to recuperate.

Record of Attendance of Human Resources and Remuneration Committee Meetings

Committee Members	2012.05.18	2012.07.26	2012.10.17	2013.03.14	Total
Ms Mandisa Monakali	Y	Y	Y	-	3
Mr Andrew Madella	Y	Y	Y	Y	4
Ms Lozizwe Mdhloshe **	N/a	N/a	N/a	Y	1
Ms Nokuzola Tolashe **	N/a	N/a	N/a	-	-
Rev Mcebisi Xundu **	N/a	N/a	N/a	Y	1

** Appointed as HR&R Committee members on 16 January 2013

Record of Attendance of Projects, Research and Development Committee Meetings

Committee Members	2012.03.05	2012.05.14	2012.05.30	2012.07.23	2012.10.17	2013.03.05	Total
Mr Zolile Ngcakani ***	N/a	N/a	N/a	N/a	N/a	Y	1
Ms Bibi Khan	Y	Y	Y	Y	-	Y	5
Mr Andrew Madella ***	N/a	N/a	N/a	N/a	N/a	Y	1
Ms Lozizwe Mdhloshe	Y	-	-	Y	Y	Y	4
Mr Peter Thabethe **	Y	Y	-	Y	Y	-	4
Rev Mcebisi Xundu	Y	Y	Y	-	Y	Y	5

* Appointed as Board Member on 4 September 2012

** Mr Thabethe was the Chairperson of the PRD Committee, but was succeeded by Mr Ngcakani from March 2013

*** Appointed as PRD Committee members on 16 January 2013



3.3.6 Remuneration of Board Members

The remuneration of Board Members is aligned to the National Treasury Tariffs on Board and Committee fees. The Board fee includes a one-day preparation fee for ordinary Board members and two-day preparation fee for the Chairperson.

Three Members of the Board representing and employed by the State are not remunerated. However, they are eligible for subsistence and travel claims.

Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr M Kekana	R153 484	-	N/a	R153 484
Ms T Shange	R105 762	-	N/a	R105 762
Ms B Khan	R81 680	-	N/a	R81 680
Ms A Madella	R49 800	-	N/a	R49 800
Ms M Malapane	-	-		-
Ms L Mdhlalose	-	-	N/a	-
Ms M Monakali	R46 376	-	N/a	R46 376
Mr Z Ngcakani	R37 880	-		R37 880
Mr P Thabethe	-	-	N/a	-
Ms N Tolashe	R33 600	-	N/a	R33 600
Rev M Xundu	R68 500	-	N/a	R68 500
	R577 082			R577 082

3.4 Risk Management and Internal Control

The National Development Agency implements an enterprise-wide risk management system through the Legal and Risk Unit, wherein participatory risk assessment workshops are undertaken with provincial and national offices. The process of identification, scoring and assessment of risks is informed by an approved Risk Management Framework and Policy.

Out of these assessments, a risk register incorporating a risk strategy on identified risks, rating, mitigating controls and risk owners is compiled. In addition, the ten top risks of the organisation are identified, monitored and reported quarterly. Further, risk management is strengthened through implementation of an approved Fraud Prevention Plan, Whistle-Blowing Policy, Disaster Recovery Plan and Fraud Hotline.

The Internal Audit coverage plan is risk-centric. Therefore, on compilation of the risk register, the register is submitted to Internal Audit in order to inform the coverage plan. All the reports from the fraud hotline are also investigated through the Internal Audit function. All audits conducted during the period under review revealed that controls are adequately designed. Compliance to policies, systems and processes have however been identified in certain instances as a challenge. The identified areas are receiving attention.

A follow-up on both regulatory and internal audit findings is also undertaken as part of the audit turnaround strategy to assess corrective action on the findings. This is reported and submitted to EXCO, Audit and Risk Committee and the AGSA.

Report on Corporate Governance

Compliance with Laws and Regulations

3.5 Compliance with laws and regulations

The NDA has a compliance checklist that responds to the provisions of the PFMA, Treasury Regulations and all HR statutory deadlines. In addition, there is an electronic compliance checklist accessible on the intranet. However, in the next financial year, on advisory of the audit, the NDA will compile an aligned and customised checklist on all legislation affecting its operations. This will include Organisational Health and Safety Act, Promotion of Access to Information Act, Banks Act, Minimum Information Security Standards Act, Interception of Electronic Communications Act (IECA) and the Preferential Procurement Policy Framework Act (PPPFA).

3.6 Fraud and Corruption

The NDA has an approved Fraud Prevention Plan accessible to its internal stakeholders. This plan outlines mechanisms and procedures to be followed in detecting, reporting and mitigating against fraud. The Legal and Risk Unit is the custodian of the Fraud Prevention Plan, which is complemented by an approved Whistle Blowing policy that facilitates protected disclosures and guarantees the confidentiality of whistle blowers.

Further, the NDA has a fraud hotline wherein all fraudulent issues or events are reported. Internal Audit is tasked to investigate and follow up on reported cases. Issues reported on during this financial year were of non-compliance as opposed to fraud in nature.

3.7 Minimising Conflict of Interest

Annually, declarations of interest forms are distributed to Board Members and NDA staff to facilitate recording of any interest that might impact on the NDA. Further, in every management meeting or Board and Committee meetings, a declaration of interest forms on agenda items are completed and signed. Where an interest is declared, a member should be asked to recuse herself/himself when this item is discussed.

3.8 Code of Conduct (HR)

The NDA Code of Conduct ('Code') was developed and approved by the Board during the reporting period. The purpose of the Code is to promote exemplary conduct by assisting both employer and employees to know and understand the minimum standards of conduct and the expected behaviour required as employees of the NDA. This code is directly linked to the NDA Values and Ethics which act as a guideline to employees on what is expected of them from an ethical point of view, both in their individual conduct and in their relationships with others. The policy has been workshopped and distributed to all staff members and to ensure that they are aware of the salient clauses on the policy and conforms their conduct to the NDA Values.



3.9 Health, Safety and Environmental Issues (HR)

To deliver on the Occupational Health and Safety (OHS) policy objective, 12 occupational health and safety representatives were appointed and trained. These representatives have conducted an OHS assessment and recommendations are currently being implemented to minimise and prevent work related injuries on duty. Ongoing awareness campaigns on OHS policy and procedure have been instituted to prevent OHS related incidents and fatalities. The results of these interventions have been satisfactory as no major OHS-related incidents and fatalities were reported.

3.10 Company Secretary

The Company Secretary plays two pivotal roles in providing secretarial and advisory services to the Board and its Committees. Further the Company Secretary is a liaison official between management and the Board and between the Board and the Shareholder, thus giving effect to the governance protocol. The Company Secretary is a custodian of the register of Board and Committee decisions, gift register and policy register.

3.11 Social Responsibility

During the year under review the NDA donated funds to a school in Benoni for children with a disability in order to procure and improve services to the vulnerable children. Further, the organisation adopted an ECD Centre on Mandela Day, at which staff members made donations and assisted with the daily activities.

Mr Malose Kekana
Chairman of the Board
National Development Agency
Date: 31 July 2013

Report on Corporate Governance

Report of the Audit Committee

3.12 Report of the Audit Committee

3.12.1 Purpose of the Audit and Risk Committee

The function of the Audit and Risk Committee of the National Development Agency is to assist the Agency in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements.

These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the Public Finance Management Act (PFMA) No 1 of 1999, as amended. The operation of the Committee is governed by the Audit and Risk Committee Charter, which provides clear guidelines with regards to membership, authority and responsibilities.

In an attempt to strengthen the Board Committees the following changes were made on 16 January 2013 to reconstitute the Audit and Risk Committee:

- Two members of the Board were appointed to the Audit and Risk Committee
- One member of the Audit and Risk Committee was transferred to the Human Resources and Remuneration Committee.

The current members of the Audit and Risk Committee are:

- Ms T Shange (Chairperson)
- Ms M Malapane
- Ms B Khan
- Mr Z Ngcakani
- Mr V Naicker.

The Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor and the Manager Legal and Risk and the Auditor General have a standing invitation to attend the Audit Committee Meetings. During the year under review there were eight Committee meetings held. These meetings were well attended by Committee members. The NDA Company Secretary acts as the secretariat to the Committee.

3.12.2 Audit and Risk Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from the prevailing Treasury Regulations and the PFMA. The Committee also reports that it has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.



3.12.3 Evaluation of Internal Controls

The committee directs, monitors and evaluates the activities of the Internal Audit function. Through the Internal Audit function, the committee is able to report on the effectiveness of the internal control systems and to assess whether the Internal Audit function is fulfilling its roles effectively and efficiently.

In the conduct of its duties, the committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems
- The operational risk areas covered in the scope of internal and external audits
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information
- Any accounting and auditing concerns identified as a result of internal and external audits
- Compliance with legal, accounting and regulatory frameworks
- The activities of the Internal Audit function, including its annual work programme, co-ordination with external auditors, the reports of significant investigations and the response of management to specific recommendations
- Where relevant, the independence and objectivity of external auditors.

The system of internal control applied by the Agency over financial risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes, reports of the Internal Auditors, the audit report on the Annual Financial Statements and the management report of the Auditor-General.

Under the guidance of the committee, Internal Audit had conducted adequacy and effectiveness reviews of controls as per an approved plan. The system of internal control was not entirely adequate or effective during the year under review as compliance with prescribed policies and procedures was lacking in the following areas:

- IT governance management
- Project management
- Performance information
- Process audits
- Ad hoc audits

Report on Corporate Governance

Report of the Audit Committee

However, the committee notes the commitment and progress that has been made in improving the systems of internal control around the identified areas and this will continue to form an integral part of Audit and Risk Committee agendas in the forthcoming fiscal year. Management has initiated the Audit Turnaround Strategy that monitors progress around audit findings.

3.12.4 Evaluation of the Annual Report

The committee has:

- Reviewed and discussed with the Auditor-General the audited annual financial statements included in the annual report
- Reviewed the Auditor-General's management report and management's responses
- Reviewed the accounting policies and practices
- Evaluated the audited financial statements included in the annual report and, based on the information provided to the committee, considered that the said statements comply in all material respects with the requirements of the Treasury Regulations, the PFMA requirements, as well as South African Standards of Generally Recognised Accounting Practices
- Reviewed the NDA's report on performance information.

The monitoring of the Agency's performance is a key function of management, executive management and the Agency. The committee has no direct line responsibility for the Agency's performance measurement. However, the committee has ensured, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance management framework of the Agency, remain robust and are addressed routinely in the audit plans. The committee confirms that, during the year under review, a number of weaknesses around performance measurement were identified and management was directed to ensure that an appropriate corrective action plan is implemented in the 2012/13 fiscal year.

The committee has accepted the responsibility to ensure adequate reporting on performance information and the policies, and that the procedures are of a standard acceptable to the Agency. The committee's mandate and charter has been altered to acknowledge this responsibility. The committee has taken note of the Performance Information Report, which compares the actual performance of the organisation against the approved Business Plan for the financial year, the strategic objectives, key performance indicators and targets set.



In Conclusion

The committee has once again taken note of the concerns of the Auditor-General and accepts that there is further room for improvement in the accounting function and elements of the internal control environment. As in previous years, the committee will ensure that the internal audit plan addresses these issues and will monitor the implementation of the recommendations of the Auditor-General's report.

I would like to thank all members of the committee for their contribution and the professional way in which meetings were conducted. The committee wishes to express to the Board, CEO and staff of the NDA, our sincere appreciation for the commitment and progress made this year.

We are pleased to present our report for the financial year ended 31 March 2013.

Ms Thabi Shange
Chairperson of the Audit Committee
National Development Agency
Date: 31 July 2013



"I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities."

Nelson Mandela

*"The purpose of freedom is to create it for others."
Nelson Mandela*

Human Resource Management

Part



BEYOND **10** yrs
OF UNLOCKING
POTENTIAL



NDA
National
Development
Agency

Human Resource Management

Performance Highlights

4 Human Resource Management

The NDA has realised that its leaders and employees are the indispensable driver of performance and key differentiators in achieving the NDA mandate. The NDA has continued with the journey of creating an environment where its people perform at their peak through the implementation of its comprehensive HR strategy, which is aligned to the overall strategy.

The highly people-centred HR Strategy covered, amongst others, learning and development, performance management and improvement, talent management and leadership.

4.1 Performance highlights

The following deliverables achieved in line with the HR strategy have positively influenced the overall levels of employee engagement:

- The Performance Management Policy and System were reviewed and implemented
- The NDA competencies to ensure that all NDA employees have the requisite competencies associated with proficiency levels to succeed at any strategic and operational level were reviewed and will be implemented in the next financial year. All executives underwent competency assessments to identify individual and group dynamics, i.e. strengths and weaknesses, to ensure alignment to the NDA strategic plan, values and culture, and position fit
- A Talent and Succession Plan to assist the NDA to identify and retain top performers and those with potential to provide a pool of talent and skills to ensure future skills supply within the organisation was developed and approved for implementation
- Employee wellness initiatives were implemented
- 70 percent of NDA staff underwent training and development interventions, in line with the approved workplace skills plan, to address the key training priorities in core and support functions.



4.2 Human Resources

4.2.1 Human resources cost by programme

The table below summarises final audited expenditure and provides an indication of the amount spent on staffing costs within the NDA.

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No of employees	Average personnel cost per employee (R'000)
Programme 1: Development Management	R109 996	R28 421	14,4%	64	R444
Programme 2: Research and Development	R4 513	R4 121	2,1%	6	R687
Programme 3: Civil Society Capacity Strengthening	R2 819	R2 100	1%	4	R525
Programme 4: Administration and Support	R80 158	R23 338	11,8%	44	R530
TOTAL	R197 486	R57 980	29,3%	118	R491

4.2.2 Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Top management	R11 402	19,7%	10	R1 140
Senior management	R17 068	29,4%	23	R742
Professional qualified	R20 303	35%	41	R495
Skilled	R7 643	13,2%	29	R264
Semi-skilled	R470	0,8%	3	R157
Unskilled	R1 093	1,9%	12	R91
Total	R57 979	100%	118	R2 889

Staff costs were contained within the approved staff budget for the 2012/13 financial year.

Human Resource Management

Human Resources

4.2.3 Performance rewards (awaiting final assessments)

The NDA has a well-embedded standardised and automated process for setting performance objectives, which are aligned with the APP and divisional plans, and the evaluation thereof. Formal performance reviews are conducted bi-annually during September and March. Year-end performance ratings are the determinant of performance rewarding. An enhanced performance development approach was introduced to ensure that employee performance is consistently and fairly reviewed.

Programme	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	R256	R11 402	0,5%
Senior management	R279	R17 067	0,4%
Professional qualified	R811	R20 302	1,4%
Skilled	R246	R7 643	0,4%
Semi-skilled	R18	R470	0,02%
Unskilled	R46	R1 094	0,08%
Total	R1 658	R57 979	2.8%

4.2.4 Training Costs

The NDA is committed to promote a learning culture, which enables its employees to develop and enhance their skills to reach their full potential. The organisation spent R 899 763.58 through various educational institutions on learning activities in the 2012/13 financial year.

Directorate/ business unit	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee
CEO's Office incl Company Secretary	R5 001 004	R 61 401	6,82%	5	R 12 280
Development management incl provincial offices	R26 994 596	R 562 450	62,50%	46	R 12 227
Research and Development	R6 221 357	R 17 283	1,92%	3	R 5 761
Finance and IT	R6 453 760	R 29 430	3,28%	7	R 4 204
Human Capital	R3 651 680	R 150 343	16,70%	7	R 21 478
Communications	R3 793 248	R 61 698	6,85%	6	R 10 283
Internal Audit	R3 641 352	R 17 157	1,91%	3	R 5 719
Total	R55 756 997	R 899 762	99,98%	77	R11 685



Human Resource Management

Human Resources

A total of 77 employees were sent for short courses, seminars and conferences provided by approved training providers. The focus of these training interventions was on monitoring and evaluation, occupational health and safety, project management, financial management and procurement. Fifteen bursaries/study assistances were awarded to employees based on three categories, i.e. mandatory and core, statutory, and career development. Due to budgetary constraints other courses were deferred to the 2013/14 financial year. A provision was also made for professional membership of eleven Board members and training of three Board members to improve compliance and governance in the organisation.

4.2.5 Employment and vacancies

The NDA will continue to fill critical vacancies whilst achieving employment equity targets and enhancing its talent management strategy, thereby contributing positively to skills development within the country.

Programme	2011/12 No of employees	2012/13 Approved posts	2012/13 No of employees	2012/13 Vacancies	% of vacancies
Programme 1: Development Management	60	64	62	2	3%
Programme 2: Research and Development	6	6	6	0	0%
Programme 3: Civil Society Capacity Strengthening	1	4	4	0	0%
Programme 4.1: Administration, Governance and Support	41	44	43	2	4.7%
Total	108	118	116	4	3.4%

Programme	2011/12	2012/13 Approved posts	2012/13 No of employees	2012/13 Vacancies	% of vacancies
Top management	8	10	9	1	11%
Senior management	20	20	23	2	8,7%
Professional qualified	44	44	43	1	2,3%
Skilled	30	30	29	0	3,4%
Semi-skilled	3	3	3	0	0%

"Does anybody really think that they didn't get what they had because they didn't have the talent or the strength or the endurance or the commitment?"

Nelson Mandela

Human Resource Management

Human Resources

Programme	2011/12	2012/13 Approved posts	2012/13 No of employees	2012/13 Vacancies	% of vacancies
Top management	8	10	9	1	11%
Senior management	20	20	23	2	8,7%
Professional qualified	44	44	43	1	2,3%
Skilled	30	30	29	0	3,4%
Semi-skilled	3	3	3	0	0%
Unskilled	7	11	11	0	0%
Total	112	118	118	4	3,4%

As at 31 March 2013, one top management and one senior management positions have been vacant since January 2013: however, recruitment and selection processes are under way. One senior management position has been vacant since March 2013, pending the outcome of an appeal against dismissal. A recruitment and selection process has been finalised for one professional qualified position and the appointed candidate will commence employment on 1 June 2013. Top and senior management vacant positions are currently occupied by acting appointments until permanent appointments are made.

4.2.6 Employment changes

In providing information on changes in employment over the financial year, staff turnover rates indicate trends in the employment profile of the public entity.

Salary band	Employment at 1 April 2012	Appointments	Terminations	Employment 31 March 2013
Top management	7	3	1	9
Senior management	21	6	4	23
Professional qualified	44	4	5	43
Skilled	30	0	1	29
Semi-skilled	3	1	1	3
Unskilled	11	0	0	11
Total	116	14	12	118



Human Resource Management

Human Resources

4.2.7 Reasons for staff leaving

The table below outlines the attrition trends in relation to the number of staff that has left the organisation during the 2012/13 financial year. Quarterly statistics are reported, and the annual turnover rate is an average of the four quarterly statistics.

Reason	Number	% of total no of staff leaving
Death	2	2%
Resignation	5	4%
Dismissal/termination of service	1	1%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	4	3%
Other	1	1%
Total	13	11%

As at 31 March 2013, a staff turnover of 1, 75 percent has been reported. The highest staff turnover above is based on employee resignations at five percent, who cited better career opportunities as their reasons for leaving the NDA. Overall, a total of 13 employees have left the NDA, and these positions have been filled.

4.2.8 Labour Relations: Misconduct and Disciplinary Action

NDA's employee engagement model builds employee participation and connects employees in conversations around culture, performance and people. NDA leadership maintained direct lines of communication with employees and consulted with the recognised trade union (NEHAWU) when dealing with issues affecting employees.

Nature of disciplinary action	Number
Verbal warning	2
Written warning	5
Final written warning	0
Dismissal	2
Suspension with pay	5
Total	14

Fourteen misconduct and disciplinary cases were reported: warning issues were mostly related to non-compliance with NDA policies and procedures, and/or dereliction of duty. Five employees were placed under suspension and four of them have since resigned from the NDA.

Human Resource Management

Human Resources

4.2.9 Equity Target and Employment Equity Status

The tables and graphs below are based on the formats prescribed by the Employment Equity (EE) Act, 55 of 1998, and the Department of Labour. The NDA's employment equity is profiled according to gender, disability, occupational categories and race. The numbers reflected in the tables and graphs below will not necessarily correlate with the number of employees as at 31 March 2013. The EE reporting requires that staff engaged even for a short period, i.e. temporary staff or contractors, should be reported on.

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	-	-	1	-	-	1
Senior management	11	11	1	1	-	1	-	-
Professional qualified	27	27	1	1	-	-	-	-
Skilled	23	23	2	2	1	1	1	1
Semi-skilled	2	2	-	-	-	-	-	-
Unskilled	9	9	1	1	-	-	-	-
Total	74	73	5	5	2	2	1	2

The NDA employment profile is mostly represented by females, at 69,5 percent, of whom 90 percent are Africans. Although females dominate the organisation's employment statistics, there is still a need for women representation at middle and senior management levels to achieve the targets and this will remain a priority in the 2013/14 financial year.

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	5	4	-	1	-	-	-	-
Senior management	9	9	2	2	-	-	-	-
Professional qualified	14	14	1	1	-	1	1	1
Skilled	1	1	-	-	-	-	-	1
Semi-skilled	1	1	-	-	-	-	-	-
Unskilled	2	2	-	-	-	-	-	-
Total	32	31	3	4	0	1	1	2

Males make up only 30,5 percent of total staff, with Africans comprising 89 percent of them. Other racial groups are not proportionally represented and there is a need to review employment equity statistics to ensure that race and gender comprise a balanced workforce and also for compliance purposes.



Human Resource Management

Human Resources

4.2.10 Staff with a disability

The NDA continues to strive for fair representation of people with disabilities. The table below details NDA's disability profile at all occupational levels compared to the internal target.

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	1,6%	0	0,4%
Senior management	0		0,85%	
Professional qualified	0,85%		0	
Skilled	0		0	
Semi-skilled	0,85%		0,85%	
Unskilled	0		0	
Total	1,7%	1,6%	1,7%	0,4%

Currently, the NDA has four certified employees with disabilities, translating to a 3,4 percent target for employing people with disabilities. This exceeds the 2% percent target set by government by 1,4 percent.



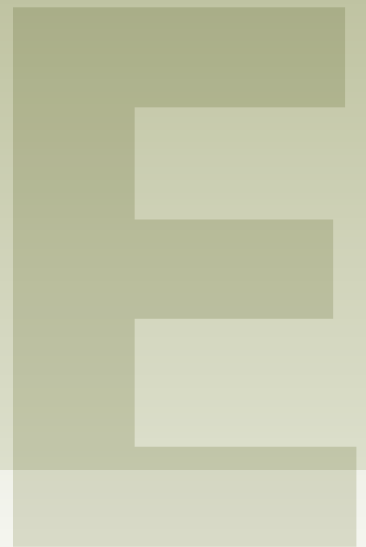
*"I stand here before you not as a prophet, but as a humble servant of you, the people. Your tireless and heroic sacrifices have made it possible for me to be here today. I therefore place the remaining years of my life in your hands."
Nelson Mandela*

"If there are dreams about a beautiful South Africa, there are also roads that lead to their goal. Two of these roads could be named Goodness and Forgiveness."

Nelson Mandela

Financial Information

Part



BEYOND **10** yrs
OF UNLOCKING
POTENTIAL



NDA

National
Development
Agency

Financial statements

For the year ended 31 March 2013

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Report of the Auditor-General to the Parliament on the National Development Agency

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the National Development Agency set out on pages 98 to 129, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and section 11 of the National Development Agency Act of South Africa, 1998 (Act No. 108 of 1998) 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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for unqualified audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2013, and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and section 11 of the National Development Agency Act of South Africa, 1998 (Act No. 108 of 1998).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 22 to 63 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

I draw attention to the following matter below. My conclusion is not modified in respect of this matter:

Achievement of planned targets

9. Of the total number of 83 targets planned for the year, 24 targets were not achieved during the year under review. This represents 29% (>20%) of total planned targets that were not achieved during the year under review. This was as a result of the institution not considering relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

10. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Budgets

11. The accounting authority did not always ensure that expenditure was only incurred in accordance with the approved budget, as required by section 53(4) of the Public Finance Management Act.

Expenditure management

12. The accounting authority did not always take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Annual financial statements, performance and annual report

13. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(1)(b) of the PFMA. Material misstatements of liabilities/expenditure/disclosure items identified by the auditors were subsequently corrected.

Procurement and contract management

14. Goods and services with a value above R500 000.00 were procured without inviting competitive bids, as required by Treasury Regulations 16A.6.1. and 16A.6.4.

Internal control

15. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

16. Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls:
- Policies and procedures relating to procurement are not always in line with National Treasury prescripts.
 - Inadequate compliance and monitoring of the entity's own policies and procedure.
 - Performance indicators and targets were not suitably developed during the strategic planning process.
 - Expenditure incurred, was not, in all instances in line with the approved budget.

Financial statements

For the year ended 31 March 2013

17. Develop and monitor the implementation of action plans to address internal control:
- Action plan was not adequately developed to address the root causes so that corrective measures can be implemented to avoid recurring of audit findings every year, especially findings relating to compliance with laws and regulations.

Financial and performance management

18. Implement controls over daily and monthly processing and reconciling of transactions:
- Procurement of goods and services are not always made in accordance with Supply Chain Management regulations.

Governance

19. Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored:
- Lack of adequate risk assessment strategy to address high risk areas relating to compliance with applicable laws and regulations.

OTHER REPORTS

Investigations

20. A forensic investigation on the NDA's procurement processes was conducted during the year under review and the report was finalised and approved by the board on 12 April 2013.

Auditor-General

Pretoria
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report by the Board on the Annual Financial Statements

For the year ended 31 March 2013

This report is presented in terms of Treasury Regulation 28.1.1, the Public Finance Management Act, Act No. 1 of 1999, as amended, and is focused on the financial results and financial position of the National Development Agency. Information pertaining to the National Development Agency's state of affairs, its business and performance against pre-determined objectives are disclosed elsewhere in the annual report. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected in note 9 of the annual financial statements.

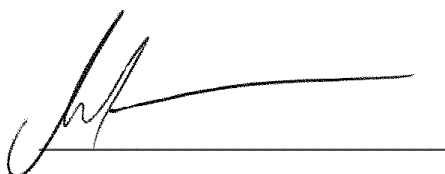
The Board acknowledges that it is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report. In order for the Board to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act and other applicable legislation, it has developed, and maintains a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the Board's policies and procedures. Monitoring of these controls includes a regular review of their operations by the Board and independent oversight by an audit committee.

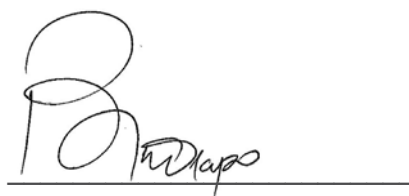
The financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practice and incorporate disclosure in line with the accounting philosophy of the Board and the requirements of the Public Finance Management Act. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board believes that the National Development Agency, as an agency of Government that is assured of continued Government funding, will be a going concern in the year ahead and has, for this reason, adopted the going concern basis in preparing the annual financial statements.

The annual financial statements, as set out on pages 92 to 129 were approved by the Board on 31st July 2013 are signed on its behalf by:



Chairperson of the Board



Chief Executive officer

Statement of Financial Performance

For the year ended 31 March 2013

	Note	2013 R	2012 R
Revenue			
Non-exchange revenue			
Transfer revenue	4	184 739 196	163 391 291
Other income	5	581 103	227 945
Net Finance income		4 955 229	5 806 583
Total revenue		190 275 528	169 425 819
Expenditure			
Mandate expenses		116 522 847	97 580 876
Poverty eradication projects	17	71 688 814	70 304 870
Third-party project funds	18	9 876 457	1 732 684
Biomass project costs	18	8 599 749	298 880
Projects monitoring and support		2 874 111	2 030 874
business plans and compliance audits		-	168 280
due diligence reviews		1 798 849	999 748
Baseline studies and projects evaluations		3 441 527	621 168
Studies and research commissioned		634 760	155 590
Projects branding and launches		513 764	303 215
Dialogues and CSO consultations		436 457	325 816
Capacity building support costs		2 819 350	6 896 022
Mandate salary costs	9	13 557 206	13 593 687
Programme Management		101 803	-
Resource mobilisation		180 000	150 042
Administration expenses		80 157 944	68 993 957
Accommodation and travel		5 007 240	6 325 463
Audit fees		1 431 097	910 212
Board fees	8.1 & 8.2	612 922	291 976
Provision for bad debts		171 735	159 900
Consulting and professional fees		6 006 706	2 147 817
Depreciation and amortisation		1 419 567	1 694 853
Loss on retirement of property plant and equipment	11	334 923	82 762
Marketing and communication	6	1 801 266	1 110 170
Operating leases		9 103 912	8 046 614
Repairs and maintenance		426 275	431 204
Printing and stationery		1 348 161	733 684
Seminars, workshops and conferences		549 286	760 675
Staff costs	9	46 660 914	40 621 492
IT communication costs		2 278 430	1 836 857
Telephone and faxes		752 781	702 410
Relocation of offices		43 071	682 446
Miscellaneous expenses	7	2 209 658	2 455 422
Net Surplus/(deficit)	10	(6 405 263)	2 850 986

Statement of Financial Position

As at 31 March 2013

	Note	2013 R	2012 R
Assets			
Current assets		110 688 284	115 188 522
Cash and cash equivalents	13	108 879 637	113 383 304
Other receivables	14	1 808 647	1 805 218
Non-current assets		3 263 472	4 015 126
Property, plant and equipment	11	2 876 244	3 550 403
Intangible asset	12	387 228	464 723
Total assets		113 951 756	119 203 648
Liabilities			
Current liabilities		91 289 805	101 724 665
Trade and other payables	15	6 257 595	6 655 805
Short-term employee benefits	16	5 176 921	4 705 813
Projects funds	17	69 572 953	80 590 174
Unutilised third party project funds	18	10 282 336	9 772 873
Non-Current Liabilities		14 148 256	2 561 533
Projects funds	17	14 148 256	2 561 533
Total liabilities		105 438 061	104 286 198
Net assets		8 513 695	14 917 450
Accumulated surplus		8 513 695	14 917 450
Total liabilities and net assets		113 951 756	119 203 648

Financial statements

For the year ended 31 March 2013

Statement of Changes in Net Assets

For the year ended 31 March 2013

	Accumulated fund R	Total R
Balance at 31 March 2011	12 066 464	12 066 464
Net surplus for the year	2 850 986	2 850 986
Balance at 31 March 2012	14 917 450	14 917 450
Adjustment to retained earnings	1 508	1 508
Net deficit for the year	(6 405 263)	(6 405 263)
Balance at 31 March 2013	8 513 695	8 513 695

Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 R	2012 R
Cash flows from operating activities			
Receipts			
Transfer revenue		186 053 410	161 360 000
Interest received		4 955 229	5 864 686
Other receipts		577 676	11 804 165
			-
Payments			
To debtors		-	(894 642)
To employees and Board members		(60 359 932)	(53 515 170)
To projects		(81 800 520)	(83 069 903)
To suppliers		(52 926 695)	(37 327 075)
Net cash inflows(outflows) from operating activities	19	(3 500 832)	4 222 061
Cash outflows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(1 002 835)	(1 528 314)
Net cash outflows from investing activities		(1 002 835)	(1 528 314)
Net increase/(decrease) in cash and cash equivalents		(4 503 667)	2 693 747
Cash and cash equivalents at beginning of year		113 383 304	110 689 557
Cash and cash equivalents at end of year	13	108 879 637	113 383 304

Notes to the Annual Financial Statements

For the year ended 31 March 2013

1. Accounting Policies

1.1 Principal accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP).

1.2.1.1 The following GRAP statements have been issued by the Accounting Standards Board, but were not effective at reporting date and were considered in development of applicable Accounting Policies:

- GRAP 18 - Segment reporting
- GRAP 20 - Related Party Disclosure
- GRAP 105 - Transfer of functions between entities under common control
- GRAP 106 - Transfer of functions between entities not under common control
- GRAP 107 - Mergers

1.2.1.2 The following GRAP Statements were applied by the entity in the current financial year:

- GRAP 1 - Presentation of Financial Statements
- GRAP 2 - Cash flow statements
- GRAP 3 - Accounting Policies, changes in accounting estimates
- GRAP 13 - Leases
- GRAP 17 - Property, plant and equipment
- GRAP 19 - Provisions, contingent liabilities and contingent assets
- GRAP 23 - Revenue from non exchange transactions
- GRAP 24 - Presentation of budget information
- GRAP 31 - Intangible assets

1.2.2. The cash flow statement can only be prepared in accordance with the direct method in accordance with GRAP 1.

1.2.3. Specific information, such as the following, must be presented separately on the statement of financial position in accordance with GRAP 1.

- (a) Receivables from non-exchange transactions, including taxes and transfers
- (b) Taxes and transfers payable
- (c) Trade and other payables from exchange transactions.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

- 1.2.4. The amount and nature of any restrictions on cash balances is required and has been disclosed in note 13.
- 1.2.5. The NDA has applied the provisions of paragraph 14 of GRAP 1 which requires reconciliation between the statement of financial performance and the budget to be included in the financial statements.

1.3 Functional and presentation currency

These financial statements are presented in the South African Rand, which is the entity's functional currency. All financial information presented in the South African Rand has been rounded to the nearest rand.

1.4 Committed projects

Committed project funds represent funds committed and allocated to specific projects for which contracts have been entered into and which await cash payments in terms of payment cycles per agreed contracts.

1.5 Project withdrawal

A project will be withdrawn from committed projects funds when the project no longer meets the requirements of a liability, i.e. there is no present obligation arising from past events and it is not probable that settlement of the liability will result in outflow of economic benefits.

1.6 Property, plant and equipment

Property, plant and equipment, comprising computer equipment, office equipment, furniture and motor vehicles, is stated at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will flow to the entity.

All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The surplus or deficit arising from the de-recognition of an item of property, plant and equipment is included in the statement of financial performance when the item is derecognised. The surplus or deficit arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

Depreciation is charged on the straight-line basis over the estimated useful lives of assets.

The revised estimated maximum useful lives of property, plant and equipment are as follows:

Computer Equipment	3 – 10 years
Equipment	6 – 10 years
Furniture	6 – 10 years
Leasehold Improvements	3 years
Motor Vehicles	5 years

The useful lives, depreciation methods and the residual values are reviewed on an annual basis at the end of each financial year.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

1.7 Intangible assets

Intangible assets that are acquired, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognised in surplus or deficit as incurred.

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Intangible assets are amortised on the straight-line basis over the estimated useful lives of five (5) years.

The surplus or deficit arising from the de-recognition of an intangible asset is recognised as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The surplus or deficit from de-recognition of an intangible asset is recognised in the statement of financial performance when the asset is derecognised.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

1.8 Impairment

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of financial performance whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in surplus or deficit.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

1.10 Financial instruments

Non-derivative financial instruments

The entity's non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through surplus or deficit, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial instruments are accounted for at settlement date using the settlement amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The cash balances include cheques not honoured by the bank. These are initially and subsequently recorded at fair value.

Loans and receivables and financial liabilities measured at amortised cost

These non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets for which fair value approximate carrying value

Fair values of financial assets carried at cost, including cash, deposits with banks, trade receivables, short-term receivables and accrued interest are considered to approximate their respective carrying values due to their short-term nature.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

Financial liabilities for which fair value approximates carrying value

The fair values of trade and other payables and accrued liabilities are considered to approximate their respective carrying values due to their short-term nature.

Offset

Where a legally enforceable right of offset exists for recognised non-derivative financial instruments, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.11 Conditional and unconditional Non-exchange revenue

1.11.1 Non Exchange Revenue

Transfer Revenue

Transfer revenue is an unconditional government grant related to operational costs that is measured at fair value of a consideration received and is recognised in surplus or deficit when the transfer becomes receivable. Revenue is recognised when received and none of the revenue is deferred.

1.11.2 External project funding

External project funding revenue represent conditional funds received from other sources (Department of Social Development: Free State ECD, Department of Social Development: Mpumalanga and Biomass project funds) with conditions attached to them. These are measured at the fair value of the consideration received or receivable. Exchange revenue comprises finance income and other operating income, and is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Exchange Revenue - Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in surplus or deficit using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity.

1.12 Finance costs

Finance costs comprise the interest expense on unwinding of the discount on provisions and impairment losses recognised on financial assets.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

1.13 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Agency from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Agency recognises any impairment loss on the assets associated with that contract.

1.14 Employee benefits

Post-employment benefits

Retirement

The entity contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

Medical

No contributions are made by the entity to the medical aid of retired employees.

Short and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, medical and other contributions is recognised during the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid under short-term performance bonus policy and any Leave pay accrued to employees if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.15 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. Public Sector Practices and Policies

2.1 Related parties

The National Development Agency operates as a public entity within the influence sphere of the National Department of Social Development. In line with prevailing South African Government practices the National Development Agency is not obliged to reimburse the national department for time spent by its officials on matters pertaining to the National Development Agency. The extent of this involvement is not quantifiable and has, consequently, not been disclosed in the financial statements.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

2.2 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular expenditure means expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation including the Public Finance Management Act (PFMA) and regulations issued in terms of the PFMA by National Treasury. All irregular, fruitless and wasteful expenditure is charged against the statement of financial performance in the period in which it is incurred.

3 Legal Form and Registered Office of the NDA

The NDA is a Schedule 3 A public entity in terms of the PFMA that was established in terms of the NDA Act No 108 of 1998, as amended. The entity's registered offices are as follows:

195 Jan Smuts and 7th Avenue
Park town North
Johannesburg
2193

	2013 R	2012 R
4 Transfer Revenue		
Transfer Revenue	166 263 000	161 360 000
Utilised specific project funds (DSD: Free State ECD)	6 359 343	1 732 411
Utilised specific project funds (Bio-mass project)	8 599 749	298 880
Utilised specific project funds (DSD: Mpumalanga)	2 225 454	-
Utilised specific project funds (DSD: Limpopo)	1 195 250	-
Utilised specific project funds (Economic Development Northern Cape)	96 400	-
	<u>184 739 196</u>	<u>163 391 291</u>
5 Other Income		
Proceeds from sale of assets recovered from projects	15 000	21 000
Recoveries from staff for lost assets	6 019	-
Management Fees: programme management	375 000	-
Recoveries from insurance and staff	185 084	206 945
	<u>581 103</u>	<u>227 945</u>
6 Marketing and Communication Cost		
Advertising	489 258	458 585
Promotional materials	301 033	213 399
Stakeholder engagements	1 010 975	438 186
	<u>1 801 266</u>	<u>1 110 170</u>

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

	2013	2012
	R	R
7		
Miscellaneous		
Bank charges	117 282	128 625
Transaction charges	614 697	594 842
Meeting recordings	211 541	166 727
Catering	179 500	277 666
Cleaning services	-	19 164
Insurance	274 069	260 187
Postage and courier	290 519	211 916
Security services	15 069	14 808
Donations and sponsorships	102 005	17 896
Media monitoring	127 593	88 527
Software licence renewal	42 228	256 361
Subscriptions and memberships	96 718	89 192
IT consumables	67 951	117 763
Interest and penalties	-	373 087
Offsite storage	61 108	63 761
Asset write-off reversal	-	(233 636)
Entertainment	9 378	8 536
	2 209 658	2 455 422

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

8.1 31 March 2013 – Board fees

	Appointment date	Termination date	Fees for services as Board member R
Members of the Board			
Mr M Kekana (Chairperson)	01/11/2010	-	153 484
Ms T Shange	01/11/2010	-	105 762
Ms B Khan	01/11/2010	-	81 680
Ms A Madella	01/11/2010	-	49 800
Ms R Mdhloose*	01/11/2010	-	-
Mr M Thabethe*	01/11/2010	-	-
Ms M Malapane*	01/11/2010	-	-
Ms M Monakali	01/11/2010	-	46 376
Rev M Xundu	01/11/2010	-	68 500
Ms N Tolashe	01/11/2010	-	33 600
Mr Z Ngcakani	01/10/2012	-	37 880
Audit Committee – Independent member			
Mr V Naicker	01/08/2011	-	35 840
Total			612 922

* These members do not receive board fees because they are government employees

8.2 31 March 2012 – Board fees

	Appointment date	Termination date	Fees for services as Board member R
Members of the Board			
Mr M Kekana (Chairperson)	01/11/2010	-	60 220
Ms T Shange	01/11/2010	-	56 595
Ms B Khan	01/11/2010	-	44 800
Ms A Madella	01/11/2010	-	33 600
Ms R Mdhloose	01/11/2010	-	2 240
Ms L Molema	01/11/2010	30/10/2011	11 200
Mr M Thabethe*	01/11/2010	-	-
Ms M Malapane*	01/11/2010	-	-
Ms M Monakali	01/11/2010	-	29 561
Rev M Xundu	01/11/2010	-	31 360
Ms N Tolashe	01/11/2010	-	22 400
Audit Committee – Independent member			
Mr V Naicker	01/08/2011	-	-
Total			291 976

* These members do not receive board fees because they are government employees.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

8.3 March 2013 - Executive management remuneration

Name	Designation	Appointment date	Termination date	Basic		Performance bonus	Contributions to Retirement and Medical Benefits		Total
				salary	R		R	R	
Dr V Nhlapo	Chief Executive Officer	19/07/2010	-	1 148 209	R	-	318 872	R	1 467 081
Mr R Mogano	Director Development Management	05/05/2003	-	938 212	-	-	212 860	-	1 151 072
Ms LC Mangcu	Director Marketing and Communication	23/02/2006	-	952 849	-	-	197 301	-	1 150 150
Ms H Mansour	Director Internal Audit	24/11/2005	-	790 496	-	-	255 415	-	1 045 911
Mr B Magongo	Director Research and Development	01/09/2012	-	517 273	-	-	163 706	-	680 979
Mr S Lewatle	Director Human Resources	01/11/2008	-	999 465	-	-	156 012	-	1 155 477
Mr P Zwane	Chief Financial Officer	10/05/2010	-	949 708	-	-	205 768	-	1 155 476
Ms M Mobeng	Company Secretary*	01/08/2010	14/01/2013	1 669 208	-	-	132 034	-	1 801 242
Total				7 965 420	-	-	1 641 968	-	9 607 388

*Included in Ms Mobeng's remuneration is a termination settlement of R 997 686.

Ms Mobeng's services were terminated in January 2013

Notes to the Annual Financial Statements (Continued)
 For the year ended 31 March 2013

8.4 March 2012 - Executive management remuneration

Name	Designation	Appointment date	Termination date	Basic salary		Performance bonus		Contributions to Retirement and Medical Benefits	Total
				R	R	R	R		
Ms V Nhlapo	Chief Executive Officer	19/07/2010	-	1 140 798	28 800	303 766	1 473 364		
Mr R Mogano	Director Projects	05/05/2003	-	859 804	20 335	199 334	1 079 473		
Ms LC Mangcu	Director Marketing and Communication	23/02/2006	-	918 391	20 156	179 428	1 117 975		
Ms H Mansour	Director Internal Audit	24/11/2005	-	921 508	20 344	209 588	1 151 440		
Prof P Ewang	Director Research and Development	01/01/2007	28/02/2012	921 852	20 156	186 299	1 128 307		
Ms R Issel	Chief Operating Officer	01/08/2007	30/08/2011	339 389	21 414	46 286	407 089		
Mr S Lewatle	Director Human Resources	01/11/2008	-	924 390	20 157	160 662	1 105 209		
Mr P Zwane	Chief Financial Officer	10/05/2010	-	892 195	25 196	192 818	1 110 209		
Ms N Mobeng	Entity Secretary	01/08/2010	-	789 188	15 250	149 206	953 644		
Total				7 707 515	191 808	1 627 387	9 526 710		

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

9 Staff Costs

Department	2013 R	% Split	2012 R	% Split
Mandate staff costs	13 557 206	22%	13 593 687	25%
Direct mandate salaries	13 557 206	22%	13 593 687	25%
Administration and governance staff costs	40 154 749	67%	33 672 534	62%
Provincial offices	9 459 098	15%	7 294 026	13%
National offices project admin	4 061 538	7%	4 189 082	8%
Research and Development	3 097 805	5%	3 045 460	6%
Internal Audit	3 150 293	5%	3 155 176	6%
Office of the CEO	7 435 174	13%	5 491 419	10%
Marketing and Communication	3 465 515	6%	2 972 206	5%
Finance and Information Technology	5 926 127	10%	4 984 911	9%
Human Resource	3 559 199	6%	2 540 254	5%
Other staff administrative costs	6 506 165	11%	6 948 958	13%
Staff training	989 433	2%	333 916	1%
Performance bonus	369 906	1%	1 200 000	2%
Other staff-related costs	5 146 826	8%	5 415 042	10%
Total administration and governance staff costs	46 660 914	78%	40 621 492	75%
Total staff costs	60 218 120	100%	54 215 179	100%

Expenditure items in the Statement of Financial Performance have been reclassified to make them more meaningful. The total expenditure for the previous year has not changed.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

10 Statement of Actuals and Budget

Receipts	Approved budget	Final budget	Actual Amounts	Difference: Final Budget and Actuals
	R	R	R	R
Transfer revenue	166 263 000	184 739 206	184 739 196	(10)
Transfer from Accumulated funds	-	5 581 347	-	(5 581 347)
Net finance and other income	12 000 000	12 354 000	5 536 332	(6 817 668)
Total Receipts	178 263 000	202 674 553	190 275 528	(12 399 025)
Payments				
Poverty eradication projects	74 818 350	74 168 350	71 688 814	2 479 536
Third party projects	-	9 876 457	9 876 457	-
Campaign launches	605 000	35 000	-	35 000
Biomass Project Expense	-	8 599 749	8 599 749	-
Projects monitoring and support	3 560 642	3 036 520	2 874 111	162 409
RFP Advertising	212 500	62 500	-	62 500
Due- diligence reviews	1 300 000	1 819 000	1 798 849	20 151
Baseline studies and projects evaluations	-	3 441 527	3 441 527	-
Studies and research commissioned	2 420 000	350 000	634 760	(284 760)
Projects branding and launches	-	511 050	513 764	(2 714)
Dialogues and CSO consultations	1 960 000	483 106	436 457	46 649
Capacity building	5 500 000	2 650 000	2 819 350	(169 350)
Resource mobilisation	1 431 000	197 000	180 000	17 000
Mandate Salary costs	13 699 143	14 321 542	13 557 206	764 336
Project Management unit	-	218 400	101 803	116 597
Accommodation and travel	3 289 705	4 951 815	5 007 240	(55 425)
Audit fees	1 404 000	1 404 000	1 431 097	(27 097)
Board fees	908 660	1 088 840	612 922	475 918
Consulting and professional fees	2 554 100	6 758 430	6 006 706	751 724
Depreciation and amortisation	-	-	1 419 567	(1 419 567)
(Profit)/ Loss on disposal of assets	-	-	334 923	(334 923)
Provision for bad debts	-	-	171 735	(171 735)
Marketing and communications	2 521 000	2 342 000	1 801 266	540 734
Operating leases	8 592 693	9 088 693	9 103 912	(15 219)
Repairs and Maintenance	629 860	420 860	426 275	(5 415)
Printing and Stationery	1 319 970	1 730 728	1 348 161	382 567
Seminars, workshops and conferences	1 038 642	831 462	549 286	282 176
Staff costs	44 291 793	47 371 794	46 660 914	710 880
IT communication costs	2 330 000	2 730 500	2 278 430	452 070
Telephone and faxes	951 400	892 300	752 781	139 519
Relocation of offices	-	78 000	43 071	34 929
Miscellaneous expenses	2 548 042	2 138 080	2 209 658	(71 578)
Capital Expenditure	376 500	1 076 850	-	1 076 850
Total Payments	178 263 000	202 674 553	196 680 791	5 993 762
Net Receipts/(Payments)	-	-	(6 405 263)	(6 405 263)

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

11 Property, Plant and Equipment

11.1	31 March 2013	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
	Computer equipment	12.50 - 33,33	3 048 072	(2 048 370)	999 702
	Office equipment	10.00 - 16.67	1 083 905	(737 657)	346 248
	Furniture	10.00 - 16.67	2 292 175	(1 253 530)	1 038 645
	Leasehold improvements	33.33	1 177 512	(686 883)	490 629
	Motor vehicles	20	97 959	(96 939)	1 020
			7 699 623	4 823 379	2 876 244

Reconciliation of carrying amounts:

	Computer equipment R	Office equipment R	Furniture R	Lease Improvements R	Motor Vehicles R	Total R
Carrying amount 1 April 2012	1 108 214	723 675	835 380	883 134	-	3 550 403
Additions during the year	476 401	38 617	451 223	-	-	966 241
Disposals	(85 845)	(237 349)	(11 729)	-	-	(334 923)
Depreciation during the year	(588 756)	(181 669)	(240 523)	(392 505)	-	(1 403 453)
Adjusted depreciation	89 688	2 974	4 294	-	1 020	97 976
Carrying amount 31 March 2013	999 702	346 248	1 038 645	4 90 629	1 020	2 876 244

Proceeds from insurance to the value of R113 354 (R90 798) to replace assets stolen during the year have been included in the reported deficit.

11.2 Change in estimates

In terms of GRAP 17 Property, Plant and Equipment, the useful lives of all assets were reviewed by management at year end. The remaining useful life expectations of some of the assets differed from previous estimates. The useful lives assessment resulted in a decrease in the current year depreciation of Property, Plant and Equipment of R97 976 and decrease of R203 954 in the amortisation charge for Intangible assets.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

11.2	31 March 2012	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
	Computer equipment	12.50 - 33.33	2 846 756	(1 738 542)	1 108 214
	Office equipment	10.00 - 16.67	1 436 636	(712 961)	723 675
	Furniture	10.00 - 16.67	1 882 247	(1 046 867)	835 380
	Motor vehicles	20	97 959	(97 959)	-
	Leasehold Improvements	33.33	1 177 512	(294 378)	883 134
			7 441 110	(3 890 707)	3 550 403

Reconciliation of carrying amounts:

	Computer equipment R	Office equipment R	Furniture R	Lease Improve-ments R	Total R
Carrying amount 1 April 2011	1 324 985	824 117	956 283	-	3 105 385
Additions during the year	217 206	76 821	56 775	1 177 512	1 528 314
Disposals during the year	(52 227)	(15 114)	(15 421)	-	(82 762)
Reversal of previously written off depreciation	174 912	19 854	38 870	-	233 636
Other adjustment	-	-	(4 636)	-	(4 636)
Depreciation during the year	(556 662)	(182 003)	(196 491)	(294 378)	(1 229 534)
Carrying amount 31 March 2012	1 108 214	723 675	835 380	883 134	3 550 403

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

12	Intangible Assets	Amortisation rate %	Cost R	Accumulated Amortisation R	Carrying amount R
12.1	March 2013				
	ERP system	20	1 721 303	(1 553 953)	167 350
	Project monitoring system & other software	20	742 673	(522 795)	219 878
			2 463 976	(2 076 748)	387 228

Reconciliation of carrying amounts:

	ERP system R	Project monitoring & other software R	Total R
Carrying amount 1 April 2012	200 819	263 904	464 723
Amortisation during the year	(200 819)	(117 224)	(318 043)
Additions during the year	-	36 594	36 594
Adjusted amortisation	167 350	36 604	203 954
Carrying amount 31 March 2013	167 350	219 878	387 228

12.2	31 March 2012	Amortisation rate %	Cost R	Accumulated Amortisation R	Carrying amount R
	ERP system	20	1 721 303	(1 520 484)	200 819
	Project monitoring system & other software	20	706 079	(442 175)	263 904
			2 427 382	(1 962 659)	464 723

Reconciliation of carrying amounts:

	ERP system R	Project monitoring & other software R	Total R
Carrying amount 1 April 2011	545 079	380 359	925 438
Amortisation during the year	(344 260)	(116 455)	(460 715)
Carrying amount 31 March 2012	200 819	263 904	464 723

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

13 Cash and Cash Equivalents

	2013 R	2012 R
Cash on hand	19 627	15 854
Call and current accounts	47 441 947	52 307 905
Money market accounts	61 418 063	61 059 545
	108 879 637	113 383 304

The investments and bank balances are held at reputable South African banks and none of the cash is encumbered. Of the cash held by the NDA of R108 876 637 (2012: R113 383 304), R83 721 209 (2012: R83 151 707) of which is set aside for committed project funds at the end of the financial year.

Also included in the cash balances are funds managed on behalf of third parties to the value of R10 282 336 (2012: R9 772 873).

14 Other Receivables

	2013 R	2012 R
Loans and receivables		
Employee related advances	16 372	23 584
Interest accrued	185 791	355 153
Other receivables	527 640	194 855
	729 803	573 592
Provision for doubtful debts	(318 942)	(159 900)
Loans and receivables	410 861	413 692
Other receivables	1 397 786	1 391 526
Rental deposits	1 397 786	1 391 526
	1 808 647	1 805 218
Loans and other receivables		

The above exchange receivables were not considered for ageing and credit quality because these were not considered trade receivables. For all other categories of receivables there is no credit risk other than the rental deposits.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

15 Trade and Other Payables

	2013	2012
	R	R
Trade creditors	5 133 349	5 383 805
Staff creditors (travel claims)	148 114	105 236
Operating lease liabilities	938 331	1 111 141
Other creditors	37 801	55 623
Financial liabilities measured at amortised cost	6 257 595	6 655 805

The above creditors are not past their due dates and the terms and conditions of these creditors have not been renegotiated.

16 Short-term Employee Benefits

	2013	2012
	R	R
Accrual for leave		
Opening balance	3 126 585	2 783 506
Provision raised	598 984	694 977
Leave pay-out	(583 905)	(351 898)
Closing balance	3 141 664	3 126 585
Accrual for 13th Cheque		
- Opening balance	352 323	340 185
- Provision raised	1 600 902	1 587 794
- Pay-out	(1 491 536)	(1 575 656)
- Closing balance	461 689	352 323
Accrual for Performance bonus		
- Opening balance	1 226 905	882 115
- Provision raised	369 906	1 200 000
- Pay-out	(23 243)	(855 210)
- Closing balance	1 573 568	1 226 905
Total employee benefits accruals	5 176 921	4 705 813

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

17 Project Funds

	2013 R	2012 R
Opening balance	83 151 707	95 916 740
Poverty eradication projects for year	71 688 814	70 304 870
Cash disbursements in terms of committed projects	(71 119 312)	(83 069 903)
Closing balance	83 721 209	83 151 707
Project funds is split as follows into current and non-current portion:		
Current portion	69 572 953	80 590 174
Non-current	14 148 256	2 561 533
Total project liability	83 721 209	83 151 707

The provision for committed projects represents funds allocated and committed to specific projects and programmes for which contracts have been entered into and these projects await cash payments in terms of agreed upon payment cycles.

18 Unutilised Third Party Project Funds

	2013 R	2012 R
Opening balance	9 772 873	-
Funds received from partners	18 985 669	11 804 437
Funds disbursed & committed - FS ECD, Limpopo	(9 876 457)	(1 732 684)
Funds disbursed & committed - Biomass project funds	(8 599 749)	(298 880)
Closing balance	10 282 336	9 772 873

Unutilised external project funds represents funds received and managed by the entity to implement poverty alleviation projects on behalf of other government departments and partners. The balance outstanding represents the portion of the funds received that remain unspent as at the end of the financial year in terms of the agreements entered into with the funders.

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

19 Note to the Cash Flow Statement

	2013 R	2012 R
Surplus/(Deficit) from operations	(6 405 263)	2 850 986
<i>Adjusted for non-cash flow items:</i>		
Depreciation of property, plant and equipment	1 305 477	1 229 534
Amortisation of intangible assets	114 090	465 318
Reversal of assets previously written off	-	(233 636)
Provision for doubtful debts	171 735	159 900
Project funds write-backs	(1 246 756)	(5 467 316)
Adjustment to accumulated funds	1 507	-
Loss on retirement of property, plant and equipment	334 923	82 762
Operating deficit before changes in working capital	(5 724 287)	(912 452)
Increase in accounts receivable	(175 167)	(1 064 454)
Increase in accounts payable and short term employee benefits	582 361	13 496 683
(Increase)/Decrease in project funds	1 816 261	(7 297 716)
Net cash inflow/(outflow) from operating activities	(3 500 832)	4 222 061

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

20 Financial Risk Management

The entity has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has the overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in total, thereby causing loss to the entity. This risk is being managed by the entity by only investing funds at large reputable financial institutions in the Republic of South Africa.

Liquidity risk

Liquidity risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in total, due to not having cash flows to settle an obligation when it falls due. This risk is being managed by the entity by only investing funds at large reputable financial institutions in the Republic of South Africa.

Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to movements in market interest rates. The entity is exposed to interest rate risk as certain investments are held in money market unit trusts.

Notes to the Annual Financial Statements (Continued)*For the year ended 31 March 2013***21 Financial Instruments****21.1 Credit risk***Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit risk exposure of the entity. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2013 R	Carrying amount 2012 R
Cash and cash equivalents	108 879 637	113 383 304
Trade and other receivables	1 808 647	1 805 218
	110 688 284	115 188 522

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount 2013 R	Carrying amount 2012 R
Private institutions	1 720 545	1 781 634
Employee advances	16 372	23 584
	1 736 917	1 805 218

Impairment losses

	Carrying amount 2013 R	Carrying amount 2012 R
Impairment provision at beginning of year	159 900	-
Impairments during the year	159 041	159 900
	318 941	159 900

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

21.2 Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 March 2013

	Carrying amount R	Contractual cash flows R	6 months or less R	6 – 12 months R	12 months or more R
Trade and other payables	6 257 595	6 257 595	6 257 595	-	-
Short term employee benefits	5 176 921	5 176 921	-	5 176 921	-
Provision for projects	83 721 209	83 721 209	69 572 953	9 744 364	4 403 892
Unutilised third party project funds	10 282 336	10 282 336	-	10 282 330	-
	105 438 061	105 438 061	75 830 548	25 203 615	4 403 892

31 March 2012

	Carrying amount R	Contractual cash flows R	6 months or less R	6 – 12 months R	12 months or more R
Trade and other payables	6 655 805	6 655 805	6 655 805	-	-
Short term employee benefits	4 705 813	4 705 813	-	4 705 813	-
Provision for projects	83 151 707	83 151 707	73 433 768	7 156 406	2 561 533
Unutilised third party project funds	9 772 873	9 772 873	-	9 772 873	-
	104 286 198	104 286 198	80 089 573	21 635 092	2 561 533

21.3 Interest rate risk

Profile

At the reporting date the interest rate profile of the entity's interest bearing financial instruments was:

	2013 R	Carrying amount 2012 R
Cash and cash equivalents		
Variable rate instruments	108 879 637	113 383 305

Cash flow sensitivity analysis for variable rate instrument

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

21.3 Interest rate risk

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) net assets and the net surplus/deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2013 R	Carrying amount 2012 R
Cash and cash equivalents - 1% increase	1 088 797	1 133 833
Cash and cash equivalents - 1% decrease	(1 088 796)	(1 133 833)

21.4 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet, are as follows:

	31 March 2013		31 March 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	R	R	R	R
Cash and cash equivalents	108 879 637	108 879 637	113 383 304	113 383 304
Trade and other receivables	1 808 647	1 808 647	1 805 218	1 805 218
Trade and other payables	(6 257 595)	(6 257 595)	(6 655 805)	(6 655 809)
Provision for projects	(83 721 209)	(83 721 209)	(83 151 707)	(83 151 707)
Short term employee benefits	(5 176 921)	(5 176 921)	(4 705 813)	(4 705 813)
Unutilised third party project funds	(10 282 336)	(10 282 336)	(9 772 873)	(9 772 873)
	5 250 223	5 250 223	10 902 320	10 902 320

22 Taxation

No provision has been made for Income Taxation as the National Development Agency is exempt from Income Taxation in terms of section 30 of the Income Tax Act of 1962 as amended.

23 Operating Lease Commitment

	Not later than 1 year R	Between 2 and 5 years R	Total R
31 March 2013			
Total future minimum lease payments under operating lease contracts	<u>6 244 734</u>	<u>2 907 485</u>	<u>9 152 219</u>
31 March 2012			
Total future minimum lease payments under operating lease contracts	<u>6 254 418</u>	<u>8 148 180</u>	<u>14 402 598</u>

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

24 Commitments

24.1 Committed project evaluations

At the end of the financial year the board of the NDA had approved and ring-fenced an amount of R6 602 854 (2012: R5 021 740) for project evaluations. The expenditure has not yet been incurred at the end of the financial year.

25 Contingent Asset

During the criminal investigation of the accounts clerk who misappropriated NDA funds, assets to the value of R2 700 000 (2012: R2 700 000) were recovered by the Asset Forfeiture Unit (AFU). The AFU will pay over the balance of the liquidated assets less their expenses, over to the NDA. At the reporting date the AFU was still to apply for realisation order prior to paying over the recovered assets less a portion of their administrative costs to the NDA.

26 Related Party Transactions

26.1 Department of Social Development

A related party relationship exists between the NDA and the Department of Social Development. The two parties did not enter into any transactions with each other, save for the transfer of the annual grant by the Department of Social Development to the NDA.

26.2 Board members and key management personnel

A related party relationship exists between the NDA, its directors and key management personnel. The only transactions between the three parties relate to remuneration for services rendered, and have been disclosed in note 8.

27 Irregular; Fruitless and Wasteful Expenditure

Section 51(e) of the PFMA requires the Accounting Authority of a public entity to take effective and appropriate disciplinary steps against any employee of the public entity who:

- Contravenes or fails to comply with a provision of this Act;
- Commits an act which undermines the financial management and internal control system of the Public entity; or
- makes or permits an irregular, fruitless and wasteful expenditure

Notes to the Annual Financial Statements (Continued)

For the year ended 31 March 2013

27.1 Reconciliation of irregular expenditure

	2013 R	2013 R
Opening balance	9 456 180	2 551 188
Irregular expenditure current year	17 094 323	9 456 180
Previous years irregular expenditure identified in current year	204 278	-
Irregular expenditure condoned	(16 781 320)	(2 551 188)
Irregular expenditure awaiting condonation	9 973 461	9 456 180

27.2 Analysis of irregular expenditure awaiting condonation

	2013 R	2013 R
Current year	9 973 461	9 456 180
Previous years	-	-
Closing balance	9 973 461	9 456 180

27.3 Details of irregular expenditure – current year

	Steps taken	2012/2013 R
Requisite number of quotes per policy not obtained	Pending Investigation	266 107
Goods procured without a contract	Pending Investigation	27 300
Procurement process not followed	Pending Investigation	188 049
Bidding process not followed	Pending Investigation	16 612 867
Closing balance		17 094 323

- A forensic audit was commissioned in the current financial year to investigate all procurement transactions from 2009/2010 financial year to October 2012. During the forensic Audit irregular expenditure to the value of R 204 278 relating to prior years was identified, this expenditure was previously not reported as irregular expenditure.

27.4 Reconciliation of fruitless and wasteful expenditure

	2013 R	2013 R
Opening balance	373 087	-
Fruitless and wasteful expenditure current year	229 787	373 087
	602 874	373 087

Fruitless and wasteful expenditure reported above represents the following:
 2012 - R378 037: penalties and interest levied by SARS on late submission of returns.
 2013 - R229 787: governance audit performed by both external provider and internal audit.

"A good head and a good heart are always a formidable combination".
Nelson Mandela

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National Development Agency Annual Report 2012/2013

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"I dream of an Africa which is at peace with itself."
Nelson Mandela

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