



NDA

National
Development
Agency

November 2012

Synthesis

Promoting and sharing of development experience and debate on development policy

NDA Funded and write—back projects

Introduction

The NDA provides grants to CSOs to implement sustainable community driven projects that create employment and income generation. The grant making strategy and priorities are informed by the cabinet Lekgotla resolutions on poverty eradication, government programme of action on poverty, provincial growth development strategies, municipal Integrated development plans, five government priorities, 12 government outcomes, Government-wide programme of action and the millennium development goals. Over the years, the NDA focused primarily on identified poverty pockets, particularly the ISRDP nodes and urban renewal programmes.

The NDA grants funds to CSOs through two approaches:

- Request for proposal (RFP) which is a competitive grant funding approach that targets well-established community based organisations.
- Programme formulation, this involves reaching out to identifying deserving communities, and undertaking activities that build “social capital” at community level. In essence, this approach targets specific areas and sectors based on the primary research on priority poverty pockets.

The paper focuses on NDA funded projects from financial years 2004/5 to 2011/12. The total number of projects funded during this 8 year period is 558. It is for noting that while all the nine provinces are eligible for funding, the

The paper does not include the projects funded from the 1999/2000 to 2003/04 financial years due to the old system that was used, hence records could not be verified.

The other focus of the paper is on project write backs / withdrawals. These are the projects that are no longer payable by the NDA due to various reasons e.g. project no longer at the registered address, mismanagement of the NDA grant funds by the project, The NDA started approving the project write backs in 2006 after the auditor’s recommendations that all write backs be approved by the Board of the NDA. These recommendations were based on the list of 140 project write backs amounting to R12 724 144. 20 that were presented for audit.

The NDA has put mechanisms to avoid the issue of write backs. It should be noted that there were no write backs for financial years 2010/11 and 2011/12 period.

The last section of the paper outlines some of the common factors or reasons contributing to the projects being withdrawn. These are not all the reasons but the common ones that were identified when the projects were monitored or audited.

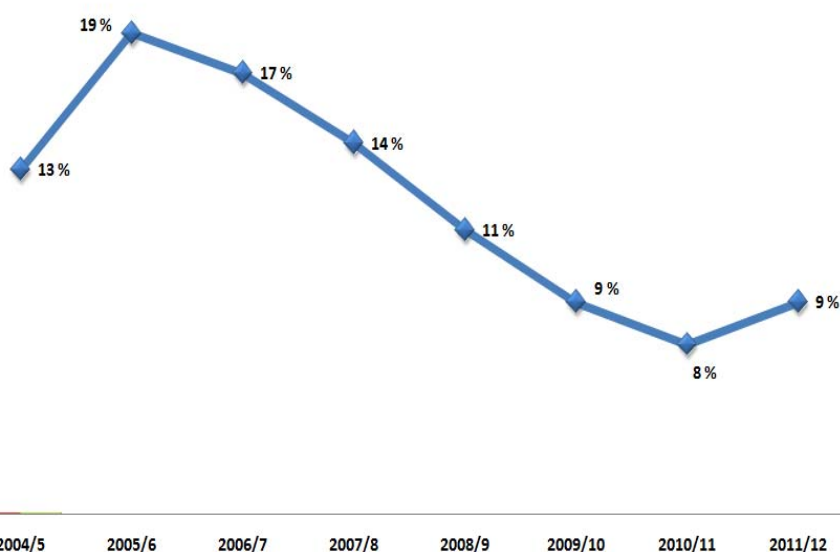
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Table 1: Number of approved projects for the financial years 2004/5 to 2011/12

Province	Number of projects 2004/5	Number of projects 2005/6	Number of projects 2006/7	Number of projects 2007/8	Number of projects 2008/9	Number of projects 2009/10	Number of projects 2010/11	Number of projects 2011/12
Eastern Cape	6	36	14	12	7	6	7	6
Free state	7	3	10	10	9	3	6	7
Gauteng	10	8	13	6	6	6	5	5
Limpopo	12	17	13	9	5	7	3	7
KZN	4	15	11	6	6	4	5	8
Mpumalanga	16	11	9	7	6	6	3	4
North West	4	2	8	13	8	8	6	6
Northern Cape	6	4	5	8	7	8	3	5
Western Cape	10	8	9	7	5	3	3	5
National	0	0	3	0	0	0	2	0
Total	75	104	95	78	59	51	43	53

Percentage of projects approvals from 2004/5 to 2011/12 financial years



In the year 2004/5 the NDA committed a total grant of R 69 774 745 to 75 projects. In the same financial year, some new project areas were introduced, and land restitution, bee farming and poultry projects situated in several provinces were funded. By early 2004, the NDA had no systems to capture its lessons, nor was there any form of knowledge management to feed into other national systems.

The NDA's delivery on its mandate after its first five years was therefore only partial, and its effects on the causes of poverty could not be discerned due to the incompleteness of its monitoring systems.

In the 2005/6 financial year, 104 projects were funded by total amount of R68 697 155. In this year, there was heavy emphasis on grant administration and disbursement, and very little attention was being paid to monitoring and evaluating the impact of the grants. This had consequences for the measurement of output and the outcomes of the NDA's investments in communities, and for national learning about poverty-reduction strategies. Perhaps the most important area was the lack of systems, procedures, policies and controls. By early 2006, there were new systems in place.

In 2006/7, a total amount of R 110, 97 million was approved for 95 projects. The projects were approved in the sector of food security and economic development. Food security includes support for community gardens and small-scale farming. Economic development includes SMME development, agro business initiatives, community tourism enterprises, value added activities for the construction industry, such as brick making, and support to cooperatives involved in income generation activities. In this financial year, monitoring of projects was not conducted in accordance with project timelines as per funding agreement. This resulted in the write-back policy being imposed for projects. Write-backs will be discussed in the next section of this paper.

In 2007/8 , R 89,9 million in grant funding was approved to 78 Civil Society Organisations (CSOs), Non Government Organisations (NGOs) and Cooperatives. These grants were aimed at funding poverty eradication and development projects across the country especially in the rural areas. The biggest amounts of these grants went to those provinces with the largest population of rural and poor. The projects were approved in the sectors of economic development and food security.

In the financial year 2008/9 the NDA granted R 85 811 686. 58 to 59 projects, mostly in rural areas, where the funds can make the most difference. During this financial year, the organisation achieved an improvement in levels of payments. In 2006/7, of all the approved amounts, only R49,5 million was disbursed to projects. This increased to R76,4 million of disbursement in 2007/8.

In 2009/10 a total of 51 projects were approved to a total amount of R 66 246 243 to carry out programmes and projects that created employment, income opportunities and vulnerable groups. Civil society capacity strengthening has always been the centre of NDA poverty eradication interventions. The NDA continued to implement a comprehensive capacity building programme for civil society organisations involved in food security and economic development to strengthen leadership, management, technical and institutional capacity to deliver effectively and efficiently on poverty eradication programmes. To this end, these projects were approved for funding with the capacity building elements, including governance, financial management, project management, conflict resolution and marketing.

Reflecting on 2010/11 financial year, the NDA 's interventions made it possible to have an increasing number of poor communities participating in the mainstream economy and contributing towards building sustainable rural communities. Grants were made available to a variety of community projects focusing on food security, Early childhood development, income generation projects and capacity building of civil society organisations. The grant funding of R42,4 million was approved for 43 CBOs, NGOs and Cooperatives.

In the 2011/12 financial year, the organisation disbursed R77 922 549.33 to 53 projects . Some of the money disbursed was spent on building the capacity of 16 projects focusing on early childhood development , vulnerable groups and rural development. The NDA invested resources in ECD, to strengthen the institutional, leadership and management capacity of ECD sites, providing of limited infrastructure support and also supporting the food security interventions at ECD sites.

In line with the government priority of creating decent jobs and income streams for the poor, the NDA funded income generation programmes and projects to contribute to sustainable employment and skilling of women, youth and people with disabilities to facilitate participation in the mainstream economy.

The overall analysis of the projects approved from 2004/5 to 2011/12 clearly shows that the projects approvals have since decreased from the financial year 2006/7. It is to be noted that in the 2006/7 financial year , there was heavy emphasis on grant administration and disbursement. Due to the pressure from external environment and lobbying from civil society, disbursement was the major activity.

“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”

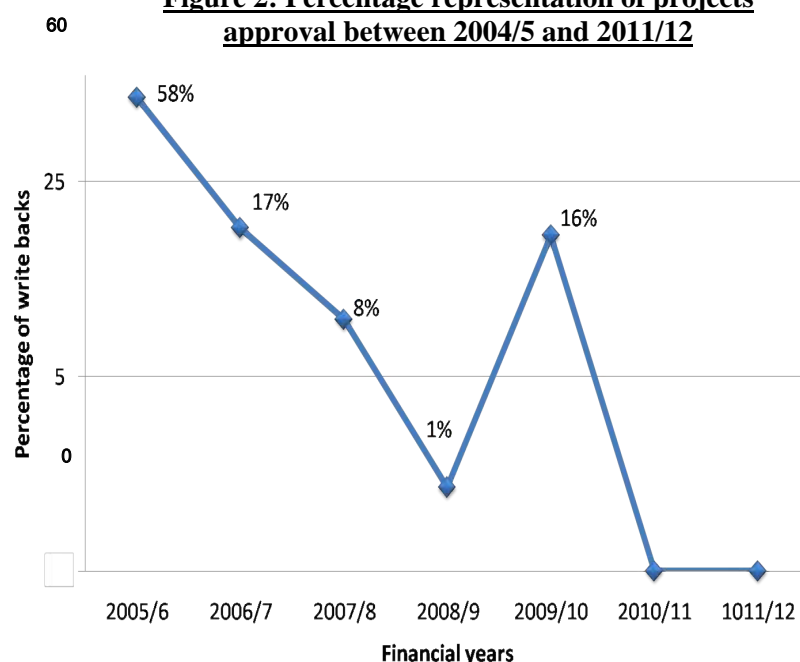
- Nelson Mandela

Table 2: Project write backs / withdrawals

Province	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	Total no of write -backs per province
Western Cape	0	2	0	7	0	0	9
Eastern Cape	12	3	0	9	0	0	24
Northern Cape	5	0	0	2	0	0	7
Free State	8	0	0	4	0	0	12
KwaZulu-Natal	2	0	0	0	0	0	2
North West	2	0	0	0	0	0	2
Gauteng	2	2	0	7	0	0	11
Mpumalanga	6	1	1	2	0	0	10
Limpopo	4	11	2	9	0	0	26
Total projects approved	95	78	59	51	43	53	558
Total write backs	41	19	3	40	0	0	103

Note that the 140 write backs for the financial year 2005/6 are not included on Table 2 because the information on write backs was not broken down into provinces. In total, the number of write-backs for the five financial years starting in 2005/6 and ending in 2011/12 is 243. The write backs on table 2, cannot be compared to the total approvals, since write backs on the year to years

Figure 2: Percentage representation of projects approval between 2004/5 and 2011/12



Year may have been approved in previous years.

Figure 2 show that there was a very high number of write backs in the financial year 2005/06. In the financial year of 2006/7 the number went down by 41% as compared to the preceding financial year of 2005/6. In the financial year period of 2007/8 the write back went further down by 9% to 8%. In 2008/9 there was a lot of improvement on write backs with only 1% of projects withdrawals, however in 2009/10 financial year, the write backs went up again with 15% more as compared to the big drop in 2008/9. There were no write backs / project withdrawals for the financial year 2010/11 and 2011/12.

Table 3: Total amount of write - backs from 2005/6 to 2009/10

Financial Year	Number of project write -backs	Total amount of write -backs
2005/6	140	R 12 724 144.20
2006/7	41	R 6 882 580.50
2007/8	19	R 1 919 386. 00
2008/9	3	R 560 095. 40
2009/10	40	R 9 634 062. 10
Total	243	R 31 720 268. 20

Some of the reasons why the projects were withdrawn are stipulated below:

- Projects did not comply with the contractual obligations as per the funding agreement.
- Payments (Tranche release) periods to the project elapsed. Section 3.1.6. of the write-back policy, states that the project may be written back if 12 months has elapsed since the last payment.
- Projects were no longer in operation.
- Untraceable project members and the project itself.
- Lack of leadership, involvement and commitment in carrying out the project activities by the project members.
- Misappropriation and mismanagement of funds by the project members.
- Collapsing of the cluster projects
- Project members having low morale due to no compensation/ stipends, then resigning from the project thus leading to the non functioning of the project.
- Projects not having any supporting documents to account for the expenditures as well as no minutes of committee meetings.
- Projects not demonstrating adequacy in governance, management and technical capacity to successfully implement the project activities.
- Projects allocating funds to other projects which are not part of the NDA funding.
- Projects ended up becoming individual initiatives and not community projects anymore.

References

1. NDA Annual Reports from 2004/5 to 2011/12
2. NDA Beyond 10 Years book
3. Provincial grant beneficiary profiles by DMD
4. A list of NDA funded projects by IT department
5. List of projects recommended for write backs by DMD

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